Vital HEALTHCARE PROPERTY TRUST
Managed by Northwest

FOR THE SIX MONTHS ENDED 31 DECEMBER 2024

Interim Report

PROVIDING INCOME SECURITY FOR OUR UNIT HOLDERS

Ormiston Hospital (Stage 1), Auckland

CONTENTS

9.75 cpu

FY25 DISTRIBUTION GUIDANCE

~NZ$3.2bn

PROPERTY PORTFOLIO

19.1 years

WEIGHTED AVERAGE LEASE EXPIRY (WALE)

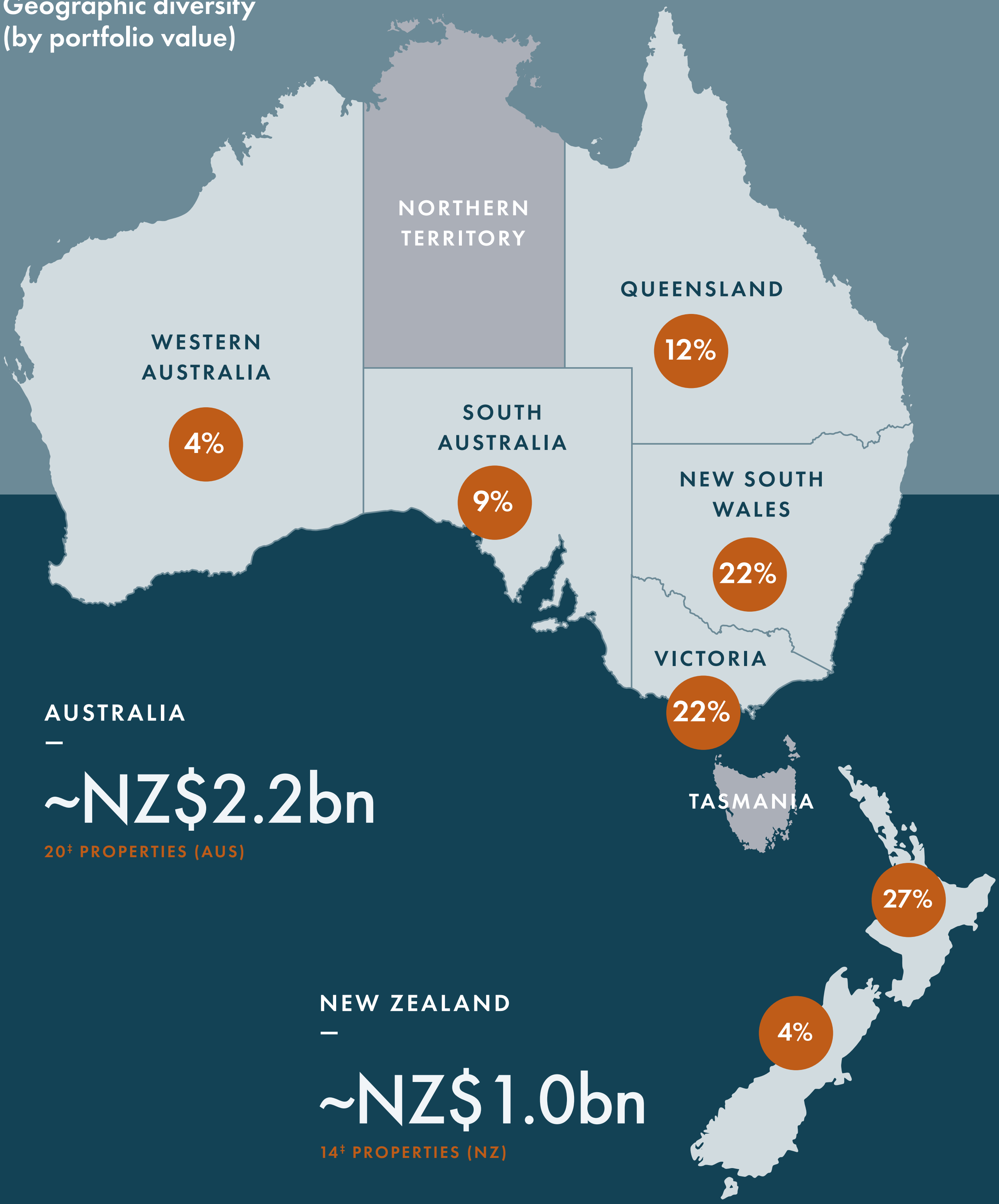
Prime Minister and local MP, RT Hon. Christopher Luxon officially opened the Ormiston Hospital Expansion in October 2024

During HY25, Vital celebrated 25 years of being listed on the NZX. Click here for a video commemorating this milestone.

