

20 February 2025

### **Vital continues to provide strong income security and rental growth**

Northwest Healthcare Properties Management Limited (**the Manager**), as manager of Vital Healthcare Property Trust (**Vital**), has today released its interim results for the 6 months ended 31 December 2024 (**HY25**).

#### **HY25 highlights include:**

- Net property income increased by 4.0% on a like-for-like, same property and constant currency basis, reflecting rent reviews under existing leases plus the leasing activity referred to below.
- Over 47,000 square metres of space leased, extended or renewed during HY25, representing 18% of Vital's total property portfolio by net lettable area (21% by income). Leasing helped maintain occupancy at ~98% over HY25, extend Vital's already long WALE to 19.1 years (versus 18.3 years at 30 June 2024) and contribute to the net property income growth noted above.
- NZ\$47.9m of non-core assets were sold. Proceeds have been recycled into Vital's development pipeline as we continue to improve the portfolio across a range of metrics.
- Two developments, Wakefield Hospital (stage 2A) development in Wellington officially opened and Maitland Private Hospital in Newcastle achieved practical completion, reducing the capital required in future periods to NZ\$77.5m for committed developments which are expected to be substantially complete by September 2025. Over CY24, practical completion was achieved at six developments which had a total spend of ~NZ\$277m.
- For the second year in a row, Vital was acknowledged as a Sector Leader (the highest possible achievement) for ESG by GRESB for listed healthcare entities globally across performance, management and developments.

Fund Manager, Aaron Hockly said:

"Vital remains the leading investable healthcare property investment platform in Australasia with a high-quality portfolio of geographically diversified healthcare assets and a growing net property income stream.

The strength of Vital's portfolio was demonstrated through 18% of the portfolio (by area) being leased, extended or renewed during HY25.

Our well capitalised healthcare operator tenants continue to experience growing demand for their services evidenced by an improving rent:EBITDAR ratio for Vital's hospital tenants (78% of revenue) which reduced from 60% to 53% over CY24, with Australian tenants reducing from 67% to 56% and New Zealand tenants reducing from 46% to 45%.

In addition, we have deliberately sought to diversify our tenant base and no tenant represents more than 19% of Vital's rent."

## H25 results at a glance

	HY25	HY24	Change
Property portfolio	NZ\$3.2b	NZ\$3.2b	-
WALE (years at 31 December)	19.1	19.2	(0.1)
AFFO (6 months)	NZ\$33.5m	NZ\$37.0m	(9.5%)
AFFO per unit (cpu, 6 months)	4.96	5.54	(10.5%)
Annualised distributions (cpu)	9.75	9.75	-
Net property income growth <sup>1</sup>	4.0%	3.7%	N/A
Rent collection	>99%	>99%	N/A
NTA per unit (cpu)	2.58	2.70	(4.4%)
Balance sheet gearing (at 31 December)	40.7%	39.1%	N/A
Weighted average cost of debt	4.97%	4.93%	N/A
Weighted average debt maturity	3.5 years	3.8 years	N/A
Remaining committed dev. spend	NZ\$77.5m	NZ\$134m	(NZ\$56.5m)

AFFO impacted by portfolio enhancing non-core asset sales, higher tax expense on Australian operations and timing delay on New Zealand tax

<sup>1</sup> On a like-for-like, same property and constant currency basis

## DLT Proposal

As announced on 4 February 2025, the Manager has decided not to proceed with the Dual Listed Trust (DLT) proposal at this time following feedback received since consultation commenced on 20 November 2024.

The DLT proposal involves restructuring Vital into separate New Zealand and Australian trusts with independently-traded primary listings on the NZX and the ASX, while continuing to operate as a single economic entity.

Feedback on the proposal was positive, particularly in relation to the Manager's objectives to provide earnings accretion, a broader investor base and governance enhancements to make Vital a more attractive investment vehicle and improve its access to, and cost of capital. Stakeholders also supported retaining Vital's PIE status, NZX listing, strategy, portfolio and development pipeline. Stakeholders also expressed appreciation of the consultation process itself and the way it was undertaken.

