

Annual Report 2024

Continuing to enhance our resilience



Vital HEALTHCARE
PROPERTY TRUST
Managed by Northwest

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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. 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 0800 225 264 (toll free from within NZ), emailing enquiry@vhpt.co.nz or mailing a request to: Northwest Healthcare Properties Management Limited, PO Box 6945, Victoria Street West, Auckland.



AWARDS & RECOGNITION



2023 GRESB SECTOR LEADER



SILVER AWARD 2024

FY24 HIGHLIGHTS

~\$251m*

divestments completed

~\$197m

developments completed reducing amount remaining to be spent on committed developments to \$138m

\$2.69

NTA per unit

9.75cpu

Distributions paid to Unit Holders

* Disposal Value

Vital

HEALTHCARE
PROPERTY TRUST

Vital is an NZX listed property trust which owns ~\$3.2billion of healthcare property in New Zealand and Australia.

Vision

To be Australia and New Zealand's leading listed healthcare property fund.

Mission

Deliver stable and growing total Unit Holder returns, including an attractive risk-adjusted income distribution, majority sourced from healthcare real estate.





Northwest (Australia and New Zealand) is the manager of Vital, with over 50 professionals in the region. We have offices in Auckland, Melbourne and Sydney.

We value

Hard work, integrity, collaboration, drive, flexibility, team work, fun and results.



TSX listed owner and manager of \$12.4 billion of healthcare property across four continents.

Vision

Be the leading global diversified healthcare real estate company.

Mission

Provide best in-class real estate solutions to the healthcare industry and deliver exceptional shareholder value to investors.

Values



EXCELLENCE

Delivering exceptional outcomes



INTEGRITY

Doing what's right



PARTNERSHIP

Succeeding together

Overview of Vital¹

WESTERN
AUSTRALIA

4%

\$145m

NET PROPERTY INCOME

5.3%

WEIGHTED AVE
CAP RATE

98%

PORTFOLIO
OCCUPANCY

¹ All numbers quoted on this page relate to income producing properties only and exclude strategic land holdings.

Key Numbers

9.75_{cpu}

FY25 DISTRIBUTION
GUIDANCE

3.7%

LIKE-FOR-LIKE NET
PROPERTY INCOME
GROWTH OVER FY24

~\$2.2b

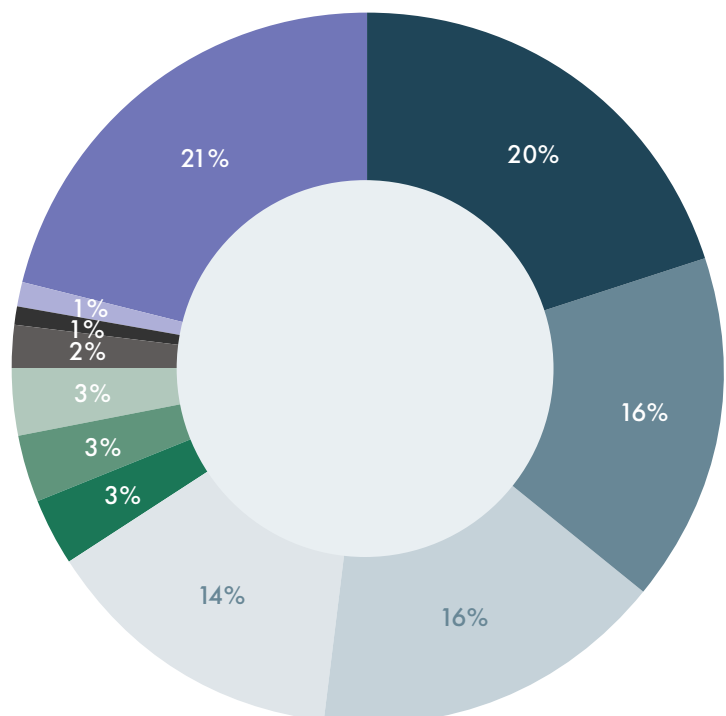
COMMITTED AND
POTENTIAL DEVELOPMENT
PIPELINE



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%
GensisCare	2%
I-Med Radiology Network	1%
Health NZ / Te Whatu Ora	1%
Other	21%





2.1%

DISTRIBUTION 10-YEAR CAGR
FY14 - FY24



39.1%

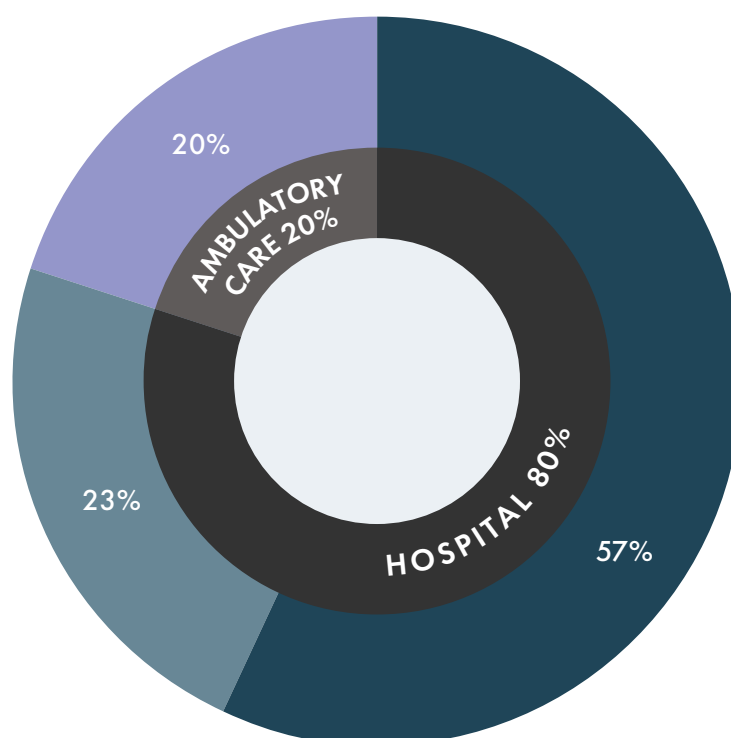
BALANCE SHEET GEARING



Sub-sector Diversification

% of Value

Acute Hospitals	57%
Specialty Hospitals (mental health & rehabilitation)	23%
Ambulatory Care	20%



FY24 Key Events

Q1

AUGUST 2023

- Toy car donation to Christchurch Hospital

SEPTEMBER 2023

- Opening of redeveloped Abbotsford Private Hospital
- Toy car donation to Starship Foundation, Auckland
- Gut Foundation Event Sponsor (Gut Feelings 2023 - A healthy mind takes guts!)
- Property Council NZ conference property tour of RDX, Queensland



Donation to Christchurch Hospital
(via the Maia Health Foundation)

JULY 2023



Opening of expansion of Belmont Private Hospital, QLD

Q2

OCTOBER 2023

- Recognised as 2023 Sector Leader for Healthcare listed entities globally by GRESB

NOVEMBER 2023

- Belmont Private Hospital expansion official opening
- Vital joined Starship Foundation as a corporate partner
- Dr Michael Stanford re-elected as an Independent Director
- Bowen Hospital redevelopment complete

¹ including land

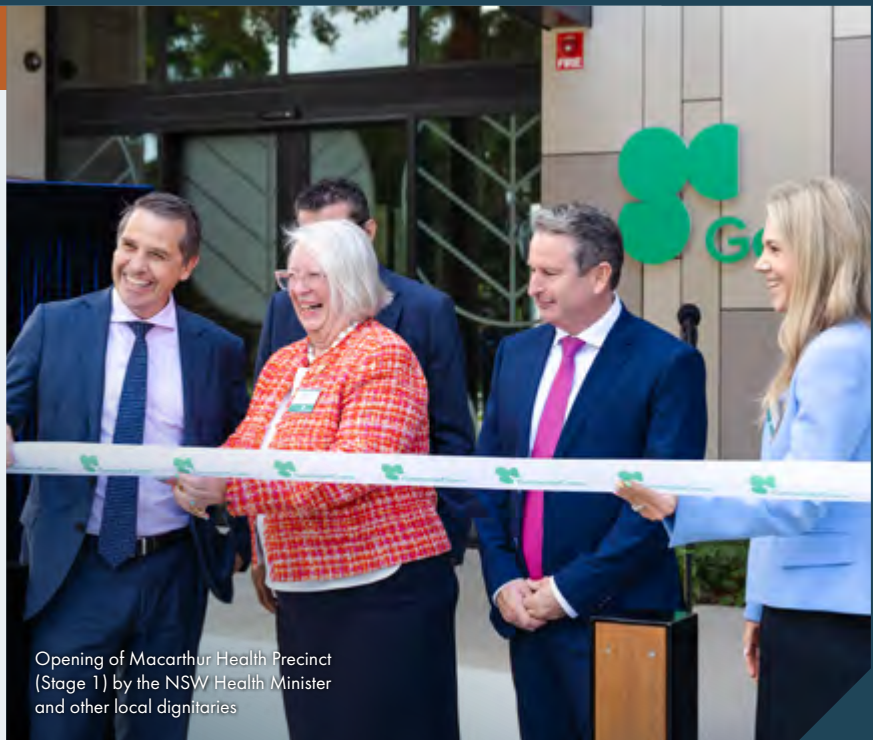
Q3

FEBRUARY 2024

- Keystone NZ Property Education Trust scholarship awarded to Charlotte Simpson (Bachelor of Property & Bachelor of Commerce conjoint at the UoA)

MARCH 2024

- Macarthur Health Precinct (Stage 1) official opening



Opening of Macarthur Health Precinct (Stage 1) by the NSW Health Minister and other local dignitaries

JUNE 2024

Q4

APRIL 2024

- Presentation to NZ Shareholders Association Nelson Branch
- New primary birthing unit Kurawaka: Waipapa opens in Christchurch

MAY 2024

- Opening of Avive Clinic, a new private mental health hospital in Mornington Peninsula
- Presentation to the NZ Shareholders Association Waikato Branch
- Presentation to the NZ Shareholders Association Wellington Branch
- Australian Non-deal Roadshow
- Completion of Stage 2 of Playford Health Hub in Adelaide, South Australia









JUNE 2024

- Royston Day Surgery awarded National Category Winner in Health at the 2024 NZ Commercial Project Award
- Completion of Ormiston Hospital Stage 1 expansion








Richard Roos speaking at the opening of the Avive Clinic, VIC

Short, Medium and Longer Term Progression

	FY14	FY21	FY24	
Total property value	~\$613.1 m (AUS: 74%, NZ: 26%)	~\$2.63b (AUS: 73%, NZ: 27%)	~\$3.24b (AUS: 69%, NZ: 31%)	 428% growth (FY14-FY24)
WALE	15.1	18.7	18.3	 Maintenance of market leading WALE
Average Building Age	Not Available	12.4	9.5	 Younger buildings reduce maintenance capex requirements
Net Property Income (annual)	\$58m	\$110m	\$145m	 149% increase (FY14 - FY24)
Development pipeline	~\$85m	~\$1.0b	~\$2.2b	 Enhance earnings and valuation growth and support portfolio development
Largest single tenant exposure	43%	42%	20%	 Concentration risk reduced
Sector split	Hospital: 87% Ambulatory Care: 13% Aged Care: n/a	Hospital: 85% Ambulatory Care: 10% Aged Care: 5%	Hospital: 80% Ambulatory Care: 20% Aged Care: n/a	 Diversity of assets reduces risk and enhances earnings
Weighted average cap rate	8.9%	4.9%	5.3%	 Resilient Portfolio, underpinned by high quality assets and tenants



Buranda Health Hub, QLD
(Artist's Impression)

	FY14	FY21	FY24	
Balance sheet gearing	31.4%	35.0%	39.1%	 No debt expiring until March 2026
Average debt maturity	4.1 years	2.5 years	3.5 years	 Significantly expanded
NTA per unit	\$1.04	\$2.89	\$2.69	 159% growth (FY14-FY24)
AFFO per unit (cpu)	10.40c ⁴	11.54c	10.90c	 5% growth (FY14-FY24)
Distributions per unit (cpu)	7.90c	8.88c	9.75c	 2.1% Distribution 10-year CAGR (FY14-FY24)

Vital has continued to refine and deploy its strategy of owning and developing healthcare property as a means to deliver growing returns for Unit Holders.

⁴ Net Distributable Income per unit (AFFO not reported)

Manager's Report

Vital recorded AFFO of 10.9 cpu enabling payment of 9.75 cpu in distributions, consistent with guidance, on a prudent 89.4% payout ratio.

Tēnā koutou,

Northwest Healthcare Properties Management Limited (Northwest), the Manager of Vital Healthcare Property Trust (Vital), is pleased to report Vital's results for the year ended 30 June 2024 (**FY24**).

FY24 highlights included:

- Vital was acknowledged as Sector Leader (the highest possible achievement) by GRESB for ESG in healthcare for listed entities globally across performance, management and developments.
- A 3.7% increase in underlying net property income (**NPI**) primarily reflecting the impact of development income and rent reviews.¹
- 10.90 cpu in Adjusted Funds from Operations (**AFFO**).
- Maintenance of distributions at 9.75 cpu (consistent with guidance) on a prudent 89% AFFO pay-out ratio.
- Practical completion was reached for five developments²:
 - A \$57.4m fund-through development of Macarthur Health Precinct (Stage 1), Campbelltown, Sydney in February 2024. This development comprises ~2,700sqm of net lettable area, is 100% leased to GenesisCare and is on track to achieve a 6 Star Green Star rating (as built).
 - A \$28.5m fund-through conversion of a former aged care facility into Avive Clinic, Mornington Peninsula in December 2023. This 60-bed mental health facility is fully leased to Avive Health.
 - A \$43.4m Playford Health Hub (Stage 2), Adelaide in May 2024. This development comprises ~6,400sqm of net lettable area, is ~67% leased and is on track to achieve a 6 Star Green Star rating (as built).
 - \$38.1m expansion of Ormiston Hospital (Stage 1), Auckland in June 2024 to double the size of this Southern Cross majority occupied hospital to ~7,600sqm of net lettable area. The property is ~94% leased.
 - \$5.3m expansion of Bowen Hospital, Wellington in November 2023. This development included an operating theatre fit out and ward refurbishment. The property is fully leased to Evolution Healthcare.

Our commitment to sustainability

Vital continues to prioritise sustainability throughout its operations in line with Northwest's global sustainability strategy and framework. During FY24 we have:

- Achieved increases in benchmarking scores including GRESB where we achieved "sector leader" status.
- Nine developments registered targeting at least 5 Star Green Star.
- Undertaken significant work in preparation for our first Climate Related Disclosure (for release in October 2024).
- Engaged a modern slavery platform to manage supplier surveys which supports identifying and mitigating modern slavery risks within our supply chain.
- Launched our first Reflect Reconciliation Action Plan, an 18-month commitment that details initiatives we have set towards our reconciliation journey.
- Signed 100% green power contracts for all base building electricity.
- Commissioned electric vehicle EV charging at our first pilot site at Tennyson Centre in line with our EV charging strategy.
- Undertaken limited assurance of our complete Scope 1, Scope 2 and Scope 3 GHG inventory. This data is used to establish our baseline year and progress emission reduction targets in line with our net zero by 2050 commitment.
- Completed Level 2 energy audits across all our assets including tenant-controlled sites.

Portfolio overview

Vital's high-quality ~\$3.2 billion property portfolio has continued to be revitalised through the ~\$251m divestment of non-core and lower quartile assets and the reinvestment of sales proceeds into new developments.

Vital's weighted average lease expiry (WALE) was 18.3 years at 30 June 2024 compared to 17.8 years at 30 June 2023. It is worth noting that Vital's WALE was 18.1 years ago despite five years passing reflecting leasing, developments, divestments, acquisitions and other asset management initiatives undertaken during this time.

\$251.3m of asset sales were completed during FY24 at a 7.5% discount to previous book values. A further ~\$180m of assets are in due diligence to complete the asset recycling programme through which Vital has been selling its non-core and lower quartile assets to fund its development pipeline. This programme aims to improve the quality and resilience of Vital's property portfolio to enhance Unit Holder returns over the medium term.

¹ On a same-property, constant currency basis

² Development costs exclude land cost other than the two fund-through developments for which Vital paid the contractual sum as listed which included an allocation for land.



Macarthur Health Precinct, NSW (Artist's Impression)



3.7%

INCREASE IN LIKE-FOR-LIKE NET PROPERTY INCOME



~\$3.2b

PROPERTY PORTFOLIO



2023 GRESB
SECTOR LEADER

The average building age has been lowered to 9.5 years consistent with the Manager's strategy to maintain or lower this key metric as a means of maintaining relatively low maintenance capital expenditure and ensuring Vital's assets continue to meet tenant / patient demand.

Net property income

Net property income increased by 3.7% over FY24 (on a same property, constant currency basis), reflecting contributions from the structured rent reviews within the portfolio and developments.

82% of Vital's rent is linked to CPI. 77% of this having a weighted average annual limit of ~3.6% with the balance being uncapped. This structure provides Vital's Unit Holders with some protection in periods of elevated inflation.

Acquisitions

No new acquisitions of income producing property was undertaken during FY24 reflecting a shift in our strategy of focusing on new developments ahead of acquisitions.

Divestments

Over FY24, the following assets were divested for ~\$251.3m¹:

1. In July 2023, the sale of Mons Road Medical Centre in Sydney to a specialist health care real estate investor settled for A\$37.9m.
2. In August 2023, Southport Private Hospital in the Gold Coast was sold to a large Australian institutional property investor for A\$51.4 with A\$4m to be held in trust for 3 years to cover specified capital expenditure requirements.
3. In December 2023, five aged care assets were sold for A\$65m to a large Australian superannuation scheme with A\$5m of the consideration deferred for two years.
4. In January 2024, a residential house in Perth no longer required for expansion of an adjoining Vital asset was sold for A\$1.8m.
5. In June 2024, a development site in Hobart previously proposed for a fund-through development which is no longer feasible was sold for A\$7.0m to a local development syndicate.
6. In June 2024, three aged care assets leased to Bolton Clarke were sold for A\$57.5m to a large Australian superannuation scheme.
7. In June 2024, Napier Medical Centre was sold for \$17.0m to the tenant.

The above sales were undertaken at a 7.5% discount to previous book values.

The Manager has a further ~\$180m of assets in due diligence for sale to fund Vital's development pipeline. This will bring to an end Vital's non-core asset sales programme.

Developments

During FY24 five developments reached practical completion totalling \$197m.

In addition, Vital's contribution to the redevelopment of Wakefield Hospital Stage 2 has reached the agreed cap of \$91.5m with the balance of the works to be funded by the tenant. Project Costs were rentalised as incurred and practical completion is expected to be split into two phases with the first in late 2024 and the second in 2025.

At 30 June 2024, Vital had ~\$264m of developments underway in New Zealand and Australia with ~\$138m remaining to spend (figures exclude land costs and Wakefield Hospital).

Further details of specific developments are available on pages 30-37 of this report.

Financial results

Cash from operations available to Unit Holders, measured by AFFO, decreased 0.5% to \$72.9m. AFFO per unit was 10.90cpu; a 2.5% decrease from FY23, reflecting a higher interest rate environment offset by increased NOI (Net Operating Income) and lower current tax expense.

Expenses were \$70.6m, 6.8% lower than FY23 reflecting higher borrowings costs and higher property related taxes in both Australia and New Zealand offset by lower management fees.

Vital's NTA per unit decreased by 9.1% to \$2.69 primarily due to \$165.2m of property revaluation losses driven by market forces. The revaluation losses recognised were largely attributable to +27bps portfolio cap rate softening, partially offset by development margin gains, rental growth and leasing.

Capital management

Vital had a weighted average debt maturity of 3.5 years at 30 June 2024, and management continues to investigate measures to extend Vital's debt tenor. Vital's all-in weighted average cost of debt was 4.97% at 30 June 2024 (30 June 2023: 4.93%) reflecting a debt cost environment that remains challenging.

\$9.2m (before costs) of equity was raised via the Distribution Reinvestment Plan (DRP) offered to Unit Holders. The debt to total assets or balance sheet gearing ratio was 39.1% at 30 June 2024 (30 June 2023: 36.3%). Vital currently has approximately



Macarthur Health Precinct (Stage 1), NSW

¹ All sale prices listed here are gross and are before selling costs and are in NZ\$ unless otherwise specified

A\$144m (~\$158m) of headroom under its debt facilities which is more than enough to fund the balance of Vital's committed development pipeline.

FY25 guidance

The Board and management are pleased to provide FY25 distribution guidance of 9.75 cpm (payable quarterly) consistent with FY24 distributions. The payout ratio is to be cashflow covered.

Refer to disclaimer on back page of this report for limitations to this guidance.

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 component 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 term (WALE) to high-quality tenants and a distribution stream which has been growing over the last five years.

As noted previously, the Board and management remain confident around Vital's strategy for delivering medium-long term returns for our Unit Holders.

Nā māua noa, nā



Graham Stuart
Independent Chair



Aaron Hockly
Fund Manager

8 August 2024

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



Wakefield Hospital, Wellington

Financial Summary

Financial summary

All figures are in New Zealand dollars (NZD) unless otherwise stated

	FY20	FY21	FY22	FY23	FY24
Financial Performance					
Net property income	100,147	109,663	123,018	145,224	144,533
Revaluation gain/(loss) on investment properties	45,703	235,383	244,239	(208,553)	(165,244)
AFFO and distributions					
Adjusted Funds From Operations (AFFO) ¹	47,211	57,457	67,824	73,335	72,899
AFFO (cpu)	10.45	11.54	11.92	11.18	10.90
Cash distribution to Unit Holders (cpu)	8.75	8.88	9.63	9.75	9.75
Financial Position					
Total assets	2,105,218	2,662,560	3,399,834	3,429,712	3,304,759
Borrowings	813,515	929,300	1,018,777	1,239,156	1,287,477
Total equity	1,078,979	1,503,451	2,165,876	1,957,383	1,805,126
Debt to total assets ratio (%)	38.7	35.0	30.0	36.3	39.1
Net tangible assets (\$ per unit)	2.38	2.89	3.34	2.96	2.69

Portfolio metrics

All figures are in New Zealand dollars (NZD) unless otherwise stated

	2020	2021	2022	2023	2024
Investment properties (\$m)	2,086	2,634	3,339	3,381	3,240
Number of investment properties ¹	44	41	46	45	36
Occupancy (%)	99.4	99.2	98.8	98.9	98.0
Weighted average lease term to expiry (years)	18.1	18.7	17.6	17.8	18.3
12 month lease expiry (% of income)	1.4	1.7	1.7	1.8	1.2 ²

¹ Excludes properties held for development

² Excludes Epworth Foundation - Brighton (1.3%) as this asset is in the process of being divested.

Asset Allocation

The indicative target asset allocations listed below provide an indication of how we could move the portfolio over time subject to appropriate acquisition and / or development opportunities becoming available.

HOSPITALS



Comprises

Public, private, specialty, rehabilitation and mental health hospitals

Targeting

Government supported or high private health insurance catchments with growing populations

Indicative target
portfolio weighting

50 - 70%

(30 June 2024: 80%)



Hospitals are expected to remain the core of Vital's portfolio

OUT-PATIENT/AMBULATORY CARE



Comprises

Administration, diagnostic services and specialist consulting, primary care out-patient facilities

Targeting

Facilities located in a healthcare precinct¹ and/or from where healthcare is delivered

Indicative target
portfolio weighting

10 - 20%

(30 June 2024: 20%)



Ambulatory care is expected to be a key growth area in Australia and New Zealand reflecting shifts in healthcare delivery models in both countries.

AGED CARE



Comprises

Residential aged care facilities (excluding retirement facilities)

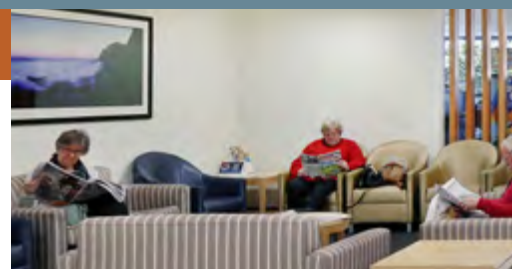
Targeting

High quality operators with substantial balance sheets and <45% rent/EBITDAR and high-quality infrastructure

Indicative target
portfolio weighting

10 - 20%

(30 June 2024: 0%)



During FY24 Vital sold all of its eight aged care facilities. Five of these had been identified as non-core due to a mixture of asset age and quality as well as other screening considerations. The other three were sold in response to an unsolicited offer at competitive pricing. Subject to finding suitable opportunities of scale, Vital may look to reinvest into aged care in future periods.