Defensive Australasian healthcare property portfolio

as at 31 December 2024

Geographic diversity (by portfolio value)



AUSTRALIA

–

~NZ$2.2bn

20[‡] PROPERTIES (AUS)

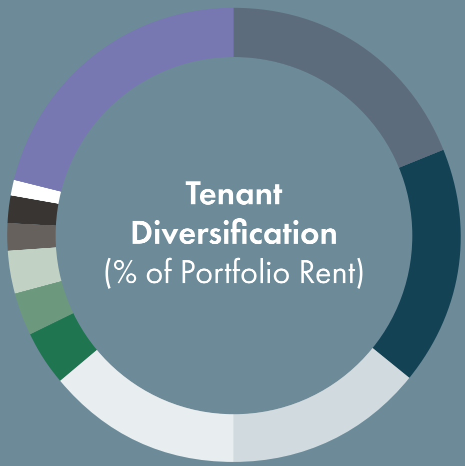
NEW ZEALAND

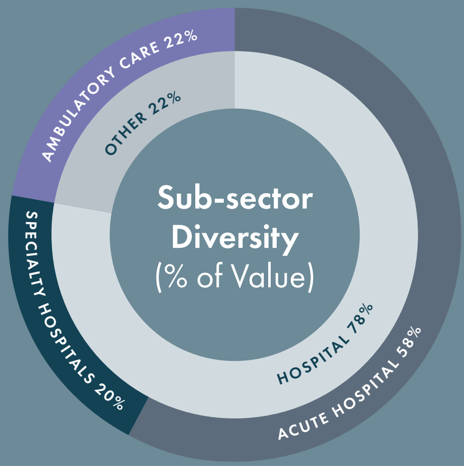
–

~NZ$1.0bn

14[‡] PROPERTIES (NZ)

Vital is the only specialist healthcare landlord on the NZX.





Aurora Healthcare	19%
Healthe Care Surgical	17%
Epworth Healthcare	14%
Evolution Healthcare	14%
Southern Cross	4%
Burnside	3%
Mercy Ascot	3%
GenesisCare	2%
Boulcott Hospital	2%
I-MED Radiology Network	1%
Other	21%

Acute Hospitals	58%
Specialty Hospitals (mental health & rehabilitation)	20%
Ambulatory Care	22%

~NZ$3.2bn

34‡† PROPERTIES (AUS & NZ)

NZ$146m

NET ANNUAL PROPERTY INCOME (CY24)

5.46%

WEIGHTED AVERAGE CAP RATE (IPP)‡ (AUS 5.35%, NZ 5.67%)

9.2 years

AVERAGE BUILDING AGE*

*measured through the latter of date of construction or last significant development

19.1 years

WEIGHTED AVERAGE LEASE EXPIRY (WALE)[1]

97.7%

PORTFOLIO OCCUPANCY

[1] Inclusive of landlord options

‡ Income Producing Property (excludes strategic assets)

† Figures may not sum due to rounding

Investing in healthcare property across Australia and New Zealand

INCOME STABILITY

- Consistently growing net property income reflecting tenant quality and improving industry dynamics
- Improving rent: EBITDAR for Vital's tenants (lowered from 60% to 53% over the last 12 months[1]) reflecting tenant quality and improved industry dynamics
- Diversified tenant base with no tenant accounting for more than 19% of income

GROWING DEMAND

- Ageing demographics and growing populations
- Rising life expectancy
- Increased offerings due to technological advances
- Increasing demand from the public sector due to capacity and / or fiscal constraints

HIGH QUALITY PORTFOLIO

- Focused on healthcare precincts across Australia and New Zealand
- Divestments and developments have helped improve portfolio including increasing the WALE to 19.1 years
- 97.7% occupancy
- Average building age[2]: 9.2 years

DEVELOPMENT UPSIDE

- NZ$77.5m remaining spend on existing developments to be substantially complete by September 2025
- Embedded opportunities in Vital's potential development pipeline exist but will only be pursued if value accretive
- Vital has an unmatched development team in healthcare property across Australia and New Zealand with ~NZ$277m of developments completed over CY24

EARNINGS GROWTH

- 96% of leases increase annually by CPI or a fixed %
- Strong underlying NPI growth enhanced by developments
- AFFO growth per unit below medium term target due to on-going interest rate head winds

[1] Vital's hospital tenants only who provide ~78% of Vital's revenue
[2] Average building age = the later of the date of construction or the last significant capital works, typically calculated as impacting >50% of floor area

