Interim Report

DEFENSIVE SECTOR AND STRATEGY CONTINUES TO DELIVER FOR UNIT HOLDERS

For the six months ended 31 December 2022

Vital HEALTHCARE PROPERTY TRUST
Managed by Northwest

CONTENTS

Investing in healthcare infrastructure in New Zealand and Australia

~NZ$3.5bn

PROPERTY PORTFOLIO

9.75 cpu

FY23 DISTRIBUTION GUIDANCE

17.2 years

WEIGHTED AVERAGE LEASE TERM (WALE)

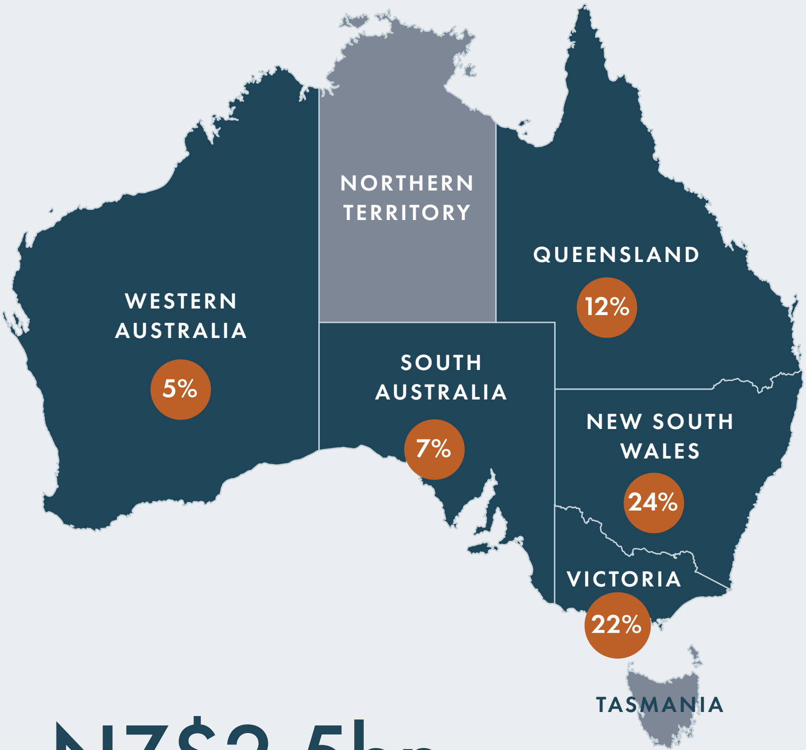
Overview of Vital

as at 31 December 2022

Vital is the only specialist healthcare landlord on the NZX.

Vital Portfolio by Geography

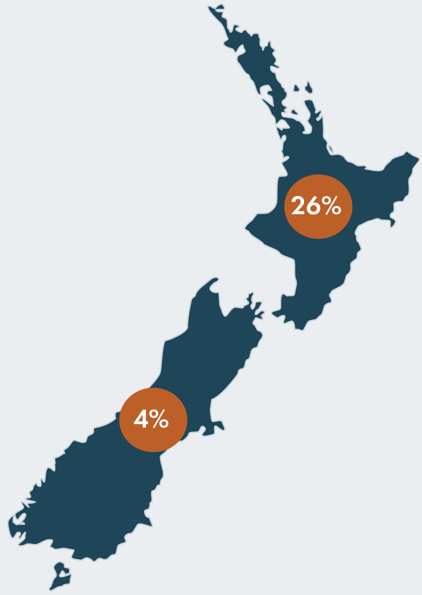
AUSTRALIA



~NZ$2.5bn

31‡ PROPERTIES (AUS)

NEW ZEALAND



~NZ$1.0bn

16‡ PROPERTIES (NZ)

~NZ$3.5bn

47‡† PROPERTIES (AUS & NZ)

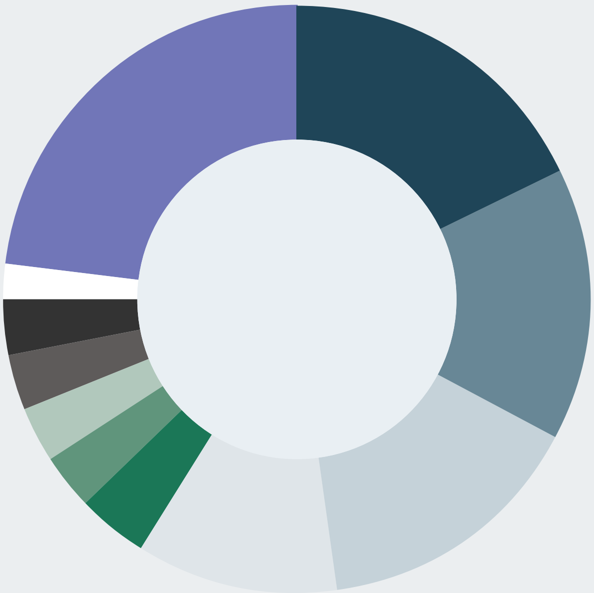
NZ$137m

NET ANNUAL PROPERTY INCOME (CY22)

4.72%

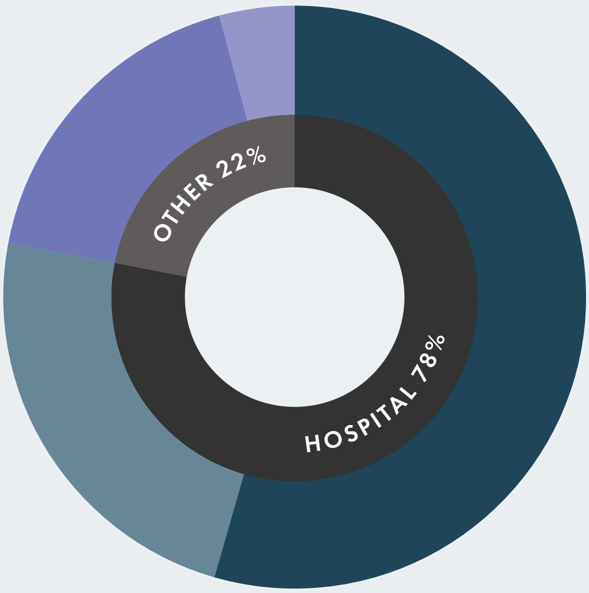
WEIGHTED AVERAGE CAP RATE (IPP)‡ (AUS 4.61%, NZ 4.97%)

‡ Income Producing Property (excludes strategic assets)
* Average building age = the later of the date of construction or last significant capital works.
† Figures may not sum due to rounding.



Tenant Diversification
(% of Rent)

Aurora Healthcare	18%
Healthe Care Surgical	15%
Epworth	15%
Evolution Group	11%
Norfolk Southern Cross Limited	4%
Hall & Prior	3%
Sportsmed	3%
Bolton Clarke	3%
Mercy Ascot	3%
Ramsay	2%
Other	23%



Sub-sector Diversity
(% of Value)

Acute Hospitals	53%
Specialty Hospitals (mental health & rehabilitation)	25%
Ambulatory Care	18%
Aged Care	4%

11.1 years

AVERAGE
BUILDING AGE*

17.2 years

WEIGHTED AVERAGE
LEASE EXPIRY (WALE)

98.4%

PORTFOLIO
OCCUPANCY

Short (1 year), medium (3 years) and longer (10 years) term enhancements

All as at 31 December of the year shown unless otherwise indicated

TOTAL PROPERTY VALUE

2012	2019	2022
~NZ$0.62bn (AUS: 72%, NZ: 28%)	~NZ$1.93bn (AUS: 75%, NZ: 25%)	~NZ$3.5bn (AUS: 70%, NZ: 30%)

465% growth (HY13-HY23)

WALE

2012	2019	2022
12.1 years	17.9 years	17.2 years

Market leading WALE

AVERAGE BUILDING AGE[1]

2012	2019	2022
Data not available	14.0 years	11.1 years

Younger buildings reduce maintenance capex requirements

NET PROPERTY INCOME (HALF YEAR)

HY13	HY20	HY23
NZ$28m	NZ$50m	NZ$72m

157% increase (HY13-HY23)

DEVELOPMENT PIPELINE

2012	2019	2022
~NZ$60m	NZ$266m	NZ$2.4bn[2]

Enhance earnings and valuation growth and support portfolio quality

LARGEST SINGLE TENANT EXPOSURE

2012	2019	2022
40%	48%	18%

Concentration risk reduced

SECTOR SPLIT

2012	2019	2022
Hospital 90%, Ambulatory Care 10%, Aged Care 0%	Hospital 86%, Ambulatory Care 11%, Aged Care 3%	Hospital 78%, Ambulatory Care 18%, Aged Care 4%

Diversity of assets reduces risk and enhances earnings

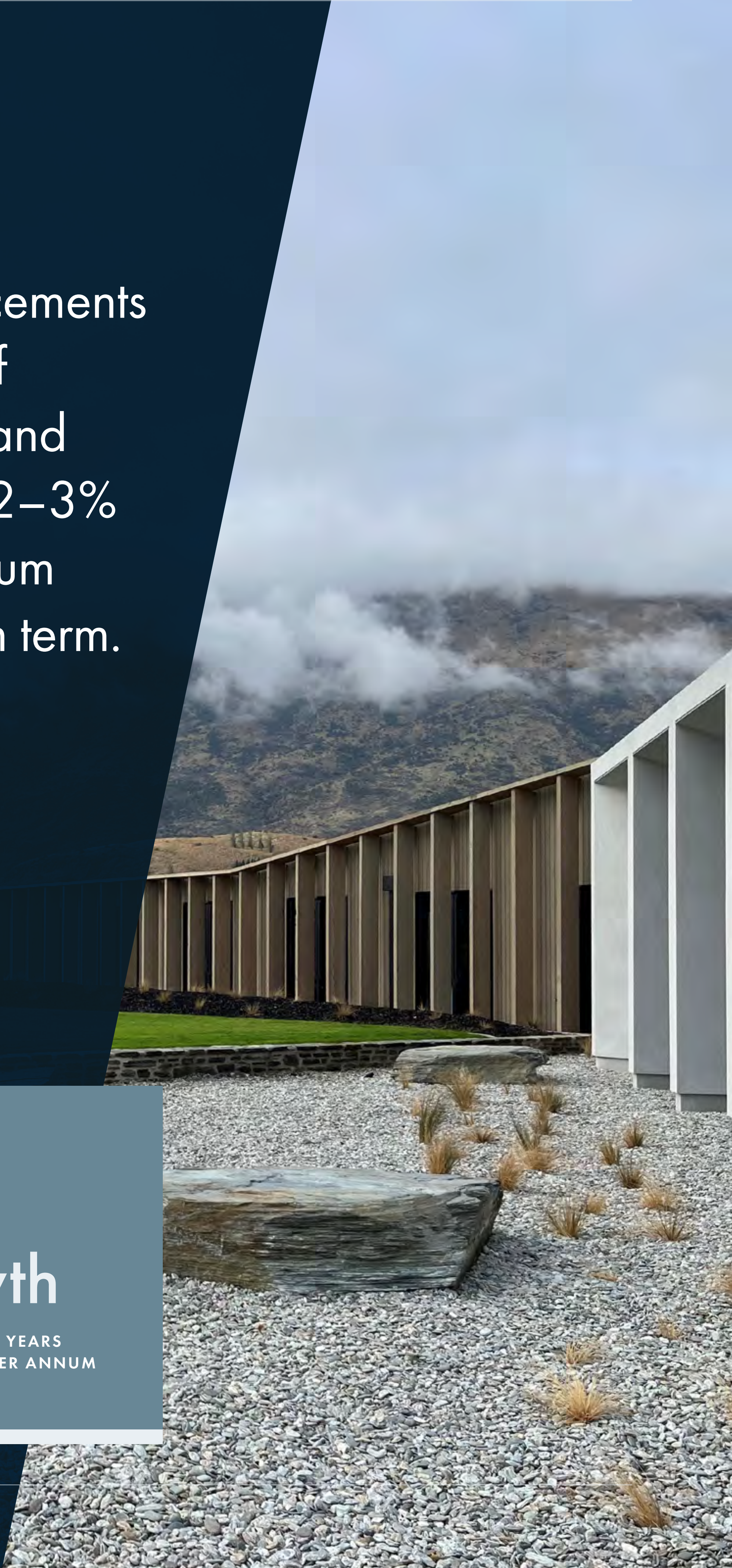
WEIGHTED AVERAGE CAP RATE

2012	2019	2022
9.30%	5.52%	4.72%

Healthcare now considered a core real estate investment

[1] Average building age = the later of the date of construction or the last significant capital works
[2] Committed and potential development pipeline

Portfolio enhancements support target of growing AFFO and distributions by 2–3% per unit per annum over the medium term.



