

**Vital** HEALTHCARE  
PROPERTY TRUST

Managed by  
**NORTHWEST HEALTHCARE PROPERTIES**

# Annual Meeting

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24 NOVEMBER 2021

# Questions

## ASKING QUESTIONS

### WRITTEN QUESTIONS

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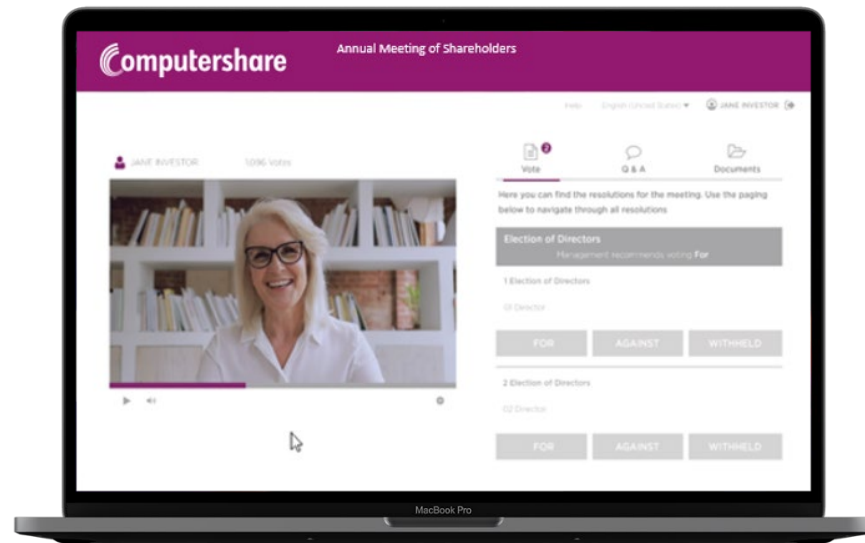
# Voting

## UNITHOLDER AND PROXYHOLDER VOTING

Once the voting has been opened, the resolutions and voting options will allow voting.

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# Meeting Agenda

- ▶ Introduction
- ▶ Address of the Chair of the Manager
- ▶ Address of the Fund Manager
- ▶ Annual Financial Statements
- ▶ Questions
- ▶ Re-election of Andrew Evans
- ▶ General Business
- ▶ Closing Remarks

## Presented by:

**Graham Stuart**  
Independent Chair

**Aaron Hockly**  
Fund Manager

# Board of the Manager

VITAL'S MANAGER HAS A MAJORITY OF INDEPENDENT DIRECTORS



**Graham Stuart**

Independent Chair



**Paul Dalla Lana**

Director



**Andrew Evans**

Independent Director



**Craig Mitchell**

Director



**Dr. Michael Stanford**

Independent Director

# In Attendance

VIRTUALLY

## MANAGEMENT TEAM

**Aaron Hockly**

Fund Manager – Vital

**Michael Groth**

Chief Financial Officer

**Chris Adams**

Executive Director, Projects

**Alex Belcastro**

Senior Vice President, Medical Precincts

**Vanessa Flax**

Regional General Counsel and Company Secretary

**Richard Roos**

Executive Director, Portfolio

## SUPERVISOR, AUDIT & LEGAL

**Justine Wealleans**

Trustees Executors Limited

**Evan Kennerley**

Trustees Executors Limited

**Silvio Bruinsma**

Deloitte

**Toby Sharpe**

Bell Gully

A portrait of Graham Stuart, an older man with white hair and glasses, wearing a dark suit jacket over a light-colored shirt. He is smiling slightly and looking towards the camera. The background is a blurred industrial setting with a large crane or bridge structure visible. The entire image has a blue tint, and there is an orange diagonal bar on the left side containing the title text.