LIFE SCIENCES/RESEARCH



Comprises

Biotechnology, pharmaceutical, biomedical, university, health education and other research facilities

Targeting

Specialised facilities and/or facilities located in a healthcare precinct¹

Indicative target
portfolio weighting

5 - 15%

(30 June 2024: 0%)



Note- Expected to increase to ~5% on completion of RDX

¹ Healthcare precinct = area or hub for healthcare delivery typically including at least two of a public hospital, major private hospital, health teaching facility or health research facility

Australian Portfolio Overview



PRIVATE HOSPITALS

- 17 hospitals (acute and specialty – mental health, rehabilitation)
- 5 hospital operators
- 79% of AUS portfolio value; 89% of AUS rent
- WALE: 19.3 years



AMBULATORY CARE

- 5 assets, multiple tenants
- 21% of AUS portfolio value; 11% of AUS rent
- WALE: 8.6 years



SOUTH AUSTRALIA

- Playford Health Hub – Retail & Carpark
- Sportsmed Hospital, Clinic and Consulting
- Tennyson Centre



QUEENSLAND

- Belmont Private Hospital
- Palm Beach Currumbin Clinic



NEW SOUTH WALES

- Hironnelle Private Hospital
- Hurstville Private Hospital
- Lingard Day Centre
- Lingard Private Hospital
- Macarthur Health Precinct Stage 1 – GenesisCare Integrated Cancer & Health Centre
- Maitland Private Hospital
- The Hills Clinic
- Toronto Private Hospital



WESTERN AUSTRALIA

- Abbotsford Private Hospital
- Marian Centre



VICTORIA

- 120 Thames Street
- Avive Clinic Mornington Peninsula
- Eker Medical Centre
- Epworth Camberwell
- Epworth Eastern Hospital
- Epworth Rehabilitation Hospital
- South Eastern Private Hospital

Full details of individual properties are available at:
www.vitalhealthcareproperty.co.nz/portfolio/

~\$2.2b

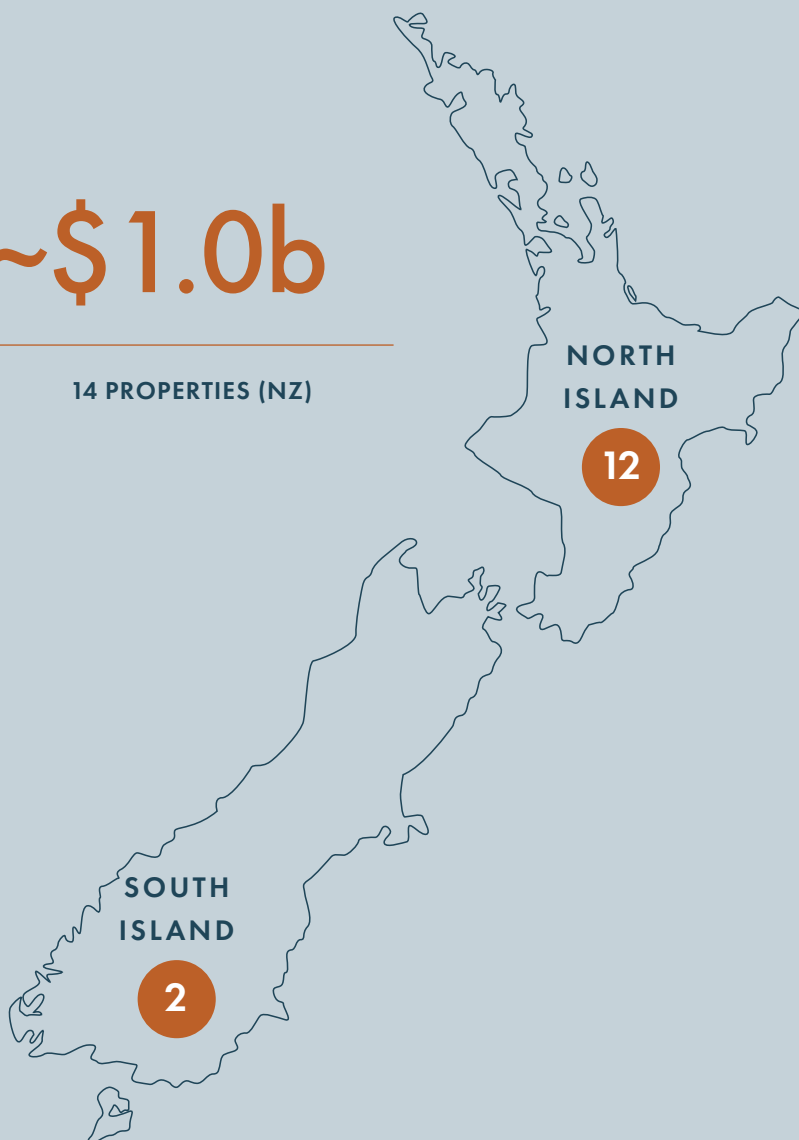
22¹ PROPERTIES (AUS)

¹ Income Producing Property (excludes strategic assets)

New Zealand Portfolio Overview

~\$1.0b

14 PROPERTIES (NZ)



NORTH ISLAND

- Ascot Carpark (Right of Use)
- Ascot Central
- Ascot Hospital & Clinics
- Boulcott Hospital
- Bowen Hospital
- Endoscopy Auckland
- Grace Hospital
- Hutt Valley Health Hub
- Kensington Hospital
- Ormiston Hospital
- Royston Hospital
- Wakefield Hospital



SOUTH ISLAND

- [Kawarau Park Health Hub](#)
- 68 Saint Asaph Street



PRIVATE HOSPITALS

- 9 hospitals (all acute)
- 6 hospital operators
- 82% of NZ portfolio value; 85% of NZ rent
- WALE: 20.0 years



AMBULATORY CARE

- 5 assets, multiple tenants
- 18% of NZ portfolio value, 15% of NZ rent
- WALE: 10.3 years

¹ Income Producing Property (excludes strategic assets)



Ascot Central, Auckland

Full details of individual properties are available at:
www.vitalhealthcareproperty.co.nz/portfolio/

Completed Developments

During FY24, Vital completed five developments which had a total development cost of \$197m. Details of four of the major completed developments follow on pages 25-28 of this report.

Vital now has 6 committed developments with a total development cost of ~\$264m of which ~\$138m is remaining to be spent. This remaining spend is able to be fully funded from existing debt capacity. As noted, to maintain balance sheet gearing below 40%, \$180m of further asset sales are currently in due diligence.



Macarthur Health Precinct (Stage 1), Sydney

The Macarthur Health Precinct is located in Campbelltown in south-west Sydney, one of Australia’s fastest growing cities.



Strategically located ~800m from the recently redeveloped Campbelltown Public Hospital and easily accessible by train, car and bus. The Macarthur Health Precinct is a multi staged precinct development. Stage 1 is the GenesisCare Integrated Cancer Centre which achieved Practical Completion in February 2024 and includes radiation and medical oncology, integrated diagnostics and wellness centre, theranostics, clinical trials and research.

Stage 1 is targeting a 6 Star Green Star rating and the precinct has been registered with the GBCA’s Green Star Communities rating tool - making it the first health precinct to be registered as a Green Star Community.

This development was a finalist for the 2024 Urban Development Institute of Australia Awards for Excellence in the Sustainability and the Social & Community Infrastructure categories.



A\$57.4m

DEVELOPMENT COST

-  11
MED ONC CHAIRS
-  1
BUNKER +
1 BUNKER SHELL
-  ~4,700sqm
LAND AREA STAGE 1

~2.3ha
LAND AREA STAGE 2&3
-  ~2,700sqm
NLA
-  ~800m
FROM CAMPBELLTOWN
PUBLIC HOSPITAL.
-  1.6%
% OF VITAL'S
PORTFOLIO
-  2021
YEAR DEVELOPMENT
RIGHTS ACQUIRED
-  February 2024
STAGE 1 PRACTICAL
COMPLETION ACHIEVED



Playford Health Hub (Stage 2) , Adelaide

Playford Health Hub is a three-stage health precinct development opposite Lyell McEwin Public Hospital, the third largest hospital in South Australia.



4,067sqm
LAND AREA



6,438sqm
NLA



500m
PROXIMITY TO
PUBLIC HOSPITAL



2%
% OF VITAL'S
PORTFOLIO



2018
YEAR ACQUIRED
BY VITAL



May 2024
STAGE 1 PRACTICAL
COMPLETION ACHIEVED

Stage 1 completed in 2022, consists of retail, on grade and multideck car parks, (combined 500 car spaces), providing amenity for the broader precinct including food outlets, supermarket, health supplies and community services and organisations.

Stage 2 is a 3 level specialist medical office building incorporating radiation therapy, radiology, oncology, pathology, imaging, pharmacy, café and hospital support services with a basement link to the future hospital (Stage 3). The building is targeting 6 Star Green Star rating (as built) and achieved practical completion in May 2024. The building is currently 67% let with 28% of NLA currently operational and 39% of fit out currently under construction.

Stage 3 is a purpose-built 64 bed, 8 theatre private hospital, with 125 basement car parks and is currently in the design phase, with operating partner Calvary Healthcare.



A\$43.4m

DEVELOPMENT COST
EXCL LAND



Ormiston Hospital (Stage 1), Auckland

Ormiston Hospital is located in south-east Auckland, approximately 5km from Middlemore Hospital, one of New Zealand’s largest public Hospitals and within the rapidly growing catchment of Counties Manukau.



Practical Completion for Stage 1 was achieved in June 2024 for the ~3,600sqm net lettable area expansion to provide a new endoscopy suite with three procedure rooms, 15 additional beds, 900sqm of consulting space and future expansion space for Ormiston Hospital, a Southern Cross Healthcare partner.







Ormiston Hospital have extended their lease on the existing and new facility to a 20 year term.

Stage 2 concept design is underway for further expansion to provide ~4,000sqm net lettable area of ambulatory care services.



\$38.1m

DEVELOPMENT COST
EXCL LAND

-  **15 + 9 shell**
PATIENT BEDS
-  **~3,570sqm**
LAND AREA
-  **~3,600sqm**
NLA
-  **~5km**
PROXIMITY TO
PUBLIC HOSPITAL
-  **2.6%**
% OF VITAL'S
PORTFOLIO
-  **2017**
YEAR ACQUIRED
BY VITAL
-  **June 2024**
STAGE 1 PRACTICAL
COMPLETION ACHIEVED



Avive Clinic, Mornington Peninsula



Avive Clinic Mornington Peninsula, a state-of-the-art mental health facility located approximately 60km south of the Melbourne CBD.



60
PATIENT BEDS



8,424sqm
LAND AREA



3,000sqm
NLA



~6km
PROXIMITY TO
PUBLIC HOSPITAL



1%
% OF VITAL'S
PORTFOLIO



2022
YEAR ACQUIRED
BY VITAL



Dec 2023
STAGE 1 PRACTICAL
COMPLETION ACHIEVED

A fund-through brownfield project to convert a former aged care home into a 60-bed mental health facility.

100% leased to Avive with initial lease term 25 years plus (3 x 15 year options).

The facility includes doctor consulting rooms, group therapy spaces, gymnasium, outdoor retreat areas and best in class technology.

Provides 100% private rooms with ensuite accommodation

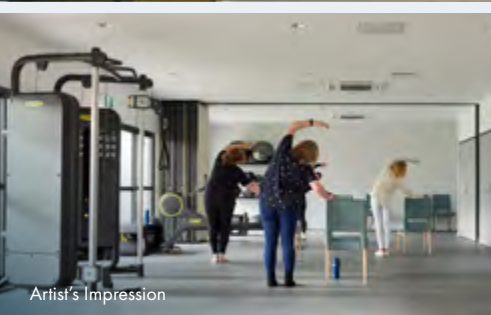
Re-purposing an existing facility saved ~1,400 tonnes of CO₂ emissions



A\$28.5m
DEVELOPMENT COST



Artist's Impression



Artist's Impression



Asset Management Case Study



Tennyson Centre is one of Adelaide's leading Cancer Centres of Excellence and was acquired by Vital in October 2021.

- It comprises a modern, 2 level facility tenanted by national healthcare groups including Nexus Hospitals, ICON Cancer, GenesisCare, Baxter, Sonic Healthcare and Dr Jones & Partners.
- The asset is strategically located 650m from one of Adelaide's major private hospitals (Ashford Hospital) and <5kms from South Australia's largest public hospital (Royal Adelaide Hospital).
- Since the acquisition, Vital has significantly extended the asset's WALE through lease extensions with all major tenants.
- Sustainability attributes include a 282kW, 796 solar panel system, embedded network and 4 EV charging stations installed in June 2024
- In addition to the cancer centre, Vital also owns an adjoining warehouse for future expansion and / or redevelopment.



Under Vital's ownership, the WALE has been extended, rent increased and sustainability attributes improved.

	11 OCT. 2021 (AT ACQUISITION)	30 JUNE 2024	IMPROVEMENT
WALE	2.6 years	6 years	3.4 years
Rental Income	~A\$4.20m	~A\$4.49	6.9% ¹

¹ 9.5% on like-for-like basis

Committed Developments

Vital has 6 committed developments underway at a total projected cost of \$264m with \$138m remaining to spend which is able to be fully funded from existing debt capacity. In addition, Vital has reached its contribution cap on Wakefield Hospital.

Land worth ~\$200m is being prepared for future development providing Vital with a potential development pipeline of \$1.9b (assuming this land is fully developed).¹

All images in this section are artist's impressions.

¹ This potential development pipeline is expected to be delivered over a long period of time (~10 years) and is subject to market conditions being supportive and range of other requirements including minimum tenant precommitments.



RDX, Gold Coast

RDX Lumina is a state-of-the-art health and research focused facility under construction within the Gold Coast Health and Knowledge Precinct (GCHKP). By connecting place and possibility, our aim is to provide real estate solutions for world-class life science occupiers and innovators within RDX’s premier facility.

RDX spans 9 storeys and features sustainable design, targeting a 6 Star Green Star rating, a first-in-precinct accomplishment. The building offers a mix of clinical, research, laboratory, and specialist consulting spaces, with tenancies available for lease now. Construction is underway and scheduled for completion in June 2025. With a proposed air bridge link into Gold Coast Private Hospital, RDX is currently the only building within the Lumina precinct to offer clinical connectivity and direct hospital access.



A\$133.6m
total cost excl land



~5.6%
fully let blended yield



June 2025
forecast completion

SUSTAINABILITY FEATURES



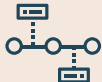
Targeting 6 Star Green
Star certification



Reduced embodied
carbon



End of Trip Facilities
and EV charging



Climate scenario
analysis and
adaptation undertaken



All electric building
powered by
renewable energy



Artist's Impression



Artist's Impression

Maitland Private Hospital, Newcastle

Located in NSW, Maitland Private Health and Oncology is undergoing a two stage expansion for operator Healthe Care.



This redevelopment, provides an additional 24 mental health beds, 5 day oncology chairs, 4 surgical beds, 6 consulting suites and 67 car parks.

Stage 1 works being the mental health expansion and elevated car park achieved Practical Completion in July 2024.

Stage 2 works are forecast for completion in September 2024.



A\$16.0m

estimated
development cost



~6.0%

fully let blended yield



17.9 years¹

WALE



Sept 2024

forecast completion

¹ Estimated on practical completion



Artist's Impression



Artist's Impression

Wakefield Hospital, Wellington

Wakefield Hospital is undergoing a major transformation to deliver leading healthcare services as the largest private hospital in Wellington. Vital’s contribution, capped at \$141m total all in cost, was reached in June 2024 with the balance funded by operator Evolution Healthcare.

Spanning 6 storeys across multiple buildings, connected via a spacious atrium this redevelopment will provide a seismically resistant facility with 7 fully digital operating theatres, 10 ICU/HDU bed ward, spacious and modern recovery areas, 2 cardiac cath labs with the latest technology, a 37-bed inpatient ward with ensuites and whanau areas, a 34-bed inpatient ward shell for future growth, 3,000sqm specialist medical consulting suite, full radiology unit, new administration and front of house areas.



\$141m

total all in development cost, which has been fully contributed by Vital



~5.6%

yield on cost



23 years¹

WALE



Dec 2024

Main Works

Sept 2025

Demolition Works

¹ Estimated on practical completion

SEISMIC & SUSTAINABILITY FEATURES



Seismic resilience - an Importance Level 3 facility, base isolators and accelerometers were designed to exceed the latest seismic codes and standards



Building services designed around stepped isolation plane and movement joints



Reduced embodied carbon



Passive design and thermal performance



Energy efficient systems



Grace Hospital, Tauranga

In partnership with the hospital operator (a joint venture between Evolution Healthcare and Southern Cross), Grace Hospital continues to undergo significant expansion.



A multi staged redevelopment, 3 of 5 works packages are now complete.

Oropi Day Unit endoscopy expansion is forecast for completion in August 2024.

The final works package, West Wing Inpatient Unit expansion commenced in May 2024 and has a forecast completion of June 2026.

As the only private surgical hospital in the Bay of Plenty, this major refurbishment and expansion of Grace Hospital responds to the healthcare needs of the community.



\$36.7m

estimated
development cost



~5.5%

yield on cost



24.5 years¹

WALE



June 2026

forecast completion
although staged over
this period

¹ Estimated on practical completion



Endoscopy Auckland, Epsom

Adjacent to the existing Endoscopy Auckland on Gillies Avenue in Epsom, this 1,400sqm new stand alone endoscopy and day surgery facility at 22 Kipling Avenue is under development and will be operated by a joint venture between Evolution Healthcare and Healthcare Holdings.

This 3 storey facility will provide 4 procedure rooms, a sterile services department, associated support services and basement parking. Construction works are well underway, with slab pours and the structure nearing completion.

Consenting for an on grade car park at 24 Kipling Avenue to support the new facility is in progress.



\$32.2m

estimated
development cost



~5.4%

yield on cost



20.0 years¹

WALE



Aug 2025

forecast completion

¹ Estimated on practical completion

SUSTAINABILITY FEATURES



Targeting 5 Star Green
Star certification



Reduced embodied
carbon



Sustainable
transport



Water
conservation



Passive design and
thermal performance



Boulcott Hospital, Wellington

Immediately adjacent to the public Hutt Valley Hospital and Vital owned Hutt Valley Health Hub, Boulcott Hospital is undergoing a refurbishment and expansion to increase theatre capacity and support services, whilst maintaining operational continuity.



\$24.8m

estimated development cost



~5.9%

fully let blended yield



20 years¹

WALE



July 2025

forecast completion

¹ Estimated on practical completion

This complex refurbishment and expansion includes 2 additional operating theatres, increased capacity within the day stay and recovery units, a new kitchen and associated support services.

Master planning has commenced for future expansion at Boulcott Hospital and Vital's adjacent site at Hutt Valley Health Hub.



Artist's Impression



Current & Potential Development Pipeline

Australia



Sustainability

Tūngia te uruuru kia tupu whakaritorito te tupu o te harakeke.
Clear the undergrowth so that the new shoots of the flax will grow.

Whakataukī

Māori proverb

ACKNOWLEDGEMENT OF COUNTRY

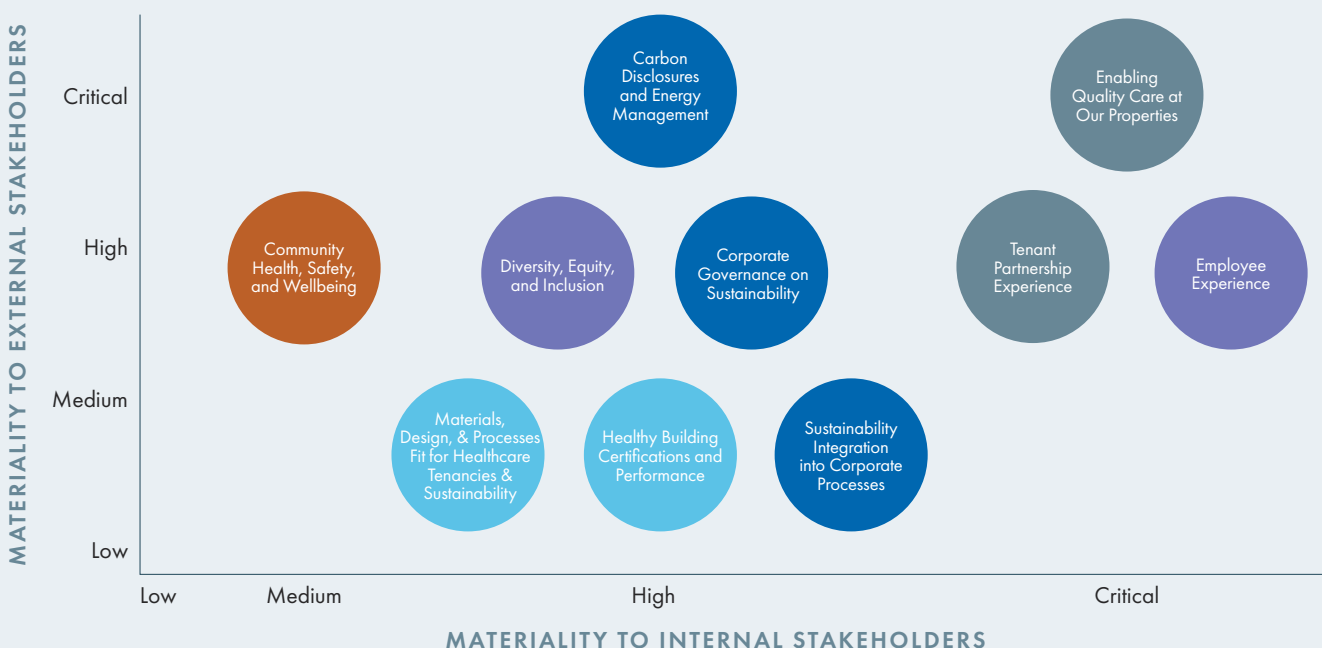
Northwest acknowledges the Traditional Owners of Country throughout Australia, especially the lands on which we live and work, and recognises their continuing connection to lands, waters and communities.

Northwest also acknowledges the Rangatiratanga of Māori as Tangata Whenua and Treaty of Waitangi partners in Aotearoa New Zealand.

We pay our respects to all First Nations peoples and to Elders past, present and emerging.

Materiality

Since conducting a materiality assessment in 2021, we plan to reaffirm or refresh topics and key issues that are of significance to our investors, stakeholders and employees in Q4 2024, which will ensure our boarder ESG strategy is still tracking in the right direction.



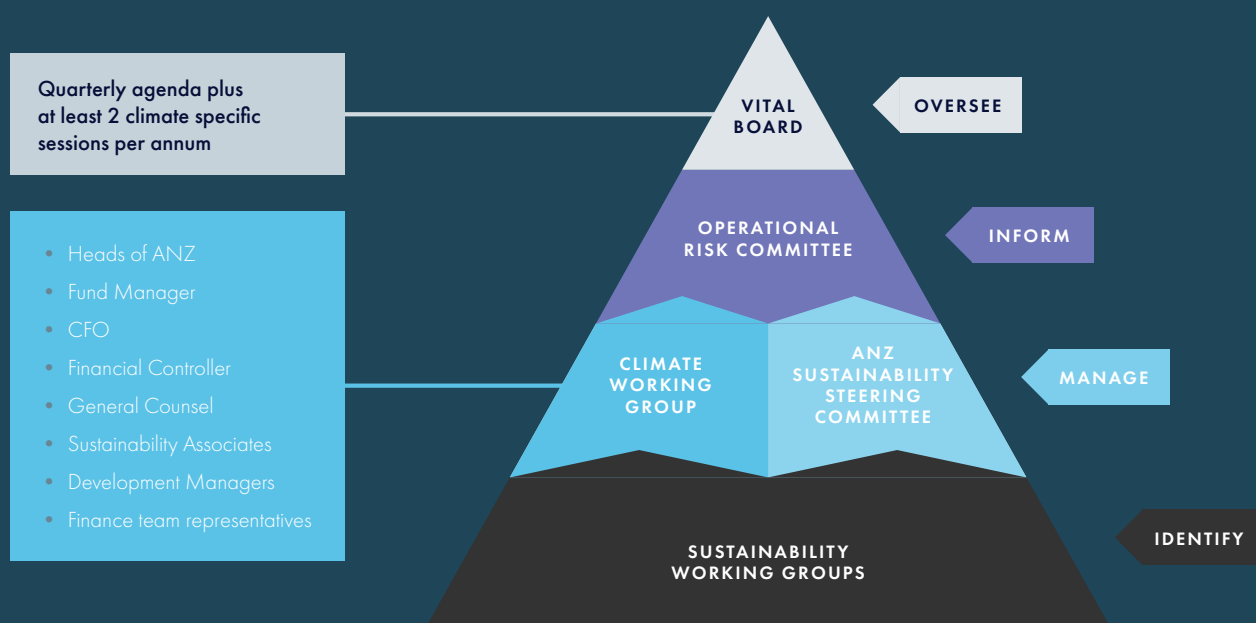
Sustainability framework

Northwest, as Vital’s manager, released its first sustainability report in 2021 which outlines the below Sustainability Framework. This framework continues to direct our actions and capital allocations as we progress our sustainability initiatives.





Governance structure





ESG working groups

SUSTAINABLE OPERATIONS & FACILITIES MANAGEMENT

Responsible for researching and implementing efficiency improvements throughout the portfolio

MODERN SLAVERY WORKING GROUP

Responsible for identifying and mitigating risk of modern slavery within Vital operations and supply chains

CULTURAL WORKING GROUP

Responsible for advancing cultural strategy and outcomes including implementing initiatives associated with the Reconciliation Action Plan and promoting Māori culture

SUSTAINABLE DEVELOPMENT

Responsible for overseeing the implementation of sustainable measures in accordance with the Sustainable Development Guidelines and Green Star requirements

CLIMATE WORKING GROUP

Responsible for providing direction and strategy on Climate Related Disclosure activities, including climate related risks and opportunities

Responsible for ESG related reporting frameworks and disclosures required within annual reporting period

Targets and Achievements

FY24 sustainability achievements and key commitments



517,620 kWh

Solar generated
in FY24 total



100%

All base building energy contracts
have green energy power
purchase agreements in place



259

Hours of volunteering



524

Points of utility data
reported on

GRESB

Sector Leader

IN ESG FOR HEALTHCARE LISTED ENTITIES GLOBALLY
(RECOGNISED BY GRESB AS THE FASTEST MOVING COMPANY
TO REACH SECTOR LEADER STATUS IN OCEANIA TO DATE)



CDP

B-

IMPROVED FROM C- IN 2022



MSCI

A

IMPROVED FROM BBB IN 2022



Forsyth Barr

B-

FAST FOLLOWER
INAUGURAL RESULT



Sustainalytics

16.1

LOW RISK CATEGORY
IMPROVED FROM 17.2 IN 2023



ISS ESG

C-

IMPROVED FROM D- IN 2021



Craigs Investment Partners

4.1

(OUT OF 5)

IMPROVED FROM 2.7 IN 2021



**100%**

Of Vital's base building meters
have utility data capture

**EV charging**

EV charging strategy has been
launched in Australia with pilot
site at Tennyson Centre

**RAP**

Reflect Reconciliation Action Plan
launched in February 2024

**9**

Projects registered to target Green
Star ratings of 5 stars or more

**Assurance**

Limited assurance for GHG
inventory back to 2022

**CRD**

Vital's Climate Related Disclosure
to be released in October 2024





Thriving Partners

Vital and Northwest recognise the importance of fostering and strengthening our relationships with our healthcare tenant partners. Through providing consistent interactions and prioritising improvements to our facilities we seek to improve the user experience and provide infrastructure that allows our tenants to deliver improved patient outcomes.