While Unit Holders generally support the end state of the DLT, concerns were raised around transitional matters, including the ASX units issued as part of this proposal, given current market conditions.

Unit Holders were also concerned about the impact of the DLT proposal on Vital's NZX-listed entity's scale, liquidity and index weighting.

The Board is grateful for the positive engagement we have had with Unit Holders and will continue to consider ways of improving Vital's structure including ways to create a more attractive and efficient investment vehicle, including potentially a DLT structure, over the course of 2025. During this time, we will continue to consult with Unit Holders on ways to achieve these objectives<sup>1</sup>.

<sup>1</sup> There remains no guarantee that the DLT or any alternative proposal will be put to Unit Holders or be implemented.

## Capital recycling progressing

NZ\$47.9m of non-core assets were sold during HY25. A further ~NZ\$225m is in due diligence for sale or being actively considered for potential sale. As with previous sales, net proceeds will continue to help retain appropriate balance sheet gearing.

## Development pipeline reduced

Shortly after the end of the HY25, practical completion was achieved at Wakefield,<sup>2</sup> reducing Vital's committed development pipeline to NZ\$241.3m, with NZ\$77.5m left to complete across four developments (able to be fully funded from existing debt headroom).

While significant embedded value remains in Vital's potential development pipeline, we will continue to be disciplined around committing to future developments.

## Outlook and guidance

Whilst Vital's unit price and AFFO per unit are below where we would like them to be primarily due to on-going interest rate headwinds, Vital's strategy of owning high-quality, precinct-orientated assets diversified by tenant and geography continues to provide a high-level of income security to Unit Holders particularly compared with peers.

FY25 distribution guidance of 9.75 cpu (payable quarterly) remains unchanged. Vital's distribution reinvestment plan or DRP remains active with 5% of units and 25% of Unit Holders participating. However, the 1% discount was removed from February 2024.

## Conference call and webcast

A conference call and webcast are scheduled for 11:00am (NZDT) on Thursday, 20 February 2025. Participants are encouraged to pre-register for the event to avoid delays.

Participants can register for the conference call by navigating to:

<https://s1.c-conf.com/diamondpass/10043435-lhk2z4.html>

Please note that registered participants will receive a personal pin on registration allowing direct entry to the call.

Presentation slides and audio can be viewed by copying the following URL into your internet browser:

<https://event.choruscall.com/mediaframe/webcast.html?webcastid=fQPIdJ8G>

You will be required to input your name, email address and company name to register for the webcast.

A copy of the webcast will be available on Vital's website later in the day at: [www.vhpt.co.nz](http://www.vhpt.co.nz)

**– ENDS –**

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<sup>2</sup> There is an additional tenant-funded stage involving demolition of the original main building and replacement of this with carparking and landscaping.

## ENQUIRIES

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### **About Vital (NZX code VHP):**

Vital Healthcare Property Trust is an NZX-listed fund that invests in high-quality healthcare properties in New Zealand and Australia including private hospitals (~78%\* of portfolio value) and ambulatory care facilities (~22%\* of portfolio value).

Vital is the leading specialist listed landlord of healthcare property in Australasia.

Vital is managed by Northwest Healthcare Properties Management Limited, a subsidiary of Toronto Stock Exchange listed Northwest Healthcare Properties REIT, a global owner and manager of healthcare property.

For more information, visit our website: [www.vhpt.co.nz](http://www.vhpt.co.nz)

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\* All figures are as at 31 December 2024

### **Disclaimer:**

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This document is not intended as investment, legal, tax, financial product or financial advice or recommendation to any person and must not be relied on as such. You should obtain independent professional advice prior to making any decision relating to your investment or financial needs.

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

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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](http://www.nzx.com/companies/VHP).