27% growth

IN DISTRIBUTIONS OVER THE 10 YEARS FROM HY13 TO HY23 OR 2.7% PER ANNUM

Manager's report

Changed market conditions resulted in the Manager's focus shifting during the Half Year from acquisitions to developments majority funded by proposed divestments. This does not represent a change in strategy for Vital but the expediting of several previously announced strategies to enable us to continue to deliver growing returns for Unit Holders over the medium term.

20.3%

GROWTH IN NET PROPERTY INCOME (EX FX) FOR THE TWELVE MONTHS ENDED 31 DECEMBER 2022

1.6%

GROWTH IN NTA PER UNIT FOR THE 12 MONTHS ENDED 31 DECEMBER 2022

>NZ$200m

ASSET SALE PROGRAMME COMMENCED

Tēnā koutou,

Northwest Healthcare Properties Management Limited, the Manager of Vital Healthcare Property Trust (Vital), is pleased to report Vital's results for the six months ended 31 December 2022 (the Half Year).

The Half Year was a period of consolidation for Vital. Debt facilities are being renewed and extended, interest rate hedging increased, developments (committed and potential) have been reviewed and assets for potential divestment have been identified and progressed. This period of consolidation has allowed us to adjust to changing market conditions, particularly higher capital costs. Our core goal of delivering 2-3% growth in adjusted funds from operations (AFFO) and distributions per unit per annum, over the medium term, remains unchanged.

Other key achievements over the Half Year include:

- Credit approved terms received to refinance October 2023 and March 2024 expiries, increase debt liquidity head room to ~NZ$250m and extend weighted average debt maturity to 4.2 years (pro forma at 31 December 2022) leaving Vital with no refinance risk until March 2025.[1]
- Interest rate hedging increased to 67.2% at 31 December 2022 (pro-forma to include transactions entered into post balance date).
- 2.6% increase in distributions per unit from the prior corresponding period or 4.75 cents per unit (cpu) to 4.875 cpu; within our target range whilst maintaining a conservative payout ratio of 85%.
- 17.8% increase in AFFO from NZ$32.0 million in the prior corresponding period to NZ$37.7m. AFFO per unit declined by 2.5% from 5.91 cpu to 5.76 cpu primarily due to equity being raised

ahead of full deployment on income earning property acquisitions and developments. Income is expected to further increase over coming periods as CPI / market rent reviews flow to future rent and developments complete and become income producing.

- 2.9% increase in total assets from NZ$3.4 billion to NZ$3.5 billion despite unfavorable movements in the AUD:NZD. This unfavorable exchange rate, noting that Vital's functional currency is in NZD but most of Vital's assets are in AUD, coupled with a reduction in property valuations, resulted in NTA per unit declining by 5% from NZ$3.34 to NZ$3.17 per unit.
- >NZ$200m asset sale programme commenced with net sales proceeds to be used to fund Vital's development pipeline.
- Committed developments were adjusted through the pausing of a A$98.6m Tasman Medical Centre fund-through in Tasmania and the commitment to fund a new 6-Star Green Star A$140m[2] life sciences facility in the Gold Coast Health and Knowledge Precinct. The combination of the revised development pipeline and the proposed asset sales is expected to increase Vital's exposure to key health precincts, greener buildings and a younger average building age. These changes are all consistent with Vital's previously announced 5-year portfolio strategy.

	31 Dec 2022	31 Dec 2021	% Change
NTA per unit (NZ$)	3.17	3.12	1.6%
Investment portfolio value (NZ$m)	3,454.7	2,941.2	17.4%
Investment properties (No.)	47	43	9.3%
Avg. property value (NZ$m)	73.5	68.40	7.5%
Avg. building age (years)	11.1	10.7	3.7%
WALE (years)	17.2	17.8	(3.4%)
Occupancy (%)	98.4	99.0	(0.6%)
AFFO - 6 months (NZ$m)	37.7	32.0	17.8%
AFFO - 6 months per unit (cpu)	5.76	5.91	(2.5%)

AFFO

AFFO (a proxy for cash profit for Unit Holders) increased by 17.8% from the prior corresponding period (NZ$32.0 million to NZ$37.7 million). This equates to a 2.5% decrease in cents per unit (5.91 cpu to 5.76cpu). This decline in AFFO per unit is due to equity being raised ahead of full deployment on income earning property acquisitions and developments. Income is expected to further increase over coming periods as CPI / market rent reviews flow to future rent and developments complete and become income producing. We remain focused on delivering 2-3% growth in AFFO and distributions per unit per annum over the medium term.

Distributions

Distributions paid / payable for the Half Year were 2.6% above the prior corresponding period at 4.875 cpu (2.4375 cpu per quarter) on a conservative payout ratio of 85%. This conservative payout ratio has enabled maintenance of Vital's increased distribution despite a modest fall in AFFO per unit as noted above.

Net tangible assets

Net tangible assets fell 5% per unit from NZ$3.34 at 30 June 2022 to NZ$3.17 at 31 December 2022. This fall was primarily attributable to property revaluations and negative foreign exchange movements, both of which are unrealised. Taking a slightly longer term view, NTA is 1.6% higher than at 31 December 2021.

[1] The credit approved offers are subject to customary terms associated with credit approved offers, and documentation is progressing. Closing, subject to customary conditions, is scheduled to be finalised in March 2023.
[2] Including land and construction costs.

"FY23 distribution guidance is 9.75cpu. This is expected to result in a 1.3% increase in distributions per unit from FY22 and a 9.8% increase from FY21."

Capital management

At 31 December 2022, balance sheet gearing was 33.7%, all-in weighted cost of debt was 4.57% (based on drawn debt only and includes the cost of hedging) and Vital had debt headroom in its existing facilities of A$129 million. Post 31 December 2022, credit approved terms have been accepted and documentation has commenced to extend Vital's average debt duration to 4.2 years, expand debt headroom to ~NZ$250m, increase the percentage of fixed rate debt to 67% and deliver a weighted average hedging term of 2.9 years (all proforma at 31 December 2022).

Portfolio overview

Vital owns a high-quality ~NZ$3.5 billion portfolio of 47 healthcare investment properties, diversified across all mainland Australian States and New Zealand. The portfolio comprises 26 private hospitals (representing 78% of the portfolio value), 13 ambulatory care facilities (18%) and eight aged care facilities (4%).

At 17.2 years, Vital's WALE remains the longest of any NZX listed REIT providing a high level of income security for unitholders.

Leasing

Over 1,600 square metres of new or extended leasing was undertaken across Vital 's portfolio during the Half Year. Leasing helped to maintain occupancy above 98%, maintain the long WALE and contribute to the net property income growth noted below.

Net property income

Net property income increased by 24.4% compared to the prior corresponding period from NZ$57.9m million to NZ$72.1 million for the Half Year.

~81% of Vital's income is linked to CPI (albeit with varied caps as detailed in the Investor Presentation we have released today). Under Vital's leases, rent for future periods is determined by CPI from previous periods so Vital's future income is expected to be supported by current and previous periods of heightened inflation.

Acquisitions and divestments

$156m of acquisitions completed during the Half Year predominantly comprising, Kawarau Park Health Hub, NZ (~NZ$95m pre-costs), which was announced in previous period.

No significant divestments were undertaken during the Half Year. However, a process targeting at least NZ$200m from asset sales before 30 September 2023 has commenced to fund Vital's development pipeline.

Developments

Developments are a key component of Vital's strategy to continue to deliver earnings and capital growth and improve the quality of the portfolio. In particular we are aiming to increase Vital's exposure to green properties in core healthcare precincts.

As at 31 December 2022, Vital had a committed development pipeline of NZ$410.0 million across eleven projects of which NZ$302.5 million was left to complete. In addition, two fund-through projects totaling NZ$99.8million have been approved with NZ$66.5 million left to complete.

During the Half Year ~NZ$83.2 million was spent on developments, ~NZ$2.6 million spent on value-add capital works and ~NZ$11 million on maintenance and tenant incentives.[1]

Significant development milestones during the Half Year were as follows:

1. A$133.6m 6-Star Green Star RDX building received Development Approval in December 2022 and construction to commence in February 2023. Refer to page 13 for more detail.
2. A$96.5 Epworth Eastern reached final Practical Completion (Consulting Suites) in December 2022.

"Over the 10 years ended 31 December 2022, Vital has provided a total return of 10.9% per annum, 2.9% per annum above the S&P/NZX All Real Estate Index."

3. A$39.3m Playford Health Hub (Stage 2) commenced construction in July 2022.
4. NZ$38.1m Ormiston Hospital expansion commenced main works construction in October 2022.
5. A$28.5m Mt Eliza fund-through project received Development Approval in January 2023.
6. A$22.6m Belmont Private Hospital expansion received Certificate of Occupancy in December 2022 and Practical Completion in February 2023.
7. A$2.4m South Eastern Private Hospital refurbishment commenced construction in November 2022.

Vital also has ~NZ$1.9 billion of potential development opportunities. These are opportunities being actively considered on land already owned, but are not yet committed or approved. We will be highly selective about which opportunities to pursue and when to pursue them.

Sustainability / ESG

Sustainability remains a core focus for Vital and Northwest with significant resources devoted to improving performance across a range of ESG measures.

During the Half Year, Vital achieved a 5-Star rating for developments from independent standards organisation GRESB (formerly the Global Real Estate Sustainability Benchmark). GRESB benchmarks ESG performance of property and infrastructure entities with an aggregate investment value of US$5.3 trillion. Vital's GRESB results included scoring second place for listed healthcare entities globally, third place for standing investments against peers globally and being ranked in the top quartile for developments for all listed entities in Oceania.

Vital also received a B- for its CDP (formerly Carbon Disclosure Project) submission. This is an improvement from C the previous year reflecting the Manager's ongoing efforts in the collection and disclosure on environmental data and the establishment of a pathway to reducing greenhouse gas emissions.

Vital joined the Green Building Councils of New Zealand and Australia reflecting our commitment to sustainable developments in particular.

More details will be provided as part of Vital's third sustainability report to be released later this year.

"Vital recorded growth in earnings, distributions to unitholders and assets during HY23 as our strategy continues to demonstrably benefit unitholders."

Outlook

In uncertain times investors gravitate towards less risky assets. These assets include property and healthcare property in particular as rental income is considered to be less impacted by business or economic cycles than other asset classes. Vital continues to provide a stable earnings stream sourced from a defensive sector with ~81% of its leases linked to CPI growth in some way.

On behalf of your Board and Management, thank you for your ongoing support.

Nā māua noa, nā

Graham Stuart
Independent Chair

Aaron Hockly
Fund Manager

23 February 2023
Northwest Healthcare Properties Management Limited,
the Manager of Vital Healthcare Property Trust

[1] A ~$10m attributable to early release of tenant incentive as part of Epworth Camberwell acquisition. This was initially forecast to be paid in Year 3, post acquisition.

Strategic initiatives to further enhance returns to Unit Holders

Vital has commenced a process to further enhance its portfolio consistent with its previously announced strategies around precincts, asset weightings and green buildings, by strategically recycling capital.

This process includes:

Divestments and development changes

- The sale of >NZ$200m of existing non-core, older assets without development potential
- Delay of the development pipeline (committed and potential), including the proposed A$98.6m Tasman Medical Centre fund-through pending the outcome of a procurement review.

RDX Development

- Development of a new ~A$140m 6-Star Green Star, life sciences centre, Research and Inovation building (RDX) in heart of the Gold Coast Health and Knowledge Precinct.
- This represents a great opportunity, not only to own Vital's first Life Science building, but to take a large step forward in building a sustainable portfolio.
- Construction is expected to commence early 2023 and complete early / mid 2025. Costs are expected to total ~A$140m including ~A$7.1m for land.


rdx
rdx

Our Board

The board comprises five highly qualified directors; three of whom are independent. Both the Chair of the Board and the Chair of the Audit Committee are independent directors.

Graham Stuart

INDEPENDENT CHAIR AND MEMBER OF THE AUDIT COMMITTEE

(65, Auckland)

Graham Stuart is an experienced corporate director with an established track record of performance in governance and in prior executive roles.

He is currently the Independent Chair of EROAD Limited and an Independent Director and Chair of the Audit Committee at Tower and Metro Performance Glass Limited. He was previously the CEO of Sealord Group from 2007 to 2014 and Director, Strategy and Growth and CFO of Fonterra Co-operative Group from 2001 to 2007.

Paul Dalla Lana

DIRECTOR AND MEMBER OF THE AUDIT COMMITTEE

(57, Toronto)

Paul Dalla Lana is the founder and CEO of Northwest Healthcare Properties REIT – the 100% owner of Northwest Healthcare Properties Management Limited, the Manager of Vital Healthcare Property Trust.

