

FY25 First Quarter Update

1 JULY 2024 - 30 SEPTEMBER 2024



Prime Minister Christopher Luxon opens Ormiston Hospital with Chris Adams (Northwest's Co-Head of ANZ), Aaron Hockly, Chris White (CEO of Southern Cross Healthcare) and Jeff Barkwill (Chair Ormiston Hospital) in the background.



\$1,000 invested at Vital's listing in September 1999 would have been worth \$7,869 on 30 September 2024.¹

Dear Unit Holders,

This quarterly update provides an overview of activities and achievements over the 3 months ended 30 September 2024.

Opening of Ormiston Expansion by the Prime Minister

In October 2024, New Zealand's Prime Minister, Christopher Luxon, officially opened the NZ\$38m expansion of Ormiston Hospital in Auckland. Health Minister Shane Reti and Minister for Science, Innovation and Technology Judith Collins also attended.

Ormiston Hospital is operated by a subsidiary of Southern Cross Healthcare. With 5 operating theatres and 40 private in-patient rooms, it is the largest private hospital in the former Counties Manukau District Health Board area in southern Auckland, a rapidly growing catchment area with over 500,000 residents. The 4,500 square metre expansion doubled the size of this hospital providing additional capacity for the >250 hospital surgeons and staff as well as specialist space for cancer treatment.

Vital owns land adjoining the expanded hospital and planning is already underway for further expansions.

25 years on the NZX

During the quarter, Vital celebrated 25 years of being listed on the NZX. The NZX has provided Vital with significant benefits over this quarter century generating attractive risk adjusted returns for our Unit Holders whilst creating and/or renewing the health infrastructure that New Zealanders and Australian's need and access every day.

Highlights over the last 25 years include:

1. Compound return of 8.8% per annum outperforming the S&P/NZX50 Index by 0.9%² per annum and the S&P/NZX All Real Estate Index by 2.5%³ per annum.
2. Asset base has increased from ~NZ\$200m at IPO to NZ\$3.2b at 30 September 2024 including an expansion into Australia.

3. >NZ\$1.8b of acquisitions.
4. >NZ\$600m of developments completed.
5. >NZ\$500m of divestments.

We have recorded 25 years of providing high-quality healthcare facilities for our operating partners and their patients as well as growing investment returns for Vital's investors. With growing demand for healthcare services across New Zealand and Australia as a result of growing and ageing populations, technological advances and better collaboration between public and private healthcare systems, we remain optimistic for Vital's next 25 years.

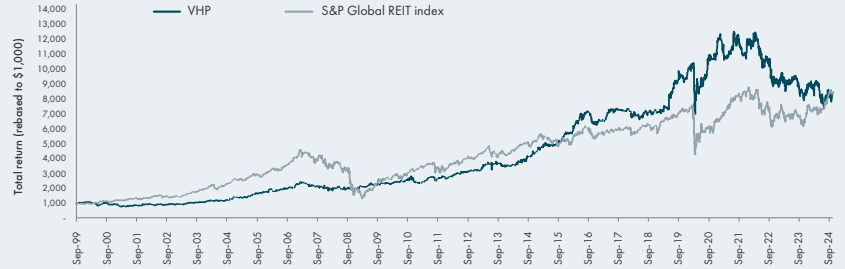


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Aaron Hockly
Fund Manager
6 November 2024



- ✓ Unique offering: only NZX-listed healthcare property landlord
- ✓ Sector leading WALE
- ✓ Attractive risk adjusted return
- ✓ Healthcare sector exposure; highly defensive
- ✓ Experienced Board and management team
- ✓ Organic income growth from annual lease reviews
- ✓ Development upside



Note: Global REIT Index used as there is no domestic index available over this time period. Returns do not account for any currency effects.

All values in this report are in NZ dollars unless stated otherwise.
¹ Source: NZX. Assumes reinvestment of distributions.