# Address of the Independent Chair of the Manager

**Graham Stuart**  
Independent Chair

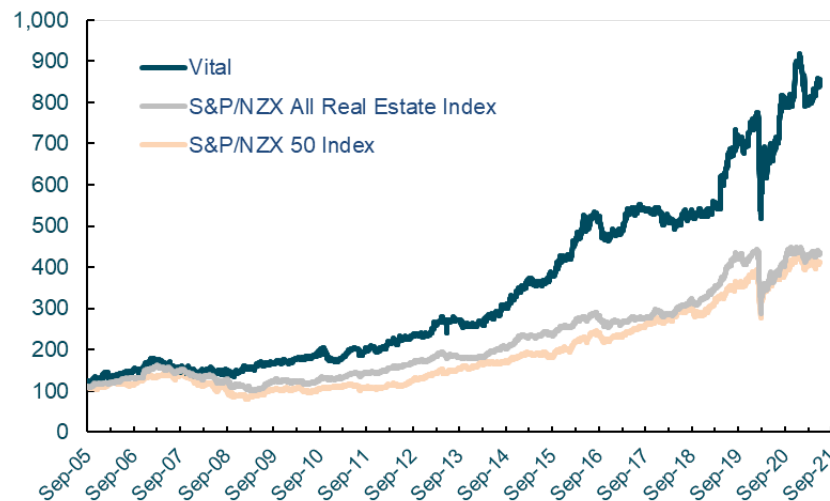
# Comparative Returns

VITAL HAS CONTINUED TO OUTPERFORM ON A TOTAL RETURN<sup>(1)</sup> BASIS

- ▶ Outperformance against both the S&P/NZX All Real Estate Index and S&P/NZX 50 Index consistently since inception of the Index in December 2004
- ▶ 2.6% outperformance versus NZX REIT benchmark over last 12 months and 5.0% outperformance versus NZX 50
- ▶ Long-term outperformance highlights the defensive nature of healthcare real estate compared to other real estate classes

Total return <sup>(1)</sup> to 30 September 2021	1yr	3yr (p.a.)	10yr (p.a.)	Since 2004 (p.a.) <sup>(2)</sup>
Vital Healthcare	13.2%	19.5%	16.4%	14.6%
S&P/NZX All Real Estate Index	10.7%	12.6%	12.2%	9.8%
S&P/NZX 50 Index	8.3%	10.8%	14.3%	9.2%
Vital's outperformance vs NZX REIT	2.6%	6.9%	4.2%	4.8%
Vital's outperformance vs NZX 50	5.0%	8.7%	2.1%	5.4%

Vital vs S&P/NZX Real Estate Index





# Key Achievements Over the Last 12 Months

## GOVERNANCE AND OTHER INITIATIVES BENEFIT UNITHOLDERS

- ▶ Ongoing Board renewal process underway. Management represented by Craig Mitchell on the Board.
- ▶ Inaugural sustainability report issued and inaugural CDP and GRESB participation
- ▶ Enhanced engagement with unitholders including Investor Day held in Auckland (despite challenges presented by COVID-19)
- ▶ \$142.8m of new equity capital raised primarily from existing unitholders
- ▶ Governance policies reviewed
- ▶ Dividend stability and growth
- ▶ Continued investing and developing healthcare real estate through COVID-19

FY22 Distribution guidance of 9.5cpu, 7.0% above FY21



# Address of the Fund Manager

**Aaron Hockly**  
Fund Manager - Vital

# Operational Highlights

SIGNIFICANT ACHIEVEMENTS IN FY21 AND SUBSEQUENTLY



## Financial

- ▶ 10.4% increase in AFFO per unit (FY21)
- ▶ FY22 AFFO guidance of at least 11.80 cpu; up at least 2% on FY21
- ▶ FY22 distribution guidance of 9.5 cpu; 5.6% above last annualised guidance
- ▶ Equity raising reduced gearing to ~34%<sup>1</sup>



## Portfolio

- ▶ >99% of rent collected for FY21 and Q1 FY22 despite COVID-19
- ▶ Market leading, 18.0-year WALE maintained
- ▶ 60,000sqm of new, renewed or extended<sup>2</sup> leasing during FY21
- ▶ Strategic asset sales continue to be considered in line with Vital's 5yr Strategy