Over the past 25+ years, Paul has led Northwest in the acquisition and development of over $10 billion worth of real estate transactions, with a significant focus on healthcare properties. Prior to founding Northwest, Paul was a professional in the Real Estate Capital Markets Group of Citibank, N.A. and an economist with B.C. Central Credit Union. Paul received his BA and his MBA from The University of British Columbia.

Angela Bull

INDEPENDENT DIRECTOR AND MEMBER OF THE AUDIT COMMITTEE

(47, Auckland)

Angela is an independent director of the Real Estate Institute of New Zealand, realestate.co.nz, Property For Industry Limited (NZX:PFI), Foodstuffs South Island Ltd and Foodstuffs NZ Ltd. She is also on the Trust Board of St Cuthbert's College and a Board member of the Property Council of New Zealand.

She holds a Bachelor of Laws and a Bachelor of Arts (Political Science) and practised property and environmental law prior to her executive career. Previously, Angela held a number of senior positions over a 10-year period with Foodstuffs Auckland and Foodstuffs North Island Ltd, most recently being General Manager Property Development for Foodstuffs North Island.

Craig Mitchell

DIRECTOR AND MEMBER OF THE AUDIT COMMITTEE

(55, Sydney)

Craig Mitchell has more than 20 years' experience specialising in the property industry in Australia. His previous roles include Executive Director and Chief Operating Officer of Dexus, an ASX top 50 listed REIT.

Craig is President of the Northwest Group, having joined in 2018 as CEO of Australia and New Zealand. He is responsible for funds management globally including establishment of new funds, providing strategic direction as part of the REIT's global leadership team, and has overall accountability for the Australian and New Zealand region, including strategy, performance and leading the team of over 40 real estate professionals.

GRACE HOSPITAL, TAURANGA, NEW ZEALAND

Dr Michael Stanford AM

INDEPENDENT DIRECTOR AND CHAIR OF THE AUDIT COMMITTEE

(63, Melbourne)

Dr Michael Stanford has more than 30 years' experience in the health sector in either Group CEO or Board roles.

Michael's current Board roles include Australian Clinical Labs (ASX:ACL), Australia's third largest private pathology provider; Nucleus Networks, one of the world's largest Phase one clinical research organisations , board chair of Karringal St Laurence Limited (genU) and Diabetes Australia, a significant Not-for-Profit of which Michael is President and Board Chair. Other Board roles in the last three years have included Healthscope (ASX:HSO), Australia's second largest hospital operator; and Virtus Health (ASX:VRT), one of the world's top five providers of Assisted Reproductive Services.

Our Executive Team

Vital's executive team comprises real estate professionals with extensive experience in New Zealand, Australia and beyond.

Aaron Hockly

SENIOR VICE PRESIDENT - NEW ZEALAND & FUND MANAGER - VITAL (44, Auckland)

Aaron Hockly has over 20 years experience in financial services, property and law.

Originally from New Zealand, Aaron spent 17 years in the UK and Australia until returning in 2018. Aaron was Chief Operating Officer for a large ASX listed real estate investment trust for nearly 10 years where he was responsible for strategy, transaction structuring and execution (property, debt and equity), reporting and investor relations.

Among other qualifications, Aaron has a Masters in Applied Finance and a BA/LLB from the University of Auckland. He is a Fellow of both Governance New Zealand and the Financial Services Institute of Australasia (FINSIA) and is a Chartered Member of the Institute of Directors (NZ).

Chris Adams

EXECUTIVE DIRECTOR – PROJECTS (53, Melbourne)

Chris Adams has extensive experience in the property industry in New Zealand, Australia and the United Kingdom, including over 20 years' experience in health sector property acquisitions, transaction structuring and large-scale hospital development.

Responsibilities with respect to Northwest include overseeing development management and joint responsibility for acquisitions undertaken by the business. He was one of the founding Executives at Generation Healthcare REIT. Prior to joining Generation, Chris established Vital's presence in Australia in 1999 and served as General Manager – Australia following various roles with the group in New Zealand.

PALM BEACH CURRUMBIN CLINIC, QUEENSLAND

EPWORTH EASTERN HOSPITAL, BOX HILL, VICTORIA

Alex Belcastro

SENIOR VICE PRESIDENT – MEDICAL PRECINCTS
(34, Sydney)

Alex Belcastro joined the team in April 2021, prior to which she was the Chief Business Development Officer at Ramsay Health Care, where she managed a multi-billion-dollar portfolio of 73 hospital assets in Australia.

Alex has over 13 years of specialised healthcare real estate experience across the public and private sectors, having been involved in over $8b of hospital, laboratory, and research projects. Alex holds a Master of Construction Management, and a Bachelor of Planning and Design (Property and Construction) from the University of Melbourne. Alex has undertaken executive education at Harvard Business School.

Vanessa Flax

REGIONAL GENERAL COUNSEL ANZ AND COMPANY SECRETARY (52, Melbourne)

Vanessa Flax joined the team on 1 May 2019, prior to which she was a special counsel at Ashurst Australia.

Vanessa has 25 years of deep and broad ranging property law experience in Australia and New Zealand, including acting as primary legal adviser (for approximately 15 years) for Vital and Northwest. Vanessa's legal experience covers all aspects of real estate property transactions, including acquisitions, divestments and sales, leasing and Crown leasing, development transactions and due diligence.

Michael Groth

CHIEF FINANCIAL OFFICER – ANZ REGION
(49, Melbourne)

Michael Groth has over 13 years' experience as a senior finance executive in the listed and unlisted property funds and funds management industry.

Prior to joining the team in October 2019, Michael's most recent position was as Group Chief Financial Officer of the Melbourne based and ASX-listed real estate fund manager, APN Property Group Limited.

Michael has extensive experience in financial management and reporting, taxation, treasury and capital management, corporate structuring, acquisitions, disposals and equity raisings.

Richard Roos

EXECUTIVE DIRECTOR - PORTFOLIO
(58, Melbourne)

Richard Roos has over 20 years' career experience in commercial real estate financing, acquisitions and property management, 14 years of which have been in healthcare real estate.

In his role as Executive Director, Richard is responsible along with his Melbourne and Auckland-based teams for the asset management of the Northwest Group's Australian and New Zealand portfolio, including leasing and tenant relationships, and joint responsibility for acquisitions and business development. In particular, Richard's strong relationships with healthcare operators are a crucial element of Northwest's success in sustainability achieving its growth targets.

Sustainability

Vital acknowledged as a leader in sustainability for listed healthcare real estate globally

GRESB ★★★★★ 2022

In October 2022, Vital achieved a 5-star rating from independent standards organisation GRESB (formerly known as the Global Real Estate Sustainability Benchmark) among other notable achievements.

Vital's GRESB results include being ranked second place globally for listed healthcare.

First 6-star Green Star Registered building in the Gold Coast Health & Knowledge Precinct

Construction is expected to commence for the strategically located ~A$140m research innovation hub development in early 2023 and complete early/mid 2025.

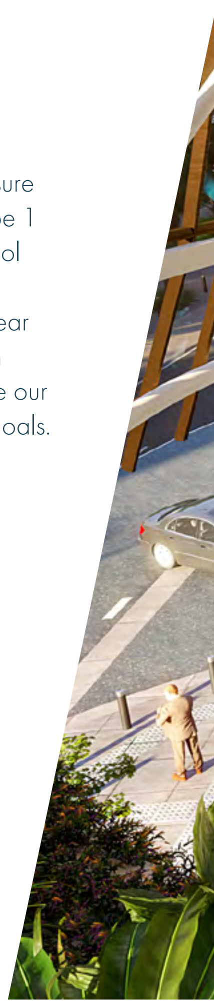
Upon completion the development will be carbon neutral ready and powered by 100% renewables.

RDX will be Vital's third major development targeting 5-Star Green Star or higher

CDP
DRIVING SUSTAINABLE ECONOMIES

Vital has also participated in the Carbon Disclosure Project (CDP) as a commitment to tracking Scope 1 and Scope 2 emissions in line with GHG Protocol definitions. Vital achieved a B- for the 2022 submission, with score improvement occurring year on year. By understanding our complete carbon footprint we can identify ways to actively reduce our emissions, positioning us to reach our net-zero goals.

NWH released its first Sustainability Report for its global operations including Vital. View the report at:
https://nwhreit.wpengine.com/wp-content/uploads/2022/08/nwh-sustainability-report.pdf



Financial Statements

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Consolidated Statement of Comprehensive Income

For the six months ended 31 December 2022

	Note	6 months Dec-22 $000s	6 months Dec-21 $000s
Gross property income from rentals		**74,486**	60,014
Gross property income from expense recoveries		**9,203**	6,677
Property expenses		**(11,621)**	(8,767)
Net property income	4	**72,068**	57,924
Other expenses		**(18,796)**	(16,113)
Strategic transaction expenses		**-**	(283)
Finance income		**159**	27
Finance expense	10	**(17,543)**	(13,740)
Operating profit		**35,888**	27,815
Other gains/(loss)			
Revaluation gain/(loss) on investment property	6	**(56,225)**	153,170
Net gain/(loss) on disposal of investment property	6	**(16)**	281
Fair value gain/(loss) on foreign exchange derivatives		**1,069**	(150)
Fair value gain/(loss) on interest rate derivatives		**957**	16,548
Realised gain/(loss) on foreign exchange		**5**	3
Unrealised gain/(loss) on foreign exchange		**353**	(242)
		(53,857)	169,610
Profit/(loss) before income tax		**(17,969)**	197,425
Taxation expense	5	**(13,005)**	(27,194)
Profit/(loss) attributable to unit holders of the Trust		**(30,974)**	170,231
Other comprehensive income			
Items that may be reclassified subsequently to profit and loss:			
Movement in foreign currency translation reserve		**(33,804)**	(8,767)
Total other comprehensive income/(loss) after tax		**(33,804)**	(8,767)
Total comprehensive income/(loss) after tax		**(64,778)**	161,464
Earnings per unit			
Basic and diluted earnings per unit (cents)	8	**(4.74)**	31.41

The notes on pages 26 to 47 form part of and are to be read in conjunction with these financial statements.

Consolidated Statement of Financial Position

As at 31 December 2022

	Note	Dec-22 $000s	Jun-22 $000s
Non-current assets			
Investment properties	6	**3,423,422**	3,339,169
Derivative financial instruments	11	**21,094**	20,692
Total non-current assets		**3,444,516**	3,359,861
Current assets			
Investment properties held for sale	6	**31,253**	-
Cash and cash equivalents		**12,431**	22,055
Trade and other receivables	13	**2,930**	2,442
Other current assets		**5,056**	15,451
Derivative financial instruments	11	**1,019**	25
Total current assets		**52,689**	39,973
Total assets		**3,497,205**	3,399,834
Unit holders' funds			
Units on issue	7	**1,173,512**	1,150,881
Reserves		**2,347**	44,590
Retained earnings		**907,267**	970,405
Total unit holders' funds		**2,083,126**	2,165,876
Non-current liabilities			
Borrowings	10	**1,027,808**	1,012,952
Lease liability - ground lease		**3,814**	3,903
Derivative financial instruments	11	**47**	150
Deferred tax	5	**178,425**	178,316
Total non-current liabilities		**1,210,094**	1,195,321
Current liabilities			
Trade and other payables		**48,096**	31,946
Income in advance		**2,955**	621
Derivative financial instruments	11	**-**	535
Lease liability - ground lease		**174**	170
Taxation payable		**6,509**	5,365
Borrowings	10	**146,250**	-
Total current liabilities		**203,984**	38,637
Total liabilities		**1,414,078**	1,233,958
Total unit holders' funds and liabilities		**3,497,204**	3,399,834

For and on behalf of the Manager, NorthWest Healthcare Properties Management Limited.

G Stuart, **Independent Chair**
23 February 2023

M Stanford, **Independent Director & Chair of the Audit Committee**

The notes on pages 26 to 47 form part of and are to be read in conjunction with these financial statements.

Consolidated Statement of Changes in Equity

For the six months ended 31 December 2022

	Units on issue $000s	Retained earnings $000s	Translation of foreign operations $000s	Foreign exchange hedges $000s	Share based payments $000s	Total unit holders' funds $000s
For the six months ended 31 December 2021						
Balance at the start of the six months	777,199	722,044	(71,291)	63,073	12,427	1,503,452
Changes in unitholders' funds	165,722	-	-	-	(12,427)	153,295
Manager's incentive fee	-	-	-	-	6,823	6,823
Profit for the period	-	170,231	-	-	-	170,231
Distributions to unitholders	-	(25,496)	-	-	-	(25,496)
Other comprehensive income for the period						
Movement in foreign currency translation reserve	-	-	(8,767)	-	-	(8,767)
Balance at the end of the six months	942,921	866,779	(80,058)	63,073	6,823	1,799,538
For the six months ended 31 December 2022						
Balance at the start of the period	1,150,881	970,405	(34,736)	63,411	15,915	2,165,876
Changes in unit holders' funds	22,631	-	-	-	(15,915)	6,716
Manager's incentive fee	-	-	-	-	7,476	7,476
Profit for the period	-	(30,974)	-	-	-	(30,974)
Distributions to unit holders	-	(32,164)	-	-	-	(32,164)
Other comprehensive income for the period						
Movement in foreign currency translation reserve	-	-	(33,804)	-	-	(33,804)
Balance at the end of the six months	1,173,512	907,267	(68,540)	63,411	7,476	2,083,126

The notes on pages 26 to 47 form part of and are to be read in conjunction with these financial statements.