² Calculated since inception of the index on 31 December 2004
³ Calculated since inception of the index on 3 January 2001

GRESB RESULTS

In October 2024, GRESB again announced Vital as a Global Sector Leader (the highest possible award) for ESG across development for listed healthcare globally (among other achievements)



GLOBAL SECTOR LEADER
IN HEALTHCARE IN
DEVELOPMENTS BENCHMARK



5 STAR
DEVELOPMENT
RATING



LISTED HEALTHCARE (BOTH
GLOBALLY & IN OCEANIA)
IN DEVELOPMENTS



PERFORMANCE
SCORE WITHIN LISTED
HEALTHCARE (GLOBALLY)

 **NZ\$106m**

REMAINING COMMITTED DEVELOPMENT SPEND;
FULLY FUNDED

Development

During the quarter, the Maitland Private Hospital mental health, oncology and parking expansion reached practical completion. Vital now has 4 committed developments with a total development cost of ~NZ\$239m excluding land of which ~NZ\$106m is remaining to be spent, and able to be funded from existing debt capacity.

NZ\$197m of development work completed in FY24 across four sites

 **NZ\$2.60**

NET TANGIBLE ASSETS OR NTA PER UNIT

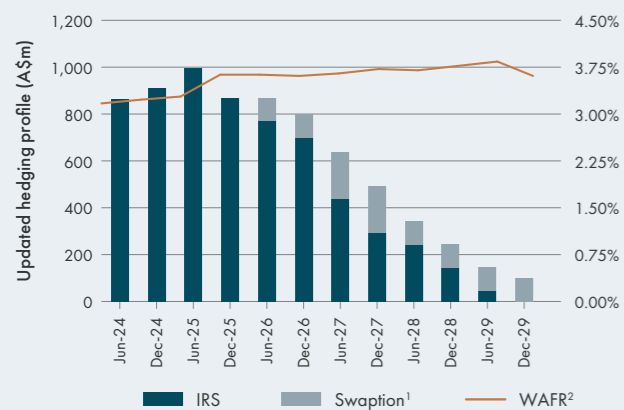
Financial

Vital recorded 3.5% growth in Operating Profit compared to the prior corresponding period.

There was a modest decline in property values albeit at a slower pace than previously, leading to a small decline in Vital's NTA.

Vital's asset recycling programme kept balance sheet gearing largely unchanged.

During the quarter ~A\$300m of forward start swaps have been added to the hedge book (as shown in the chart below).



¹ Exercisable at the election of the bank counterparty (A\$200m at a weighted average fixed rate of 3.75%)

² Weighted averaged swap interest rate (excludes line fee and margin)



Avive Clinic, VIC

Vital recognised as Global Sector Leader in Developments

Vital has been named Global Sector Leader in the Development Benchmark for 2024 by GRESB in two categories, Global Healthcare and Global Listed Healthcare.

Other key achievements include:

Standing Investments Peer Group Rankings

- Overall Score: 4 stars, 82/100 (average was 76/100)
- Second Place GRESB score & Performance Score within Healthcare Listed globally (out of 18 peers)

Developments Peer Group Rankings

- Overall Score: 5 stars, 99/100 (average was 86/100)
- First Place Development score within Healthcare Listed global (out of 7 peers)
- First Place Developments score within Oceania Listed (out of 12 peers)

GRESB is a leading global framework that assesses the ESG performance of real estate and infrastructure portfolios. In 2024, GRESB saw over 2,200 entities participate across 80 markets representing over US\$7 trillion in investments.



Ormiston Hospital, Auckland

Further non-core asset sales

Since Vital released its Annual Results in August, A\$43.3m (~NZ\$47.4m) of non-core assets have been sold being:

1. Hironnelle Private Hospital for A\$24m; and
2. Brighton Private Hospital for A\$19.3m.

In addition, a further ~NZ\$80m is in due diligence which, if it proceeds, would more than achieve the previously announced target of at least NZ\$100m of sales during FY25 to fund Vital's development pipeline. In addition, Vital has ~NZ\$110m of assets which are considered non-core which may be sold if conditions are supportive to bring to an end this sale programme.



Ormiston Hospital, Auckland

Portfolio Overview


19.4 years³
WEIGHTED AVERAGE LEASE EXPIRY (WALE)

Significant increase from 18.3 years at 30 June 2024 primarily due to lease extensions.