## Acquisitions and Developments

- ▶ \$286m of acquisitions completed in FY21, plus ~\$145m<sup>3</sup> completed to date during FY22
- ▶ 10 developments underway and at varying stages from commencement to nearing completion
- ▶ Actively considering both stabilised and development opportunities in excess of \$350m

Targeting 2-3% AFFO and distribution growth per unit per annum

<sup>1</sup> 30 Sept proforma incl. Oct equity raise

<sup>2</sup> Includes new leasing on standing investments and development pre-commitments

<sup>3</sup> Predominately The Tennyson Centre (settled) and Hutt Valley Health Hub which is contracted and awaiting settlement

# Property Portfolio

PORTFOLIO REMAINS DIVERSIFIED, LOW RISK AND HIGH-QUALITY AT 31 OCTOBER 2021



## \$2.7bn

Portfolio value

## Key Metrics



**8.0%**  
NPI growth FY21  
(excluding FX)



**99.0%**  
occupancy



**18.0 year**  
WALE



**4.86%**  
weighted average  
cap rate



**\$460.2m**  
committed development pipeline  
(\$276m cost to complete)

## 42

Properties



**81%**  
Hospitals



**14%**  
Ambulatory care



**5%**  
Aged care

# 5-year Portfolio Strategy

## CONTINUED DEPLOYMENT OF 5-YEAR STRATEGY



### ACQUISITION OF THE TENNYSON CENTRE

- ▶ The Tennyson Centre is one of Adelaide's leading 'Cancer Centres of Excellence', a high-quality ambulatory care facility located in a strategic metropolitan location, acquired for ~A\$93m
- ▶ The asset has strong leasing fundamentals with high quality tenants operating in the identification, assessment and treatment of cancer through oncology, radiotherapy, imaging and consulting services
- ▶ The transaction includes 1,920sqm of adjoining land held for future development



### ACQUISITION OF HUTT VALLEY HEALTH HUB

- ▶ Hutt Valley Health Hub is a purpose-built seismically resilient medical office building and ambulatory facility, acquired for \$46.5m (plus transaction costs)
- ▶ The existing building was completed in late 2019 consistent with the Manager's focus on developing and acquiring new and recently constructed buildings. The acquisition will increase Vital's future expansion land holding to ~3,200sqm to meet both public and private healthcare demand
- ▶ The property adjoins Vital's existing asset, Boulcott Hospital, as well as the main public hospital for the region, Hutt Hospital. Post settlement Vital's yield for the campus will reflect ~4.5% across the Hutt Valley Health Hub and Boulcott Hospital
- ▶ Settlement is expected to occur between September 2021 and March 2022, subject to finalisation of title amalgamation for the development land

### SALE OF GOLD COAST SURGICAL CENTRE

In mid-October, Gold Coast Surgery Centre was sold for ~A\$13m (before costs) ~5% above its book value, with the proceeds used to support acquisitions.

# New Zealand Hospital Developments

WITH EVOLUTION HEALTHCARE AND SOUTHERN CROSS



During the quarter, stage one of the redeveloped Wakefield Hospital in Wellington was officially opened with the contract for Stage 2 executed and early works underway. This project includes additional funding from Vital and Evolution Healthcare (Wakefield's operator).



~\$74m New and extended brownfield developments

~\$74m of new and extended brownfield developments were approved across five of Evolution Healthcare's facilities in New Zealand:

- ▶ Grace Hospital, Tauranga which Evolution operates in joint venture with Southern Cross
- ▶ Royston Hospital, Hastings
- ▶ Royston Day Surgery Unit, Hastings
- ▶ Wakefield Hospital, Wellington
- ▶ Bowen Hospital, Wellington



# Delivering Value for Unitholders

DEVELOPMENTS PROVIDE EARNINGS AND VALUATION GROWTH

## PLAYFORD HEALTH HUB

Vital's development of Playford Health Hub in Adelaide has recorded success across all three stages:

- ▶ **Stage 1** - ~A\$24m<sup>1</sup> multi-deck car park and retail suites completed this month. The project was anchored via a long-term lease to SA Health for ~50% of the car park with the retail component now substantially pre-leased.
- ▶ **Stage 2** - ~A\$49m<sup>1</sup> Specialist Medical Centre is ~60% pre-leased and design work has significantly progressed. Construction is expected to commence in mid-2022.
- ▶ **Stage 3** - ~A\$93m<sup>1</sup> up to 120 bed private hospital under a Memorandum of Understanding with Calvary, one of Australia's largest not-for-profit hospital operators.