Consolidated Statement of Cash Flows

For the six months ended 31 December 2022

	6 months Dec-22 $000s	6 months Dec-21 $000s
Cash flows from operating activities		
Property income	77,145	60,429
Recovery of property expenses	8,771	6,709
Interest received	159	27
Property expenses	(15,366)	(7,971)
Management and trustee fees	(10,211)	(8,134)
Interest paid	(15,447)	(13,190)
Tax paid	(6,674)	(14,576)
Other trust expenses	(444)	(1,267)
Net cash provided by/(used in) operating activities	37,933	22,027
Cash flows from investing activities		
Receipts from foreign exchange derivatives	230	475
Payments for foreign exchange derivatives	(238)	(950)
Capital additions on investment properties	(82,125)	(69,798)
Purchase of properties	(136,501)	(133,919)
Deposits and acquisiton costs paid – Investment Property	(340)	(14,233)
Proceeds from disposal of properties	318	12,991
Tenant fitout reimbursement proceeds	-	(13,240)
Strategic transaction expenses	-	(68)
Net cash provided by/(used in) investing activities	(218,656)	(218,742)
Cash flows from financing activities		
Debt drawdown	196,687	461,096
Repayment of debt	(85)	(389,419)
Issue of units	-	142,719
Loan issue costs	(22)	(1,831)
Costs associated with new equity raised	(53)	(1,722)
Distributions paid to unit holders	(25,428)	(13,198)
Net cash from/(used in) financing activities	171,099	197,645
Net increase/(decrease) in cash and cash equivalents	(9,624)	930
Cash and cash equivalents at the beginning of the period	22,055	6,880
Cash and cash equivalents at the end of the six months	12,431	7,810

The notes on pages 26 to 47 form part of and are to be read in conjunction with these financial statements.

Notes to the Consolidated Financial Statements

About this Report

1. Reporting Entity

Vital Healthcare Property Trust ("VHP" or the "Trust") is a unit trust established under the Unit Trusts Act 1960 by a Trust Deed dated 11 February 1994 (as subsequently amended and replaced), domiciled in New Zealand. The Trust is managed by NorthWest Healthcare Properties Management Limited (the "Manager"), with its registered office at HSBC Tower, Level 17, 188 Quay Street, Auckland.

The condensed consolidated interim financial statements of VHP for the six months ended 31 December 2022 comprise VHP and its subsidiaries (together referred to as the "Group"). VHP is listed on the New Zealand Stock Exchange (NZX) and is a FMC reporting entity for the purpose of the Financial Markets Conduct Act 2013. The Group's principal activity is investment in high quality Health Sector related properties.

These condensed consolidated interim financial statements were approved by the Board of Directors of the Manager on 23 February 2023.

The condensed consolidated interim financial statements for the six months ended 31 December 2022 (including comparative balances) have been reviewed by the auditor. The 30 June 2022 comparatives were subject to independent audit.

2. Basis of Preparation

(a) Statement of compliance

These condensed consolidated interim financial statements have been prepared in accordance with Generally Accepted Accounting Practice in New Zealand (NZ GAAP), NZ IAS 34 and IAS 34 Interim Financial Reporting, and do not include notes of the type normally included in an Annual Report. Therefore this report should be read in conjunction with the Group's most recent Annual Report. The accounting policies have been consistently applied, when compared to those used in the 2022 Annual Report. The 2022 Annual Report complies with New Zealand equivalents to International Financial Reporting Standards (NZIFRS) and other applicable Financial Reporting Standards issued and effective at the time of preparing those statements.

(b) Basis of consolidation

The Group's financial statements incorporate the financial statements of the Trust and entities controlled by the Trust (its subsidiaries). Control is achieved where the Trust has power over the investees; is exposed, or has rights, to variable returns from its involvement with the investees; and has the ability to use its power to affect its returns. The results of subsidiaries are included in the consolidated financial statements from the date of acquisition to the date of disposal. All significant intra-group transactions, balances, cashflows, income and expenses are eliminated on consolidation.

(c) Basis of measurement

The Group uses the historical cost basis except for derivative financial instruments and investment properties which are measured at fair value. Historical cost is based on the fair value of the consideration given or received in exchange for assets or liabilities. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique.

(d) Functional and presentation currency

These financial statements are presented in New Zealand Dollars ($), which is the Trust's functional and presentation currency. All information has been rounded to the nearest thousand dollars ($000), unless stated otherwise.

(e) The notes to the consolidated financial statements

The following notes include information required to understand these financial statements that is relevant and material to the operations, financial position and performance of the Group. The notes have been collated into sections to help users find and understand inter-related information. Information is considered relevant and material if, for example:

- the amount in question is significant by virtue of its size or nature;
- it is important to understand the results of the Group;

- it helps explain the impact of significant changes in the Group's business; or
- it relates to an aspect of the Group's operations that is important to its future performance.

3. Significant Accounting Policies

Critical accounting estimates and judgements

In the application of NZ IFRS, the Board and management are required to make judgements, estimates and assumptions about carrying values of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on experience and other factors that are believed to be reasonable under the circumstances, however actual results may differ from these estimates and assumptions.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised and in any future periods affected.

The critical judgements, estimates and assumptions made in the current period are contained in the following notes:

Note	Description
Note 5	Current and deferred taxation
Note 6	Valuation of investment properties
Note 15	Related party transactions

Notes to the Consolidated Financial Statements

Performance

This section shows the results and performance of the Group and its reporting segments and includes detailed information in respect to its revenues, expenses and profitability. It also provides information on the investment properties that underpin the Group's performance.

4. Segment Information

The principal business activity of the Group is to invest in Health Sector related properties. Segment profit represents the profit earned by each segment including allocation of identifiable administration costs, finance costs, revaluation gains/(losses) on investment properties, and gains/(losses) on disposal of investment properties. This is the measure reported to the Board, who are the chief operating decision makers for the purposes of resource allocation and assessment of segment performance. The Group operates in both Australia and New Zealand.

The following is an analysis of the Group’s results by reportable segment.

	Australia $000s	New Zealand $000s	Total $000s
Segment profit/(loss) for the six months ended 31 December 2022:			
Gross property income from rentals	**51,051**	**23,435**	**74,486**
Gross property income from expense recoveries	**4,656**	**4,547**	**9,203**
Property expenses	**(6,520)**	**(5,101)**	**(11,621)**
Net property income	**49,187**	**22,881**	**72,068**
Other expenses	**(7,260)**	**(11,536)**	**(18,796)**
Net finance expense	**(16,316)**	**(1,068)**	**(17,384)**
Operating profit	**25,611**	**10,277**	**35,888**
Fair value gain/(losses) on interest rate derivatives	**455**	**502**	**957**
Revaluation gains on investment properties	**743**	**(56,968)**	**(56,225)**
Net gain/(loss) on disposal of investment property	**(16)**	**-**	**(16)**
Other foreign exchange gains/(losses)	**322**	**1,105**	**1,427**
Total segment profit before income tax	**27,115**	**(45,084)**	**(17,969)**
Taxation expense			**(13,005)**
Profit for the six months			**(30,974)**
Segment profit/(loss) for the six months ended 31 December 2021:			
Gross property income from rentals	43,303	16,711	60,014
Gross property income from expense recoveries	2,612	4,065	6,677
Property expenses	(4,251)	(4,516)	(8,767)
Net property income	41,664	16,260	57,924
Other expenses	(6,757)	(9,356)	(16,113)
Net strategic transaction expenses	-	(283)	(283)
Net finance expense	(6,185)	(7,528)	(13,713)
Operating Profit	28,722	(907)	27,815
Fair value gain/(losses) on interest rate derivatives	-	16,548	16,548
Revaluation gains on investment properties	107,818	45,352	153,170
Net gain/(loss) on disposal of investment property	281	-	281
Other foreign exchange gains/(losses)	(2)	(387)	(389)
Total segment profit before income tax	136,819	60,606	197,425
Taxation expense			(27,194)
Profit for the six months			170,231

Net property income comprises rental income and expense recoveries from tenants less property expenses. The Group has three Australian tenants and one New Zealand tenant that contributed $42.6m of gross property income (31 December 2021: three Australian tenants that contributed $31.6m).

There were no inter-segment sales during the six months (31 December 2021: nil).

	Australia $000s	New Zealand $000s	Total $000s
Segment assets at 31 December 2022:			
Investment properties	**2,402,814**	**1,020,608**	**3,423,422**
Other non-current assets	**495**	**20,599**	**21,094**
Current assets	**47,297**	**5,392**	**52,689**
Consolidated assets	**2,450,606**	**1,046,599**	**3,497,205**
Segment assets at 30 June 2022:			
Investment properties	2,391,228	947,941	3,339,169
Other non-current assets	-	20,692	20,692
Current assets	18,782	21,191	39,973
Consolidated assets	2,410,010	989,824	3,399,834
Segment liabilities at 31 December 2022:			
Borrowings	**1,142,757**	**31,301**	**1,174,058**
Other liabilities	**204,668**	**35,352**	**240,020**
Consolidated liabilities	**1,347,425**	**66,653**	**1,414,078**
Segment liabilities at 30 June 2022:			
Borrowings	993,234	19,718	1,012,952
Other liabilities	190,106	30,900	221,006
Consolidated liabilities	1,183,340	50,618	1,233,958

All assets and liabilities have been allocated to reportable segments.

Notes to the Consolidated Financial Statements

5. Taxation

Income tax recognised in the consolidated statement of comprehensive income

	6 months Dec-22 $000s	6 months Dec-21 $000s
Profit/(loss) before tax for the period	(17,969)	197,425
Taxation (charge)/credit - 28% on profit before income tax	5,031	(55,279)
Effect of different tax rates in foreign jurisdictions	3,525	17,967
Tax exempt income/(expense)	(14,768)	13,288
Tax impact of leasing deals	(5)	(59)
Foreign tax credits	664	2,515
Tax charges on overseas investments	(7,120)	(5,656)
Other adjustments	(332)	30
Taxation expense	(13,005)	(27,194)
The taxation (charge)/credit is made up as follows:		
Current taxation	(7,916)	(4,352)
Deferred taxation	(5,089)	(22,842)
Total taxation expense	(13,005)	(27,194)

6. Investment Properties

Investment properties comprise real estate predominately leased, or targeted to be leased, to health sector tenants that is held for either deriving rental income, for capital appreciation or both.

(6.a) Reconciliation of Carrying Amounts

	Dec-22 $000s	Jun-22 $000s
Carrying value of investment property at the beginning of the six months	3,339,169	2,634,588
Acquisition of properties	145,132	298,745
Capitalised costs	82,019	94,549
Capitalised interest costs	8,191	5,921
Net capitalised incentives	10,904	(382)
Disposal of properties	(795)	(13,186)
Classified as held for sale	(31,253)	-
Foreign exchange translation difference	(73,721)	74,695
Revaluation gain/(losses) on investment property	(56,225)	244,239
Carrying value of investment property at the end of the six months	3,423,421	3,339,169

The Group holds the freehold title to all properties except the car parks at the rear of Ascot Hospital and Ascot Central, which are the subject of a ground lease ("right of use" asset) that has a weighted average term remaining of 16.3 years (30 June 2022: 16.8 years). As at reporting date the fair value of this right-of-use asset totals $8.4m (30 June 2022: $8.1m).

In December 2022, and as part of the acquisition arrangements when Epworth Camberwell was purchased in June 2021, the Group paid A$10m in return for Epworth's early exercise of its 3 year lease extension.