~\$3.2bn
PORTFOLIO VALUE

PRIVATE HOSPITALS



79%

SUB-SECTOR EXPOSURE

AMBULATORY CARE



21%

SUB-SECTOR EXPOSURE

GEOGRAPHIC DIVERSITY



69%

AUSTRALIA



31%

NEW ZEALAND



Vital recorded absolute and like-for-like income growth for the quarter compared to the prior corresponding period



Macarthur Health Precinct, NSW (Artist's Impression)

Q1 UPDATE

Like-for-like Financial Performance (unaudited)¹

For the period	3 months to 30 Sep 24 \$000s	3 months to 30 Sep 23 \$000s	Variance \$000s	Change %
Gross property income	41,015	38,076		
Property expenses	(6,489)	(4,618)		
Like-for-like net property income	34,526	33,458	1,068	3.2%
Net property income from acquisitions/disposals	22	3,225		
Net property income from developments	2,985	186		
Straight-line rent	(649)	(583)		
Non-recurring items	-	223		
Foreign exchange	292	-		
Net property income	37,176	36,509	667	1.8%

Excluding one-off items, like-for-like growth was >4%

Financial Position (unaudited)

As at	30 Sep 24 \$000s	30 Jun 24 \$000s	Variance \$000s	Change %
Assets				
Investment properties	3,183,304	3,213,689	(30,385)	(0.9%)
Investment properties - held for sale	47,163	26,284		
Other assets	43,111	64,786		
Liabilities				
Borrowings	1,320,439	1,292,653	27,786	2.1%
Other liabilities	198,718	206,980		
Debt to gross assets	40.3%	39.1%		1.2%
Total unitholders' funds	1,754,421	1,805,126	(50,705)	(2.8%)
Units on issue (000s)	676,069	671,923		
Net tangible assets (\$/unit)	2.60	2.69	(0.09)	(3.3%)
Period end NZD/AUD exchange rate	0.9181	0.9131		

¹ On a 'constant currency' basis. Due to rounding, numbers may not add precisely to totals.

YEAR-TO-DATE UPDATE

Year-to-date Financial Performance (unaudited)

For the period	3 months to 30 Sep 24 \$000s	3 months to 30 Sep 23 \$000s	Variance \$000s	Change %
Gross property income	44,033	41,738		
Property expenses	(6,857)	(5,229)		
Net property income	37,176	36,509	667	1.8%
Corporate expenses	(1,417)	(1,229)		
Strategic transaction expenses	(592)	-		
Management fees (base & incentive)	(4,473)	(6,267)		
Net finance expenses	(11,479)	(10,455)		
Operating profit	19,215	18,558	657	3.5%
Non-operating gains/(losses)				
Fair value gain/(loss) on investment property	(36,575)	(39,267)		
Net gain/(loss) on disposal of investment property	(827)	(1,431)		
Fair value gain/(loss) on derivatives	(16,085)	(2,872)		
Realised & unrealised gain/(loss) on foreign exchange	(47)	847		
Profit/(Loss) before income tax	(34,319)	(24,165)	(10,154)	42.0%
Current and deferred taxation	4,308	56		
Profit/(Loss) for the period attributable to unitholders of the Trust	(30,011)	(24,109)	(5,902)	24.5%
Funds from Operations (FFO)	17,511	17,661	(149)	(0.8%)
Adjusted Funds from Operations (AFFO)	17,310	17,534	(224)	(1.3%)
AFFO per unit	2.57	2.64	(0.06)	(2.7%)
Weighted average units on issue (000s)	673,529	663,877	9,652	1.5%
Average NZD/AUD exchange rate	0.9123	0.9235		

Unrealised mark-to-market loss reflecting a lower interest rate environment

Important note: The information in this investor update is general information only and does not contain all information necessary to make an investment decision. The financial information in this investor update has not been audited. No representation or warranty, express or implied, is made to the accuracy, adequacy or reliability of information in this update, including the financial information. This investor update contains forward looking statements which are inherently susceptible to uncertainty. Vital's actual results may vary materially from those expressed or implied in this investor update. The Manager is under no obligation to provide any update to information included in this update, including as a result of the audit process.

Celebrating 25 years of listing on the NZX

To commemorate Vital's 25 years of listing, the NZX has prepared this [video](#).

