

# Annual Report Summary 2024

**Vital** HEALTHCARE  
PROPERTY TRUST  
Managed by Northwest

## Continuing to enhance our resilience

Despite a challenging environment, Vital recorded AFFO (cash earnings) of 10.9 cpu enabling payment of 9.75 cpu in distributions, consistent with guidance, on a prudent 89.4% payout ratio. The Manager also continued to progress several strategic initiatives including the sale of \$251.3m non-core assets, key ESG initiatives, capital partnering, increasing hedging and maintenance of balance sheet gearing below 40%.

These efforts have enhanced and will continue to enhance the resilience of Vital's portfolio to support future returns for Unit Holders.

FY25 distribution guidance of 9.75 cpu (payable quarterly) has been provided consistent with FY24 distributions.



### 9.75 cpu

FY24 DISTRIBUTIONS & FY25 GUIDANCE



### ~\$251m

DIVESTMENTS



### \$2.69

NTA PER UNIT



All values in this report are in NZ dollars unless stated otherwise.

As part of its sustainability efforts, hard copy Annual Reports will no longer be mailed unless specifically requested by Unit Holders. Instead, this summary document provides an overview of Vital's key results for FY24. As with previous results, the full Annual Report will be emailed to Unit Holders and will be available on the NZX and be posted on Vital's website: <https://www.vitalhealthcareproperty.co.nz/financial-results/>. This initiative will save approximately 252,000 pages of printing per annum and reduce our greenhouse gas emissions both through reducing printing and mailing.

Investors who would like to receive a printed Annual Report can request one by calling +64 9 488 8777, emailing [enquiry@computershare.co.nz](mailto:enquiry@computershare.co.nz) or mailing a request to: Computershare Investor Services Limited, Private Bag 92119, Auckland 1142.



Lingard Day Surgery, NSW

## Financial results

Cash from operations measured by AFFO decreased by 0.5% reflecting asset divestments to improve Vital's portfolio leading to a 2.5% reduction in AFFO per unit.

Importantly, Vital was able to achieve distribution guidance of 9.75cpu on a prudent 89% payout ratio.

 **39.1%**  
BALANCE SHEET GEARING

 **3.7%**  
LIKE-FOR-LIKE, SAME PROPERTY INCREASE  
IN EARNINGS (CONSTANT CURRENCY)

 **\$145m**  
NET PROPERTY INCOME

## Portfolio overview

Vital enhanced its already high-quality \$3.2 billion property portfolio through the sale of non-core assets and reinvesting the proceeds into new developments.

31% of Vital's assets (by value) are in New Zealand with the other 69% being in Australia.

### TENANT DIVERSIFICATION % OF RENT

Aurora Healthcare	20%
Healthe Care Surgical	16%
Epworth Healthcare	16%
Evolution Healthcare	14%
Southern Cross	3%
Burnside	3%
Mercy Ascot	3%
GenesisCare	2%
I-Med Radiology Network	1%
Health NZ / Te Whatu Ora	1%
Other	21%

**80%**

HOSPITALS

**20%**

AMBULATORY CARE

 **18.3 year**  
WALE

 **\$3.2 billion**  
PORTFOLIO (\$2.2B AUSTRALIA  
& \$1.0B NEW ZEALAND)

 **98%**  
OCCUPANCY



Ormiston Hospital, Auckland

## Development update

During FY24 five developments reached practical completion totalling \$197m, reducing the remaining committed development spend to \$138m which is able to be fully funded from existing debt capacity.

 **\$225m**  
SPENT ON CAPITAL WORKS IN  
FY24 INCLUDING DEVELOPMENTS

 **\$138m**  
COMMITTED DEVELOPMENT SPEND REMAINING  
(FULLY FUNDED FROM EXISTING DEBT HEAD ROOM)

 **~\$200m**  
DEVELOPMENT LAND BEING  
PREPARED FOR FUTURE DEVELOPMENT



Wakefield Hospital, Wellington

## Outlook

We are cognisant of the recent falls in Vital's Unit price reflecting wider property sector declines on the back of a higher interest rate environment as well as Vital falling out of two key offshore share indices. "Passive investment", where investors are agnostic to the underlying fundamentals of entities and invest solely based on size, has become a significant feature of the NZX (and other sharemarkets) resulting in share price movements which appear hard to equate with underlying businesses.

The disconnect between NZX pricing and operations is pronounced in Vital's case with >99.99% of rent having been

collected over the last five years, an improving underlying portfolio due to developments and divestments, high income security afforded by a long weighted average lease expiry (WALE) to high-quality tenants and a distribution stream which has been growing over the last five years and stable over the last two.

As noted previously, the Board and management remain confident around Vital's strategy for delivering medium-long term returns for our Unit Holders. This confidence has been strengthened through the sale of non-core assets at modest discounts to book values.

 **9.75cpu**  
FY25 DISTRIBUTION  
GUIDANCE

 **~\$180m**  
ADDITIONAL NON-CORE ASSET  
SALES IN DUE DILIGENCE TO END  
SALES PROGRAMME

 **2.1%**  
DISTRIBUTION 10-YEAR CAGR  
FY14 - FY24

## Sustainability

 **1st** PLACE GLOBALLY IN GRESB  
FOR LISTED HEALTHCARE  
IN REAL ESTATE

 **9** DEVELOPMENTS  
REGISTERED  
TARGETING AT LEAST  
5 STAR GREEN STAR

Vital continues to prioritise sustainability throughout its operations in line with Northwest's global sustainability strategy and framework.



# People

Majority independent board; directors located in Auckland (x2), Melbourne, Sydney & Toronto

Executives across New Zealand and Australia

Bios available at [www.vitalhealthcareproperty.co.nz/board-management/](http://www.vitalhealthcareproperty.co.nz/board-management/)



**Graham Stuart**

Independent Chair and Member of the Audit Committee



**Angela Bull**

Independent Director and Member of the Audit Committee



**Mike Brady**

Director



**Craig Mitchell**

Director and Member of the Audit Committee



**Dr Michael Stanford AM**

Independent Director and Chair of the Audit Committee



**Aaron Hockly**

SVP - New Zealand and Vital Fund Manager



**Chris Adams**

Co-Head, A/NZ Region



**Alex Belcastro**

SVP - Developments and Precincts



**Vanessa Flax**

Vice President, Regional General Counsel and Company Secretary



**Michael Groth**

Chief Financial Officer



**Richard Roos**

Co-Head, A/NZ Region

## Disclaimer:

This document has been prepared by Northwest Healthcare Properties Management Limited (the **Manager**) as manager of the Vital Healthcare Property Trust (the **Trust**) and provides high-level summary information only. This document does not contain all the information in the Trust's Annual Report which is available on [www.nzx.com/companies/VHP](http://www.nzx.com/companies/VHP) and <https://www.vitalhealthcareproperty.co.nz/announcements/> and is not intended to replace the Annual Report. 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).