(6.b) Acquisition of Property

During the period the Group:

- acquired a 7,693 sqm parcel of land in Newtown, Hobart, Australia for A$9.5m (excluding transaction costs) on 6 July 2022 for future development.
- settled the acquisition of the Kawarau Park Health Precinct, a newly developed health precinct comprising 6 separate buildings including Queenstown's only private hospital, situated in Kawarau Park in Queenstown, New Zealand for NZ$94m (excluding transaction costs) on 7 July 2022.
- completed the acquisition a multi-stage development site in the Campbelltown Health Precinct (NSW) via a fund-through acquisition on 15 July 2022. Stage 1 has been acquired for an agreed price of A$54.4m (excluding transaction costs) and is currently under construction. Development rights to stages 2 and 3 have been acquired for A$22.2m (excluding transaction costs). Leasehold title to stage 1 is to be transferred on practical completion of the fund-through arrangements.
- acquired a residential property on 1 August 2022 to be held for potential future development in Meadowbrook, Queensland, Australia for A$0.7m (excluding transaction costs).
- acquired a strata lot at 1/173 Chisholm Road, Ashtonfield, NSW Australia adjoining East Maitland Private Hospital for A$3.97m (excluding transaction costs) on 1 September 2022.
- acquired a residential property on 24 November 2022 at 24 Kipling Ave, Epsom, Auckland to be used for future development for NZ$2.9m (excluding transaction costs).
- acquired a residential property on 13 December 2022 at 1303 Heatherton Road, Noble Park, Victoria for A$2.65m (excluding transaction costs) to be used for future development.
- entered into an agreement with NorthWest Healthcare Australia RE Limited as trustee for NorthWest Healthcare Australia Lumina Trust (Lumina) in relation to the land at 15 Nexus Way, Southport, Queensland Australia (Land) to facilitate the development of a new state of the art, 6-Star Green Star health, research and innovation building to be known as "RDX". Consideration payable, based on an independent valuation, totals A$6.9m, comprising A$4.3m payable to Lumina and A$2.6m to MEDQ (refer note 15).

(6.c) Disposal of Property

During the period the Group:

- reclassified Eden Rehabilitation to investment properties held for sale as its carrying value is expected to be recovered principally through a sale transaction.
- disposed of its property at 22-24 McCourt Street, West Leederville (WA) for A$0.75m (excluding transaction costs) on 23 November 2022.

(6.d) Individual Valuations and Carrying Amounts

The details of the New Zealand and Australian investment property portfolio, including its location, sub sector, fair value, market capitalisation rate, occupancy and weighted average lease expiry term are as follows:

Notes to the Consolidated Financial Statements

Properties	Location	Sub sector	Major Tenant
Australia			
New South Wales			
Lingard Private Hospital	Merewether, New South Wales	Hospital (Acute)	Healthe Care
Maitland Private Hospital	East Maitland, New South Wales	Hospital (Acute/Specialty)	Healthe Care
Hurstville Private Hospital	Hurstville, New South Wales	Hospital (Acute)	Healthe Care
The Hills Clinic	Kellyville, New South Wales	Hospital (Specialty)	Aurora
Toronto Private Hospital	Toronto, New South Wales	Hospital (Acute/Specialty)	Aurora
Mons Road Medical Centre	Westmead, New South Wales	Ambulatory Care	Castlereagh Imaging
Lingard Day Centre	Merewether, New South Wales	Ambulatory Care	Healthe Care
Hirondelle Private Hospital	Chatswood, New South Wales	Hospital (Specialty)	Aurora
Fairfield Aged Care	Fairfield, New South Wales	Aged Care	Hall & Prior
Darlington Aged Care	Banora Point, New South Wales	Aged Care	Bolton Clarke
Clover Lea Aged Care	Burwood Heights, New South Wales	Aged Care	Hall & Prior
Grafton Aged Care	South Grafton, New South Wales	Aged Care	Hall & Prior
Victoria			
Epworth Eastern Hospital	Box Hill, Victoria	Hospital (Acute)	Epworth Foundation
South Eastern Private Hospital	Noble Park, Victoria	Hospital (Specialty)	Aurora
Epworth Camberwell	Camberwell, Victoria	Hospital (Specialty)	Epworth Foundation
Ekera Medical Centre	Box Hill, Victoria	Ambulatory Care	Imaging Associates
Epworth Rehabilitation	Brighton, Victoria	Hospital (Specialty)	Epworth Foundation
120 Thames Street	Box Hill, Victoria	Ambulatory Care	Epworth Foundation
Queensland			
Belmont Private Hospital	Carina Heights, Queensland	Hospital (Specialty)	Aurora
Palm Beach Currumbin Clinic	Currumbin, Queensland	Hospital (Specialty)	Aurora
The Southport Private Hospital	Southport, Queensland	Hospital (Acute/Specialty)	Ramsay Health Care
Eden Rehabilitation[1]	Cooroy, Queensland	Hospital (Acute/Specialty)	Aurora
Baycrest Aged Care	Hervey Bay, Queensland	Aged Care	Bolton Clarke
Tantula Rise Aged Care	Alexandra Headland, Queensland	Aged Care	Bolton Clarke
Western Australia			
Marian Centre	Wembley, Western Australia	Hospital (Specialty)	Aurora
Abbotsford Private Hospital	West Leederville, Western Australia	Hospital (Specialty)	Aurora
Hamersley Aged Care	Subiaco, Western Australia	Aged Care	Hall & Prior
Rockingham Aged Care	Rockingham, Western Australia	Aged Care	Hall & Prior
South Australia			
Tennyson Centre	Kurralta Park, South Australia	Ambulatory Care	ICON Cancer Care
Sportsmed Hospital, Clinic & Cons.	Stepney, South Australia	Hospital (Acute)	Sportsmed SA
Playford Health - Retail & Carpark	Elizabeth Vale, South Australia	Ambulatory Care	SA Health
Total Australia			

1 Classified as investment property held for sale at 31st December 2022

Latest independent valuation	Fair value		Market capitalisation rate		Occupancy		WALE	
	$M	$M	%	%	%	%	Years	Years
Date	Dec-22	Jun-22	Dec-22	Jun-22	Dec-22	Jun-22	Dec-22	Jun-22
Jun-22	**213.3**	224.6	**4.3**	4.1	**100.0**	100.0	**23.2**	23.7
Jun-22	**135.3**	133.9	**5.0**	4.8	**100.0**	100.0	**14.8**	15.5
Dec-22	**88.9**	91.3	**5.8**	5.8	**100.0**	100.0	**19.3**	19.8
Dec-22	**62.8**	64.2	**4.3**	4.0	**100.0**	100.0	**24.5**	25.0
Jun-22	**52.6**	54.0	**5.3**	5.0	**100.0**	100.0	**19.6**	20.1
Jun-22	**46.7**	48.7	**4.8**	4.8	**94.5**	94.5	**2.4**	2.9
Jun-22	**44.8**	47.3	**4.3**	4.1	**100.0**	100.0	**23.2**	23.7
Jun-22	**33.0**	34.0	**5.0**	5.0	**100.0**	100.0	**19.4**	19.9
Dec-22	**20.9**	21.6	**6.5**	6.3	**100.0**	100.0	**13.2**	13.7
Jun-22	**19.3**	19.9	**6.0**	6.0	**100.0**	100.0	**13.8**	14.3
Dec-22	**15.0**	15.4	**6.8**	6.3	**100.0**	100.0	**13.2**	13.7
Dec-22	**12.6**	12.8	**7.0**	7.0	**100.0**	100.0	**14.3**	14.8
Dec-22	**442.3**	448.8	**4.0**	4.0	**92.0**	95.0	**18.7**	20.5
Jun-22	**97.3**	100.1	**4.3**	4.3	**100.0**	100.0	**18.2**	18.7
Jun-22	**92.9**	84.7	**4.3**	4.2	**100.0**	100.0	**21.5**	19.0
Dec-22	**34.9**	36.5	**5.3**	5.0	**97.8**	100.0	**2.5**	2.9
Jun-22	**29.0**	29.9	**5.3**	5.3	**100.0**	100.0	**1.1**	1.6
Dec-22	**11.8**	13.3	**6.0**	5.5	**25.5**	59.6	**0.7**	2.5
Dec-22	**171.8**	161.8	**4.1**	4.0	**100.0**	100.0	**22.7**	23.2
Jun-22	**79.5**	81.9	**4.3**	4.3	**100.0**	100.0	**12.7**	13.2
Dec-22	**54.8**	57.5	**5.0**	4.8	**100.0**	100.0	**22.2**	22.7
Jun-22	**-**	35.7	**-**	5.3	**-**	100.0	**-**	15.4
Jun-22	**20.9**	21.6	**6.0**	6.0	**100.0**	100.0	**13.5**	14.0
Jun-22	**26.0**	26.8	**6.0**	6.0	**100.0**	100.0	**13.5**	14.0
Dec-22	**67.7**	66.3	**4.4**	4.4	**100.0**	100.0	**11.6**	12.1
Dec-22	**68.7**	54.7	**4.3**	4.3	**100.0**	100.0	**19.1**	19.6
Dec-22	**14.5**	14.9	**6.8**	6.5	**100.0**	100.0	**13.2**	13.7
Dec-22	**7.9**	8.1	**6.8**	6.8	**100.0**	100.0	**13.2**	13.7
Jun-22	**101.2**	106.8	**4.6**	4.5	**99.8**	100.0	**2.8**	3.8
Jun-22	**89.7**	92.4	**5.1**	5.0	**100.0**	100.0	**13.1**	13.6
Jun-22	**24.0**	24.3	**5.5**	5.5	**79.1**	53.9	**9.0**	9.5
	2,180.1	2,233.8	**4.6**	4.5	**97.9**	98.6	**16.6**	17.1

Notes to the Consolidated Financial Statements

Properties	Location	Sub sector	Major Tenant
New Zealand			
Ascot Hospital & Clinics	Greenlane, Auckland	Hospital (Acute)	Ascot Hospital and Clinics Limited
Grace Hospital	Tauranga, Bay of Plenty	Hospital (Acute)	Norfolk Southern Cross Limited
Wakefield Hospital	Newtown, Wellington	Hospital (Acute)	Evolution Healthcare
Royston Hospital	Hastings, Hawkes Bay	Hospital (Acute)	Evolution Healthcare
Kawarau Park	Queenstown, Otago	Hospital (Acute)	Southern Cross CLT Limited
Bowen Hospital	Crofton Downs, Wellington	Hospital (Acute)	Evolution Healthcare
Ormiston Hospital	Flatbush, Auckland	Hospital (Acute)	Ormiston Surgical and Endoscopy Limited
68 Saint Asaph St	Christchurch Central, Christchurch	Ambulatory Care	Syft Technologies Limited
Boulcott Hospital	Lower Hutt, Wellington	Hospital (Acute)	Boulcott Pulse Health Limited
Ascot Central	Greenlane, Auckland	Ambulatory Care	Fertility Associates Limited
Hutt Valley Health Hub	Lower Hutt, Wellington	Ambulatory Care	Ropata Health Limited
Apollo Health & Wellness Centre	Albany, Auckland	Ambulatory Care	Apollo Medical Limited
Kensington Hospital	Whangarei, Northland	Hospital (Acute)	Kensington Hospital Limited
Endoscopy Auckland	Epsom, Auckland	Ambulatory Care	Evolution Healthcare
Napier Health Centre	Napier, Hawkes Bay	Ambulatory Care	Hawke's Bay District Health Board
Ascot Carpark (right of use asset)	Greenlane, Auckland	Hospital (Acute)	Ascot Hospital and Clinics Limited
Total New Zealand			
Properties held for development			
Investment properties - non current			
Investment properties held for sale			
TOTAL FAIR VALUE OF INVESTMENT PROPERTIES			

Latest independent valuation	Fair value		Market capitalisation rate		Occupancy		WALE	
	$M	$M	%	%	%	%	Years	Years
Date	Dec-22	Jun-22	Dec-22	Jun-22	Dec-22	Jun-22	Dec-22	Jun-22
Dec-22	**137.5**	140.5	**4.6**	4.4	**100.0**	100.0	**15.5**	15.8
Dec-22	**116.0**	115.5	**4.8**	4.6	**100.0**	100.0	**28.0**	28.5
Dec-22	**143.8**	128.1	**4.9**	4.8	**100.0**	100.0	**24.9**	25.4
Dec-22	**92.2**	98.3	**5.3**	4.8	**100.0**	100.0	**26.9**	27.4
Jun-22	**85.8**	-	**4.7**	-	**100.0**	-	**8.6**	-
Jun-22	**70.5**	78.2	**4.8**	4.5	**100.0**	100.0	**26.9**	27.4
Dec-22	**55.8**	52.6	**5.1**	4.8	**100.0**	100.0	**1.4**	1.9
Jun-22	**49.3**	52.2	**4.8**	4.5	**100.0**	100.0	**9.9**	7.8
Dec-22	**48.4**	51.5	**5.1**	4.8	**100.0**	100.0	**15.5**	16.0
Dec-21	**42.5**	44.8	**5.3**	4.8	**100.0**	100.0	**5.4**	6.7
Dec-22	**38.6**	41.7	**4.6**	4.3	**100.0**	100.0	**13.3**	13.7
Dec-22	**30.0**	32.3	**5.8**	5.3	**90.1**	84.8	**6.6**	7.2
Dec-22	**24.3**	27.5	**5.6**	5.1	**100.0**	100.0	**23.5**	24.0
Jun-22	**24.3**	20.3	**4.8**	4.5	**100.0**	100.0	**19.4**	19.9
Dec-21	**17.3**	18.0	**6.3**	5.9	**100.0**	100.0	**11.0**	11.5
Dec-22	**8.4**	8.1	**9.5**	8.4	**92.2**	92.2	**12.8**	13.5
	984.7	909.6	**5.0**	4.7	**99.5**	99.2	**18.5**	18.7
	258.7	195.8						
	3,423.5	3,339.2	**4.7**	4.6	**98.4**	98.8	**17.2**	17.6
	31.3	-	**5.3**	-	**100.0**	-	**14.9**	-
	3,454.7	3,339.2	**4.7**	4.6	**98.4**	98.8	**17.2**	17.6

