

FY24 First Quarter Update

1 JULY 2023 - 30 SEPTEMBER 2023

GRESB RESULTS

In October 2023, GRESB announced Vital as sector leader (the highest possible award) for ESG across development and performance for listed healthcare globally (among other achievements)



SECTOR LEADER
2023



5 STAR
ESG RATING



LISTED HEALTHCARE
(GLOBALLY) - PERFORMANCE
AND DEVELOPMENT



ALL ENTRANTS (OCEANIA)
- DEVELOPMENTS AND
OVERALL

- ✓ Unique offering: only NZX-listed healthcare property landlord
- ✓ Relatively low risk
- ✓ Sector leading WALE
- ✓ Attractive risk adjusted return

- ✓ Healthcare sector exposure; highly defensive
- ✓ Defensive sector; demand for healthcare even in difficult economic circumstances
- ✓ Organic income growth from annual lease reviews
- ✓ Development upside



Vital owns a high-quality portfolio of hospital and other healthcare properties across New Zealand and Australia providing Unit Holders with a stable and growing income stream via distributions as well as opportunities for capital appreciation via unit price growth

Q1 DISTRIBUTION

Payment date 14 December 2023. Ex date 29 November 2023



2.4375cpu
CASH
DISTRIBUTION



9.75 cpu
ANNUALISED
DISTRIBUTION



0.9150cpu
IMPUTATION
CREDITS



DRP active



1.0%
DRP DISCOUNT¹

The DRP provides Vital with additional retained earnings to fund developments at a minimal discount and provides Unit Holders with a low cost way of increasing their holding in Vital

¹ The board currently expects to remove the discount with effect from the March 2024 distribution.

Dear Unit Holders,

This quarterly update provides an overview of activities and achievements over the 3 months ended 30 September 2023.

Non-core asset sales progressing

Over the last 12 months, ~NZ\$150m of assets have been sold with a further NZ\$70m under contract. Assets have been sold at a weighted average discount to book value of 8.2% highlighting the strong demand for healthcare assets in a more challenging market for other property sectors.

These sales enhance Vital's existing portfolio with the net proceeds being used to repay debt and provide capacity to fund Vital's development pipeline.

Balance sheet further strengthened

In addition to asset sales which have reduced balance sheet gearing to 36.6% (at 30 September 2023), Vital's interest rate hedging has been further increased to 78.3% of drawn debt, for a weighted average term of 2.2 years. The weighted average effective swap rate is 3.08% (pro forma at 30 September 2023).

Vital has no debt expiring until March 2025. This, plus the low level of balance sheet gearing given the nature of Vital's property portfolio and the high level of interest rate hedging, provides a high level of income security for Unit Holders.

Vital recognised as sector leader for Sustainability

GRESB, an international and independent standards organisation which reviews over 2,000 entities in 75 countries representing over US\$7 trillion in investments, has ranked Vital as the sector leader (first place) for listed healthcare globally in both performance and developments. In addition, GRESB ranked Vital 2nd place for developments and third place overall in the Oceania region and, for the second consecutive year, Vital achieved a 5-Star rating for developments.

These significant achievements reflect Vital's, and the wider Northwest group's, commitments to sustainability including monitoring and reducing greenhouse gas emissions, increasing electrification and solar power, (31 out of 43 assets having Green Star Performance ratings) and best practice corporate governance.

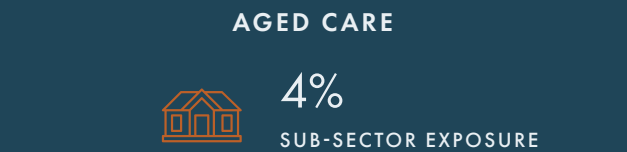
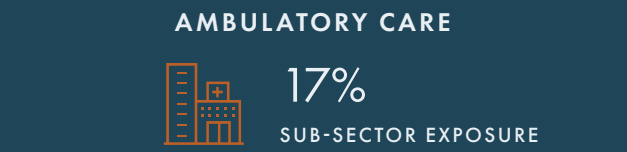
Our two key next steps are preparing for compulsory TCFD reporting by October 2024 and working toward our current Net Zero emissions target of 2050.



AL

Aaron Hockly
Fund Manager
9 November 2023

Portfolio Overview



NZ\$ 193m

EXISTING DEBT HEADROOM
AVAILABLE TO FUND
DEVELOPMENTS

Development

Vital has a NZ\$514.8m committed development pipeline with NZ\$258.2m remaining to be spent. It will be funded through NZ\$193m of existing debt head room plus asset sales (>NZ\$100m of asset sales targeted for settlement in FY24).

New developments will only be committed to where they add value for Unit Holders.



NZ\$3.3b

HEALTHCARE PROPERTY
PORTFOLIO

Property

Vital has a market leading healthcare property portfolio valued at NZ\$3,316m (Australia: NZ\$2,326m; New Zealand: NZ\$990m) diversified by tenant, geography and subsector. 1,841sqm of leasing was undertaken during the quarter supporting retention of ~98% occupancy. >99% of rent was collected for the quarter.



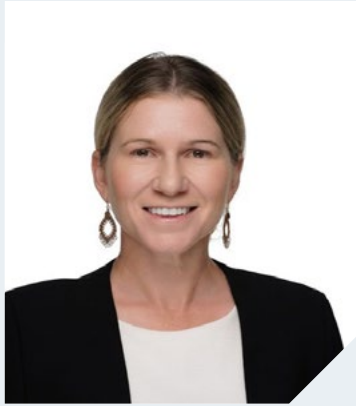
4.0%

GROWTH IN OPERATING
PROFIT FROM Q1 FY23

Financial

Vital continues to manage its balance sheet prudently to provide income security for its Unit Holders. During the quarter, this includes reducing balance sheet gearing and increasing interest rate hedging.