Tenant engagement survey

Places for quality care

As part of our sustainability programme, the Places for Quality Care initiative remains a key driver, demonstrating our commitment to fostering healthy, vibrant communities. Our dedication to quality goes beyond physical spaces to include the well-being of our tenants. By rigorously analysing the results from our tenant survey, we have gained invaluable insights into their needs and preferences, enabling us to tailor our strategies effectively. To address survey findings, we have developed property-specific action plans and deployed targeted interventions to enhance tenant satisfaction.

We are committed to obtaining ongoing feedback from our tenants both at regular intervals through site visits and communications as well as formal feedback through a tenant survey which will be conducted biennially. We aim to issue our second tenant survey towards the end of 2024 to ensure continual improvement.

Strategic tenant alliances

Sustainability tenant collaboration

We have established Tenant Advisory Committees, empowering tenants to actively participate in shaping their working environments. To support greater collaboration with our healthcare partners, we have formed ESG partnerships with a number of our core tenants across New Zealand and Australia. These engagements serve as a forum for exchanging knowledge and pinpointing significant ESG-related opportunities, leading to improved environmental and social outcomes.

To facilitate continued knowledge-sharing, throughout the year we will host tenant webinars and educational sessions covering a variety of ESG topics.



"Roof shout" at Ormiston Hospital, Auckland

Tenant spotlight

Kurawaka: Waipapa, St Asaph Street Birthing Unit

Our tenant Te Whata Ora Health New Zealand recently opened Kurawaka: Waipapa, a state-of-the-art birthing suite at our St Asaph Street asset. This new facility is a significant addition to Christchurch, particularly following the closure of the city's only other birthing suite in June 2023. Kurawaka: Waipapa features four birthing rooms, 20 post-natal rooms, six assessment rooms, an ambulance bay, an education room, and a whānau room. The birthing room HVAC system has been upgraded to the latest units, which use water as the medium for the heat exchangers instead of refrigerant gas. This comprehensive suite promises to enhance maternity care in the region, providing essential services and support to expecting families.



Kurawaka: Waipapa, St Asaph Street Birthing Unit



Christchurch Mayor, Phil Mager, and Aaron Hockly at the opening of Kurawaka: Waipapa



Healthy Planet

Northwest recognises the importance of minimising our impact on the planet and are committed to further bringing sustainability into the core of our business including our approach to asset management, development and precincts.



Energy audits complete

We have now completed portfolio wide Level 2 Energy Audits.

These audits have tracked and verified all meters and metering systems and provided an extensive equipment inventory for each asset which supports the utility data collection for all electricity, water, waste and gas. This data collection has been essential for understanding our environmental footprint in total energy consumption and establishing a GHG emission baseline for each asset. These audits have also identified and highlighted key energy saving and efficiency projects which support our decarbonisation efforts towards our net zero by 2050 target and inform our capital expenditure plans. We are actively reviewing these plans to ensure the most efficient and effective use of capital and resources.

Air quality and infection control units

Vital is piloting the installation of Plasma Shields at Tennyson Centre, South Australia to improve air quality and reduce emissions. Plasma Shield, unlike conventional filters, combines plasma and HEPA filtration which enhances the removal of airborne pollutants, bacteria and viruses. Unlike traditional filters that depend solely on physical filtration, Plasma Shield employs advanced technology to capture and neutralise harmful particles, delivering superior air purification. This sophisticated filtration system reduces the need for outside air intake, significantly boosting system efficiency and lowering energy consumption.

Data collection 2024

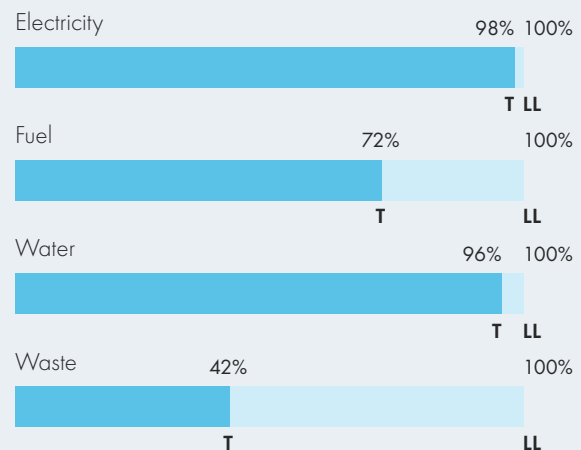
DECARBONISATION PLANS

Building on our relationship with Veolia and foundations laid for capturing utility data through our bespoke Envirohub dashboard which was implemented in 2023, we have expanded our ability to track energy efficiency projects and analyse our data to identify which decarbonisation projects should be activated to ensure appropriate capital allocation and resources.

Removed 3,000kg of refrigerant gas (R410A) through efficiency upgrades at Tennyson Centre

2023 Data

UTILITY DATA COLLECTION



LL - Landlord controlled properties
T - Tenant controlled properties

Waste contracts

100% of landlord waste collected in Australia via Wasteflex is reported into our utility data dashboard. We are looking to find a similar solution for New Zealand to better track tenant waste.

Green Star commitments

GREEN STAR

Vital is dedicated to achieving a minimum of 5 Star Green Star ratings for all new developments. Currently, we have 9 new developments registered to attain these sustainable infrastructure ratings.

TARGETING 6 STAR GREEN STAR DESIGN & AS-BUILT RATING

- RDX, Queensland
- Macarthur Health Precinct - Stage 1, Campbelltown (Design Certification Achieved, As-Built Certification on track to be achieved 2024)
- Playford Health Hub - Stage 2, Elizabeth Vale (Design Certification Achieved, As-Built Certification on track to be achieved 2024)

TARGETING 5 STAR GREEN STAR DESIGN & AS-BUILT RATING

- Kipling Avenue, Auckland
- Coomera Health Precinct - Stage 1, Queensland
- Logan Private Hospital, Meadowbrook
- Buranda Health Hub, Woolloongabba
- St Asaph St, Christchurch
- 61-71 Park Road, Auckland

Vital remains committed to achieving 5 Star (or equivalent) Green Star certifications for all new developments. To date, projects have been registered under the Design & As Built rating tool. Green Star Buildings is now Australia's leading rating tool and aims to address key issues such as climate action, resource efficiency, and health and wellbeing. Going forward Vital aims to deliver sustainable developments targeting a 5 Star Green Star rating under the Buildings tool.



Tennyson Centre, Adelaide



EV charging

Vital has a national contract with ENGIE to roll out EV charging across a number of sites in Australia. Tennyson Centre was the first pilot project and was activated in June 2024. We have identified a number of additional sites and are rolling out these chargers over the next two years.

Sustainable development guidelines

A summary of our sustainable development guidelines are available on our [website](#). We are committed to continuous improvement and will be undertaking a comprehensive review of these guidelines along with our Tenant Fit Out Guide in the latter half of 2024. This review aims to evaluate how well our guidelines align with completed developments in accordance with Green Star registrations and other certification benchmarks. This process will help ensure our standards remain robust and effective in promoting and delivering sustainable developments.



Strong Communities

We are committed to enhancing the communities where we operate by sharing our time, research and resources and amplifying the healthcare objectives of our partners. Giving back to our communities is ingrained in who we are and we align our community investment efforts to those of our tenants.

International days & volunteering

259 hours
OF VOLUNTEERING IN FY24

Our Volunteerism Policy provides full-time employees with two paid volunteer days each calendar year (one for part-time employees), aligning with our commitment to five key International Days (International Women's Day, Earth Day, World Health Day, World Mental Health Day and Human Rights Day). In FY24, our team dedicated a total of 259 hours to volunteering and we aim to double our community involvement in FY25.



Melbourne office volunteering at Ronald McDonald House



Keystone Trust

BRIGHT FUTURE

Vital continues to support the Keystone Trust as a Key Scholarship Partner through scholarship opportunities to a student from the University of Auckland. As well as financial assistance, our scholarship recipient receives mentoring, industry guidance and connections through the mentorship programme.

Donation drives

In support of International Women's Day, we held donation drives across the region for Dress for Success, a global charity dedicated to transforming the lives of women in need by providing professional attire, job-seeking advice, career guidance, ongoing employment support, networking opportunities and leadership skills to help them secure and retain paid work.

Family dinner service

Our Auckland and Melbourne offices volunteered at Ronald McDonald House Charities where they prepared, cooked and served meals and baked goods for families staying at the houses. At Ronald McDonald Houses families can stay together and receive compassionate hospitality from staff and volunteers while being only minutes from the hospital where their child is receiving care, allowing them to remain strong and connect with others experiencing similar situations.



Christmas baskets

The Sydney team participated in the Magic Moments Foundation's Sydney Basket Brigade, packing over 1,000 baskets of food, necessities and toys for families in need during Christmas, providing joy while engaging in a festive team-building activity.



Inclusive Company

Preparing lasting tenant spaces for health and healing.

As a global business, Northwest creates an inclusive environment that encourages all people to bring their unique self and passion to work, allowing them to feel safe in doing so.

Reflect Reconciliation Action Plan

February 2024 saw the launch of our inaugural Reflect Reconciliation Action Plan (RAP) which is our first step in our reconciliation journey. We are dedicated to increasing First Nations participation in our developments and have identified this as an area for positive change after reviewing our key projects. In Stage 1 of our Macarthur Health Precinct, approximately 3.5% of the contract price was allocated to First Nations peoples and businesses.

Māori strategy

CULTURAL AWARENESS

We have implemented Māori cultural awareness training across the business, emphasising Tikanga Māori (Māori customs), te Tiriti o Waitangi (the Treaty of Waitangi) and te reo Māori (the Māori language). This initiative aims to promote a deeper understanding and respect for Māori culture among our employees, ensuring that these important aspects are integrated into our daily operations and interactions. By prioritising this training, we are committed to creating an inclusive and culturally aware workplace that honours the rich heritage and traditions of Māori.

Employee policies

Northwest maintains various ESG-related policies within our risk management and sustainability frameworks to uphold the highest standards of accountability and responsibility. These policies guide us in identifying, assessing and mitigating risks related to environmental impact, social considerations and corporate governance practices and many of these policies can be found on the Governance page of our website.

- Code of Business Conduct and Ethics
- Diversity Policy
- Environmental Management System (EMS)
- Environmental Policy
- ESG Policy
- Global Expenditures Policy
- Health and Safety Policy
- Insider Trading Policy
- IT Systems/Usage Policy
- Modern Slavery Statement
- Parental Leave Policy
- Reflect Reconciliation Action Plan (RAP)
- Volunteerism Policy
- Whistleblower Policy
- Workplace Anti-violence, Harassment and Sexual Harassment Policy

Gender pay

We conduct gender reports and pay comparisons annually to analyse the gender distribution across various levels of the organisation. This helps us ensure we maintain pay equity across the business.

Photo taken during the Smoking Ceremony at PDX site

Employee opportunities & talent management

We prioritise creating an inclusive and enriching work environment that attracts top talent and promotes their professional growth and retention. Recognising our employees as our most valuable asset, we are committed to offering competitive benefits and opportunities that enhance their overall well-being and career advancement. We support work-life balance through flexible work arrangements and remote work options, invest in continued education and professional development with tuition reimbursement for approved courses and cover membership fees for professional associations to keep employees updated with industry trends.

WORKFORCE BREAKDOWN	FY23	FY24
Australia & New Zealand	62	56
Turnover rate (voluntary)	11.7%	11.1%
Turnover rate (involuntary)	0%	4.7%

AGE	FY23	FY24
>20	0%	0%
21-30	19%	13%
31-40	37%	43%
41-50	26%	21%
51-60	16%	21%
61-64	2%	2%
65+	0%	0%

GENDER	FY23		FY24	
	M	F	M	F
Gender (workforce)	48%	52%	43%	57%
Middle Management	59%	41%	47%	53%
Senior Leadership	71%	29%	67%	33%

TRAINING	FY23	FY24
ESG training completion rate	100%	100%

VOLUNTEERING	FY23	FY24
Total hours of volunteer time by employees	n/a	258

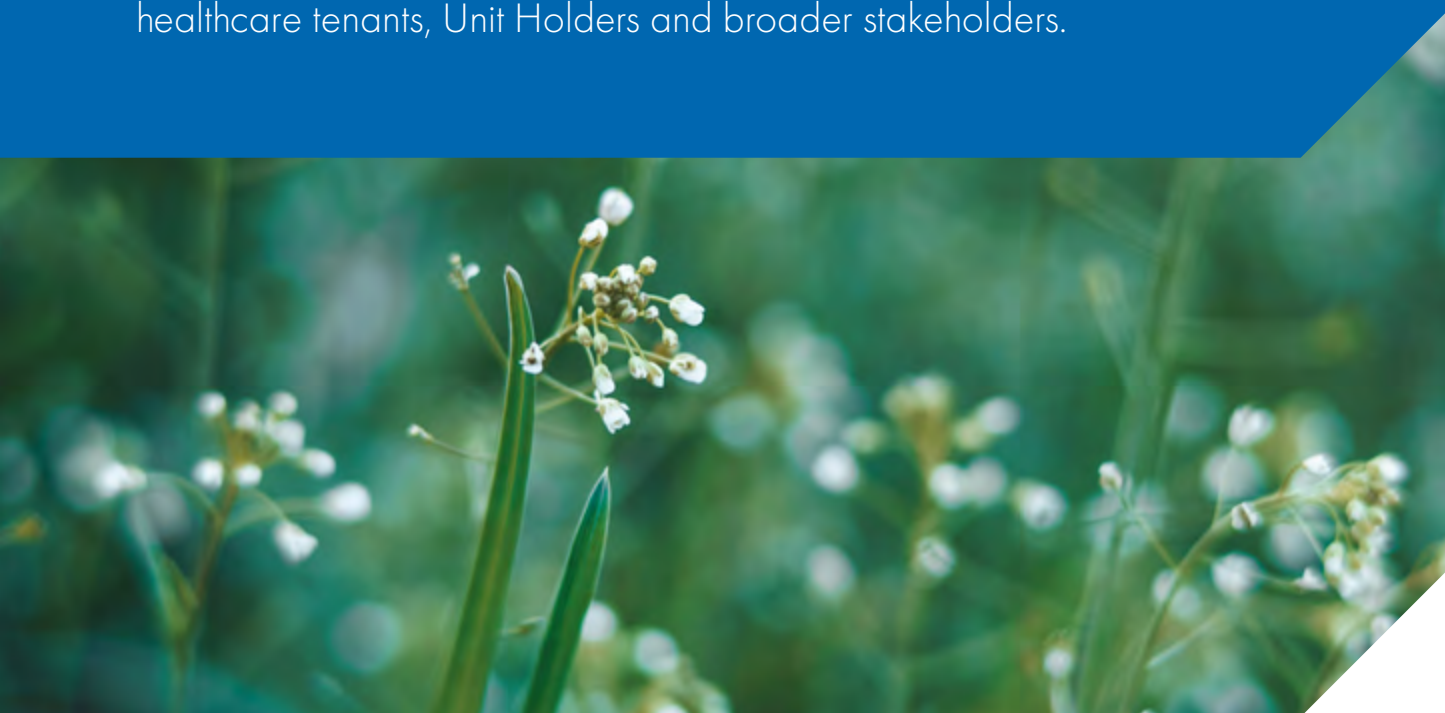
HEALTH & SAFETY	FY23	FY24
Absentee Rate*	0.57%	0.66%
Injury Rate	0	0
Fatalities	0	0

*The absentee rate is the ratio of employees with absences to total salaried employment



Enablers

We must evolve our ways of working and ensure the integration of sustainability throughout our operations, strategy and decision-making to deliver on our sustainability commitments for our healthcare tenants, Unit Holders and broader stakeholders.



Governance

Our governance framework and dedicated sustainability teams ensure we fulfil our responsibilities to the environment, communities, and stakeholders.



Integrating sustainability into investments

By embedding sustainability into our investment processes, we create long-term value and mitigate risks related to environmental and social factors.



Green leases

The continued implementation of green leases highlights our commitment to creating healthier, more sustainable spaces for our tenants and communities.



Reporting and disclosures

We prioritise transparency through our reporting and disclosures, showcasing our accountability and dedication to driving positive change while promoting trust and collaboration with our stakeholders.

Climate related disclosures

Under New Zealand legislation, Vital will submit a Climate Related Disclosure (CRD) prior to 31 October 2024, aligning to the External Reporting Board (XRB) Aotearoa New Zealand Climate Standards (CS1, CS2 & CS3), which will include information covering Governance, Strategy, Risk Management and Metrics and Targets.

In accordance with the XRB standards, our climate scenario analysis will encompass evaluations of climate-related risks and opportunities for all standing assets across three time horizons and Representative Concentration Pathways (RCPs). To support this analysis, Vital actively participated in two working groups in the collaboration of both the NZGBC Climate Scenarios for the Construction and Property Sector and the Climate Change Scenarios for the Health Sector.

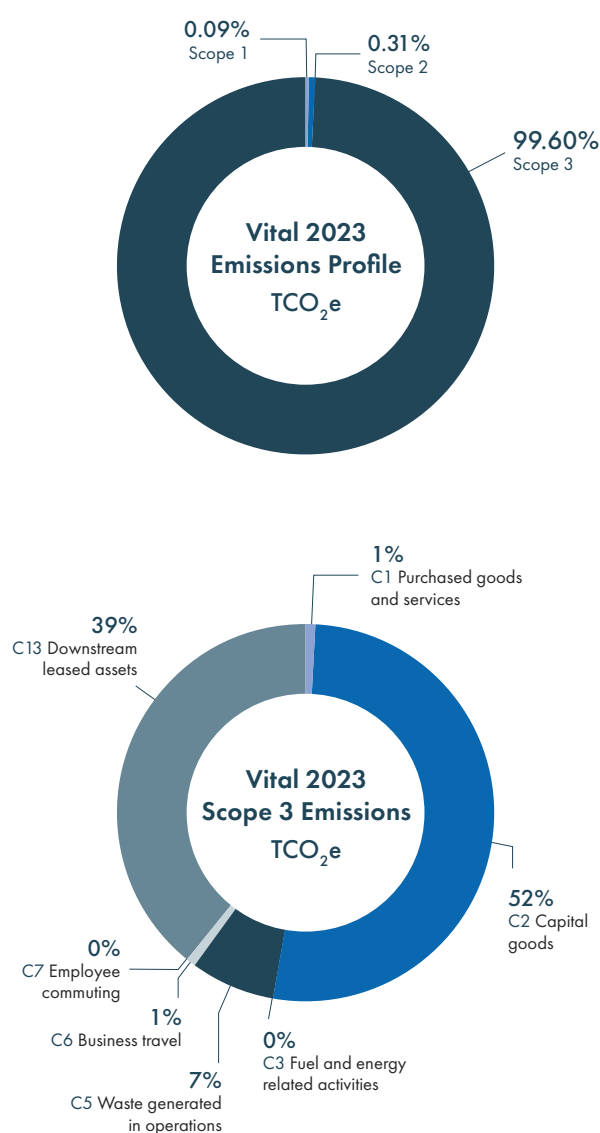
Vital's CRD will be found on our [website](#).

Carbon accounting

Vital's CY2023 GHG inventory has received limited assurance by Toitu Envirocare, using the GHG Protocol as guidance. While we have undertaken our GHG inventory by calendar year previously, going forward in line with CRD reporting, we will be moving to a financial year reporting period. Details of our full FY24 GHG Inventory will be provided in our Climate Related Disclosure which will be released in October of this year.

We undertook a scoping boundary exercise to determine the most material Scope 3 categories for our business. These categories have been highlighted below using a materiality reporting threshold of 1% in line with the GHG Protocol.

Vital activity examples



Scope 1	Natural Gas	Grid gas connection at landlord controlled assets
	Fuel	Diesel in backup generators
	Refrigerants gas	Top ups or leakages at AU/HVAC units at landlord controlled assets
Scope 2	Purchased electricity	kWh units of purchased electricity at landlord controlled assets
	Renewable energy	Purchased or generated renewable energy impacts the total GHG profile through 'discounts'
Scope 3	C1 Purchased goods and services	Spend of all purchased goods and services
	C2 Capital goods	'Long life' equipment Building materials Leasehold improvements
	C3 Fuel and energy related activities	Transmission & Distribution losses for electricity and natural gas
	C5 Waste generated in operations	Waste sent to landfill from assets Construction waste Wastewater
	C6 Business travel	Flights Accommodation Rental car travel Taxi travel
	C7 Employee commuting	Type of transport vehicle used for each individual km travelled
	C13 Downstream leased assets	Tenant utility data Tenant refrigerant top ups and leakages



Industry Engagement

Throughout FY24, Vital has maintained memberships with a number of industry bodies to keep abreast of industry developments, education and learning opportunities and enhance meaningful relationships. Members of our team attend regular events, conferences and seminars provided by the Property Councils of New Zealand and Australia, and the Green Building Councils of New Zealand and Australia.





Avive Clinic, VIC

Property Councils

We are members of both the Property Council of New Zealand (PCNZ) and the Property Council of Australia (PCA). As part of these memberships, several of our team members sit across working groups, round tables and committees including the PCA Sustainable Development Committee (VP Development), PCA Precinct Committee (SVP, Developments and Precincts), PCNZ ESG Roundtable (Sustainability Associate), PCNZ Property Conference Committee (Sustainability Associate), and the PCA Property Consortia with Informed 365 (Sustainability Associate). These forums comprising industry peers in leadership and management, offer opportunities for collaboration on relevant topics and consultation on upcoming legislation.

Green Building Councils

Vital and Northwest maintained memberships with the Green Building Council Australia and New Zealand Green Building Council to support industry education for our managers. Vital's Sustainability Associates were part of the working group that created the NZGBC Climate Scenarios for the Construction and Property Sector, aligning with the External Reporting Board's climate disclosure standards.

We are also working closely with NABERS to develop a Private Medical Sector Benchmark, to enable the industry to have a bespoke and fit for purpose rating tool.

Our Board

The Board comprises five highly qualified directors based in Auckland, Toronto, Sydney and Melbourne, three of whom are independent. Their executive experience includes healthcare, property and finance.



Graham Stuart

**Independent Chair and
Member of the Audit Committee**
(67, 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 an Independent Director and Chair of the Audit Committee at Tower Limited, Director of Ravensdown Limited and Director of Dairy Goat Co-operative (N.Z.) 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 and Independent Chair of EROAD Limited.

Graham is a Fellow of Chartered Accountants Australia & New Zealand (CAANZ) and has a Master of Science degree from Massachusetts Institute of Technology and a Bachelor of Commerce with first class honours from the University of Otago.



Mike Brady

Non-Independent Director
(Appointed 9 August 2023)
(57, Toronto)

Mike was appointed President of Northwest Healthcare Properties REIT (TSX: NWH.UN) in 2023 after serving as Executive Vice President, General Counsel and Board Secretary since joining the REIT in 2006. He has extensive experience in real estate investments and finance, transaction management, global leadership, governance and legal matters.

Mike has played a significant Commercial and legal role in the strategic direction and growth of the REIT, most recently leading the team to complete a €2 billion pan-European joint venture fund, a \$435 million UK hospital portfolio, and a \$2 billion joint venture fund and acquisition of a \$1.25 billion hospital portfolio in Australia.

Prior to joining the corporate real estate world, Mike was a corporate law partner at two Toronto-based law firms, where he developed his real estate practice. He has a Bachelor of Arts (Economics) and a joint LL.B./Masters of Business Administration from Dalhousie University, Halifax.



Angela Bull

**Independent Director and
Member of the Audit Committee**
(49, Auckland)

Angela Bull is an independent director of 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 an independent director of Bayleys Corporation Board (NZ) and recently joined the Board of Fulton Hogan as an independent director.

Angela is a former Chief Executive of Tramco Group, a large New Zealand owned property investment company which specialises in large scale land holdings, notably the Viaduct Harbour precinct in Auckland and Wairakei Estate in the Waikato; a former Board member of the Property Council of New Zealand; and a former independent director of the Real Estate Institute 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.



Directors are based in Auckland (x2), Toronto, Sydney and Melbourne. Their current and prior executive experience includes healthcare, property and finance.



Craig Mitchell

Director and Member of the Audit Committee (56, Sydney)

Craig joined Northwest in 2018 as CEO for Australia and New Zealand, was a member of the global management team and assumed a global leadership role with funds and operations when he was named President in 2020. The Northwest Board appointed him CEO in 2023.

A professional manager with an inclusive leadership style, Craig has more than 20 years of experience specialising in the property industry. His previous roles include Executive Director and Chief Operating Officer of Dexus, an ASX top 50 listed REIT.

Craig has a Master of Business Administration (Executive) from the Australian Graduate School of Management, a Bachelor of Commerce and is a Fellow of CPA Australia. He has also completed the Advanced Management Programme at Harvard University, Boston.



Dr Michael Stanford AM

Independent Director and Chair of the Audit Committee (65, 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 Chair of Nexus Hospitals, a leading provider of specialist day and short stay private hospital based care; and Board member of the Royal Australian College of General Practitioners as well as Board member of Healix (ASX:HLS). Other Board roles in the last three years have included 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; Virtus Health (ASX: VRT), one of the world's top five providers of Assisted Reproductive Services; as Chair of disability, aged, employment and training services provider GenU; and as President and Board Chair of Diabetes Australia, a significant Not-for-Profit organisation.