Notes to the Consolidated Financial Statements

(6.e) Contractual Arrangements

The Group was party to contracts to purchase or construct property or provide fitout loans to tenants which are not recognised in the financial statements for the following amounts:

	Dec-22 $000s	Jun-22 $000s
Capital expenditure commitments	**302,502**	214,878
Property acquisition commitments	**58,633**	109,701
Tenant fitout loan commitments	**18,740**	-
Tenant incentive commitments	**-**	11,066

- the Group has entered into agreements to purchase land at 15 Nexus Way, Southport, Queensland, Australia for A$6.9m (refer note 6b).
- the Group entered into a fund-through acqusition agreement for the redevelopment of a vacant aged care facility into a 61 bed mental health facility at Mt Eliza, Victoria, Australia.
- the Group entered into a fund-through acqusition agreement for Stage 1, a four storey GenesisCare Comprehensive Cancer Centre, of a multi-stage health precinct in Campbelltown, South West Sydney, Australia.
- the Group has committed to providing up to A$10m as an amortising loan (for a term of 15 years) for tenant fitout works at the Campbelltown Stage 1 project at the election of the tenant.
- the Group has committed to providing up to NZ$8m as an amortising loan (for a term of 10 years) for tenant fitout works at the 68 Saint Asaph Street, Christchurch Central, Christchurch, at the election of the tenant.

(6.f) Recognition and Measurement

Recognition and measurement

Valuation process

The purpose of the valuation process is to ensure that investment properties are held at fair value. In accordance with the Group's valuation policy and Trust Deed, external valuations are performed by independent professionally qualified valuers who hold a recognised and relevant professional qualification and have specialised expertise in the type of investment property being valued. The valuation policy requires that a valuer may not value the same property for more than two consecutive valuations. All valuations are reviewed by the Manager and approved by the Board. The fair value of investment property as at 31 December 2022 was determined through independent professional valuers for approximately 55% of the portfolio (30 June 2022: 42%) and the remainder was determined by the Manager. The Manager's valuations were informed by market data and valuation advice provided by independent valuers, comparable transactional evidence and current period leasing activities. The independent valuers used at 31 December 2022 included: Ernst & Young, Colliers International, Jones Lang LaSalle Australia, Valued Care, Absolute Value, Urbis and CBRE. The properties which have been independently valued at 31 December 2022 are disclosed above in note 6.d.

The methods used for assessing the fair value of investment property are the Direct Comparison, Discounted Cash Flow (using a risk adjusted discount rate), Capitalisation of Contract and Market Income approaches and are unchanged from the prior period. The principal assumptions in establishing the valuation include the market capitalisation/discount rates, occupancy, market rent assessments and the weighted average lease term to expiry (WALE).

Fair Value Hierarchy

As the valuation methods use assumptions and judgements that are not based on observable market data, investment properties are classified as Level 3 under the fair value hierarchy.

Generally, as:

- market rent assessments, occupancy and weighted average lease term to expiry increase, yields firm, resulting in increased fair values for investment properties and vice versa;
- capitalisation rates and discount rates used in the valuation approaches decrease (firm), the fair value of the investment property will increase, and vice versa.

Capital Structure, Financing and Risk Management

This section outlines how the Group manages its capital structure and related financing activities and presents the resultant returns delivered to unitholders via distributions and earnings per unit.

7. Units on Issue

	Dec-22 $000s	Jun-22 $000s
Balance at the beginning of the period	**1,150,881**	777,199
Issue of units under Distribution Reinvestment Plan	**6,735**	23,791
Issue of units under placement and unit purchase plan	**-**	142,803
Issue of units under rights issue	**-**	200,014
Issue of units to satisfy Manager's incentive fee	**15,949**	12,427
Issue costs of units	**(53)**	(5,353)
Balance at the end of the period	**1,173,512**	1,150,881

	Dec-22 000s	Jun-22 000s
Reconciliation of number of units		
Balance at the beginning of the period	**649,155**	519,753
Issue of units under the Distribution Reinvestment Plan	**2,723**	8,109
Issue of units under placement and unit purchase plan	**-**	49,401
Issue of units under rights issue	**-**	67,801
Units issued to satisfy Manager's incentive fee	**5,879**	4,091
Balance at the end of the period	**657,757**	649,155

Distributions related to the six month period to 31 December 2022 were 4.875 cents per unit (31 December 2021: 4.75 cents per unit), including the second quarter distribution of 2.4375 cents per unit declared subsequent to the reporting date (31 December 2021: 2.375 cents per unit). Refer Note 14 for details.

On 31 August 2022, 5,878,511 units were issued against the 30 June 2022 Manager's incentive fee of $15.9 million (31 December 2021: 4,090,950 were issued against the 2021 Manager's incentive fee of $12.4 million).

8. Earnings per Unit

	6 months Dec-22 $000s	6 months Dec-21 $000s
Profit attributable to unit holders of the Trust ($000s)	**(30,974)**	170,231
Weighted average number of units on issue (000's of units)	**653,798**	541,878
Basic and diluted earnings per unit (cents)	**(4.74)**	31.41

Recognition and measurement

Basic and diluted earnings per unit is calculated by dividing the profit attributable to unitholders of the Trust by the weighted average number of ordinary units on issue during the reporting period.

Notes to the Consolidated Financial Statements

9. Distributable Income

Statutory profit attributable to unitholders is determined in accordance with NZ GAAP and includes a number of non-cash items including fair value movements, straight line lease accounting adjustments, amortisation of borrowing costs, leasing costs and tenant incentives.

The Manager uses Adjusted Funds from Operations (AFFO) and AFFO per unit as the Group's key performance metric, representative of the Group's underlying performance, and as a guide to informing the Group's distribution policy. AFFO adjusts statutory profit attributable to unitholders for certain items that are non-cash, unrealised, capital in nature or are one-off or non-recurring (i.e. outside the Group's ordinary operations or not reflective of its underlying performance). As AFFO is a non GAAP measure it may not be directly comparable with other entities.

A reconciliation of statutory profit attributable to unitholders to AFFO and AFFO per unit is outlined as follows:

	6 months Dec-22 $000s	6 months Dec-21 $000s
Adjusted funds from operations		
Operating profit before tax and other income	**35,888**	27,815
Add/(deduct):		
Current tax expense	**(7,916)**	(4,352)
Incentive fee	**7,510**	6,823
Strategic transaction expenses	**-**	283
Current tax on translation of foreign currency funding transactions	**73**	(118)
Amortisation of borrowing costs	**809**	555
Amortisation of leasing costs & tenant inducements	**1,529**	1,238
IFRS 16 Operating lease accounting	**(84)**	(81)
Funds from operations (FFO)	**37,809**	32,163
Add/(deduct):		
Actual repairs and maintenance from continuing operations	**(138)**	(128)
Adjusted funds from operations (AFFO)	**37,671**	32,035
AFFO (cpu)	**5.76**	5.91
Distribution per unit (cpu)	**4.875**	4.750
AFFO payout ratio	**85%**	80%
Units on issue (weighted average, 000s)	653,798	541,878

10. Borrowings

	Dec-22 $000s	Jun-22 $000s
AUD denominated loans	**1,167,007**	1,018,777
NZD denominated loans	**12,000**	-
Borrowing costs	**(4,949)**	(5,825)
Total borrowings	**1,174,058**	1,012,952
Current liability	**146,250**	-
Non current liability	**1,027,808**	1,012,952
Total borrowings	**1,174,058**	1,012,952

	Dec-22 $000s	Jun-22 $000s
Total borrowings at the beginning of the period	**1,012,952**	929,300
Drawdowns during the period	**194,625**	835,111
Repayments during the period	**-**	(780,338)
Additional facility refinancing fee	**22**	(4,018)
Facility refinancing fee amortised during the period	**809**	1,270
Foreign exchange movement	**(34,350)**	31,627
Total borrowings at the end of the period	**1,174,058**	1,012,952

(10.a) Summary of Borrowing Arrangements

The Group has structured its borrowings as a club financing arrangement governed by a common terms deed and bi-lateral facility agreements. Currently there are six financiers (2021: 5 financiers) that provide facilities to the Group. The facilities' expiry profile and undrawn facility limits are as follows:

	Dec-22			Jun-22		
	A$m Limit	A$m Undrawn	Expiry	A$m Limit	A$m Undrawn	Expiry
Common Terms Deed - AUD						
Facility A1	**100.0**	**-**	**Oct-28**	100.0	-	Oct-28
Facility A2	**125.0**	**-**	**Oct-23**	125.0	-	Oct-23
Facility A4	**75.0**	**-**	**Mar-29**	75.0	75.0	Mar-29
Facility A5	**75.0**	**5.0**	**Mar-25**	75.0	44.3	Mar-25
Facility B1	**100.0**	**-**	**Apr-24**	100.0	-	Apr-24
Facility C1	**62.5**	**-**	**Mar-26**	62.5	-	Mar-26
Facility C2	**62.5**	**-**	**Mar-27**	62.5	-	Mar-27
Facility C3	**125.0**	**-**	**Mar-27**	125.0	-	Mar-27
Facility D1	**125.0**	**-**	**Mar-27**	125.0	-	Mar-27
Facility D2	**75.0**	**-**	**Mar-25**	75.0	-	Mar-25
Facility K1	**70.1**	**18.5**	**Mar-26**	70.1	70.1	Mar-26
Facility K2	**21.0**	**-**	**Oct-26**	21.0	-	Oct-26
Facility L	**75.0**	**-**	**Sep-28**	75.0	-	Sep-28
Facility M	**19.0**	**-**	**Oct-26**	19.0	-	Oct-26
Total AUD Facility	**1,110.1**	**23.5**		1,110.1	189.4	
Common Terms Deed - NZD						
	NZ$m Limit	NZ$m Undrawn	Expiry	NZ$m Limit	NZ$m Undrawn	Expiry
Facility A	**50.0**	**38.0**	**Oct-23**	50.0	50.0	Oct-23
Facility B	**75.0**	**75.0**	**Mar-26**	75.0	75.0	Mar-26
Total NZD Facility	**125.0**	**113.0**		125.0	125.0	

In addition to the above, the Group has available a A$5.0m (2021: A$5.0m) bank guarantee facility of which A$0.6m (2021: A$0.6m) has been utilised at the reporting date.

The facilities governed by the common terms deed are secured and cross collateralised over the Group's investment properties (by first ranking real property mortgages) and other assets (via a first ranking general 'all assets' security agreement).

The common terms deed contains both financial and non-financial covenants and undertakings that are customary for secured facilities of this nature. The key financial covenants (with capitalised terms being defined terms in the common terms deed) are as follows:

Notes to the Consolidated Financial Statements

	Covenant	Dec-22 Actual	Jun-22 Actual
Banking Covenants			
Loan to value ratio	< 55%	35.5%	32.1%
Interest cover	> 2.00x	3.23	3.20
Total EBITDA of Obligors v total EBITDA of Group	Not < 95%	100%	100%
Total assets of Obligors v total assets of Group	Not < 95%	100%	100%
Total value of unmortgaged properties v total assets of Group	Not > 10%	4.2%	3.4%

Subsequent to the reporting date the Group has received credit approved offers from lenders to increase facility limits by A$100m, extend the duration of facilities currently scheduled to expire in October 2023 and March 2024 and add two new financiers to the Group. The credit approved offers are subject to customary terms associated with credit approved offers, have been accepted, and documentation is progressing. Closing, subject to customary conditions, is scheduled to be finalised in March 2023.

(10.b) Finance Expense

The effective interest rate on the borrowings, incorporating interest rate swaps, as at the reporting date was 4.57% per annum (31 December 2021: 3.14%).

11. Derivatives

(11.a) Interest Rate Swaps

	Dec-22 $000s	Jun-22 $000s
Current assets		
Interest rate derivative assets	399	-
Non-current assets		
Interest rate derivative assets	21,067	20,692
Current liabilities		
Interest rate derivative liabilities	-	(93)
Non-current liabilities		
Interest rate derivative liabilities	(47)	(149)
Total	21,419	20,450

During the period the Group recognised an unrealised fair value gain of $1.0m (31 December 2021: $16.5m gain) on interest rate contracts. The Group's interest rate swaps outstanding at the reporting date are as follows:

	Dec-22 $000s	Jun-22 $000s
Nominal value of interest rate swaps - AUD	737,630	410,000
Average fixed interest rate	2.82%	2.89%
Floating rates based on AUD BBSW	3.13%	1.51%

Interest rate derivatives mature over the next five years and have fixed interest rates ranging from 2.41% to 4.23% (30 June 2022: from 1.54% to 4.23%).