# Activating Sustainably within Precincts

## PRECINCT STRATEGY ALIGNED WITH SUSTAINABILITY STRATEGY

### PLAYFORD HEALTH HUB

The Playford Health Hub will be an engaging community space that links people to a healthy, vibrant and active life through a culture of wellness and connection to nature. The Stage 2 Specialist Medical Centre actively seeks to address sustainability including targeting a 6 star green-star rating. The centre will:



- ▶ Be fully electric with the removal of all fossil fuels from the building; and
- ▶ Have a zero operational energy carbon footprint for landlord controlled areas achieved through off-site 100% renewable energy.

Embodied carbon modelling has been undertaken with opportunities to reduce the embodied carbon footprint of the building being activated within the design. A Climate Change Adaptation Plan has also been developed, identifying and responding to forecast impacts of climate change.

The Specialist Medical Centre will actively respond and positively contribute to the environment in which it sits.



Artist's impression of ~\$165m<sup>1</sup> Playford Health Hub in Adelaide



# Balance Sheet Strengthened

NEW DEBT AND EQUITY RAISED OVER LAST 12 MONTHS



## Debt facility extension and expansion

- ▶ Tranches totalling A\$175m secured on 7 year terms, including the introduction of a new financier to further improve lender diversity
- ▶ Tranches totalling A\$40m secured for a term of 5 years
- ▶ A\$100m multi-currency tranche for a 2.5 year term
- ▶ Vital's next refinancing event is in FY23



## Equity raising

- ▶ Successful completion of \$115m Placement, fully underwritten at \$2.90 per unit (3.7% discount to 12 October 21 closing price)
- ▶ Nearly two times oversubscribed
- ▶ Allotment of 39,655,172 units for the Placement occurred on 20 October 2021
- ▶ UPP for \$27.8m closed on 3 November 2021 at an issue price of \$2.852<sup>1</sup>



# Annual Financial Statements

Grace Hospital  
Tauranga, NZ

# Questions

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# Re-election of Andrew Evans

**Andrew Evans**  
Independent Director

# Voting

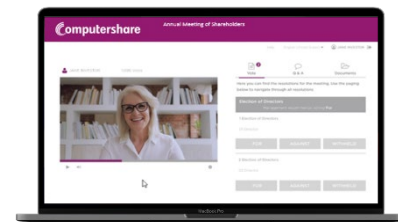
RESOLUTION 1 – THAT ANDREW EVANS BE RE-ELECTED AS AN INDEPENDENT DIRECTOR OF NORTHWEST HEALTHCARE PROPERTIES MANAGEMENT LIMITED, THE MANAGER OF VITAL HEALTHCARE PROPERTY TRUST

Vote Type	Units Voted	% of Units Voted	% of Total Units
For	270,887,258	89.96	47.11
Against	22,472,251	7.44	3.91
Discretionary	8,658,972	2.87	1.51
Abstain	11,107,686	N/A	1.93

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A blue-tinted photograph of a hospital room. In the center, a patient bed is visible with medical equipment mounted on the wall above it. To the left, there are vertical blinds or curtains. To the right, a medical cart is partially visible. The overall scene is dimly lit and has a clinical feel.

# General Business





# Closing Remarks

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THANK YOU FOR ATTENDING  
TODAY'S ANNUAL MEETING

**Ascot Hospital**  
Auckland, NZ

# Disclaimer

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24<sup>th</sup> November 2021