Michael was the Group CEO of St John of God Healthcare, Australasia's third largest private hospital provider, for 16 years during which time the company increased revenue fivefold through organic and M&A growth plus more than AS billion greenfield and brownfield developments. Michael's other Managing Director roles included the ASX listed Australian Hospital Care and two public hospital Networks in Victoria. Michael holds an MBA from Macquarie University and Bachelor of Medicine and Bachelor of Surgery from UNSW. He is a Fellow of the Australian Institute of Company Directors.

In 2018 Michael was awarded a Member of the Order of Australia for significant service to the health sector through executive roles, to tertiary education and the WA community, in 2010 he received the WA Citizen of the Year Award – Industry and Commerce category.

Our Executive Team

Northwest has over 300 employees globally, including more than 50 real estate professionals in New Zealand and Australia. The Vital Executive Team is made up of property professionals with extensive experience in New Zealand, Australia and beyond.



Aaron Hockly

**Senior Vice President
– New Zealand & Vital Fund Manager**
(46, 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 Bachelor of Arts and Bachelor of Laws from the University of Auckland. He is a Fellow of both Governance New Zealand and the Financial Services Institute of Australasia (FINSIA), as well as being a Chartered Member of the Institute of Directors (NZ).

Aaron has served on the boards of several charities in both New Zealand and Australia including Mercy Healthcare Auckland where he is currently a director. He is also a member of the Auckland Urban Design Panel and the Health Sector Climate Scenarios Leadership Group.



Chris Adams

Co-Head A/NZ Region (54, Melbourne)

Chris Adams jointly leads the Northwest business in Australia and New Zealand.

He has extensive experience in the property industry in Australia, New Zealand and the United Kingdom, including over 25 years' direct experience in health property.

Chris was one of the founding Executives at ASX-listed Generation Healthcare REIT which was acquired by Northwest in 2017. Prior to that he established Vital Healthcare Property Trust's presence in Australia in 1999 following various roles with the group in New Zealand.

Chris holds a Bachelor of Property from the University of Auckland.



Alex Belcastro

**Senior Vice President
Developments and Precincts**
(36, Sydney)

Alex Belcastro, formerly the Chief Business Development Officer at Ramsay Health Care managing a multi-billion-dollar hospital asset portfolio, joined our team in 2021.

Alex leads precinct transactions, leasing and developments. She also provides strategic leadership to the development and leasing divisions and heads our Strategy and Research function.

With over 18 years of specialised experience in social infrastructure, she has facilitated large-scale transactions and developments across public and private sectors.

Her diverse background spans advisory, operational, and ownership roles, adding valuable real estate expertise to our platform.

Holding a Master of Construction Management and a Bachelor of Planning and Design from the University of Melbourne, Alex has also honed her skills through executive education at Harvard Business School.



Buranda Health Hub, QLD
(Artist's Impression)



Vanessa Flax

Vice President, Regional General Counsel and Company Secretary
(53, Melbourne)

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

Vanessa has over 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.

Vanessa has a Bachelor of Arts and Bachelor of Laws from the University of Witwatersrand, South Africa.



Michael Groth

Chief Financial Officer
(50, Melbourne)

Michael Groth has over 18 years' experience as a senior finance executive in the listed and unlisted property funds and funds management industry. Prior to joining the team in 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 in the listed and unlisted property and funds management industry.

Michael holds a Bachelor of Commerce and Bachelor of Science and has been a member of the Chartered Accountants Australia and New Zealand since 2000.



Richard Roos

Co-Head A/NZ Region (59, Melbourne)

Richard Roos jointly leads the Northwest business in Australia and New Zealand. He has over 25 years' experience in commercial real estate financing, acquisitions and property management, of which the last 17 years have been in healthcare real estate in senior roles for Northwest in Canada and Australia.

Richard is responsible for asset management, transactions, people and culture, and ESG. He is also focused on building and expanding strong relationships with Northwest's operator partners.

Corporate Governance

Vital Healthcare Property Trust and Northwest Healthcare Properties Management Limited. All information as at 30 June 2024, unless otherwise stated.

The Board of Directors

The role of the Board of Directors is to set the strategic direction of Vital and to support management in monitoring the delivery of this against specific performance objectives. The Board also ensures all business risks are appropriately identified and managed and compliance with all applicable regulatory, statutory, financial, health and safety and social responsibilities of the Manager. The Board also plays an important role of overseeing risks and opportunities associated with environmental (including climate), social and governance (ESG) factors, the preparation of climate statements and compliance with any other applicable ESG reporting or broader regulatory requirements.

Board composition

The Manager is committed to having an effective Board providing a balance of independent skills, knowledge, experience and perspectives.

All Directors bring a significant breadth and depth of expertise and have the composite skills to optimise the financial and portfolio performance of Vital and returns to Unit Holders.

Attendance at Board meetings	Attended / Eligible to attend	Date of appointment
Graham Stuart	5/6	12 November 2018 (Appointed Chair 17 November 2020)
Michael Stanford	6/6	19 November 2019
Craig Mitchell	6/6	29 June 2021
Angela Bull	6/6	26 April 2022
Michael Brady**	6/6	9 August 2023

The Board does not impose any specific restriction on the tenure of any Director as it considers such a restriction may lead to the loss of experience and expertise. However, as noted below, the Board does have regard for best practice around tenure when assessing the independence of directors. In addition, there has been on-going renewal of the Board and the longest serving director has served for less than 6 years (as at the date of this report).

The table below shows all relevant interests of Directors and Officers in units, which include legal and beneficial interests in Vital units as at 30 June 2024.

Directors	Holdings (number of units) non-beneficial	Holdings (number of units) beneficial
Graham Stuart	-	81,229
Officers		
Aaron Hockly ¹	-	83,148

¹ Aaron Hockly makes a voluntary disclosure that, in addition to his personal holdings, members of his immediate family own an additional 114,461 units in Vital although he does not control or impact any investment decisions in relation to such holdings.

Independent Directors

Further information about the Board's assessment of the independence of Directors is contained in Recommendation 2.4 of the NZX Corporate Governance Code on page 64 of this report.

Audit Committee

The Audit Committee is responsible for overseeing the financial and reporting practices of Vital.

At financial year end and at the date of this report, the Audit Committee assists the Board in fulfilling its corporate governance and disclosure responsibilities with particular reference to financial matters, and internal and external audit, and is specifically responsible for:

- Reviewing proposed climate, sustainability & ESG disclosures and advising the Board whether in the Committee's view that disclosure complies with applicable standards and legislative requirements and ensuring that appropriate controls and assurance processes are undertaken for the preparation, review, verification and approval of climate, sustainability and ESG related disclosure reporting;
- Recommending to the Board the appointment / removal of Vital's external auditor; and
- Reviewing the performance of the external auditor.

Attendance at Audit Committee meetings	Attended / Eligible to attend	Date of appointment
Graham Stuart	3/4	9 May 2019
Michael Stanford	4/4	6 October 2020
Craig Mitchell	4/4	29 June 2021
Angela Bull	4/4	26 April 2022

** Michael Brady does not sit on the Audit Committee

Australian Subsidiary of Vital

Northwest Healthcare Australian Property Limited (NWHAPL) is an Australian company which acts as trustee of the two Australian wholly owned subsidiaries of Vital Healthcare Property Trust, namely Vital Healthcare Investment Trust and Vital Healthcare Australian Property Trust. The directors of NWHAPL as at the date of this report are Mike Brady, Craig Mitchell, Richard Roos and Miles Wentworth.

Management contract

Northwest manages Vital in accordance with Vital's Trust Deed in return for which Northwest receives management fees. From these management fees, Northwest pays salaries and other people related costs (including taxes, rent, IT, travel and training) to or for its employees approximately 30 of whom are solely or majority engaged with managing Vital, as well as the Directors not appointed by all Unit Holders (one at the date of this report). As a result, the details in this section relate to Northwest's employees rather than Vital's employees (as there are none).

Remuneration

As noted above, Vital does not have any direct employees. Instead, Northwest receives management fees to manage Vital from which it provides remuneration to employees. As a result, there is no reporting on individual employee salaries.

Notwithstanding the above, the following is provided to enhance transparency:

- Details of the holdings in Vital by Directors and officers as at 30 June 2024 is provided on the previous page.
- As at the date of this report, the Independent Chair of the Manager and Vital's Fund Manager own units. Currently the tax regime for Vital makes it uneconomic for the offshore based Directors and officers to hold units in Vital.
- Details of the costs of Independent Directors appointed by Unit Holders and, as a result, paid for from Vital are included in note 22 to the accounts in this report.
- 15-20% of the Fund Manager's annual potential bonus relates to the performance of Vital. In addition, all Northwest's executive bonuses globally are linked to Northwest's unit price as the long-term component of these bonuses is paid in Northwest units or calculated with reference to the value of Northwest units. In addition to being Vital's Manager, Northwest is Vital's largest investor, holding an aggregate shareholding of >28% as at 30 June 2024. As a result, there is a significant alignment of interest between Vital's performance, Northwest performance and the remuneration of the Fund Manager.
- The following clawback / malus provisions are included in the bonus plans for all Northwest executives globally (including Vital's Fund Manager, CFO and other key personnel):
 - Where the Participant (i) has been terminated for cause, or (ii) voluntarily resigns from his or her position with the Trust then any Deferred Units granted on a discretionary basis pursuant to Section 7.04 of the Northwest Healthcare Properties Real Estate Investment Trust Omnibus Equity Incentive Plan (2022) which have not yet vested at the time of the termination for cause or voluntary resignation, shall be immediately forfeited by such Participant.

Directors' remuneration

Director	Base	Audit Committee Member	Chair	Total
Graham Stuart ¹ Independent Director, Board Chair and Audit Committee member	\$90K	\$10K	\$80K (Board)	\$180K
Angela Bull Independent Director and Audit Committee member	\$90K	\$10K	-	\$100K
Craig Mitchell ² Director and Audit Committee member	N/A	-	-	-
Michael Stanford Independent Director and Audit Committee Chair	A\$90K	-	A\$20K (Audit Committee)	A\$110K
Mike Brady ¹ Director	N/A	-	-	-
Total (\$280K paid by Unit Holders, and A\$110K paid by the Manager)				\$390K

¹ Paid by the Manager from management fees.

² Executive of Northwest. Accordingly, no separate directors' fees are payable.

a) Leasing

Vital pays the Manager leasing fees where the Manager has negotiated leases instead of or alongside a real estate agent. Consistent with general market rates, these fees are charged at 11% of the annual rental for terms of three years or less (to a minimum of \$2,500), 12% of the annual rental for terms of three years, and 12% plus an additional 1% for each year greater than three years (to a maximum of 20%).

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

Structured rent reviews or market reviews which do not result in a rental increase are charged an administration fee of \$1,000. Open market reviews are charged at 10% of the rental increase achieved in the first year.

Leasing fees are capitalised to the respective investment or development property in the Statement of Financial Position and amortised over the term of the life of the lease.

b) Property management

Vital pays the Manager property management fees where the Manager acts as the property manager.

Incentive fee

The incentive fee is an amount equal to 10% of the average annual increase in the Net Tangible Assets of Vital over the relevant financial year and two preceding financial years subject to a three year high-water mark. The Manager and the Supervisor are both entitled to be reimbursed out of the Trust Fund for all expenses, costs or liabilities incurred by them respectively in acting as Manager and Supervisor.

Insurance and indemnities

In accordance with the Board Charter, the Manager has provided insurance and indemnities to its Directors and officers for any liability / losses arising in respect of actions or omissions occurring during the normal carrying out of their duties.

Joint Investment Policy

Under the terms of the Joint Investment Policy, which applies to Northwest Healthcare Properties REIT (NWH REIT) and its owned and controlled entities (including the Manager), an Investment Committee has been established to avoid, manage and resolve actual or perceived conflicts of interests between members of the NWH REIT group in a manner which complies with any relevant legal obligations and is equitable to each party. The Joint Investment Policy can be found on Vital's website.

Board diversity and relevant skills

At a Board level, diversity of experience is critical to ensure a healthy exchange of ideas and opinions to deliver higher quality decision making and outcomes. All Board appointments are always based on merit and diversity (including gender and ethnicity).

A majority of the Directors are members of professional organisations such as the Institute of Directors (or equivalent) or other industry specific and relevant organisations which support the ongoing education and training of professional directors.

Healthcare real estate is a specialised sector and the Board believes it is important to have members with a diverse range of backgrounds, skills and experience to ensure robust discussion. It is also important to balance skills and knowledge gained through length of tenure and the value of fresh ideas in decision making. The table below summarises the skills, experience and length of service of the current Board.

Skills & Experience	Graham Stuart	Angela Bull	Craig Mitchell	Michael Stanford	Mike Brady
Accounting/finance/economics	•		•	•	•
Commercial real estate /asset management/valuation	•	•	•		•
Corporate governance	•	•	•	•	•
Legal / regulatory		•	•	•	•
Healthcare practitioner				•	
Climate related matters	◦	◦	◦	◦	◦
Tenure (years)	5.7	2.2	3	4.7	1

• Strong Skills ◦ Moderate Skills

Modern slavery

In November 2023, the Australian manager of the Vital trusts, Northwest Healthcare Australian Property Limited again published a statement under the Australian Modern Slavery Act 2018, which underpinned Vital's philosophical approach and commitment to ensuring our operations have sufficient risk mitigation strategies to address supply-chain risks. Vital committed to training employees to identify these risks.

Our entire organisation has engaged with tenants and suppliers to conduct further and ongoing due diligence to identify possible modern slavery supply chain risks. Vital will continue to assess the potential modern slavery risks in our operations and develop and review company policies on these possible impacts.

This year, as part of our ongoing commitment to ethical business practices and sustainability, we have implemented a Supplier Code of Conduct for all new suppliers. The purpose of this code is to ensure that our suppliers align with our values and principles and to promote responsible business conduct throughout our supply chain. By implementing this code we aim to mitigate risks, uphold our reputation and contribute to positive social and environmental impacts.

We have also committed to reviewing supplier contracts to ensure they contain terms consistent with the principles underlying the Act.

NZX Corporate Governance Code

The NZX Corporate Governance Code (NZX Code) applies to all issuers of Equity Securities listed on the NZX Main Board.

The NZX Corporate Governance Code does not apply to Vital Healthcare Properties Trust (Vital), as it is an issuer of Fund Securities under the NZX Listing Rules.

Notwithstanding the foregoing, the Board of Northwest Healthcare Properties Management Limited (Manager) considers it important from a governance perspective to identify how, as at 30 June 2024, Vital and the Manager comply with the NZX Code dated 1 April 2023.

The NZX Code is structured around eight principles. The table sets out each principle and an explanation as to if, and how, Vital and the Manager comply with the recommendations in the NZX Code.

Reference	Recommendation	Approach
Principle 1 – Code of ethical standards		
1.1	<p>The board should document minimum standards of ethical behaviour to which the issuer's directors and employees are expected to adhere (a code of ethics).</p> <p>The code of ethics and where to find it should be communicated to the issuer's employees. Training should be provided regularly. The standards may be contained in a single policy document or more than one policy.</p> <p>The code of ethics should outline internal reporting procedures for any breach of ethics, and describe the issuer's expectations about behaviour, namely that every director and employee:</p> <ol style="list-style-type: none"> acts honestly and with personal integrity in all actions; declares conflicts of interest and proactively advises of any potential conflicts; undertakes proper receipt and use of corporate information, assets and property; in the case of directors, gives proper attention to the matters before them; acts honestly and in the best interests of the issuer, shareholders and stakeholders and as required by law; adheres to any procedures around giving and receiving gifts (for example, where gifts are given that are of value in order to influence employees and directors, such gifts should not be accepted); adheres to any procedures about whistle blowing (for example, where actions of a whistle blower have complied with the issuer's procedures, an issuer should protect and support them, whether or not action is taken); and manages breaches of the code 	<p>In recognition of Vital's role in the communities in which we operate, and where our investors live, we continue to implement and refine policies and practices which encourage responsible investment practices and compliance with all legal and regulatory requirements.</p> <p>All of Vital's Directors and employees must abide by Vital's Code of Conduct and Business Ethics (refreshed in May 2024), which documents policies on conflicts of interest, fair dealing, compliance with applicable laws and regulations, maintaining confidentiality of information, dealing with Vital's assets and use of Vital's information.</p> <p>The Code recognises the importance of a work environment which actively promotes best practice and does not compromise business ethics or principles and the Code's purpose is to uphold the highest ethical standards, acting in good faith and in the best interests of Unit Holders at all times.</p> <p>Following the review of the Code, employees will be provided with training in relation to the Code and Vital has committed to refreshing that training at least once every 3 years.</p> <p>The Code is on Vital's website https://www.vitalhealthcareproperty.co.nz/governance/ and a copy was provided to staff following the review in May 2024. All new starters are provided with a link to the Code.</p> <p>The Code is supplemented by a number of other policies including the Joint Investment Policy and Whistleblower Policy which are available on the website at https://www.vitalhealthcareproperty.co.nz/governance/.</p>
1.2	<p>An issuer should have a financial product dealing policy which applies to employees and directors</p>	<p>Vital's Directors, officers and employees, their families and related parties must comply with the Security Trading Policy. A copy of the Security Trading Policy is on Vital's website https://www.vitalhealthcareproperty.co.nz/governance/.</p> <p>The Manager is committed to ensuring compliance with legal and regulatory requirements with respect to insider trading and restricted persons trading. To assist with such compliance, the Manager's Security Trading Policy identifies circumstances where Directors, officers and other restricted persons are permitted to trade or are prohibited from trading units in Vital. Compliance with these policies is monitored by the Board. In addition, all trading by Directors and officers of the Manager is required to be reported to NZX in accordance with the Financial Markets Conduct Act 2013. The holdings of Directors of the Manager are disclosed on page 60.</p> <p>Before trading in Vital units, a restricted person must get consent in writing from the Fund Manager or the Chief Financial Officer of the Manager. Vital has set black-out periods for Directors and staff throughout the year. Also, blackout periods can be invoked when specific events occur.</p> <p>Emails are periodically sent to Directors and employees providing information as to the status of the trading window in relation to the black-out periods.</p>
Principle 2 – Board composition and performance		
2.1	<p>The board of an issuer should operate under a written charter which sets out the roles and responsibilities of the board. The board charter should clearly distinguish and disclose the respective roles and responsibilities of the board and management.</p>	<p>The Board has adopted a formal Board Charter which is available on Vital's website at https://www.vitalhealthcareproperty.co.nz/governance/.</p> <p>The Charter sets out the roles and responsibilities of the Board, including in relation to distinguishing between the respective roles and responsibilities of the Board and management.</p> <p>The terms of a Director's appointment are contained in the Board Charter. The Charter reaffirms Directors must comply with their duties as set out in the Manager's Constitution (which is also available on Vital's website https://www.vitalhealthcareproperty.co.nz/governance/) and the Companies Act 1993, including to act in good faith, together with other duties which include (but are not limited to) conducting themselves in an appropriate manner.</p> <p>The Board's specific responsibilities include approving the Manager's strategic objectives, including those applicable to Vital and ensuring that effective risk management procedures for the Manager and Vital are in place and are being observed.</p>

Reference	Recommendation	Approach
2.2	Every issuer should have a procedure for the nomination and appointment of directors to the board.	<p>Vital partially complies with this recommendation as the process for appointment of directors is different for a listed managed investment scheme. Vital is a trust and does not have directors. Its supervisor is Trustees Executors Limited, which is also the trustee of the Vital Healthcare Property Trust.</p> <p>The Manager has a Board of Directors, which, subject to the below, is appointed by its sole shareholder, NWI Healthcare Properties LP.</p> <p>Two Independent Directors are appointed to the Manager's Board by Unit Holders in the manner described in the Trust Deed. A copy of the Trust Deed is available on Vital's website (https://www.vitalhealthcareproperty.co.nz/governance/) and also on the Disclose Register through the Companies Office https://companies-register.companiesoffice.govt.nz/.</p> <p>Unit Holders have the opportunity to appoint two of the Independent Directors of the Manager. Unit Holders may nominate and vote on one Independent Director of the Manager each year. The nominee receiving the most votes will be approved as a Director of the Manager by the Manager's shareholders.</p>
2.3	An issuer should enter into written agreements with each newly appointed director establishing the terms of their appointment.	The Manager enters into a written agreement with each newly appointed director setting out the terms of their appointment, including expectations of the director in his or her role, remuneration entitlements and indemnity and insurance arrangements.
2.4	Every issuer should disclose information about each director in its annual report or on its website, including: <ol style="list-style-type: none"> a profile of experience, length of service and ownership interests; the director's attendance at board meetings; and the board's assessment of the director's independence, including a description as to why the board has determined the director to be independent if one of the factors listed in table 2.4 applies to the director, along with a description of the interest, relationship or position that triggers the application of the relevant factor 	<p>Vital's Annual Report includes a profile of experience, length of service, and ownership interest of each Director. The Annual Report also sets out the attendance of each Director at Board meetings and Audit Committee meetings.</p> <p>A profile of each director is also included on Vital's website https://www.vitalhealthcareproperty.co.nz/board-management/.</p> <p>The Board considers that at the date of this Annual Report, the Independent Directors are independent, including by virtue of the following factors listed in table 2.4:</p> <p>None of the Independent Directors:</p> <ul style="list-style-type: none"> is currently, or was within the last three years, employed in an executive role by the Manager; is currently deriving, or within the last 12 months, derived a substantial portion of his or her revenue from the Manager or the Trust; is currently, or was within the last 12 months, in a senior role in a provider of material professional services to the Manager or the Trust or any of their subsidiaries; is currently, or was within the last three years, employed by the external auditor to the Manager or the Trust or any of their subsidiaries; currently has, or did have within the last three years, a material business relationship (e.g. as a supplier or customer) with the Manager or the Trust or any of their subsidiaries; is a substantial product holder of the Trust, or a senior manager of, or person otherwise associated with, a substantial product holder of the Trust; is currently, or was within the last three years, in a material contractual relationship with the Manager or the Trust or their subsidiaries, other than as a director; has close family ties (or personal relationships (including close social or business connections) with anyone in the categories listed above; and has been a director of the Manager for a period of 12 years or more.
2.5	An issuer should have a written diversity policy which includes requirements for the board or a relevant committee of the board to set measurable objectives for achieving diversity (which, at a minimum, should address gender diversity) and to assess annually both the objectives and the entity's progress in achieving them. An issuer within the S&P/NZX20 Index at the commencement of its reporting period should have a measurable objective for achieving gender diversity in relation to the composition of its board, that is to have not less than 30% of its directors being male, and not less than 30% of its directors being female, within a specified period. An issuer should disclose its diversity policy or a summary of it.	<p>This recommendation has not been adopted due to our structure.</p> <p>We continue to improve diversity on the Board and in Management, in line with the REIT's diversity policy introduced in April 2022. The number of women in the organisation is almost 50% of the total number employed and our focus on gender diversity at a Board level continues.</p>
2.6	Directors should undertake appropriate training to remain current on how to best perform their duties as directors of an issuer.	The Manager provides formal training to Directors during the year and Directors undertake additional training through professional bodies.
2.7	The board should have a procedure to regularly assess director, board and committee performance.	Assessment of the Board and each director's performance is determined by the Chair and takes into account overall attendance, contribution, training and experience of each member concerned.
2.8	A majority of the board should be independent directors.	The Board of the Manager is comprised of a majority of Independent Directors.
2.9	An issuer should have an independent chair of the board.	The Board of the Manager is chaired by an Independent Director.
2.10	The chair and the CEO should be different people.	The functions of chair of the Board of the Manager and CEO are fulfilled by different people.

Principle 3 – Board committees

3.1	An issuer's audit committee should operate under a written charter. Membership on the audit committee should be majority independent and comprise solely of non-executive directors of the issuer. The chair of the audit committee should not also be the chair of the board.	<p>The Board has adopted a formal written Audit Committee Charter which is available on Vital's website at https://www.vitalhealthcareproperty.co.nz/governance/.</p> <p>The minimum number of members on the Audit Committee is three Directors with a majority being Independent Directors and at least one member must have an accounting or financial background.</p> <p>The audit committee of the Manager is majority independent. The Chair of the audit committee is an independent Director and is not the same person as the Chair of the Board.</p>
3.2	Employees should only attend audit committee meetings at the invitation of the audit committee.	Directors and officers have a standing invitation to attend audit committee meetings. Other employees may attend on invitation only.

Reference	Recommendation	Approach
3.3	An issuer should have a remuneration committee which operates under a written charter (unless this is carried out by the whole board). At least a majority of the remuneration committee should be independent directors. Management should only attend remuneration committee meetings at the invitation of the remuneration committee.	This recommendation has not been adopted due to Vital's structure. A key feature of the external management structure under which Vital operates is that remuneration of management is the responsibility of the Manager, not Vital. As Vital Unit Holders are not economically exposed to employment remuneration costs, a remuneration committee is not considered necessary by the Board at this time.
3.4	An issuer should establish a nomination committee to recommend director appointments to the board (unless this is carried out by the whole board), which should operate under a written charter. At least a majority of the nomination committee should be independent directors.	This recommendation has not been adopted due to Vital's structure. Given its structure and the terms of the Trust Deed, the process for nomination of directors to the Board of the Manager is not the same as for a listed company.
3.5	An issuer should consider whether it is appropriate to have any other board committees as standing board committees. All committees should operate under written charters. An issuer should identify the members of each of its committees, and periodically report member attendance.	From time to time the Board establishes Due Diligence Committees (DDC) under a formal process memorandum to report on the due diligence process in relation to any potential transaction for Vital of material size or complexity. An example would be the recent capital raisings undertaken by Vital. A DDC would normally be comprised of an Independent Director, executive director, relevant management staff and external consultants appropriate for the transaction.
3.6	The board should establish appropriate protocols that set out the procedure to be followed if there is a takeover offer for the issuer including any communication between insiders and the bidder. It should disclose the scope of independent advisory reports to shareholders. These protocols should include the option of establishing an independent takeover committee, and the likely composition and implementation of an independent takeover committee.	This recommendation has not been adopted due to Vital's structure. The Takeovers Code does not apply to Vital, as a listed managed investment scheme. Vital's Trust Deed includes some provisions which would regulate takeover-like transactions relating to units in Vital. As a result of the above, the Board of the Manager has not established protocols that set out the procedure to be followed if a takeover offer is received.