The Group has entered into three forward start interest rate derivatives, effective March 2023 for a total nominal value of A$90m, a weighted average fixed rate of 3.90% that mature in March 2027.

Recognition and measurement

Derivatives are categorised as financial instruments at fair value through profit or loss and are initially recognised and subsequently measured at fair value derived from counterparty bank valuations. Counterparty bank valuations are tested for reasonableness by discounting the estimated future cashflows and using market interest rates for a substitute instrument at the measurement date. The resulting gain or loss is recognised immediately in the consolidated statement of comprehensive income as hedge accounting has not been applied.

(11.b) Forward Exchange Contracts

	Dec-22 $000s	Jun-22 $000s
Current assets		
Foreign exchange derivative assets	**620**	25
Non-current assets		
Foreign exchange derivative assets	**27**	-
Current liabilities		
Foreign exchange derivative liabilities	**-**	(442)
Non-current liabilities		
Foreign exchange derivative liabilities	**-**	(1)
Total	**647**	(418)

During the period the Group recognised an unrealised fair value gain of $1.07m (31 December 2021: $0.15m loss) on forward exchange contracts. The Group's forward exchange contracts outstanding at the reporting date are as follows:

	Dec-22 $000s	Jun-22 $000s
Nominal value of foreign exchange contracts - AUD	**19,500**	26,500
Average foreign exchange rate	**0.8994**	0.9134

Recognition and measurement

Derivatives are categorised as financial instruments at fair value through profit or loss and are initially recognised and subsequently measured at fair value derived from counterparty bank valuations. Counterparty bank valuations are tested for reasonableness by using a valuation model based on the applicable forward price curves derived from observable forward prices. As hedge accounting has not been applied any resulting gain or loss is recognised immediately in the consolidated statement of comprehensive income.

(11.c) Fair value hierarchy

The following provides an analysis of derivatives that are measured at fair value at reporting date, grouped into Levels 1 to 3 based on the degree to which the fair value inputs are observable:

Level 1 fair value measurements are those derived from quoted prices in active markets for identical assets or liabilities.

Level 2 fair value measurements are those derived from inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices).

Level 3 fair value measurements are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data (unobservable inputs).

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The Group has determined that interest rate swaps and foreign exchange contract derivatives are Level 2 fair value measurement instruments, that are measured using observable prices of similar instruments. There have been no reclassifications between levels in the current period (2021: nil).

12. Commitments and Contingencies

Other than the contractual obligations disclosed in Note 6.e and Note 12.a, there are no other commitments and contingencies in effect at the reporting date (31 December 2021: nil).

(12.a) NZSX Bank Bond

As a condition of listing on the New Zealand Stock Exchange (NZSX), NZSX requires all issuers to provide a bank bond to NZSX under NZSX/DX Listing Rule 1.23.2. The bank bond required by the Trust for listing on the NZSX is $50,000.

13. Trade and Other Receivables

	Dec-22 $000s	Jun-22 $000s
Trade receivables	1,432	1,931
Loss allowance	(390)	(291)
	1,042	1,640
Other receivables	1,888	802
Total trade and other receivables	2,930	2,442

Other Notes

14. Subsequent Events

On 23 February 2023 a cash distribution of 2.4375 cents per unit was announced by the Trust. The Record Date for the final distribution is 9 March 2023, and payment is scheduled to unitholders on 23 March 2023. Imputation credits of 0.4974 cents per unit will be attached to the distribution.

Subsequent to the reporting date the Group has received credit approved offers from lenders to increase facility limits by A$100m, extend the duration of facilities currently scheduled to expire in October 2023 and March 2024 and add two new financiers to the Group. The credit approved offers are subject to customary terms associated with credit approved offers, have been accepted, and documentation is progressing. Closing, subject to customary conditions, is scheduled to be finalised in March 2023.

15. Related Party Transactions

Vital is managed by NorthWest Healthcare Properties Management Limited (the "Manager"), a wholly owned subsidiary of NWI Healthcare Properties LP (NWIHLP).

The ultimate parent of NWIHLP is Toronto listed NorthWest Healthcare Properties Real Estate Investment Trust (NW REIT) that, as at reporting date, holds a 28.2% (31 December 2021: 27.4%) interest in Vital. NW REIT and its controlled entities (including the Manager) are considered related parties to Vital and its controlled entities by virtue of common ownership and/or directorships.

Other related parties by virtue of common ownership and/or ownership and/or directorship to the Manager of Vital include Australian Properties Limited and NorthWest Healthcare Australian Property Limited.

Remuneration of the Manager

Vital pays fees to the Manager in accordance with the Trust Deed, with capitalised terms being defined terms in the Trust Deed. The aggregate of Base Fees, Incentive Fees and Activity Fees is capped at 1.75% per annum of Vital's Gross Asset Value (GAV) as at the end of a financial year.

Fee arrangements

In accordance with the Trust Deed, the fee arrangements are as follows:

Base Fee

The Base Fee structure is as follows:

- 65 bps per annum up to $1bn of GAV:
- 55 bps per annum from $1bn to $2bn of GAV;
- 45 bps per annum from $2bn to $3bn of GAV; and
- 40 bps per annum over $3bn of GAV.

Incentive Fee

The Incentive Fee is determined as 10% of the average annual increase in Vital's Net Tangible Assets (NTA) (as defined by the Trust Deed) over the respective Financial Year and the two preceding Financial Years, with payment being made by way of subscribing for new units. The incentive fee calculations are also subject to a 'three year High Watermark Net Tangible Asset" requirement, such that for the purpose of determining the increase in NTA for a Financial Year, the annual NTA increase for that Financial Year will reduce to zero if the actual NTA does not exceed the High Watermark Net Tangible Asset requirement.

Activity Fees

The Activity Fee structure is as follows:

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a. Leases or licences

Vital pays the Manager leasing or licence fees where the Manager has negotiated leases or licences. The fees are charged at 11% of the aggregate annual rental for terms less than 3 years, 12% of the aggregate annual rental for terms of 3 years, and 12% plus an additional 1% pro-rata for each year or part thereof for terms greater than three years (to a maximum of 20%), subject to a minimum fee of $2,500.

Lease or licence renewals are charged at 50% of a new lease or licence fee.

Leasing or licence fees are capitalised to the respective investment or property in the consolidated statement of financial position and amortised over the term of the lease.

b. Property management

Vital pays the Manager property management fees where the Manager acts as the property manager. These fees are charged at 1% - 2% of gross income depending on the number of tenants at the property and may be recovered from tenants if permitted under lease agreements.

Property management fees, net of recoveries from tenants, are expensed through the consolidated statement of comprehensive income in the year in which they arise.

c. Facilities management

Vital pays the Manager a facilities management fee where the Manager acts as a property facilities manager based on the market rate (referenced to a reputable and high-quality third party service provider) for similar services at similar properties. This fee may be recovered from tenants if permitted under lease agreements.

Facilities management fees are expensed, net of recoveries from tenants, through the consolidated statement of comprehensive income in the year in which they arise.

d. Project management

Vital pays project management fees to the Manager for managing capital expenditure projects where the purpose of the project is to upgrade, repair or otherwise extend the life of the property, including via the replacement or repair of major plant and equipment, structural items and building envelope.

Project management fees for projects with a budget of between $0.2m and $2.5m are 2% of the committed spend where the Manager is the project lead and 1% of committed spend where the Manager has an oversight role, increasing to 4% and 2% respectively for projects with a budget greater than $2.5m.

Project management fees are capitalised to the respective investment or property in the consolidated statement of financial position.

Additional Costs

The Additional Costs structure is as follows:

a. Acquisitions

Vital pays fees to the Manager for managing the due diligence, financing, legal aspects and settlement of the purchase of an investment or property instead of, or alongside, a third party agent. These fees are charged at 1.5% of the capitalised cost of the relevant investment or property, being the contracted price payable, excluding any deductions netted off the settlement price (such as rates), together with other related capitalised acquisition costs.

Acquisition fees are capitalised to the respective investment or property in the consolidated statement of financial position.

b. Disposals

Vital pays fees to the Manager for managing the due diligence, legal aspects and settlement of the sale of an investment or property instead of, or alongside, a third party agent. These fees are charged at 1% of the contracted sale price of the relevant investment or property actually received, provided that, if a third party agent has been engaged to provide services for the disposal, then the fee payable to the Manager will be net of the third party agent's costs and commissions.

Disposal fees are expensed through the consolidated statement of comprehensive income in the year in which they arise.

c. Development Management

Vital pays fees where the Manager acts as a development manager on Vital developments. These fees are charged at 4% of the committed spend (excluding land) approved by the Board of the Manager provided that, if a third party agent has been engaged to provide development management services, then the fee payable to the Manager will be reduced by the non-rentalisable third party costs paid.

Development management fees are capitalised to the respective property in the consolidated statement of financial position.

Other amounts

In accordance with the Trust Deed, the Manager is permitted to engage related parties to provide services to the Trust. The provision of these services is subject to compliance with the restrictions on related party transactions in the Financial Markets Conduct Act 2013.

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Transactions with related parties

Amounts charged by the Manager and related parties and owing are as follows:

	31 December 2022 $000s				31 December 2021 $000s			30 June 2022 $000s
	Statement of Comprehensive Income	Statement of Financial Position	Total	Amounts Owing/ (Receivable)	Statement of Comprehensive Income	Statement of Financial Position	Total	Amounts Owing/ (Receivable)
Base fee	9,237	-	9,237	-	7,401	-	7,401	-
Incentive Fee[1]	7,510	-	7,510	7,476	6,823	-	6,823	15,914
Activity Fees:								
Leasing/licensing[2]	74	755	829	379	57	1,800	1,857	1,139
Property management[3]	1,123	-	1,123	275	860	-	860	258
Project management[4]	-	47	47	205	-	157	157	161
AFSL fee	687	-	687	-	564	-	564	-
	18,631	802	19,433	8,335	15,705	1,957	17,662	17,472
Additional Costs:								
Acquisitions[5]	-	(907)	(907)	1,844	-	3,643	3,643	4,446
Disposals[6]	8	-	8	8	128	-	128	-
Development management[7]	-	3,811	3,811	4,380	-	1,360	1,360	2,771
	8	2,904	2,912	6,232	128	5,003	5,131	7,217
Other Amounts:								
Reimbursement of third party expenses:								
Other expenses	131	-	131	-	46	-	46	-
Amounts paid to directors:[8]								
Graham Stuart	90	-	90	-	85	-	85	-
Angela Bull	8	-	8	-	-	-	-	-
Andrew Evans	-	-	-	-	45	-	45	-
	229	-	229	-	176	-	176	-
	18,868	3,706	22,574	14,567	16,009	6,960	22,969	24,689

1 Manager's incentive fee accrued at 31 December 2022 of $7.5m (Jun 22: $15.9m) is payable to NorthWest Healthcare Properties Management Limited
2 Amounts outstanding at 31 December 2022 are: NorthWest Healthcare Properties Management Limited $0.5m (Jun 22:$1.0m); NorthWest Healthcare Australian Property Limited $0.3m (Jun 22: $0.1m)
3 Property Management and Facilities Management fees, exclusive of recoveries from tenants, incurred by the Trust totalled $1.1m and nil respectively for the 31 December 2022 period (Jun 22: $1.5m and nil respectively).
Amounts outstanding at 31 December 2022 are: NorthWest Healthcare Properties Management Limited $0.1m (Jun 22: $0.1m); NorthWest Healthcare Australian Property Limited $0.2m (Jun 22:$0.2m)
4 Amounts outstanding at 31 December 2022 are: NorthWest Healthcare Properties Management Limited $0.1m (Jun 22: $0.1m) NorthWest Healthcare Australian Property Limited $0.1m (Jun 22: $0.1m)
5 Amounts outstanding at 31 December 2022 are: NorthWest Healthcare Properties Management Limited nil (Jun 22: $1.3m); NorthWest Healthcare Australian Property Limited $1.8m (Jun 22: $3.1m)
6 Amounts outstanding at 31 December 2022 are: NorthWest Healthcare Properties Management Limited nil (Jun 22: nil); NorthWest Healthcare Australian Property Limited $0.01m (Jun 22: nil)
7 Amounts outstanding at 30 June 2022 are: NorthWest Healthcare Properties Management Limited $1.2m (Jun 22: $1.6m); NorthWest Healthcare Australian Property Limited $3.4m (Jun 22: $1.2m)
8 Directors' fees for Michael Stanford is currently paid by the Manager

Other Related Parties

On 30 December 2022 the Group entered into an agreement with Northwest Healthcare Australia RE Limited as trustee for Northwest Healthcare Australia Lumina Trust (Lumina) under which Vital is to purchase the land at 15 Nexus Way, Southport, Queensland Australia (Land) to facilitate the development of a new state of the art, 6-Star Green Star health, research and innovation building to be known as "RDX". Consideration payable, based on an independent valuation by Jones Lang LaSalle of the Land, totals A$6.9m, including A$4.3m payable to Lumina.