Vital has no debt expiring until March 2025.



Welcome to
Kirsty Bowyer
Vice President, Development
(New Zealand)

We are pleased to announce that Kirsty has joined our Auckland team as Vice President, Development (New Zealand).

Kirsty comes to us after ~13 years at Johnstaff working across both Australia and New Zealand.

She has a significant background in construction within the health and education sectors including as Project Director for Manukau Health Park Redevelopment (NZ), Programmer for the Waitakere Hospital ICU (NZ), Project Director for Liverpool Health and Academic Precinct (NSW), Project Director for NSW's Statewide Mental Health Infrastructure Program and Project Director for our current expansion of Ormiston Hospital in Auckland. Originally from Tauranga in New Zealand, Kirsty spent 15 years in Sydney before returning to New Zealand relatively recently.



Gut Foundation event sponsorship

Vital was proud to sponsor "A Healthy Mind Takes Guts" in September, 2023

As part of its ESG commitments, Vital was proud to sponsor this educational event in Auckland. The event is one of a number of initiatives the Gut Foundation is taking to help improve the gut health of Kiwis who have some of the poorest gut health conditions in the developed world. Gut health is a contributing factor in type 2 diabetes, obesity and many autoimmune conditions so has significant impacts on the wider health system.

Vital has several connections to gut health and the work of the foundation including several of Vital's key tenants being leaders in gut health diagnosis. Vital also funds a large amount of construction in New Zealand and a large part of the Foundation's work is targeted at construction sector workers who have some of the poorest gut health conditions.

The event was attended by over 300 attendees including Vital's tenants, investors, staff, construction partners and other stakeholders.



¹ Inclusive of landlord options which are considered a fairer representation of Vital's income security but which were not included in previous releases.

4% increase in operating profit
for Q1 FY24 compared with FY23

Q1 UPDATE

Like-for-like Financial Performance (unaudited)¹

For the period	3 months to 30 Sep 23 \$000s	3 months to 30 Sep 22 \$000s	Variance \$000s	Change %
Gross property income	40,150	39,325		
Property expenses	(4,880)	(5,130)		
Like-for-like net property income	35,270	34,195	1,075	3.1%
Net property income from acquisitions/disposals	425	1,992	Excluding one-off items, like-for-like growth was >4%	
Net property income from developments	1,540	510		
Straight-line rent	(598)	(617)		
Non-recurring items	581	82		
Foreign exchange	(709)	-		
Net property income	36,509	36,162	347	1.0%

Financial Position (unaudited)

As at	30 Sep 23 \$000s	30 Jun 23 \$000s	Variance \$000s	Change %
Assets				
Investment properties	3,246,431	3,288,356	(41,925)	(1.3%)
Investment properties - held for sale	69,254	92,364		
Other assets	48,990	48,992		
Liabilities				
Borrowings	1,231,369	1,245,293	(13,924)	(1.1%)
Other liabilities	226,122	227,036		
Debt to gross assets	36.6%	36.3%		0.3%
Total unitholders' funds	1,907,184	1,957,383	(50,199)	(2.6%)
Units on issue (000s)	668,890	661,014		
Net tangible assets (\$/unit)	2.85	2.96	-0.11	-3.7%
Period end NZD/AUD exchange rate	0.9312	0.9193		

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

YEAR-TO-DATE UPDATE

Year-to-date Financial Performance (unaudited)

For the period	3 months to 30 Sep 23 \$000s	3 months to 30 Sep 22 \$000s	Variance \$000s	Change %
Gross property income	41,738	42,227		
Property expenses	(5,229)	(6,065)		
Net property income	36,509	36,162	347	1.0%
Corporate expenses	(1,229)	(1,629)		
Management fees (base & incentive)	(6,267)	(8,312)		
Net finance expenses	(10,455)	(8,380)		
Operating profit	18,558	17,841	717	4.0%
Non-operating gains/(losses)				
Fair value gain/(loss) on investment property	(39,267)	9,854		
Net gain/(loss) on disposal of investment property	(1,431)	-		
Fair value gain/(loss) on derivatives	(2,872)	4,606		
Realised & unrealised gain/(loss) on foreign exchange	847	(795)		
Profit/(Loss) before income tax	(24,165)	31,506	(55,671)	-176.7%
Current and deferred taxation	56	(6,866)		
Profit/(Loss) for the period attributable to unitholders of the Trust	(24,109)	24,640	(48,749)	-197.8%
Funds from Operations (FFO)	17,661	19,346	-1,685	-8.7%
Adjusted Funds from Operations (AFFO)	17,534	19,296	-1,762	-9.1%
AFFO per unit	2.64	2.96	(0.31)	-10.8%
Weighted average units on issue (000s)	663,877	651,169	12,708	2.0%
Average NZD/AUD exchange rate	0.9235	0.8975		

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

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DEVELOPMENTS

Across Gold Coast, Adelaide, Newcastle,
Sydney, Mornington Peninsula,
Wellington (x3), Auckland (x2) & Tauranga

 **NZ\$258m**

REMAINING DEVELOPMENT SPEND¹

From a NZ\$515m committed development
pipeline (comprising NZ\$297m in Australia;
NZ\$218m in New Zealand)

 **NZ\$200m**

~15 MONTH FORECAST DEVELOPMENT SPENDING

Remaining ~NZ\$60m to
be spent over 2025

 **~NZ\$2b**

POTENTIAL DEVELOPMENT PIPELINE

Being considered although will likely
involve alternative funding methods
such as co-ownership



**All developments substantially
on time and on budget**



**Vital will only commit to new developments
where they add value for Unit Holders**



¹ Including Fund-Through Developments
All A\$ converted to NZ\$ at 30 September 2023 spot rate 0.9312