Principle 4 – Reporting and disclosure

4.1	An issuer's board should have a written continuous disclosure policy.	It is important that the market and investors feel confident in the timing or manner of any buying or selling of Vital units. As a NZX issuer, the Manager is acutely aware of the need to ensure the market, investors and regulators remain fully informed of any material or price sensitive information relevant to Vital. The Board, management and employees are aware of the NZX Continuous Disclosure requirements and Vital has internal procedures in place to ensure compliance. The Continuous Disclosure Policy can be found on Vital's website at https://www.vitalhealthcareproperty.co.nz/governance/ .
4.2	An issuer should make its code of ethics, board and committee charters and the policies recommended in the NZX Code, together with any other key governance documents, available on its website.	A copy of all relevant policies noted in this document can be viewed on Vital's website https://www.vitalhealthcareproperty.co.nz/governance/ . In addition, the website includes the Privacy Policy, the Whistleblower Policy and the Modern Slavery Statement, all of which are endorsed by the Board.
4.3	Financial reporting should be balanced, clear and objective.	We provide disclosures of financial matters in our Annual Report. In addition, disclosures are provided quarterly to keep the market updated as to the financial matters impacting Vital. The Manager maintains and regularly reviews a risk management framework as part of its compliance assurance programme. Reports are provided to both the Audit Committee and Board along with an annual risk assessment.
4.4	An issuer should provide non-financial disclosure at least annually, including considering environmental, social sustainability factors and practices. It should explain how operational or non-financial targets are measured. Non-financial reporting should be informative, include forward looking assessments, and align with key strategies and metrics monitored by the board.	Vital's Annual Report includes non-financial disclosures, including environmental, economic and social sustainability factors and practices. In this regard see page 38 onwards in the sustainability section for an outlay of ESG related achievements and forward-looking targets, and page 52 onwards in the sustainability section for references to regulatory non-financial ESG disclosures to which Vital is committed.

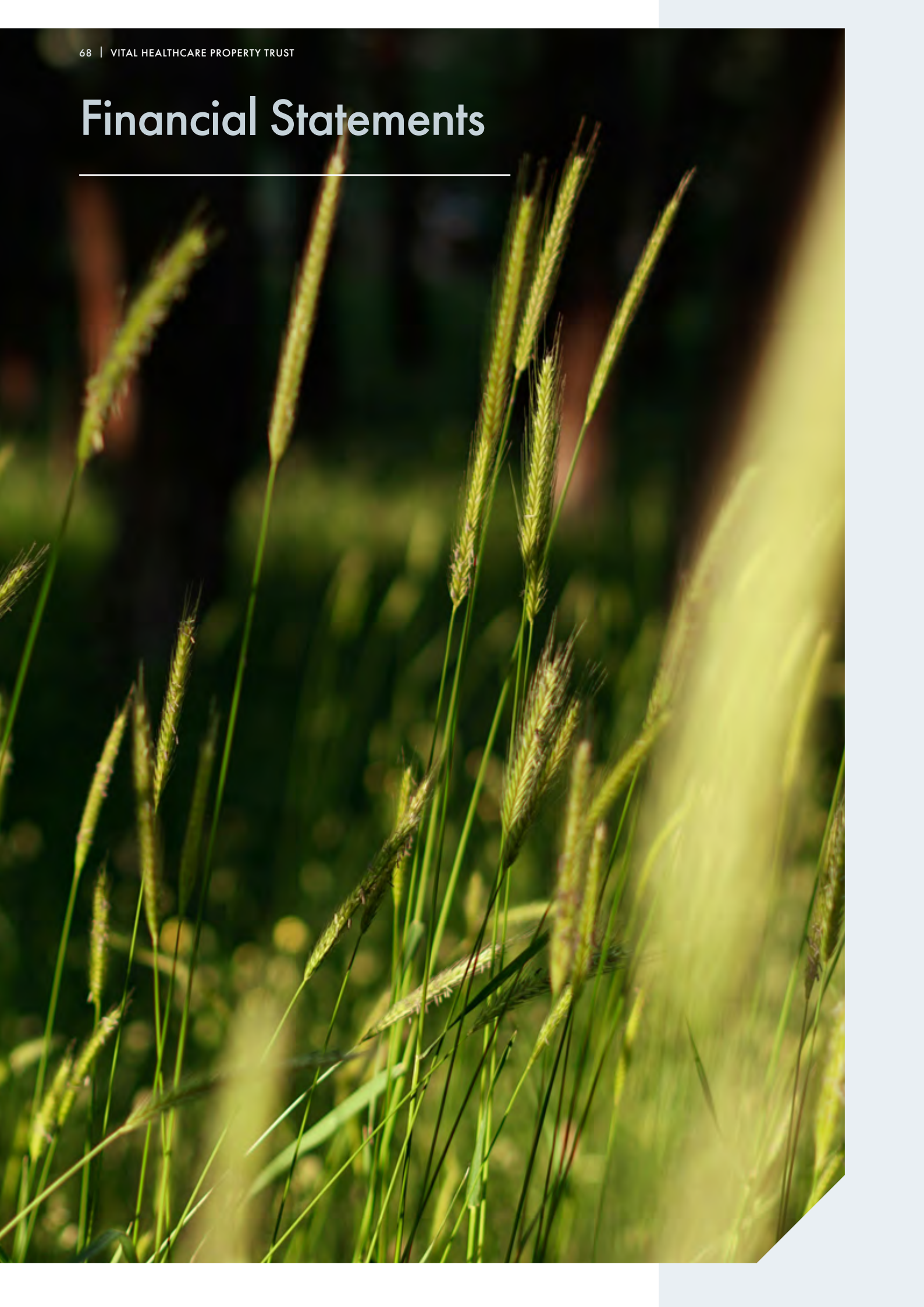
Principle 5 – Remuneration

5.1	An issuer should have a remuneration policy for the remuneration of directors. An issuer should recommend director remuneration to shareholders for approval in a transparent manner. Actual director remuneration should be clearly disclosed in the issuer's annual report.	This recommendation has not been adopted due to Vital's structure. Vital is a trust and does not have directors. Subject to the below, the remuneration costs of the Manager's directors are borne by the Manager. As a result, Vital Unit Holders are not economically exposed to those costs. Vital's Trust Deed provides that the costs associated with the two Independent Directors appointed to the Board of the Manager by Unit Holders are reimbursed out of the trust fund. Directors are paid a flat fee for each service provided (currently a base director fee and additional fees for being the Chair, Audit Committee Chair and / or Audit Committee Member). Such fees are market based by reference to other NZX listed entities; this is assessed annually. Accordingly, the Board considers that it is unnecessary for Vital to maintain a remuneration policy. Refer to page 61 of this Annual Report for details of Director remuneration.
5.2	An issuer should have a remuneration policy for remuneration of executives which outlines the relative weightings of remuneration components and relevant performance criteria.	This recommendation has not been adopted due to Vital's structure. As noted above, all officers' remuneration is paid by the Manager not Vital. Accordingly, the Board considers that it is unnecessary for Vital to maintain a remuneration policy.
5.3	An issuer should disclose the remuneration arrangements in place for the CEO in its annual report. This should include disclosure of the base salary, short term incentives and long term incentives and the performance criteria used to determine performance based payments.	This recommendation has not been adopted due to Vital's structure. Vital does not have any employees as it is externally managed by the Manager. The remuneration of the Fund Manager (CEO equivalent) is not paid by Vital but by the Manager or its related parties.

Reference	Recommendation	Approach
Principle 6 – Risk management		
6.1	An issuer should have a risk management framework for its business and the issuer's board should receive and review regular reports. An issuer should report the material risks facing the business and how these are being managed	<p>The Board of Directors maintains a sound understanding of key risks faced by Vital. Effective management of all financial and non-financial risks is fundamental to the delivery of the Board's strategy. In addition, the Manager will engage other external advisers as appropriate to deal with specific risks.</p> <p>The Manager has a risk management framework that is integrated into day-to-day operations. As part of this framework, the Board and Audit Committee work closely with management and external auditors to support the identification, management and reporting of risks.</p> <p>This risk management framework is part of Vital's compliance assurance requirements under the FMCA. Higher risk groups are reviewed yearly with lower risk groups reviewed biennially. The risk management framework/Compliance Assurance Programme is reviewed on an annual basis and approved by the Board.</p> <p>The Manager has currently identified the following key risk categories:</p> <ul style="list-style-type: none"> • Fund manager risk • Development risk; • Acquisition of Investment risk • Asset and facilities management risk • Information, data security/cybersecurity risk • Energy/carbon efficiency of assets and operations risk; • Talent recruitment, retention and succession planning; • Reputation (social responsibility, brand and stakeholder relationships) • Access to capital risk • Compliance risk • Governance risk • Fraud/Misconduct risk • Climate-related risk
6.2	An issuer should disclose how it manages its health and safety risks and should report on their health and safety risks, performance and management	<p>The Directors and Manager are committed to ensuring that as far as practical, a safe and healthy working environment is provided for all employees, tenants, contractors and others who may visit our properties.</p> <p>The Trust's Health and Safety Policy aims to reflect this commitment.</p> <p>We have a Risk Management Framework meaning we employ a systematic approach to identifying, evaluating and managing safety risks.</p> <p>We have regular training to ensure employees are knowledgeable about our safety practices. A register is maintained to track participation and ensure compliance.</p> <p>The Operational Risk Committee oversees our safety protocols and implements strategies to address operational risks.</p> <p>Safety expectations are integrated into our supplier contracts and tender/ RFI procedures to ensure consistency across all external arrangements.</p>
Principle 7 – Auditors		
7.1	<p>The board should establish a framework for the issuer's relationship with its external auditors. This should include procedures:</p> <ol style="list-style-type: none"> a. for sustaining communication with the issuer's external auditors; b. to ensure that the ability of the external auditors to carry out their statutory audit role is not impaired, or could reasonably be perceived to be impaired; c. to address what, if any, services (whether by type or level) other than their statutory audit roles may be provided by the auditors to the issuer; and d. to provide for the monitoring and approval by the issuer's audit committee of any service provided by the external auditors to the issuer other than in their statutory audit role. 	<p>The Board has established an Audit Committee with a majority of Independent Directors. A copy of the Audit Committee Charter can be found on Vital's website https://www.vitalhealthcareproperty.co.nz/governance/.</p> <p>The Audit Committee Charter sets out the procedures to be followed to ensure the independence of the Trust's external auditor. The Audit Committee is responsible for recommending the appointment of the external auditor and maintaining procedures for the rotation of the external audit engagement partner.</p> <p>Under the Audit Committee Charter, the external audit engagement partner must be rotated at least every five years.</p> <p>The Audit Committee Charter covers provision of non-audit services with the general principle being that the external auditor should not have any involvement in the production of financial information or preparation of financial statements such that they might be perceived to be auditing their own work.</p> <p>The Board facilitates regular and full interface between its Audit Committee, the external auditors and management as reflected in the Audit Committee charter.</p>
7.2	The external auditor should attend the issuer's Annual Meeting to answer questions from shareholders in relation to the audit.	<p>To maximise the effectiveness of communication at the Annual Meeting, the Manager also requires its external auditors to attend the meeting and be prepared to answer Unit Holders' questions about the conduct of the audit, as well as the preparation and content of the independent auditor's report.</p> <p>Vital undertakes an annual audit engagement with its external auditor. As part of the process the Audit Committee identifies any key areas of focus and reporting required of the auditors. Management is required to attend the meeting to discuss the findings of the report and respond to queries. Any recommendations for improvement are discussed and management is required to agree a timetable for the implementation of the changes.</p>
7.3	Internal audit functions should be disclosed.	<p>The Manager's ultimate parent has an internal audit programme that includes an annual global internal control review. The scope of this programme encompasses both the Manager and Vital.</p> <p>In addition, Vital has a Supervisor who undertakes oversight functions on behalf of Unit Holders, including in relation to conduct and the payment of management fees / expenses.</p>

Reference	Recommendation	Approach
Principle 8 – Shareholder rights and relations		
8.1	An issuer should have a website where investors and interested stakeholders can access financial and operational information and key corporate governance information about the issuer.	Vital's website www.vhpt.co.nz enables Unit Holders to access financial and operational information and key corporate governance information about Vital. The website allows key stakeholders to access and navigate important information with ease.
8.2	An issuer should allow investors the ability to easily communicate with the issuer, including by designing its shareholder meeting arrangements to encourage shareholder participation and by providing shareholders the option to receive communications from the issuer electronically.	<p>A key focus of investor relations is to ensure the market and investors are informed of all details necessary to assess their investment and Vital's performance as specified by NZX Listing Rules. The Board aims to foster constructive communications and encourages all stakeholders to engage with Vital.</p> <p>A key element of corporate communication is the Trust's website at www.vhpt.co.nz. Vital's website is designed to make it easier for Unit Holders to locate and understand key information. The website enables all existing and potential Unit Holder to view information including: an overview of the business and corporate structure, a history of financial and investment performance, key calendar dates and the ability to access and download all NZX announcements, presentations and investor forms.</p> <p>The website also includes key corporate governance documents including the Board Charter, Statement of Investment Policies and Objectives (SIPO) and other key policy documentation.</p> <p>The Manager also actively encourages engagement through a communication strategy which includes:</p> <ul style="list-style-type: none"> • The Annual Meeting for the Unit Holders to meet with and ask questions of the Board, the Supervisor, management and external auditors; • Any other meetings called to obtain approval for the Manager's action as appropriate; • Results webcasting providing all investors with the ability to listen and ask questions of Management; and • Various investor communications including Annual Reports and Interim Reports. <p>Through Vital's external registrar investors have the ability to easily communicate with the issuer, including providing the option to receive communications from the issuer electronically. There is a NZ toll free number 0800 225 264 and email address enquiry@vhpt.co.nz to which general enquiries can be directed.</p> <p>To further enhance Unit Holder engagement, the format of Vital's annual meetings is a 'hybrid' meeting, allowing investors to attend in-person or virtually by attending the meeting online. Where one format of meeting may be more appropriate in the circumstances, the Directors will take into account the competing interests, cognisant of the importance of Unit Holder participation. The Directors have at the forefront, when making this decision the importance of ensuring that all Unit Holders are adequately informed about the format of these meetings as well as the rules applicable to voting and participation generally.</p>
8.3	Quoted equity security holders should have the right to vote on any major decisions which may change the nature of the issuer in which they are invested.	<p>The Manager respects the views of Unit Holders and seeks to foster constructive relationships that encourages engagement.</p> <p>Our Unit Holders are entitled to vote to replace the supervisor or the Manager, which would be the two key decisions which would change the nature of Vital, given its structure as a listed managed investment scheme. In addition, Unit Holders have the right to appoint two independent directors to the board of the Manager at each annual meeting.</p> <p>As a managed investment scheme regulated by the FMCA, investment objectives, investment philosophy, investment strategy and categories of authorised investments are required to be set out in a Statement of Investment Policy and Objectives (SIPO). A copy of Vital's SIPO is available here: https://www.vitalhealthcareproperty.co.nz/app/uploads/2021/02/SIPO_Vital_New.pdf</p> <p>Changes to the SIPO may only be made in accordance with section 165 of the FMCA after having given written notice to Vital's supervisor, Trustees Executors Limited. Depending on the nature of the changes, prior notice to Unit Holders or Unit Holder approval may be required.</p>
8.4	If seeking additional equity capital, issuers of quoted equity securities should offer further equity securities to existing equity security holder of the same class on a pro rata basis, and on no less favourable terms, before further equity securities are offered to other investors.	<p>Vital's most recent equity capital raising was implemented in April and May 2022 as an accelerated entitlement offer. Eligible Unit Holders were entitled to subscribe for 1 new unit for every 8.54 units held at the record date. This structure allowed existing Unit Holders to participate on a pro rata basis, on no less favourable terms (subject to certain exceptions, like for Unit Holders outside New Zealand).</p> <p>Previous equity capital raisings completed in 2020 and 2021 were structured as a combination of a non-pro rata placement and a Unit Holder purchase plan and were undertaken as close to a pro-rata structure as practicable in accordance with the Board approved allocation policy. The Board of the Manager considers a range of factors when assessing capital raising options. Those factors include the interests of existing Unit Holders, cost of capital and register composition.</p>
8.5	The board should ensure that the notices of annual or special meetings of quoted equity security holders is posted on the issuer's website as soon as possible and at least 20 days prior to the meeting.	<p>Under Vital's Trust Deed at least 14 days' notice is required for notices of meeting to be sent by post. Vital will continue to follow the Trust Deed when determining the period of notice to be given. Having said that, the Notices of Meeting for Vital's annual meeting in 2020, 2021, 2022 and 2023 were provided at least 20 days prior to the meeting, as was the Notice of Meeting for the special meeting of Unit Holders held in 2021.</p> <p>The notice of meeting is released on the NZX and included on Vital's website.</p>

Financial Statements



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Consolidated Statement of Comprehensive Income

For the year ended 30 June 2024

	Note	2024 \$'000s	2023 \$'000s
Gross property income from rentals		150,978	150,530
Gross property income from expense recoveries		17,810	20,785
Property expenses		(24,255)	(26,091)
Net property income	4	144,533	145,224
Other expenses	7	(30,003)	(37,960)
Finance income		2,645	445
Finance expense	11.b	(43,251)	(38,215)
Operating profit		73,924	69,494
Other gains/(losses)			
Revaluation (loss)/gain on investment property	6.a	(165,244)	(208,553)
Net (loss)/gain on disposal of investment property		(5,702)	(3,697)
Fair value (loss)/gain on foreign exchange derivatives		(284)	651
Fair value (loss)/gain on interest rate derivatives		(10,540)	5,872
Realised (loss)/gain on foreign exchange		(87)	(1)
Unrealised (loss)/gain on foreign exchange		(270)	611
		(182,127)	(205,117)
(Loss)/Profit before income tax		(108,203)	(135,623)
Taxation benefit/(expense)	5	592	(16,778)
(Loss)/Profit for the year attributable to Unit Holders of the Trust		(107,611)	(152,401)
Other comprehensive income			
Items that may be reclassified subsequently to profit and loss:			
Movement in foreign currency translation reserve		6,076	(20,386)
Total other comprehensive (loss)/income after tax		6,076	(20,386)
Total comprehensive (loss)/income after tax		(101,535)	(172,787)
Earnings per unit			
Basic and diluted earnings per unit (cents)	9	(16.09)	(23.22)

The notes on pages 74 to 110 form part of and are to be read in conjunction with these financial statements.

Consolidated Statement of Financial Position

As at 30 June 2024

	Note	2024 \$000s	2023 \$000s
Non-current assets			
Investment properties	6	3,213,689	3,288,356
Derivative financial instruments	13	17,720	26,047
Other non-current assets	18	13,980	-
Total non-current assets		3,245,389	3,314,403
Current assets			
Investment properties held for sale	6	26,284	92,364
Cash and cash equivalents	16	18,934	10,885
Trade and other receivables	17	10,081	5,783
Other current assets	18	3,888	5,763
Derivative financial instruments	13	183	514
Total current assets		59,370	115,309
Total assets		3,304,759	3,429,712
Unit Holders' funds			
Units on issue	8	1,204,977	1,180,922
Reserves		20,966	23,240
Retained earnings		579,183	753,220
Total Unit Holders' funds		1,805,126	1,957,382
Non-current liabilities			
Borrowings	11	1,287,477	1,239,156
Lease liability - ground lease		9,982	3,724
Derivative financial instruments	13	1,856	-
Deferred tax	5	158,762	177,527
Total non-current liabilities		1,458,077	1,420,407
Current liabilities			
Trade and other payables	19	32,171	41,522
Income in advance		1,653	1,526
Derivative financial instruments	13	94	8
Lease liability - ground lease		123	178
Taxation payable		7,515	8,689
Total current liabilities		41,556	51,923
Total liabilities		1,499,633	1,472,330
Total Unit Holders' funds and liabilities		3,304,759	3,429,712

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



G Stuart, Independent Chair
8 August 2024



M Stanford,
Independent Director

The notes on pages 74 to 110 form part of and are to be read in conjunction with these financial statements.

Consolidated Statement of Changes in Equity

For the year ended 30 June 2024

	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 year ended 30 June 2023						
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	30,041	-	-	-	(15,915)	14,126
Manager's incentive fee	-	-	-	-	14,951	14,951
Profit for the period	-	(152,401)	-	-	-	(152,401)
Distributions to Unit Holders	-	(64,784)	-	-	-	(64,784)
Other comprehensive income for the period						
Movement in foreign currency translation reserve	-	-	(20,386)	-	-	(20,386)
Balance at the end of the year	1,180,922	753,220	(55,122)	63,411	14,951	1,957,382
For the year ended 30 June 2024						
Balance at the start of the period	1,180,922	753,220	(55,121)	63,411	14,951	1,957,383
Changes in Unit Holders' funds	24,055	-	-	-	(14,951)	9,104
Manager's incentive fee	-	-	-	-	6,600	6,600
Profit for the period	-	(107,611)	-	-	-	(107,611)
Distributions to Unit Holders	-	(66,426)	-	-	-	(66,426)
Other comprehensive income for the period						
Movement in foreign currency translation reserve	-	-	6,076	-	-	6,076
Balance at the end of the year	1,204,977	579,183	(49,045)	63,411	6,600	1,805,126

The notes on pages 74 to 110 form part of and are to be read in conjunction with these financial statements.

Consolidated Statement of Cash Flows

For the year ended 30 June 2024

	Note	2024 \$'000s	2023 \$'000s
Cash flows from operating activities			
Property income		151,043	151,732
Recovery of property expenses		17,711	19,637
Interest received		1,289	445
Property expenses		(23,637)	(29,930)
Management and trustee fees		(19,994)	(20,518)
Interest paid		(41,080)	(35,277)
Tax paid		(20,006)	(11,183)
Other trust expenses		(3,881)	(1,323)
Net cash provided by/(used in) operating activities	16	61,445	73,583
Cash flows from investing activities			
Receipts from foreign exchange derivatives		12,255	475
Payments for foreign exchange derivatives		(12,479)	(473)
Capital additions on investment properties		(250,760)	(182,137)
Purchase of properties		(10,679)	(151,983)
Deposits and acquisition costs paid – Investment Property		-	(2,514)
Proceeds from disposal of properties		239,403	58,756
Fitout loans to tenants		(11,374)	-
Strategic transaction expenses		(455)	-
Net cash provided by/(used in) investing activities		(34,089)	(277,876)
Cash flows from financing activities			
Debt drawdown		316,327	428,810
Repayment of debt		(277,227)	(182,925)
Loan issue costs		(1,084)	(2,072)
Costs associated with new equity raised		(100)	(95)
Distributions paid to Unit Holders		(57,223)	(50,595)
Net cash from/(used in) financing activities		(19,307)	193,123
Net increase/(decrease) in cash and cash equivalents		8,049	(11,170)
Cash and cash equivalents at the beginning of the period		10,885	22,055
Cash and cash equivalents at the end of the year		18,934	10,885

The notes on pages 74 to 110 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 Level 17, HSBC Tower, 188 Quay Street, Auckland Central 1010.

The consolidated financial statements of VHP for the year ended 30 June 2024 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 the direct and/or indirect investment in, and management of, high quality real estate in good locations primarily used by healthcare operators or used for healthcare, life sciences and related purposes.

These consolidated financial statements were approved by the Board of Directors of the Manager on 8 August 2024.

2. Basis of Preparation

(a) Statement of compliance

These financial statements have been prepared in accordance with Generally Accepted Accounting Practice in New Zealand (NZ GAAP) and comply with New Zealand equivalents to IFRS Accounting Standards (NZ IFRS) and other applicable Financial Reporting Standards, as appropriate for profit-oriented entities. Accordingly these financial statements comply with IFRS Accounting Standards (IFRS).

(b) Basis of consolidation

The Group's financial statements incorporate the financial statements of the Trust and entities controlled by the Trust (its subsidiaries) as set out in Note 20. 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 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.

In preparing the financial statements, transactions in currencies other than the Trust's functional currency (i.e. a foreign currency transaction) are recorded at the rates of exchange prevailing at the dates of the transactions. At the end of each reporting period, foreign currency denominated monetary items are retranslated at the rate of exchange prevailing at that time. Exchange differences are recognised in profit or loss in the period in which they arise, except for exchange differences on transactions entered into to hedge foreign currency exposure.

The assets and liabilities of the Group's foreign operations are translated to New Zealand Dollars using exchange rates prevailing at the end of the reporting period. Income and expense items are translated at the average exchange rates for the period. Exchange differences arising on translation are recognised in other comprehensive income and the foreign currency translation reserve.

(e) Changes in accounting policy and presentation

All accounting policies have been applied on a basis consistent with the prior year's financial statements.

(f) Standards and Interpretations in issue not yet effective

At the date of authorisation of these financial statements, the Group has not applied new and revised NZ IFRS standards and amendments that have been issued but are not yet effective. It is not expected that the adoption of these standards and amendments will have a material impact on the financial statements of the Group except as outlined below.

In May 2024, NZ IFRS 18 Presentation and Disclosure in Financial Statements (effective for reporting periods beginning on or after 1 January 2027) was issued. This standard replaces NZ IAS 1 Presentation of Financial Statements. Management are still assessing the impact and note this may change the presentation of primary statements.