In conjunction with, and conditional on the purchase of the Land that is subject to closing conditions:

- Lumina has agreed to guarantee the net operating income of RDX will not be less than A$3.712m for the 12 months from practical completion of RDX; and
- the Group has agreed to pay Lumina 50% of the actual net operating income in excess of A$3.712m plus 50% of any outperformance against the leasing assumptions, capped at A$2.0m.

Deloitte.

Independent Auditor's Review Report
To the Unitholders of Vital Healthcare Property Trust

Conclusion

We have reviewed the condensed consolidated interim financial statements ('interim financial statements') of Vital Healthcare Property Trust and its subsidiaries ('the Group ' or 'the Trust') which comprise the consolidated statement of financial position as at 31 December 2022, and the consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the six months ended on that date, and a summary of significant accounting policies and other explanatory information on pages 22 to 47.

Based on our review, nothing has come to our attention that causes us to believe that the interim financial statements of the Trust do not present fairly, in all material respects, the financial position of the Group as of 31 December 2022 and its financial performance and cash flows for the six months ended on that date in accordance with NZ IAS 34 Interim Financial Reporting and IAS 34 Interim Financial Reporting.

Basis for Conclusion

We conducted our review in accordance with NZ SRE 2410 (Revised) Review of Financial Statements Performed by the Independent Auditor of the Entity ('NZ SRE 2410 (Revised)'). Our responsibilities are further described in the Auditor's Responsibilities for the Review of the Interim Financial Statements section of our report.

We are independent of the Group in accordance with the relevant ethical requirements in New Zealand relating to the audit of the annual financial statements, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

Our firm carries out other assignments for the Group in the provision of independent assurance readiness services in relation to upcoming climate-related disclosures reportingand as independent AGM vote scrutineer. These services have not impaired our independence as auditor of the Group. The firm has no other relationships with, or interests in, the Group.

Board of Directors' responsibilities for the interim financial statements

The Board of Directors of the Manager is responsible on behalf of the Trust for the preparation and fair presentation of the interim financial statements in accordance with NZ IAS 34 Interim Financial Reporting and IAS 34 Interim Financial Reporting and for such internal control as the Board of Directors of the Manager determines is necessary to enable the preparation and fair presentation of the interim financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's responsibilities for the review of the interim financial statements

Our responsibility is to express a conclusion on the interim financial statements based on our review. NZ SRE 2410 (Revised) requires us to conclude whether anything has come to our attention that causes us to believe that the interim financial statements, taken as a whole, are not prepared, in all material respects, in accordance with NZ IAS 34 Interim Financial Reporting and IAS 34 Interim Financial Reporting.

A review of the interim financial statements in accordance with NZ SRE 2410 (Revised) is a limited assurance engagement. We perform procedures, primarily consisting of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. The procedures performed in a review are substantially less than those performed in an audit conducted in accordance with International Standards on Auditing (New Zealand) and consequently do not enable us to obtain assurance that we might identify in an audit. Accordingly, we do not express an audit opinion on the interim financial statements.

Deloitte.

Restriction on use

This report is made solely to the Trust's unitholders, as a body. Our review has been undertaken so that we might state to the Trust's unitholders those matters we are required to state to them in a review report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Trust's unitholders as a body, for our engagement, for this report, or for the conclusions we have formed.

Deloitte Limited

Andrew Boivin
Partner
for Deloitte Limited
Auckland, New Zealand
23 February 2023

This review report relates to the unaudited interim financial statements of Vital Healthcare Property Trust for the six months ended 31 December 2022 included on Vital Healthcare Property Trust's website. The Board of Directors of the Manager is responsible for the maintenance and integrity of the Trust's website. We have not been engaged to report on the integrity of the Trust's website. We accept no responsibility for any changes that may have occurred to the unaudited interim financial statements since they were initially presented on the website. The review report refers only to the unaudited interim financial statements named above. It does not provide an opinion on any other information which may have been hyperlinked to/from these unaudited interim financial statements. If readers of this report are concerned with the inherent risks arising from electronic data communication, they should refer to the published hard copy of the unaudited interim financial statements and related review report dated 23 February 2023 to confirm the information included in the unaudited interim financial statements presented on this website. Legislation in New Zealand governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Directory

MANAGER

Northwest Healthcare Properties Management Limited

Level 17, HSBC Tower,
188 Quay Street
Auckland 1010

Telephone: 0800 225 264 (NZ freephone);
+64 9 973 7300
Email: enquiry@vhpt.co.nz

Northwest Healthcare Properties Management – Australia

Level 45, Rialto South Tower,
525 Collins Street
Melbourne 3000

Sydney Office

Northwest Healthcare Properties REIT
Level 2, 285 George Street
Sydney, NSW 2000, Australia

Gold Coast Office

Gold Coast, QLD 4218, AU

BOARD AND OFFICERS OF THE MANAGER

Graham Stuart – Independent Chair

Angela Bull – Independent Director

Paul Dalla Lana – Director

Craig Mitchell – Director

Dr Michael Stanford – Independent Director

Aaron Hockly – Fund Manager

Michael Groth – Chief Financial Officer

Vanessa Flax – Regional General Counsel A/NZ and Company Secretary

AUDITOR

Deloitte Limited

Deloitte Centre
80 Queen Street
Auckland 1010

Private Bag 115-033
Auckland 1140
Telephone: +64 9 303 0700
Facsimile: +64 9 303 0701

LEGAL ADVISERS TO THE TRUST AND THE MANAGER

Bell Gully

Vero Centre
48 Shortland Street
PO Box 4199
Auckland 1140

Telephone: +64 9 916 8800
Facsimile: +64 9 916 8801

Ashurst Australia

Level 16, 80 Collins Street,
South Tower,
GPO Box 4958
Melbourne, Victoria 3001

Telephone: +61 3 9679 3000

SUPERVISOR

Trustees Executors Limited

Level 11/51 Shortland Street
Auckland 1010
PO Box 4197
Auckland 1140

Telephone: 0800 878 783
Facsimile: +64 9 308 7101

BANKERS TO THE TRUST

ANZ Bank New Zealand Limited

ANZ Centre
23–29 Albert Street
Auckland 1010

Australia and New Zealand Banking Group Limited

ANZ Centre Melbourne, Level 9
833 Collins Street, Docklands
Victoria 3008, Australia

Bank of New Zealand

Deloitte Centre
80 Queen Street
Auckland 1010

Westpac Banking Corporation

Westpac Place
275 Kent St
Sydney NSW 2000
Australia

The Hongkong and Shanghai Banking Corporation Limited

International Towers
100 Barangaroo Avenue
Sydney NSW 2000
Australia

Industrial and Commercial Bank of China Limited – Australia

International Towers
100 Barangaroo Avenue
Sydney NSW 2000
Australia

Industrial and Commercial Bank of China Limited – New Zealand

2 Queen Street,
Auckland CBD,
Auckland 1010
New Zealand

Credit Agricole CIB Australia Limited

Aurora Place
88 Phillip Street
Sydney NSW 2000
Australia

UNIT REGISTRAR

Computershare Investor Services Limited

159 Hustmere Road
Takapuna, Auckland 0622
Private Bag 92119
Auckland 1142
New Zealand

vital@computershare.co.nz
Telephone: +64 9 488 8777
Facsimile: +64 9 488 8787

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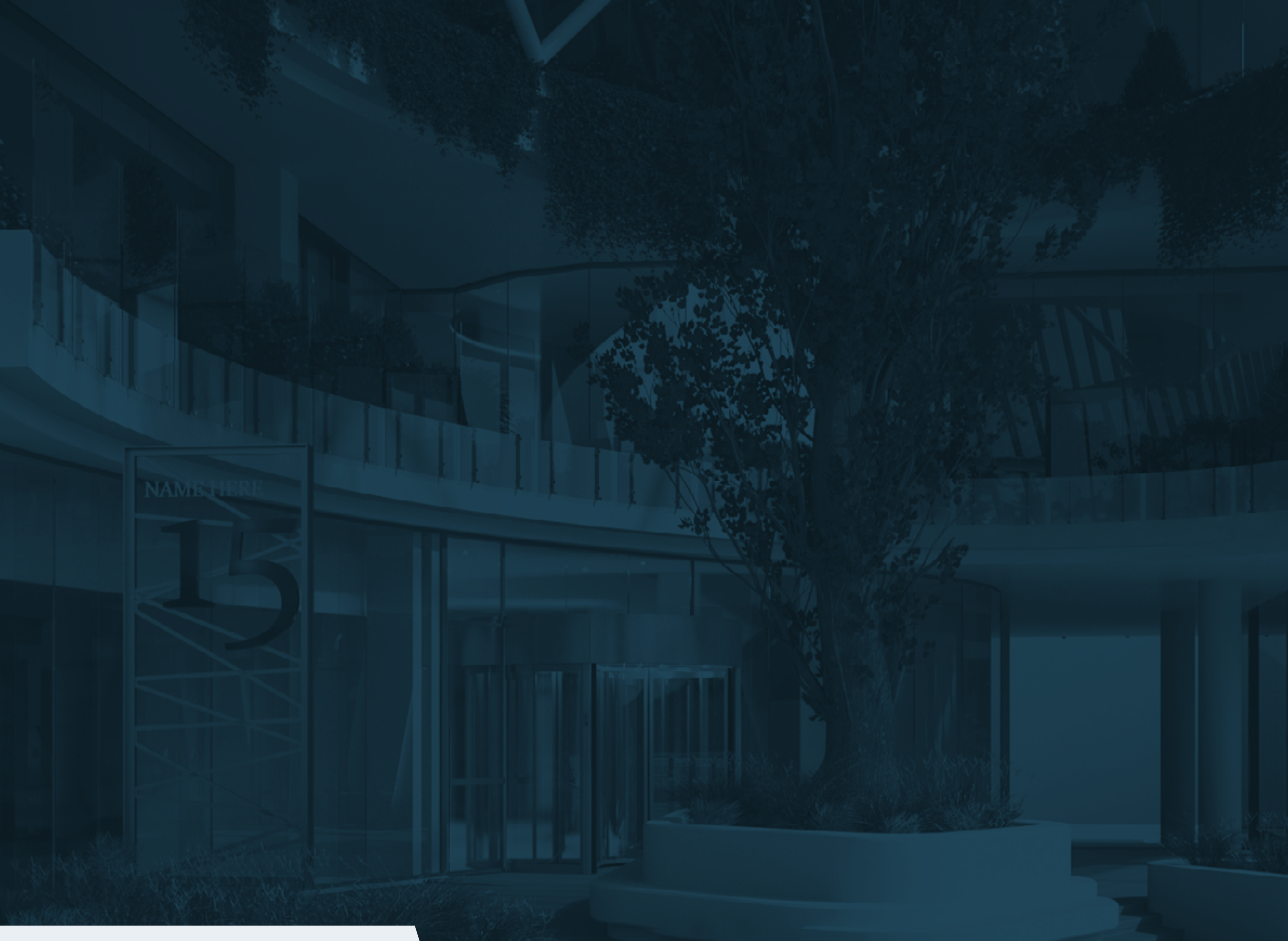
All references to $ are to New Zealand dollars unless otherwise indicated.

This document may contain forward-looking statements. Forward-looking statements can include words such as "expect", "intend", "plan", "believe", "continue" or similar words in connection with discussions of future operating or financial performance or conditions. Any indications of, or guidance or outlook on, future earnings or financial position or performance and future distributions are also forward-looking statements. The forward-looking statements are based on management's and directors' current expectations and assumptions regarding the Trust's business, assets and performance and other future conditions, circumstances and results. As with any projection or forecast, forward-looking statements are inherently susceptible to uncertainty and to any changes in circumstances. The Trust's actual results may vary materially from those expressed or implied in the forward-looking statements. The Manager, the Trust, and its or their directors, employees and/or shareholders have no liability whatsoever to any person for any loss arising from this document or any information supplied in connection with it. The Manager and the Trust are under no obligation to update this document or the information contained in it after it has been released. Past performance is no indication of future performance.

The information in this document is of general background and does not purport to be complete. It should be read in conjunction with Vital's market announcements lodged with NZX, which are available at www.nzx.com/companies/VHP.



Vital HEALTHCARE PROPERTY TRUST
Managed by Northwest