(g) Climate-related disclosures

On 14 December 2022, the External Reporting Board (XRB) published Climate-related Disclosure standards that are applicable from reporting periods beginning on or after 1 January 2023.

Vital's first report under this reporting regime will be available by October 2024.

(h) Material accounting policy information

Significant accounting policies that summarise the measurement basis used and are relevant to an understanding of the consolidated financial statements are provided throughout the notes to the consolidated financial statements.

(i) Fair value hierarchy

The valuation technique inputs used to determine the value of an asset or liability are classified into Levels 1 to 3 based on the degree to which the fair value inputs are observable. A description of the levels of fair value hierarchy are as follows:

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 (as prices) or indirectly (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).

(j) 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 material and relevant if, for example:

- the amount 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. Material 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 22	Related party transactions

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 Group's principal activity is the investment in, and management of, high quality real estate in good locations primarily used by healthcare operators or used for healthcare, life sciences and related purposes. Segment profit represents the profit earned by each segment including an allocation of identifiable administration costs, finance costs 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 year ended 30 June 2024:			
Gross property income from rentals	101,463	49,515	150,978
Gross property income from expense recoveries	7,280	10,530	17,810
Property expenses	(11,966)	(12,289)	(24,255)
Net property income	96,777	47,756	144,533
Other expenses	(15,636)	(14,367)	(30,003)
Net finance expense	(38,341)	(2,265)	(40,606)
Operating profit	42,800	31,124	73,924
Fair value (losses) on interest rate derivatives	(7,643)	(2,897)	(10,540)
Revaluation losses on investment properties	(133,505)	(31,739)	(165,244)
Net losses on disposal of investment property	(4,523)	(1,179)	(5,702)
Other foreign exchange losses	(210)	(431)	(641)
Total segment profit/(loss) before income tax	(103,081)	(5,122)	(108,203)
Taxation expense / (benefit)			592
Profit/(loss) for the year			(107,611)
Segment profit/(loss) for the year ended 30 June 2023:			
Gross property income from rentals	102,467	48,063	150,530
Gross property income from expense recoveries	9,510	11,275	20,785
Property expenses	(13,450)	(12,641)	(26,091)
Net property income	98,527	46,697	145,224
Other expenses	(14,838)	(23,122)	(37,960)
Net finance income/(expense)	(39,538)	1,768	(37,770)
Operating profit	44,151	25,343	69,494
Fair value gain/(losses) on interest rate derivatives	856	5,016	5,872
Revaluation losses on investment properties	(69,999)	(138,554)	(208,553)
Net losses on disposal of investment property	(3,697)	-	(3,697)
Other foreign exchange gains/(losses)	170	1,091	1,261
Total segment profit/(loss) before income tax	(28,519)	(107,104)	(135,623)
Taxation expense / (benefit)			(16,778)
Profit/(loss) for the year			(152,401)

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 \$100.5m of gross property income (2023: three Australian tenants and one New Zealand tenant that contributed \$96.4m).

There were no inter-segment sales during the year (2023: nil).

	Australia \$000s	New Zealand \$000s	Total \$000s
Segment assets at 30 June 2024:			
Investment properties	2,213,762	999,927	3,213,689
Other non-current assets	25,030	6,670	31,700
Current assets	47,261	12,109	59,370
Consolidated assets	2,286,053	1,018,706	3,304,759
Segment assets at 30 June 2023:			
Investment properties	2,338,978	949,378	3,288,356
Other non-current assets	852	25,195	26,047
Current assets	104,043	11,266	115,309
Consolidated assets	2,443,873	985,839	3,429,712
Segment liabilities at 30 June 2024:			
Borrowings	1,107,629	179,848	1,287,477
Other liabilities	178,632	33,524	212,156
Consolidated liabilities	1,286,261	213,372	1,499,633
Segment liabilities at 30 June 2023:			
Borrowings	1,164,785	74,371	1,239,156
Other liabilities	190,337	42,837	233,174
Consolidated liabilities	1,355,122	117,208	1,472,330

All assets and liabilities have been allocated to reportable segments.

Net finance expense and borrowings are allocated against the segment of the borrower. In accordance with the Group's finance facilities comprising a common terms deed and bi-lateral facility agreements (refer note 11.a), financing arrangements are cross collateralised across the Group's investment properties and other assets and are managed on an aggregate basis.

5. Taxation

Income tax recognised in the consolidated statement of comprehensive income

	2024 \$000s	2023 \$000s
Profit/(loss) before tax for the period	(108,203)	(135,623)
Taxation (charge)/credit - 28% on profit before income tax	30,297	37,974
Effect of different tax rates in foreign jurisdictions	(13,431)	(3,262)
Tax exempt income/(loss)	(1,339)	(38,681)
Tax impact of leasing deals	-	(215)
Foreign tax credits	1,559	460
Tax charges on overseas investments	(13,058)	(12,710)
Over/(under) provided in prior periods	1,228	-
Other adjustments	(4,664)	(344)
Taxation benefit/(expense)	592	(16,778)
The taxation (charge)/credit is made up as follows:		
Current taxation	(19,046)	(14,787)
Deferred taxation	19,638	(1,991)
Taxation benefit/(expense)	592	(16,778)

The key assumptions used in the preparation of the Group's tax calculation are as follows:

Tax rate:

The Group is subject to New Zealand tax on assessable income, including assessable Foreign Investment Fund ("FIF") income attributed from its Australian subsidiaries (applying either the Fair Dividend Rate ("FDR") method or the attributable FIF method), at a rate of 28%. Its Australian subsidiaries are subject to Australian withholding tax on assessable income at a rate of 10% for interest income or 15% for 'fund payment' amounts as they are Australian Managed Investment Trusts (MIT), for which a New Zealand tax credit is generally available.

Deferred Tax balances

	Interest rate swaps \$000s	Revaluation of investment properties \$000s	Borrowings \$000s	Other \$000s	Total \$000s
At 1 July 2022	(5,726)	(172,889)	(86)	385	(178,316)
Charge to profit and loss for the year	(1,634)	(116)	(48)	(194)	(1,991)
Change in exchange rate	-	2,815	(40)	5	2,780
At 30 June 2023	(7,359)	(170,190)	(174)	197	(177,527)
At 1 July 2023	(7,359)	(170,190)	(174)	197	(177,527)
Charge to profit and loss for the year	7,071	12,718	(49)	(102)	19,638
Change in exchange rate	(4)	(911)	-	41	(874)
At 30 June 2024	(292)	(158,383)	(223)	136	(158,762)

Imputation credits

	2024 \$000s	2023 \$000s
Imputation (deficit)/credits at end of year	(4,306)	(4,441)

Recognition and measurement

Income tax comprises current and deferred tax. It is recognised in the consolidated profit or loss unless it relates to items recognised in other comprehensive income, in which case the current or deferred tax is recognised in other comprehensive income.

Current tax

Current tax is the expected tax payable on the taxable income for the financial year, determined using tax rates enacted or substantively enacted at the reporting date in the countries where the Group operates, and any adjustments to tax payable in respect of previous financial years. Management periodically evaluates positions taken in tax returns where the applicable tax regulation is subject to interpretation and establishes appropriate provisions on the basis of amounts expected to be paid to the tax authorities.

Deferred tax

Deferred tax is provided using the balance sheet liability method, recognising temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and their amounts for taxation purposes.

Deferred tax liabilities are recognised for all taxable temporary differences. Deferred tax assets are recognised for all deductible temporary differences and carried forward tax losses, to the extent that it is probable that taxable profit will be available to utilise them.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to utilise them.

Deferred tax assets and liabilities are measured using the tax rates that are expected to apply to the forecast circumstances and the period(s) when the asset or liability giving rise to them are realised or settled, based on the tax rates and laws enacted or substantively enacted at balance date.

Deferred tax assets and liabilities are offset where there is a legally enforceable right to set off, they relate to the same taxation authority, and the Group intends to settle its obligations on a net basis.

Unrecognised deferred tax assets

Deferred tax assets totalling \$0.7m (2023: \$Nil) relating to Australian denied debt deductions have not been recognised. These tax losses can be carried forward 15 years and utilised in future periods subject to specific conditions.

Uncertain tax positions

During the year the Group determined revised tax depreciation claims in relation to the financial years ended 30 June 2021 to 2024 in relation to New Zealand property acquired (\$1.8m) and/or for which construction has been completed (\$1.7m). This tax depreciation and therefore current tax benefit has not been recorded as the required tax return amendments / positions are subject to the Commissioner of Inland Revenue's discretion or determination, which has currently been assessed as not probable.

Significant estimates and judgements

Significant estimates and judgements made in the determination of deferred tax include:

- Deferred tax on depreciation: Deferred tax is provided for in respect of New Zealand properties for the depreciation expected to be recovered on the sale of investment property.
- Deferred tax on changes in fair value of investment properties: Deferred tax for Australian properties is provided on the capital gain that is expected to be assessable on the land and building component from the sale of investment properties at fair value. The tax rate used when measuring the deferred tax position for Australian properties is either 15% (FDR method which applies the Australian 'fund payment'

withholding tax rate) or 28% (Attributed FIF method which applies the New Zealand tax rate) based on the Group's actual FIF income attribution method election and/or its intention to 'opt-in' to the FDR method.

- Deferred tax on fixtures and fittings: It is assumed that all fixtures and fittings will be sold at their tax book value.
- Deferred tax positions are based on an estimated split between land and buildings as determined by registered valuers.

6. Investment Properties

Investment properties comprise real estate predominately leased, or targeted to be leased, to health, life sciences and related sector tenants that is held for either deriving rental income, for capital appreciation or both. The following information excludes Investment Property reclassified to Investment Properties held for sale.

(6.a) Reconciliation of Carrying Amounts

	2024 \$000s	2023 \$000s
Carrying value of investment property at the beginning of the year	3,288,356	3,339,169
Acquisition of properties	13,183	153,662
Capitalised costs	212,949	173,235
Capitalised interest costs	26,480	18,330
Net capitalised incentives	7,159	9,183
Disposal of properties	(161,317)	(61,564)
Classified as held for sale	(26,284)	(92,364)
Foreign exchange translation difference	12,174	(42,743)
Revaluation gain/(loss) on investment property	(165,244)	(208,553)
Right of use asset recognised	6,233	-
Carrying value of investment property at the end of the year	3,213,689	3,288,356

The Group owns the freehold title to all properties except the car parks at the rear of Ascot Hospital and Ascot Central ("Ascot") and the GenesisCare Integrated Cancer and Health Centre ("GenesisCare") which are the subject of ground leases ("right-of-use" asset). These ground leases have a weighted average term remaining of 14.8 and 54.7 years respectively (2023: 15.8 and nil years). As at reporting date the fair value of the right-of-use assets are \$8.1m and \$6.4m respectively (2023: \$8.1m and \$nil). The ground lease at the GenesisCare property has two 15 year options to extend the term commencing 28 February 2079 and 28 February 2094.

In September 2023 and as a result of the acquisition by Burnside War Memorial Hospital of the Sportsmed Hospital business, the Group agreed to pay A\$8.3m to secure an extension to the lease term of approximately 11 years (to 25 years) and increased rents to market (2023: 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 year the Group:

- settled the acquisition of a 7,461 sqm parcel of land in Flatbush, Auckland, NZ for NZ\$13.0m (plus transaction costs) for future development. Settlement occurred on 28 July 2023.
- was issued the ground lease associated with the GenesisCare Integrated Cancer and Health Centre on 28 February 2024, following construction practical completion being achieved.

(6.c) Disposal of Property

During the year the Group:

- divested Mons Road Medical Centre in Westmead, NSW Australia for A\$37.9m (excluding transaction costs) on 20 July 2023.
- divested The Southport Private Hospital in Southport, QLD Australia for A\$51.4m (excluding transaction costs) on 23 August 2023. A capex retention deed was entered into such that A\$4.0m of the purchase price was escrowed and available for specified potential

capital expenditure works for a period of up to 2 years post settlement. Vital is entitled to 50% of any residual balance at the conclusion of this period.

- divested the Hall & Prior portfolio of Aged Care properties for A\$65.0m (excluding transaction costs) on 19 December 2023. These properties were:
 - a. Clover Lea Aged Care at 14 Claremont Road, Burwood Heights, NSW Australia and a residential property at 12 Claremont Road.
 - b. Fairfield Aged Care at 125 The Crescent, Fairfield, NSW Australia.
 - c. Hamersley Aged Care at 441 Rokeby Road, Subiaco, WA Australia.
 - d. Rockingham Aged Care at 14 Langley Street, Rockingham, WA Australia and residential properties at 8 Langley Street and 23 Thorpe Street.
 - e. Grafton Aged Care at 12 Brent Street, South Grafton, NSW Australian and a residential property at 20 Brent Street.
 A deferred settlement agreement has been entered into whereby A\$5m of the disposal consideration is payable on 18 December 2025, which is presented within other receivables (refer note 17).
- divested a residential property at 9 Abbotsford Street, West Leederville, WA Australia for A\$1.8m (excluding transaction costs) on 15 January 2024.
- divested development land at 48-52 Newton Road, Hobart, Tasmania for A\$9.9m (excluding transaction costs) on 14 June 2024, comprising A\$7.0m from the sale of the development land and A\$2.9m for the reimbursement of 50% of the Group's holding costs incurred / loss on sale from the projects fund through partner.
- divested the Bolton Clarke portfolio of Aged Care properties for A\$57.5m (excluding transaction costs) on 27 June 2024
 - a. Baycrest Aged Care Facility at 99 Doolong Road, Pinalba, QLD Australia
 - b. Darlington Aged Care Facility at 126 Leisure Drive, Banora Point, NSW Australia.
 - c. Tantula Rise 96 Tantula Road West, Alexandra Headland, QLD Australia.
- divested Napier Health Centre at 76 Wellesley Road, Napier NZ for NZ\$17.0m (excluding transaction costs) on 28 June 2024.

(6.d) Leasing Arrangements

Investment properties are leased to tenants predominately under long term operating leases. Rent is receivable from tenants monthly. Minimum lease payments to be received under non-cancellable operating leases not recognised in the consolidated financial statements as receivable are as follows:

	2024 \$000s	2023 \$000s
Not later than one year	148,990	157,843
Later than one year and not later than five years	568,910	575,751
Later than five years	1,474,202	1,440,949
	2,192,102	2,174,543

(6.e) Contractual arrangements

The Group is a party to contracts to purchase and construct property, provide incentives and amortising fitout loans to tenants which are not recognised in the financial statements, unless otherwise noted, for the following amounts:

	2024 \$000s	2023 \$000s
Capital expenditure commitments	140,422	282,209
Property acquisition commitments	-	66,094
Tenant fitout loan commitments	-	21,924

The Group has committed to providing:

- up to A\$2.0m for air conditioning replacement works at Sportsmed Hospital, Clinic and Consulting suites (incorporated into the valuation of this property).
- capital expenditure and property acquisition commitments relating to development projects' cost to complete.
- reimbursement of 50% of a tenants costs (up to A\$0.6m) should the agreement for lease be terminated by the Group any time before commencement of the developments construction.

(6.f) 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:

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/Mental Health/Rehab)	Healthe Care
Hurstville Private Hospital	Hurstville, New South Wales	Hospital (Acute)	Healthe Care
The Hills Clinic	Kellyville, New South Wales	Hospital (Mental Health)	Aurora
Macarthur Health Precinct Stage 1 - GenesisCare	Campbelltown, New South Wales	Hospital (Ambulatory Care)	GenesisCare
Toronto Private Hospital	Toronto, New South Wales	Hospital (Mental Health/Rehab)	Aurora
Lingard Day Centre	Merewether, New South Wales	Ambulatory Care	Healthe Care
Hirondelle Private Hospital ¹	Chatswood, New South Wales	Hospital (Mental Health)	iMH (Aurora/Medibank)
Fairfield Aged Care ²	Fairfield, New South Wales	Aged Care	Hall & Prior
Darlington Aged Care ³	Banora Point, New South Wales	Aged Care	Bolton Clarke
Clover Lea Aged Care ²	Burwood Heights, New South Wales	Aged Care	Hall & Prior
Grafton Aged Care ²	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 (Mental Health/Rehab)	Aurora
Epworth Camberwell	Camberwell, Victoria	Hospital (Mental Health)	Epworth Foundation
Eker Medical Centre	Box Hill, Victoria	Ambulatory Care	Imaging Associates
Avive Clinic - Mornington Peninsula ⁴	Mount Eliza, Victoria	Hospital (Mental Health)	Avive
Epworth Rehabilitation	Brighton, Victoria	Hospital (Rehab)	Epworth Foundation
120 Thames Street	Box Hill, Victoria	Ambulatory Care	Newlife IVF
Queensland			
Belmont Private Hospital	Carina Heights, Queensland	Hospital (Mental Health)	Aurora
Palm Beach Currumbin Clinic	Currumbin, Queensland	Hospital (Mental Health)	Aurora
Tantula Rise Aged Care ³	Alexandra Headland, Queensland	Aged Care	Bolton Clarke
Baycrest Aged Care ³	Hervey Bay, Queensland	Aged Care	Bolton Clarke
Western Australia			
Marian Centre	Wembley, Western Australia	Hospital (Mental Health)	Aurora
Abbotsford Private Hospital	West Leederville, Western Australia	Hospital (Mental Health)	Aurora
Hamersley Aged Care ²	Subiaco, Western Australia	Aged Care	Hall & Prior
Rockingham Aged Care ²	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)	Burnside Hospital Foundaton
Playford Health - Retail & Carpark, and MOB	Elizabeth Vale, South Australia	Ambulatory Care	SA Health
Total Australia			

¹ Classified as investment property held for sale at 30th June 2024

² This property was divested in Dec23

³ This property was divested in Jun24

⁴ This property was previously disclosed as "Under Development"

Latest independent valuation	Fair value		Market capitalisation rate		Occupancy		WALE	
	\$M	\$M	%	%	%	%	Years	Years
Date	Jun-24	Jun-23	Jun-24	Jun-23	Jun-24	Jun-23	Jun-24	Jun-23
Jun-24	205.4	217.6	4.9	4.5	100.0	100.0	21.7	22.7
Jun-24	146.5	128.0	5.5	5.3	100.0	100.0	18.1	14.2
Dec-23	91.4	94.0	6.0	5.8	100.0	100.0	17.8	18.8
Dec-23	55.3	59.8	5.0	4.5	100.0	100.0	23.0	24.0
Jun-24	50.7	-	4.9	-	100.0	-	14.7	-
Jun-24	44.9	47.9	6.5	5.8	100.0	100.0	18.1	19.1
Jun-24	42.9	45.4	4.9	4.5	100.0	100.0	21.7	22.7
Jun-24	-	30.8	-	5.0	-	100.0	-	18.9
n.a.	-	19.1	-	7.5	-	100.0	-	12.7
n.a.	-	18.8	-	6.3	-	100.0	-	13.3
n.a.	-	13.8	-	7.8	-	100.0	-	12.7
n.a.	-	11.6	-	8.0	-	100.0	-	13.8
Jun-24	428.2	446.0	4.6	4.3	97.2	96.2	23.5	24.9
Dec-23	86.7	104.2	5.5	4.4	100.0	100.0	16.7	17.7
Jun-24	83.2	90.8	5.0	4.4	100.0	100.0	20.0	21.0
Jun-24	37.2	37.0	5.8	5.5	97.8	97.8	4.1	2.3
Dec-23	31.2	-	5.3	-	100.0	-	24.3	-
Dec-23	16.4	30.5	n.a.	5.5	100.0	100.0	0.1	0.6
Jun-24	12.6	12.8	6.3	6.0	75.7	25.5	4.6	5.3
Dec-23	164.3	171.9	4.8	4.4	100.0	100.0	21.2	22.2
Jun-24	74.5	79.4	5.0	4.5	100.0	100.0	11.2	12.2
n.a.	-	25.8	-	6.3	-	100.0	-	13.0
n.a.	-	20.7	-	6.3	-	100.0	-	13.0
Dec-23	62.4	67.7	5.0	4.5	100.0	100.0	10.1	11.1
Dec-23	61.9	67.7	5.0	4.5	100.0	100.0	17.6	18.6
n.a.	-	13.3	-	7.8	-	100.0	-	12.7
n.a.	-	7.3	-	7.8	-	100.0	-	12.7
Jun-24	94.8	97.4	5.3	4.9	100.0	99.8	6.0	4.1
Jun-24	89.0	83.2	6.1	5.8	100.0	100.0	22.3	12.6
Jun-24	88.2	23.9	5.3	5.8	73.6	73.9	6.8	8.5
	1,967.8	2,066.1	5.2	4.8	99.1	98.7	18.1	17.8

Properties	Location	Sub sector	Major Tenant
New Zealand			
Wakefield Hospital	Newtown, Wellington	Hospital (Acute)	Evolution Healthcare
Ascot Hospital & Clinics	Greenlane, Auckland	Hospital (Acute)	Ascot Hospital and Clinics Limited
Grace Hospital	Tauranga, Bay of Plenty	Hospital (Acute)	Norfolk Southern Cross Limited
Royston Hospital	Hastings, Hawkes Bay	Hospital (Acute)	Evolution Healthcare
Ormiston Hospital	Flatbush, Auckland	Hospital (Acute)	Ormiston Surgical and Endoscopy Limited
Kawarau Park	Lake Hayes, Queenstown	Hospital (Acute)	Norfolk Southern Cross Limited
Bowen Hospital	Crofton Downs, Wellington	Hospital (Acute)	Evolution Healthcare
Boulcott Hospital	Lower Hutt, Wellington	Hospital (Acute)	Boulcott Pulse Health Limited
68 Saint Asaph St	Christchurch Central, Christchurch	Ambulatory Care	Syft Technologies Limited
Ascot Central	Greenlane, Auckland	Ambulatory Care	Fertility Associates Limited
Hutt Valley Health Hub	Lower Hutt, Wellington	Ambulatory Care	Ropata Health Limited
Endoscopy Auckland	Epsom, Auckland	Hospital (Acute)	Evolution Healthcare
Kensington Hospital	Whangarei, Northland	Hospital (Acute)	Kensington Hospital Limited
Napier Health Centre ¹	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			

¹ This property was divested in Jun24

Latest independent valuation		Fair value		Market capitalisation rate		Occupancy		WALE	
		\$M	\$M	%	%	%	%	Years	Years
Date		Jun-24	Jun-23	Jun-24	Jun-23	Jun-24	Jun-23	Jun-24	Jun-23
	Jun-24	183.3	154.4	5.5	5.3	100.0	100.0	23.4	24.4
	Dec-23	125.0	127.0	5.4	5.3	98.4	97.7	14.2	15.4
	Dec-23	109.4	104.4	5.4	5.4	100.0	100.0	26.5	27.5
	Dec-23	86.3	92.4	5.5	5.5	100.0	100.0	25.4	26.4
	Jun-24	83.4	62.3	5.4	5.5	100.0	100.0	14.9	0.9
	Jun-24	69.5	76.1	5.6	5.3	94.1	94.9	7.1	8.1
	Jun-24	66.0	65.7	5.5	5.4	100.0	100.0	25.4	26.4
	Dec-23	59.4	46.0	5.9	5.6	100.0	100.0	14.0	15.0
	Jun-24	39.4	41.8	5.8	5.5	71.1	71.1	8.8	9.6
	Jun-24	38.5	39.0	6.0	5.8	96.9	97.2	5.5	6.2
	Dec-23	34.0	34.6	5.5	5.1	100.0	100.0	11.8	12.7
	Jun-24	31.7	25.6	5.5	5.5	100.0	100.0	17.9	18.9
	Dec-23	23.6	23.5	6.3	6.0	100.0	100.0	22.0	23.0
	n.a.	-	16.1	-	6.3	-	100.0	-	10.5
	Jun-24	8.4	8.1	11.7	10.3	91.5	90.4	11.9	13.0
		957.7	917.0	5.6	5.5	97.0	97.0	18.6	18.4
		288.2	305.2						
		3,213.7	3,288.3						
		26.3	92.4	5.5	5.5	100.0	99.8	17.9	12.2
		3,240.0	3,380.7	5.3	5.0	98.0	98.9	18.3	17.8

(6.g) Recognition and Measurement

Recognition and measurement

Investment Property

Investment properties are initially measured at cost, including any related transaction costs. Expenditure is capitalised to a property's carrying value only when its cost can be measured reliably and it is probable that future economic benefits will flow to the Group. All other repairs and maintenance expenditure is charged to the statement of comprehensive income.

Subsequent to initial recognition, investment properties, including investment properties held for sale, are measured at fair value (inclusive of adjustments for straight line rental revenue recognition, unamortised lease incentives and costs, and capital expenditure obligations) with any gains or losses arising on re-measurement recognised in profit or loss.

Lessee arrangements and Right-of-Use assets

On inception of a lease arrangement (where the Group is a lessee), the lease liability is initially measured as the aggregate of fixed lease payments due (net of incentives receivable), expected residual value guarantees and the exercise price of purchase options (if reasonably certain to be exercised) and expected lease termination payments, discounted using the interest rate implicit in the lease, or if this cannot be determined, the Group's incremental cost of borrowing.

Subsequent to initial recognition, lease payments are allocated between finance costs (which is expensed to the consolidated statement of comprehensive income over the term of the lease using the effective interest rate method) and a reduction of the initial lease liability recognised. Refer to Note 12 for the lease liabilities recognised by the Group.

Right-of-Use assets are initially measured at cost, comprising the aggregate of the initial measurement of the lease liability (net of incentives received), lease payments made before commencement date, initial direct costs and restoration costs and are classified as Investment Property.

Subsequent to initial recognition right-of-use assets are measured at fair value.

Development of investment property

Investment property that is being developed is measured at cost until either its fair value becomes reliably measurable or the development reaches practical completion. Borrowing costs are capitalised from when activities to prepare the property for development commence, until the property is ready for use.

Rental income

Rental income from investment properties is comprised of lease components (including base rent, recovery of property taxes and insurance) and non-lease components (including property outgoing recoveries). Rental income is recognised at the fair value of consideration receivable (excluding GST).

Rental income relating to lease components is recognised on a straight-line basis over the term of the lease for the period where the rental income is fixed and determinable. For leases where the rental income is determined based on unknown future variables such as inflation, market reviews or other factors, rental income is recognised on an accruals basis in accordance with the terms of the lease.

Rental income from property outgoing recoveries is recognised as the costs are incurred, which is typically when the services are provided.

Rental income not received at reporting date is reflected in the consolidated statement of financial position as a receivable or, if paid in advance, as income in advance.

Lease incentives, commissions and other costs

Lease incentives provided to tenants, such as fit-outs or rent free periods, and leasing commissions and other costs incurred when entering into a lease are recognised as a reduction of net property income on a straight-line basis over the non-cancellable term of the lease.

Derecognition

An investment property is derecognised upon disposal or when no future economic benefits are expected from use. The gain or loss arising on derecognition of the property is measured as the difference between the net proceeds from disposal and the carrying amount at disposal date and is recognised in the consolidated statement of comprehensive income in the period in which the property is derecognised.

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, 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 30 June 2024 was determined through independent professional valuers for approximately 66% of the portfolio 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 valuers of properties which have been independently valued at 30 June 2024 included: Ernst & Young, Colliers International, Jones Lang LaSalle Australia, Savills, Urbis, Valued Care, and Absolute Value. The properties which have been independently valued at 30 June 2024 are disclosed above in Note 6.f.

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 year. The principal factors that influence a valuation include the market capitalisation / discount rates, occupancy, market rent assessments and the weighted average lease term to expiry (WALE).

Climate change

The Group continues to assess the impact of climate change on its business and its real estate assets. While valuers have made no explicit adjustments to the fair value of investment property in respect of climate change matters, it is anticipated that climate change may have a greater influence on valuations in the future as investment markets place a greater emphasis on climate change and a property's / tenants environmental resilience and credentials.

Fair Value Hierarchy

Investment properties are classified as Level 3 under the fair value valuation hierarchy.

Significant estimates and judgements

Generally, as:

- 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.

7. Other Expenses

	2024 \$000s	2023 \$000s
Other Expenses		
<i>Auditor's remuneration:</i>		
Audit and review of financial statements	214	209
Climate-related reporting gap analysis	-	52
AGM scrutineering	3	3
Manager's fees	18,084	18,546
Manager's incentive fee	6,600	14,986
Trustee fees	569	576
Other operating expenses	4,533	3,588
Total other expenses	30,003	37,960

During the year ended 30 June 2023 Deloitte provided independent climate-related reporting gap analysis services as the Group prepares to comply with its reporting Climate-related Disclosure reporting obligations.

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 Unit Holders via distributions and earnings per unit.

8. Units on Issue

	2024	2023
	\$000s	\$000s
Balance at the beginning of the year	1,180,922	1,150,881
Issue of units under Distribution Reinvestment Plan	9,203	14,188
Issue of units to satisfy Manager's incentive fee	14,951	15,949
Issue costs of units	(99)	(96)
Balance at the end of the year	1,204,977	1,180,922

	2024	2023
	000s	000s
Reconciliation of number of units		
Balance at the beginning of the year	661,014	649,155
Issue of units under the Distribution Reinvestment Plan	4,492	5,980
Units issued to satisfy Manager's incentive fee	6,417	5,879
Balance at the end of the year	671,923	661,014

Distributions for the financial year were 9.75 cents per unit (2023: 9.75 cents per unit) including the final quarter distribution of 2.4375 cents per unit (2023: 2.4375 cents per unit) declared subsequent to the reporting date. Refer Note 21.

There have been no equity raise activities outside of the units issued under the distribution reinvestment plan, and the payment of the manager's incentive fee in units.

Recognition and measurement

Issued capital

Issued and paid up units are recognised at the fair value of the consideration received by the Group, net of directly incurred transaction costs. Fully paid ordinary units carry one vote per unit and the right to distributions.

Distributions are recognised as a liability in the Group's financial statements in the period in which the distribution is declared.

Share based payments (Managers incentive fee)

Subject to the Trust Deed, the Manager is entitled to an incentive fee that is settled in newly issued units (i.e. a share based payment). As such, the incentive fee expense is recognised in the share based payment reserve as the services are provided until such a time as it is settled via the issuance of new units, at which point the amount is reclassified to units on issue.

On 22 August 2023, 6,417,684 units were issued against the 2023 Manager's incentive fee of \$14.9 million (2023: 5,878,511 were issued against the 2022 Manager's incentive fee of \$15.9 million).

Capital risk management

The Manager's objective when managing the capital of the Group is to ensure compliance with the capital requirements under the Trust Deed (i.e. total borrowings do not exceed 50% of the gross value of the Trust Fund), borrowings arrangements (refer note 11.a) and that the Group will be able to continue as a going concern while maximising the return to investors through the optimisation of the Group's cost of capital. The Manager maintains or adjusts the capital of the Group through various methods including by adjusting the quantum of distributions paid, raising or repaying debt, issuing or buying back units, or buying or selling assets.

As at reporting date, the Group's total borrowings to the Gross Value of the Group (as defined in the Trust Deed) was 39.1% (2023: 36.3%).

The Group's policies in respect of capital management and allocation are reviewed regularly by the Board of the Manager. There have been no material changes in the Group's overall capital risk management strategy during the year.

9. Earnings per Unit

	2024	2023
Profit/(loss) attributable to Unit Holders of the Trust (\$'000s)	(107,611)	(152,401)
Weighted average number of units on issue ('000's of units)	668,753	656,236
Basic and diluted earnings per unit (cents)	(16.09)	(23.22)

Recognition and measurement

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

10. Distributable Income

Statutory profit attributable to Unit Holders is determined in accordance with NZ GAAP and includes a number of non-cash items including fair value movements, straight line lease accounting adjustments and amortisation of borrowing and leasing costs and 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 operating profit 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 AFFO presented by the Group's peers.

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

	2024 \$000s	2023 \$000s
Adjusted funds from operations		
Operating profit before tax and other gains and losses	73,924	69,494
Add/(deduct):		
Current tax expense	(19,046)	(14,787)
Incentive fee	6,600	14,986
Current tax on translation of foreign currency funding transactions	(48)	(107)
Current tax on interest rate swap restructure and property disposals	6,536	-
Amortisation of borrowing costs	2,009	1,716
Amortisation of leasing costs & tenant inducements	3,423	2,850
IFRS 16 Operating lease accounting	(157)	(170)
Funds from operations (FFO)	73,241	73,982
Add/(deduct):		
Actual capex from continuing operations	(342)	(647)
Adjusted funds from operations (AFFO)	72,899	73,335
AFFO (cpu)	10.90	11.18
Distribution per unit (cpu)	9.750	9.750
AFFO payout ratio	89%	87%
Units on issue (weighted average, 000s)	668,753	656,236

11. Borrowings

	2024 \$000s	2023 \$000s
AUD denominated loans	1,145,753	1,203,293
NZD denominated loans	146,900	42,000
Borrowing costs	(5,176)	(6,137)
Total borrowings	1,287,477	1,239,156
Current liability	-	-
Non current liability	1,287,477	1,239,156
Total borrowings	1,287,477	1,239,156

	2024 \$000s	2023 \$000s
Total borrowings at the beginning of the year	1,239,156	1,012,952
Drawdowns during the year	316,327	428,810
Repayments during the year	(277,227)	(182,925)
Additional facility refinancing fee	(1,084)	(2,070)
Facility refinancing fee amortised during the year	2,009	1,716
Foreign exchange movement	8,296	(19,327)
Total borrowings at the end of the year	1,287,477	1,239,156

Recognition and measurement

Borrowings are initially measured at fair value, net of transaction costs. Subsequent to initial recognition, borrowings are measured at amortised cost using the effective interest rate method. Gains and losses on derecognition are recognised in the consolidated statement of comprehensive income in the period in which they arise. The carrying values of these balances are approximately equivalent to their fair values because the loans have floating rates of interest that generally reset every 90 days.

Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the facility for at least 12 months after the reporting date.

(11.a) Summary of Borrowing Arrangements

The Group has a club financing arrangement governed by a common terms deed and bi-lateral facility agreements. Currently there are eight financiers (2023: 8 financiers) that provide facilities to the Group. The facilities' expiry profile and undrawn limits are as follows:

	Jun-24			Jun-23		
	A\$m Limit	A\$m Undrawn	Expiry	A\$m Limit	A\$m Undrawn	Expiry
Common Terms Deed - AUD						
Facility A1	100.0	42.2	Oct-28	100.0	-	Oct-28
Facility A2	50.0	-	Mar-27	50.0	-	Mar-26
Facility A4	75.0	75.0	Mar-29	75.0	20.0	Mar-29
Facility A5	75.0	5.0	Mar-27	75.0	5.0	Mar-25
Facility B1	50.0	2.1	Mar-27	50.0	-	Mar-25
Facility C1	62.5	-	Mar-27	62.5	-	Mar-26
Facility C2	62.5	-	Mar-27	62.5	-	Mar-27
Facility C3	125.0	-	Mar-29	125.0	-	Mar-27
Facility D1	125.0	-	Mar-27	125.0	-	Mar-27
Facility D2	75.0	-	Mar-27	75.0	-	Mar-25
Facility D3	25.0	-	Mar-26	25.0	-	Mar-26
Facility K1	70.1	-	Mar-28	70.1	-	Mar-28
Facility K2	21.0	-	Mar-29	21.0	-	Oct-26
Facility K3	13.0	-	Mar-28	13.0	-	Mar-28
Facility L	75.0	-	Sep-28	75.0	-	Sep-28
Facility M1	19.0	-	Mar-29	19.0	-	Oct-26
Facility M2	12.0	-	Mar-28	12.0	-	Mar-28
Facility N	125.0	1.7	Mar-28	125.0	78.9	Mar-28
Facility O	50.0	-	Mar-28	50.0	-	Mar-28
Total AUD Facility	1,210.1	126.0		1,210.1	103.9	
Common Terms Deed - NZD						
	NZ\$m Limit	NZ\$m Undrawn	Expiry	NZ\$m Limit	NZ\$m Undrawn	Expiry
Facility A	50.0	-	Mar-27	50.0	8.0	Mar-26
Facility B	75.0	19.6	Mar-28	75.0	75.0	Mar-28
Total NZD Facility	125.0	19.6		125.0	83.0	

In addition to the above, the Group has available a A\$5.0m (2023: A\$5.0m) bank guarantee facility of which A\$0.7m (2023: A\$0.3m) has been utilised at the reporting date.

The facilities provided are secured and cross collateralised over the Group's mortgaged 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 (being defined terms in the common terms deed) are as follows:

	Covenant	2024 Actual	2023 Actual
Banking Covenants			
Loan to value ratio	< 55%	40.4%	36.5%
Interest cover	> 2.00x	3.07	3.07
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%	0.9%	2.3%

(11.b) Finance Expense

	2024 \$000s	2023 \$000s
Expenses		
Interest expense	69,731	56,546
Borrowing costs capitalised	(26,480)	(18,331)
Total finance expenses	43,251	38,215

The effective interest rate on borrowings, incorporating interest rate swaps, as at the reporting date was 4.97% per annum (2023: 4.93%).

Recognition and measurement

Interest expense is recognised in the consolidated statement of comprehensive income using the effective interest rate method except where it is incurred in relation to a qualifying asset, where it is capitalised during the period of time that is required to hold, complete and/or prepare the asset for its intended use.

The effective interest rate method calculates the amount to be recognised over the relevant period at the rate that exactly discounts estimated future cash payments through the expected life of the financial instrument or a shorter period where appropriate, to the net carrying amount on initial recognition.

12. Lease Liabilities

The Group holds a ground lease over the car parks at the rear of Ascot Hospital and Ascot Central and the GenesisCare Integrated Cancer Centre that has a weighted average term remaining of 14.8 and 54.7 years respectively (2023: 15.8 and nil years).

13. Derivative Financial Instruments

(13.a) Interest Rate Swaps

The Group has exposure to debt facilities that are subject to floating interest rates. The Group uses derivative financial instruments, on a portfolio basis, to manage its exposure to interest rates such as interest rate swaps (to lock-in fixed interest rates), interest rate swaptions (interest rate swaps for a fixed period of time, which are extendable at the counterparties election for a fixed period of time at the same interest rate) and/or interest rate caps (to limit exposure to rising interest rates). At the reporting date, 77.0% of borrowings were fixed using derivative financial instruments (2023: 69.7%). Refer Note 14.c for further information on the Group's exposure to interest rate risk.

All derivative financial instrument providers receive the benefit of pari-passu security and cross collateralisation rights over the Group's mortgaged investment properties (via first registered real property mortgages) and other assets (via a first ranking general 'all assets' security agreement).

Generally, interest rate contracts settle on a quarterly basis coinciding with the dates on which the interest is payable on the underlying debt. The floating rate incurred on the debt is based on New Zealand BKBM or Australian BBSW. The difference between the fixed and floating

interest rate is generally settled on a net basis by the relevant counterparty. The interest rate contracts have not been identified as hedging instruments and any movements in their fair value are recognised immediately in the consolidated statement of comprehensive income.

	2024 \$000s	2023 \$000s
Current assets		
Interest rate derivative assets	149	276
Non-current assets		
Interest rate derivative assets	17,704	26,041
Non-current liabilities		
Interest rate derivative liabilities	(1,850)	-
Total	16,003	26,317

During the period the Group recognised a fair value loss of \$10.5m (2023: \$5.9m gain) on interest rate contracts. The Group's interest rate swaps outstanding at the reporting date are as follows:

	2024 \$000s	2023 \$000s
Notional value of interest rate swaps - AUD	863,630	797,630
Notional value of interest rate swaps - NZD	45,655	-
Average fixed interest rate A\$	3.52%	3.02%
Average fixed interest rate NZ\$	4.63%	-
Floating rates based on AUD BBSW	4.39%	4.21%
Floating rates based on NZD BKBM	5.68%	-

Interest rate derivatives mature over the next four years and have fixed interest rates ranging from 2.50% to 4.63% (2023: from 2.41% to 3.91%).

Recognition and measurement

Interest rate 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 independent 3rd party valuations, 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 profit or loss in the consolidated statement of comprehensive income as hedge accounting has not been applied.

(13.b) Forward Exchange Contracts

The Group has exposure to foreign currency risk arising from owning investment property in Australia. Derivative financial instruments, such as forward exchange contracts, may be used to reduce the exposure to foreign exchange risk by locking in the conversion of Australian dollar denominated income (transaction hedging) or net assets (translation hedging) to New Zealand dollars. Refer Note 14.c for further details on the Group's exposure to foreign exchange risk.

Transaction hedging arrangements generally settle on a quarterly basis while translation hedging arrangements settle on a periodic basis depending on the term of the contract. At reporting date forward exchange contracts have not been designated as hedging instruments and any movements in the fair value are recognised immediately in profit or loss in the consolidated statement of comprehensive income.

	2024 \$000s	2023 \$000s
Current assets		
Foreign exchange derivative assets	34	238
Non-current assets		
Foreign exchange derivative assets	16	6
Current liabilities		
Foreign exchange derivative liabilities	(94)	(8)
Non-current liabilities		
Foreign exchange derivative liabilities	(6)	-
Total	(50)	236

During the period the Group recognised a fair value loss of \$0.28m (2023: \$0.65m gain) on forward exchange contracts. The Group's forward exchange contracts outstanding at the reporting date are as follows:

	2024 \$000s	2023 \$000s
Nominal value of foreign exchange contracts - AUD	22,750	13,850
Average foreign exchange rate	0.9110	0.8992

Recognition and measurement

Foreign exchange 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 profit or loss in the consolidated statement of comprehensive income.

(13.c) Fair value hierarchy

The Group has determined that interest rate swaps and foreign exchange contract derivatives are valued using Level 2 inputs (observable prices of similar instruments). There have been no reclassifications between levels in the current year (2023: nil).

14. Financial and Risk Management

The Group's activities expose it primarily to credit risk, market risk (interest rate risk and foreign exchange risk) and liquidity risk. The Group's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Group's financial performance. The Group uses financial derivatives to manage market risks. The use of financial derivatives is governed by the Group's policies approved by the Board of the Manager, which provide written principles that are consistent with the Group's risk management strategy and appetite. The Group does not use derivative financial instruments for speculative purposes.

(14.a) Financial Instruments

The Group has the following financial instruments:

- cash and cash equivalents;
- receivables (including loans);
- payables;
- borrowings; and
- derivative financial instruments.

Transactions in these instruments expose the Group to a variety of financial risks including market risk (which includes interest rate risk, foreign exchange risk and other price risks), credit risk and liquidity risks.

Categories of financial instruments

The Group's financial instruments are classified as:

	Financial assets at amortised cost \$000s	Financial liabilities at amortised cost \$000s	Financial assets at fair value through profit or loss \$000s	Financial liabilities at fair value through profit or loss \$000s
30 June 2024	42,995	(1,329,752)	17,903	(1,950)
30 June 2023	16,668	(1,284,580)	26,561	(8)

Cash, cash equivalents, trade and other receivables (including fitout loans), trade and other payables and borrowings

The carrying values of these financial instruments approximate their fair values because of their short terms to maturity, frequency of interest rate reset dates and/or pricing based on counterparty credit ratings.

(14.b) Credit Risk

The Group is subject to credit risk (the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Group) predominately through its trade and other receivables (including fit-out loans), derivatives and cash exposures. The maximum exposure to credit risk at a reporting date is the carrying value of each financial asset as disclosed in the applicable note to the financial statements.

Credit risk is managed by:

- ensuring that at the time of entering into a contractual arrangement or acquiring a property, counterparties or tenants are of appropriate credit worthiness, provide appropriate security or other collateral and/or do not show a history of default;
- seeking to optimise tenant diversity by actively managing the property portfolio composition and leasing arrangements; and
- only entering into derivative financial instruments and placing cash and deposits with high credit quality financial institutions.

The Group applies an expected credit losses (ECL's) model (simplified approach) that uses historical experience, external indicators and forward looking information to calculate the expected lifetime credit loss for financial assets carried at amortised cost.

The expected lifetime credit loss of trade receivables is assessed on a collective basis (grouped based on days past due), reflecting shared credit characteristics, and is determined based on the forecast shortfalls in contractual cash flows considering the potential for default at any point during the life of the financial instrument. Details of the expected credit loss recognised in relation to trade receivables is disclosed in Note 17.a.

(14.c) Market Risk

The Group is subject to market risk (the risk that borrowings or derivatives are repriced to different interest rate margins on refinance or renewal arising from changes in the debt markets), interest rate risk (the risk of a change in interest rates may impact the Group's profitability, cashflows and/or financial position) and foreign exchange risk (the risk of a change in foreign exchange rates on translation of foreign currency denominated assets, liabilities, revenue and expenses) predominantly through its investment property, borrowings, derivatives and cash exposures.

The interest rates applicable to each category of financial instrument are disclosed in the relevant note to the financial statements.

Interest rate risk

Loans have floating rates of interest that are generally reset every 90 days. The risk is managed by the Group by maintaining an appropriate mix between fixed and floating rates by the use of interest rate swaps. The following table indicates the effective interest rates and the earliest period in which financial instruments reprice.

	Weighted effective interest rate %	Less than 1 year \$000s	1-2 years \$000s	2-3 years \$000s	3+ years \$000s	Total \$000s
30 June 2023						
Cash and cash equivalents (floating rates)	4.21%	10,885	-	-	-	10,885
Borrowings (floating rates)	5.09%	(377,643)	-	-	-	(377,643)
Borrowings (fixed rates) ¹	3.91%	(32,634)	(124,007)	(515,207)	(195,801)	(867,649)
		(399,392)	(124,007)	(515,207)	(195,801)	(1,234,407)
30 June 2024						
Cash and cash equivalents (floating rates)	4.54%	18,934	-	-	-	18,934
Borrowings (floating rates)	5.47%	(296,831)	-	-	-	(296,831)
Borrowings (fixed rates) ¹	4.22%	(10,952)	(573,464)	(306,648)	(104,759)	(995,823)
		(288,849)	(573,464)	(306,648)	(104,759)	(1,273,720)

¹ Fixed rate balances are presented with the effect of hedging derivatives.

Interest rate sensitivity

The Group's sensitivity to interest rate risk can be expressed in two ways:

Fair value sensitivity

A change in interest rates impacts the fair value of the Group's fixed rate financial instruments. Fair value changes impact profit or loss or equity only where the instruments are carried at fair value. Accordingly, the fair value sensitivity to a 100 bps movement in interest rates (based on the financial instruments held at reporting date) is:

	Impact on profit/(loss) 2024 \$000s	Impact on Unit Holders' funds 2024 \$000s	Impact on profit/(loss) 2023 \$000s	Impact on Unit Holders' funds 2023 \$000s
If interest rates had been 100 bps higher:	18,013	18,013	17,895	17,895
If interest rates had been 100 bps lower:	(19,807)	(19,807)	(18,420)	(18,420)

Instruments included in the fair value sensitivity are the Group's interest rate swaps.

Cash flow sensitivity analysis

A change in interest rates impacts interest income and expense on the Group's interest bearing floating rate financial instruments. Accordingly, the one-year cash flow sensitivity to a 100 bps movement in interest rates (based on the financial instruments held at reporting date) is:

	Impact on profit/(loss) 2024 \$000s	Impact on unit holders' funds 2024 \$000s	Impact on profit/(loss) 2023 \$000s	Impact on unit holders' funds 2023 \$000s
If interest rates had been 100 bps higher:	(2,968)	(2,968)	(4,755)	(4,755)
If interest rates had been 100 bps lower:	2,968	2,968	4,755	4,755

Instruments included in the cash flow sensitivity are the Group's interest rate swaps, and its borrowings.

Foreign exchange risk

The following table presents the foreign currency risk that the Group is exposed to arising from Australian dollar (AUD) denominated assets and liabilities:

	2024 \$000s	2023 \$000s
Non-financial instrument assets and liabilities denominated in Australian dollars		
Investment properties	2,213,762	2,338,978
Other assets	28,848	1,944
Deferred tax	(148,160)	(160,140)
Total non-financial instrument assets and liabilities	2,094,450	2,180,782
Non-derivative financial instruments		
Cash and cash equivalents	12,764	5,641
Trade and other receivables	12,805	3,939
Trade and other payables	(22,430)	(30,197)
Borrowings	(1,107,630)	(1,199,391)
Lease liabilities	(6,381)	(3,902)
Total exposure from non-derivative financial instruments	(1,110,872)	(1,223,910)
Derivative financial instruments		
Foreign exchange derivatives	(50)	236
Interest rate swaps	16,003	26,317
Total exposure from derivative instruments	15,953	26,553
Net exposure to currency risk	999,531	983,425

Foreign currency sensitivity

A change in the New Zealand dollar (NZD) / AUD exchange rate impacts profit after tax and equity on the conversion of AUD denominated assets, liabilities, revenue and expenses. A 10% change in the exchange rate (2023:10%), based on year end exposures, has the following effect:

	2024 \$000s	2023 \$000s
If the New Zealand Dollar versus the Australian Dollar was 10% higher for the year:		
Profit and loss	2,742	218
Other comprehensive income	(91,783)	(99,839)
Unit Holders' funds	(89,041)	(99,621)
If the New Zealand Dollar versus the Australian Dollar was 10% lower for the year:		
Profit and loss	(3,352)	(267)
Other comprehensive income	112,179	122,026
Unit Holders' funds	108,827	121,758

(14.d) Liquidity Risk

The Group is subject to liquidity risk (the risk that the Group will not be able to meet its contractual or other operating obligations).

Liquidity risk is managed by continuously monitoring forecast and actual cash flows, maintaining appropriate head room under debt facilities and matching the maturity profiles of financial assets and liabilities. To help reduce liquidity risks the Group:

- has readily accessible unutilised credit facilities and other funding arrangements;
- seeks a debt maturity profile that limits the total debt maturing in any one 12-month period; and
- seeks to maintain sufficient loan covenant headroom to ensure that the Group can withstand downward movements in investment property valuations, a reduction in revenue and/or an increase in interest rates without breaching loan facility covenants.

Liquidity risk exposure

The following table details the Group's exposure to liquidity risk based on the contractual undiscounted cash flows relating to financial liabilities, foreign exchange contracts and interest rate derivatives:

	Carrying value \$000s	Contractual cash flows \$000s	Less than 1 year \$000s	1-2 years \$000s	2-3 years \$000s	3+ years \$000s
30 June 2023						
Non-derivative financial instruments						
Borrowings (excluding borrowing costs)	(1,245,293)	(1,391,477)	(55,250)	(261,925)	(186,347)	(887,955)
Trade and other payables	(41,522)	(41,522)	(41,522)	-	-	-
Lease liability - ground lease	(3,902)	(3,902)	(178)	(185)	(193)	(3,346)
	(1,290,717)	(1,436,901)	(96,949)	(262,111)	(186,540)	(891,301)
Derivative financial instruments						
Interest rate swaps	26,317	28,354	13,258	11,946	2,867	282
Foreign exchange derivatives	236	236	236	-	-	-
	26,553	28,590	13,494	11,946	2,867	282
30 June 2024						
Non-derivative financial instruments						
Borrowings (excluding borrowing costs)	(1,292,653)	(1,295,831)	(259,487)	(226,706)	(372,821)	(436,817)
Trade and other payables	(32,171)	(32,171)	(32,171)	-	-	-
Lease liability - ground lease	(10,105)	(9,389)	(123)	29	(143)	(9,151)
	(1,334,929)	(1,337,390)	(291,780)	(226,677)	(372,964)	(445,969)
Derivative financial instruments						
Interest rate swaps	16,003	19,151	12,520	5,035	1,406	190
Foreign exchange derivatives	(50)	(50)	(50)	-	-	-
	15,953	19,101	12,470	5,035	1,406	190

(14.e) Hedge Accounting

The Group is exposed to foreign exchange risk on its net investment in its AUD functional currency subsidiaries and seeks to hedge this risk using AUD-denominated borrowings and foreign exchange derivatives (net investment hedges).

Recognition and measurement

For a financial instrument to be classified and accounted for as an effective hedge there must be:

- an economic relationship between the hedged item and the financial instrument;
- the effect of credit risk does not dominate the value changes that result from that economic relationship; and
- the hedge ratio of the hedging relationship is the same as that resulting from the quantity of the hedged item that the Group actually hedges and the quantity of the financial instrument that the Group actually uses to hedge that quantity of hedged item.

The Group documents its hedging relationships at their inception in accordance with the requirements of NZ IFRS 9 and the Board approved risk management strategy.

Hedge effectiveness is determined by the Group at the inception of the hedge relationship, and through semi-annual prospective effectiveness assessments, to ensure that an economic relationship exists between the hedged item and the financial instrument. That portion of the foreign exchange differences arising on the financial instruments determined to be an effective hedge is recognised directly in other comprehensive income. Any ineffective portion is recognised in profit or loss.

On disposal of the foreign operation, the cumulative value of such gains or losses recognised in other comprehensive income is reclassified to the profit and loss in the statement of comprehensive income.

Note no foreign exchange derivatives currently held are designated as hedging instruments (2023: nil).

15. Commitments and Contingencies

Other than the contractual obligations disclosed in Note 6.e and Note 15.a, there are no other commitments and contingencies in effect at the reporting date (2023: nil).

(15.a) NZX Bank Bond

As a condition of listing on the New Zealand Stock Exchange (NZX), NZX requires all issuers to provide a bank bond to NZX under NZX/DX Listing Rule 1.23.2. The bank bond required by the Group for listing on the NZX is \$75,000.

Efficiency of Operations

This section presents the Group's working capital position and the efficiency in which it converts operating profits into cash available for Unit Holders or reinvestment back into the operations of the Group.

16. Statement of Cash Flows Reconciliation from Operating Activities

	2024 \$000s	2023 \$000s
Cash and cash equivalents		
Australian financial institutions	12,764	5,641
New Zealand financial institutions	6,170	5,244
Cash at bank	18,934	10,885
Reconciliation of profit after income tax to net cash flows from operating activities		
Profit after tax for the year	(107,611)	(152,401)
<i>Adjustments for non-cash items</i>		
Change in fair value of investment properties	165,244	208,553
Fair value (gain)/loss on derivative financial instruments	10,824	(6,523)
Unrealised foreign exchange (gain)/loss	270	(611)
Realised foreign exchange (gain)/loss	-	1
Deferred taxation	(19,638)	1,991
Income in advance	127	-
Manager's incentive fee	6,600	14,986
Other	2,224	1,992
Operating cash flow before changes in working capital	58,040	67,988
Change in trade and other payables	(1,136)	(146)
Change in taxation payable	(1,174)	3,324
Change in trade and other receivables	13	(1,280)
Items classified as investing activities	5,702	3,697
Net cash from operating activities	61,445	73,583

Excluded from investing and financing activities are distributions paid during the year of \$9.2m (2023: \$14.2m) that have been reinvested under the Distribution Reinvestment Plan (DRP).

Recognition and measurement

Cash and cash equivalents comprise cash at bank and call deposits, net of outstanding bank overdrafts.

The statement of cash flows is prepared on a GST exclusive basis. The GST component of cash flows arising from investing and financing, which is recoverable from, or payable to, the taxation authority, is classified as part of operating cash flows.

17. Trade and Other Receivables

	2024 \$000s	2023 \$000s
Trade receivables	5,615	1,517
Loss allowance	(552)	(388)
	5,063	1,129
Other receivables	4,075	3,135
Tenant fitout loans	943	1,519
Total trade and other receivables	10,081	5,783

(17.a) Ageing of receivables Past Due

	2024 \$000s	2023 \$000s
0-30 days past due	4,735	897
31-60 days past due	307	401
61-90 days past due	177	219
beyond 90 days past due	396	-
	5,615	1,517

	2024 \$000s	2023 \$000s
Movement in the loss allowance		
Balance at the beginning of the year	388	291
(Decrease)/increase in allowance recognised in profit or loss	164	97
Balance at the end of the year	552	388

During the year the Group recognised bad debt write offs of \$18 thousand (2023: nil) in the statement of comprehensive income.

The Group holds \$0.2m security or other collateral (2023: \$2.5m) in respect of rent receivables past due. The Group does not have significant credit risk exposure to any single counterparty or counterparties having similar characteristics in respect of rent receivables past due (2023: nil). There are no significant financial assets that have had renegotiated terms that would otherwise have been past due (2023: nil).

Recognition and measurement

Rent receivables

Rent receivables are recorded initially at fair value (including GST) and subsequently at amortised cost in accordance with NZ IFRS 9 Financial Instruments ("NZ IFRS 9").

Loan receivables

Loan receivables are initially measured at fair value and subsequent at amortised cost using the effective interest rate method.

Impairment of financial assets, rent and loan receivables

Loss allowances for rent receivables and other financial assets (other than those measured at fair value through profit and loss) are measured using the simplified approach based on a lifetime expected loss allowance. Refer Note 14.b for further details.

18. Other Assets

	2024 \$000s	2023 \$000s
Current		
Deposits paid on property acquisitions	-	1,300
GST refundable	197	1,315
Other	3,691	3,148
Total Current	3,888	5,763
Non-Current		
Tenant fitout loans and other receivables	13,980	-
Total Non-current	13,980	-

The Group has provided unsecured amortising fitout loans to two tenants totaling \$6.7m and \$3.3m. These loans amortise over 10 and 15 years from inception and are currently subject to interest at 8.00% and 6.45% respectively.

19. Trade and Other Payables

	2024 \$000s	2023 \$000s
Current liabilities		
Interest accrued on borrowings	3,952	4,997
Other creditors and accruals	28,219	36,525
Total trade and other payables	32,171	41,522

Recognition and measurement

Trade and other payables are recognised initially at fair value (inclusive of GST) and subsequently measured at amortised cost using the effective interest method. The average credit term on purchases is generally 30 days and they are non-interest bearing. The Group has management policies in place to ensure that all amounts are paid within the applicable credit terms.

Other Notes

20. Investment in Subsidiaries

The Trust has control over the following subsidiaries.

Name of subsidiary	Principal activity	Place of incorporation and operation	Holding	
			2024	2023
Vital Healthcare Australian Property Trust	Property investment	Australia	100%	100%
Vital Healthcare Investment Trust	Property investment	Australia	100%	100%
Vital Healthcare Property Limited	Property investment	New Zealand	100%	100%
Colma Services Limited	Holding company	New Zealand	100%	100%

All subsidiaries have the same reporting date as the Trust.

21. Subsequent Events

On 8 August 2024 a final cash distribution of 2.4375 cents per unit was announced by the Trust. The Record Date for the final distribution is 5 September 2024 and is payable to Unit Holders on 19 September 2024. Imputation credits of nil cents per unit will be attached to the distribution.

22. Related Party Transactions

The Manager

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

The ultimate parent of NWI LP is Toronto listed Northwest Healthcare Properties Real Estate Investment Trust (NWH REIT) that, as at reporting date, holds a 28.4% (2023: 28.0%) interest in Vital. NWH 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 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. 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.

Current fee arrangements

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) (being a defined term in 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 (being a defined term in the Trust Deed), 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

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% for each full year (pro rata for part years) 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 property in the consolidated statement of financial position.

Additional Costs

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.

Transactions with related parties

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

	30 June 2024 \$000s				30 June 2023 \$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	18,084	-	18,084	-	18,546	-	18,546	-
Incentive Fee ¹	6,600	-	6,600	6,600	14,986	-	14,986	14,951
Activity Fees:								
Leasing/licensing ²	247	2,544	2,791	238	165	330	495	97
Property management ³	2,299	-	2,299	320	1,978	-	1,978	264
Facilities management ³	-	-	-	-	-	-	-	-
Project management ⁴	-	55	55	-	-	46	46	-
AFSL fee	1,341	-	1,341	-	1,397	-	1,397	-
	28,571	2,599	31,170	7,158	37,072	376	37,448	15,312
Additional Costs:								
Acquisitions ⁵	-	(180)	(180)	274	-	(571)	(571)	1,900
Disposals ⁶	789	-	789	485	733	-	733	722
Development management ⁷	-	3,745	3,745	1,543	-	6,767	6,767	2,700
	789	3,565	4,354	2,302	733	6,196	6,929	5,322
Other Amounts:								
Reimbursement of third party expenses:								
Other expenses	120	-	120	-	189	-	189	-
Amounts paid to directors: ⁸								
Graham Stuart	65	-	65	-	180	-	180	-
Angela Bull	100	-	100	-	58	-	58	-
Michael Stanford	76	-	76	-	-	-	-	-
	361	-	361	-	427	-	427	-
	29,721	6,164	35,885	9,460	38,232	6,572	44,804	20,634

1 Manager's incentive fee outstanding at 30 June 2024 of \$6.6m (Jun 23: \$15.0m) is payable to NorthWest Healthcare Properties Management Limited

2 Amounts outstanding at 30 June 2024 are: NorthWest Healthcare Properties Management Limited \$0.2m (Jun 23: \$0.2m); NorthWest Healthcare Australian Property Limited \$0.1m (Jun 23: \$0.1m)

3 Property Management and Facilities Management fees, exclusive of recoveries from tenants, incurred by the Trust totalled \$2.3m and nil respectively for the 30 June 2024 year (Jun 23: \$2.0m and nil respectively).
Amounts outstanding at 30 June 2024 are: NorthWest Healthcare Properties Management Limited \$0.1m (Jun 23: \$0.1m); NorthWest Healthcare Australian Property Limited \$0.2m (Jun 23: \$0.2m)

4 Amounts outstanding at 30 June 2024 are: NorthWest Healthcare Properties Management Limited \$0.1m (Jun 23: Nil); NorthWest Healthcare Australian Property Limited Nil (Jun 23: Nil)

5 Amounts outstanding at 30 June 2024 are: NorthWest Healthcare Properties Management Limited Nil (Jun 23: \$0.2m); NorthWest Healthcare Australian Property Limited \$0.3m (Jun 23: \$1.7m)

6 Amounts outstanding at 30 June 2024 are: NorthWest Healthcare Properties Management Limited \$0.2m (Jun 23: Nil); NorthWest Healthcare Australian Property Limited \$0.3m (Jun 23: Nil)

7 Amounts outstanding at 30 June 2024 are: NorthWest Healthcare Properties Management Limited \$0.9m (Jun 23: \$1.4m); NorthWest Healthcare Australian Property Limited \$0.7m (Jun 23: \$1.3m)

8 Directors' fees for Graham Stuart are 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 purchased 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 paid, based on an independent valuation by Jones Lang LaSalle of the Land, totalled A\$6.9m, including A\$4.3m payable to Lumina.

In conjunction with the purchase of the Land:

- 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.

Other than the above there have been no transactions that occurred during the reporting period or remain outstanding at the reporting date with other related parties.

Independent Auditor’s Report

To the Unitholders of Vital Healthcare Property Trust

Opinion We have audited the consolidated financial statements of Vital Healthcare Property Trust and its subsidiaries (the ‘Group’), which comprise the consolidated statement of financial position as at 30 June 2024, and the consolidated statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the consolidated financial statements, including material accounting policy information.

In our opinion, the accompanying consolidated financial statements, on pages 70 to 110, present fairly, in all material respects, the consolidated financial position of the Group as at 30 June 2024, and its consolidated financial performance and cash flows for the year then ended in accordance with New Zealand Equivalents to IFRS Accounting Standards (‘NZ IFRS’) as issued by the External Reporting Board and IFRS Accounting Standards (‘IFRS’) as issued by the International Accounting Standards Board.

Basis for opinion We conducted our audit in accordance with International Standards on Auditing (‘ISAs’) and International Standards on Auditing (New Zealand) (‘ISAs (NZ)’). Our responsibilities under those standards are further described in the *Auditor’s Responsibilities for the Audit of the Consolidated Financial Statements* section of our report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

We are independent of the Group in accordance with Professional and Ethical Standard 1 *International Code of Ethics for Assurance Practitioners (including International Independence Standards) (New Zealand)* issued by the New Zealand Auditing and Assurance Standards Board and the International Ethics Standards Board for Accountants’ *International Code of Ethics for Professional Accountants (including International Independence Standards)*, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

Our firm carries out other assignments for the Group 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.

Audit materiality We consider materiality primarily in terms of the magnitude of misstatement in the financial statements of the Group that in our judgement would make it probable that the economic decisions of a reasonably knowledgeable person would be changed or influenced (the ‘quantitative’ materiality). In addition, we also assess whether other matters that come to our attention during the audit would in our judgement change or influence the decisions of such a person (the ‘qualitative’ materiality). We use materiality both in planning the scope of our audit work and in evaluating the results of our work.

We determined materiality for the Group financial statements as a whole to be \$3.47 million.

Key audit matters Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key audit matter	How our audit addressed the key audit matter
<p>Valuation of Investment Properties</p> <p>The Group’s investment properties (including those held for sale) consist of health sector properties totalling \$3,240 million as at 30 June 2024. Revaluation losses on the Group’s investment properties for the year ended 30 June 2024 of \$165 million were recognised in profit or loss. Information about the Group’s property portfolio and valuation are set out in Note 6.</p>	<p>We have evaluated the appropriateness of the valuation of investment property by performing the following:</p> <ul style="list-style-type: none">• Reviewing the external valuers’ valuation reports and the valuation reports prepared by the Manager.• We evaluated the key metrics, including capitalisation rate, market rent and contract rent on a property and portfolio basis for year on year movements and assessed whether, in

Investment properties are carried at fair value. Where significant development is in progress at a property, this is carried at cost, until either its fair value becomes reliably measurable or the development reaches practical completion.

The valuation of investment property is highly dependent on forecasts and estimates including a number of unobservable inputs to take into account property-specific attributes.

Independent registered valuers determined the fair value of approximately 66 percent of the investment properties at 30 June 2024, and the Manager determined the fair value of the remaining properties.

The valuation methods used for assessing the fair value include a combination of direct comparison, discounted cash flow, capitalisation of contract and market income approaches.

The external valuers and the Manager, amongst other matters, take into consideration occupancy rates, weighted average lease term to expiry ('WALE') and capitalisation rates.

The valuation of investment properties is a key audit matter due to the subjective judgements and assumptions in the valuation models.

our judgement, the movements represented outliers to investigate.

- We held discussions, on a sample basis, with the valuers and separately, with representatives of the Manager and challenged assumptions, including the possible outliers identified.
- We agreed property specific information on a sample basis supplied to the external valuer and used in the Manager's valuations, including occupancy data, current rentals, and lease terms, to the underlying records held by the Group.
- We involved our valuation specialists to consider and challenge, on a sample basis, the reasonableness of the assumptions and valuation methodology applied, including comparing assumptions to market data where available.
- Evaluating the objectivity, independence and expertise of the external valuers.
- Evaluating the expertise of the Manager.
- With respect to significant property developments:
 - Where the Group has determined the development has reached practical completion, obtaining evidence supporting the Group's estimates of the expected future rental cash flows that will apply upon completion and the costs to complete the development;
 - Where property developments are carried at cost, testing the cost incurred to date on a sample basis.

Other information

The Board of Directors of the Manager is responsible on behalf of the Group for the other information. The other information comprises the information in the Annual Report that accompanies the consolidated financial statements and the audit report, and the Climate Statement, which is expected to be made available to us after the date of the audit report.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

Our responsibility is to read the other information and consider whether it is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If so, we are required to report that fact. We have nothing to report in this regard.

When we read the Climate Statement, if we conclude that there is a material misstatement therein, we are required to communicate the matter to the Board of Directors of the Manager and consider further appropriate actions.

Board of Directors' responsibilities for the consolidated financial statements

The Board of Directors of the Manager is responsible on behalf of the Group for the preparation and fair presentation of the consolidated financial statements in accordance with NZ IFRS and IFRS, and for such internal control as the directors determine is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, the Board of Directors of the Manager is responsible on behalf of the Group for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.



Auditor's responsibilities for the audit of the consolidated financial statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs and ISAs (NZ) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

A further description of our responsibilities for the audit of the consolidated financial statements is located on the External Reporting Board's website at:

<https://www.xrb.govt.nz/standards-for-assurance-practitioners/auditors-responsibilities/audit-report-1>

This description forms part of our auditor's report.

Restriction on use

This report is made solely to the Group's unitholders, as a body. Our audit has been undertaken so that we might state to the Group's unitholders those matters we are required to state to them in an auditor's 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 Group's unitholders as a body, for our audit work, for this report, or for the opinions we have formed.

Deloitte Limited

Auckland, New Zealand
8 August 2024

Unit Holder statistics

Analysis of unit holders as at 30 June 2024

Holding Range	Number of Unit Holders	Total units	% of total units issued
1 - 499	244	43,900	0.01
500 - 999	88	62,871	0.01
1,000 - 1,999	236	338,615	0.05
2,000 - 4,999	796	2,732,484	0.41
5,000 - 9,999	953	6,784,945	1.01
10,000 - 49,999	1,838	40,696,168	6.06
50,000 - 99,999	261	17,544,071	2.61
100,000 - 499,999	135	23,323,211	3.47
500,000 - 999,999	13	8,643,538	1.29
1,000,000 Over	26	571,753,570	85.09
Rounding			-0.01
Total	4,590	671,923,373	100

Substantial unit holders as at 30 June 2024

Unit Holders	Date of notice	Number of units	% of total units issued ¹
FORSYTH BARR INVESTMENT MANAGEMENT LIMITED	24-Jul-24	54,264,864	8.08
NORTHWEST HEALTHCARE PROPERTIES REAL ESTATE INVESTMENT TRUST	25-Aug-23	191,708,036	28.72
ACCIDENT COMPENSATION CORPORATION	23-Aug-22	32,534,879	5.01
ANZ NEW ZEALAND INVESTMENTS LTD	21-Mar-22	26,304,841	5.06

¹ On date notice filed

Twenty largest unit holders as at 30 June 2024

Unit holders	Total	% of units
NZGT SECURITY TRUSTEE LIMITED	191,481,804	28.50
FORSYTH BARR CUSTODIANS LIMITED <1-CUSTODY>	62,191,958	9.26
CUSTODIAL SERVICES LIMITED <A/C 4>	49,009,034	7.29
HSBC NOMINEES (NEW ZEALAND) LIMITED - NZCSD <HKBN90>	38,999,070	5.80
ACCIDENT COMPENSATION CORPORATION - NZCSD <ACCI40>	36,710,651	5.46
BNP PARIBAS NOMINEES (NZ) LIMITED - NZCSD <BPSS40>	23,368,909	3.48
ANZ WHOLESALE TRANS-TASMAN PROPERTY SECURITIES FUND - NZCSD <PNTT90>	20,177,036	3.00
JPMORGAN CHASE BANK NA NZ BRANCH-SEGREGATED CLIENTS ACCT - NZCSD <CHAM24>	18,720,228	2.79
CITIBANK NOMINEES (NEW ZEALAND) LIMITED - NZCSD <CNOM90>	17,844,572	2.66
HSBC NOMINEES (NEW ZEALAND) LIMITED A/C STATE STREET -NZCSD <HKBN45>	17,523,724	2.61
TEA CUSTODIANS LIMITED CLIENT PROPERTY TRUST ACCOUNT - NZCSD <TEAC40>	16,534,369	2.46
NEW ZEALAND DEPOSITORY NOMINEE LIMITED <A/C 1 CASH ACCOUNT>	16,066,738	2.39
FNZ CUSTODIANS LIMITED	10,474,668	1.56
JBWERE (NZ) NOMINEES LIMITED <NZ RESIDENT A/C>	10,466,650	1.56
INVESTMENT CUSTODIAL SERVICES LIMITED <A/C C>	6,642,737	0.99
ADMINIS CUSTODIAL NOMINEES LIMITED	5,911,724	0.88
FORSYTH BARR CUSTODIANS LIMITED <ACCOUNT 1 E>	5,524,993	0.82
SIMPLICITY NOMINEES LIMITED - NZCSD	4,883,233	0.73
ANZ WHOLESALE PROPERTY SECURITIES - NZCSD <PNLR90>	4,831,962	0.72
MFL MUTUAL FUND LIMITED - NZCSD <MFLA90>	4,589,232	0.68
Top 20 holders of Units	561,953,292	83.63
Total Remaining Holders Balance	109,970,081	16.37

Vital's structure

Vital benefits from being managed by a global healthcare property owner and manager.

About Vital

Vital Healthcare Property Trust (Vital, the Trust) is an NZX-listed investment fund (NZX:VHP) that invests in high-quality healthcare properties in New Zealand and Australia. The Trust is externally managed by Northwest Healthcare Properties Management Limited.

Vital's portfolio of 36 properties is valued at ~\$3.2 billion with 69% (by value) located in Australia and the balance in New Zealand. The portfolio has over 121 tenants and over 2,880 beds.

Vital's tenants include hospital operators and healthcare providers who deliver a wide range of services across the full spectrum of health services.

Further information is available at vhpt.co.nz

About the Manager

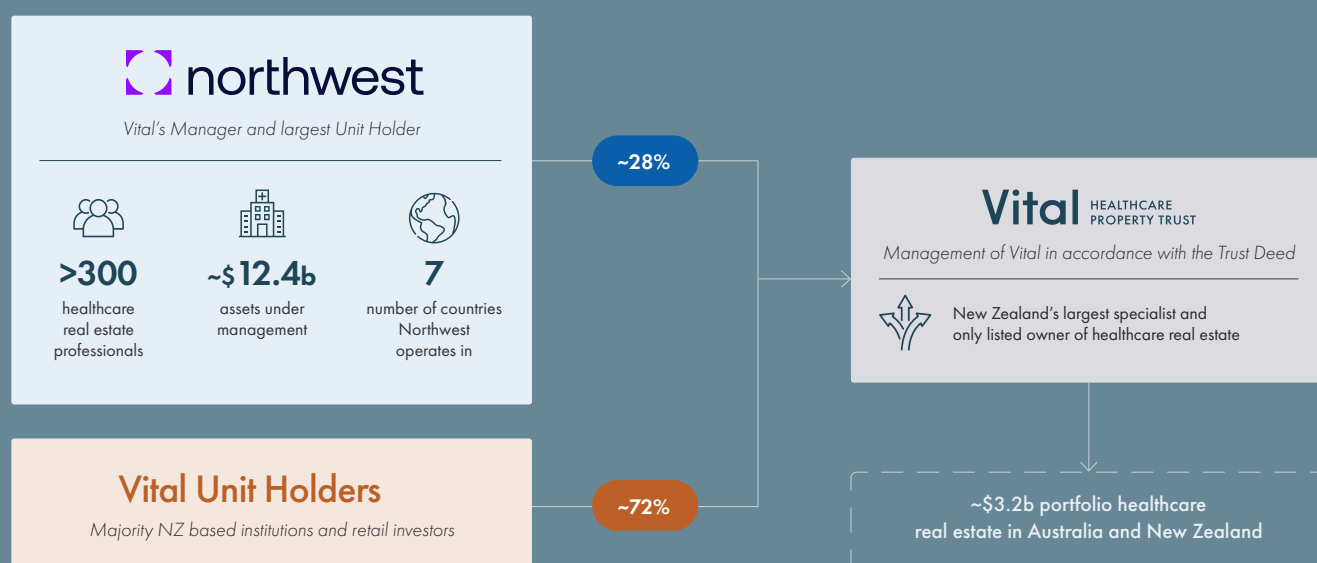
Northwest Healthcare Properties Management Limited (NWHPM, the Manager) is an external manager that provides management services to Vital and its Unit Holders.

The Manager's primary responsibilities include the day-to-day administration of Vital, portfolio management, sourcing new opportunities and conducting due diligence on potential acquisitions. The Manager is also responsible for providing specialist property management, project management, development management and leasing services to the Trust.

The Manager's Board of five comprises three independent directors and two Northwest appointees. Refer to page 56 for more details.

Vital's leadership team is led by Aaron Hockly (Fund Manager), and draws on the skills and experience of over 50 real estate professionals across New Zealand and Australia with offices in Auckland, Melbourne, Sydney and the Gold Coast. Refer to page 58 for more details.

OUR STRUCTURE – A UNIT TRUST





In Australia and New Zealand, Northwest has a 50+ team of healthcare property professionals.

Northwest

The Manager is a subsidiary of Toronto Stock Exchange-listed Northwest Healthcare Properties REIT (Northwest REIT). Northwest REIT operates across seven countries in four continents.

Northwest REIT has ~\$12.4 billion of assets under management globally and over 300 real estate professionals.



Vital is the only NZX listed specialist landlord of healthcare property and the fourth largest NZX listed property vehicle.



Epworth Eastern, VIC

Healthy properties deliver healthy returns

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

Mike Brady - Director (appointed 9 August 2023)

Angela Bull – Independent Director

Craig Mitchell – Director

Dr Michael Stanford – Independent Director

Aaron Hockly – Fund Manager

Michael Groth – Chief Financial Officer

Vanessa Flax – Regional General Counsel and Company Secretary

AUDITOR

Deloitte Limited

Deloitte Centre
1 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

Deloitte Centre
Level 14, 1 Queen 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 9, Spark Central
42-52 Willis Street
Wellington 6011
PO Box 4197
Auckland 1140

Telephone: +64 9 308 7100

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

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

Bank of China Limited

140 Sussex Street
Sydney NSW 2000
Australia

Commonwealth Bank of Australia Limited

Tower One, Collins Square
727 Collins Street
Docklands VIC 3008
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.

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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.