Wakefield Hospital, Wellington

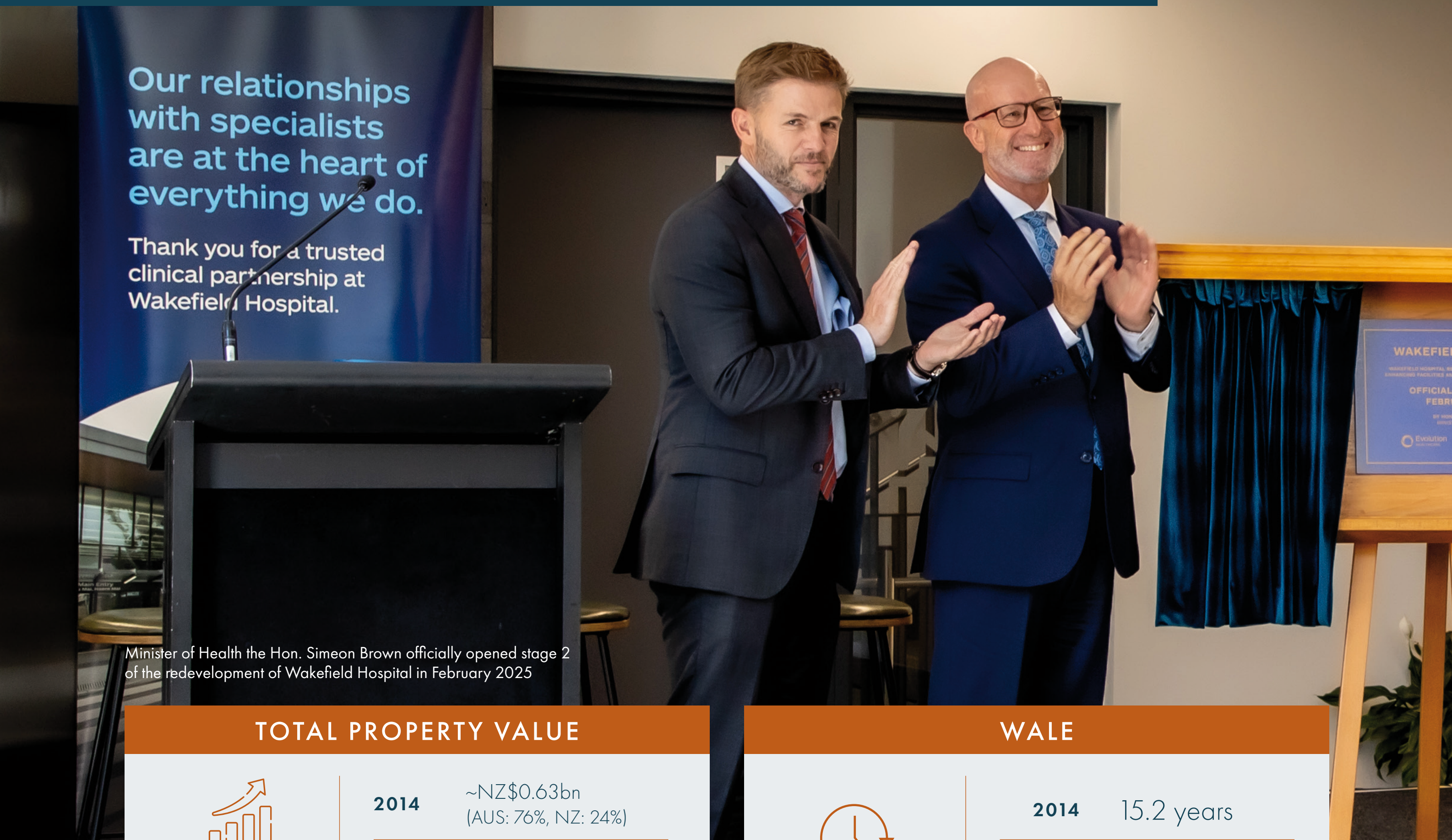
New Zealand Property Council (PCNZ) Conference

In September 2024, the PCNZ conference was held in Wellington. We took the opportunity to showcase Wakefield Hospital, Wellington's latest state-of-the-art private hospital and specialist facility.

Delivering for Unit Holders over time

Short (1 year), medium (3 years) and longer (10 years) term enhancements

All as at 31 December of the year shown unless otherwise indicated.



Minister of Health the Hon. Simeon Brown officially opened stage 2 of the redevelopment of Wakefield Hospital in February 2025

TOTAL PROPERTY VALUE

413% growth (HY15-HY25)

2014	~NZ$0.63bn (AUS: 76%, NZ: 24%)
2021	~NZ$3bn (AUS: 73%, NZ: 27%)
2024	~NZ$3.23bn (AUS: 68%, NZ: 32%)

WALE

Market leading WALE

2014	15.2 years
2021	17.8 years
2024	19.1 years

AVERAGE BUILDING AGE[1]

Younger buildings reduce maintenance capex requirements

2014	Data not available
2021	10.7 years
2024	9.2 years

NET PROPERTY INCOME (HALF YEAR)

148% increase (HY15-HY25)

HY15	NZ$30m
HY22	NZ$58m
HY25	NZ$74m

[1] Average building age = the later of the date of construction or the last significant capital works
[2] Committed and potential development pipeline

NZ$225m of assets in due diligence or being actively considered for sale with further asset sales being considered to reduce balance sheet gearing

DEVELOPMENT PIPELINE[2]

Enhance earnings and valuation growth and support portfolio quality

2014	~NZ$70.0m
2021	~NZ$1.4bn
2024	~NZ$2.3bn

LARGEST SINGLE TENANT EXPOSURE

Concentration risk reduced

2014	44%
2021	20%
2024	19%

SECTOR SPLIT

Diversity of assets reduces risk and enhances earnings

2014	Hospital 87%, Ambulatory Care 13%
2021	Hospital 82%, Ambulatory Care 13%, Aged Care 5%
2024	Hospital 78%, Ambulatory Care 22%, Aged Care N/A

WEIGHTED AVERAGE CAP RATE

Healthcare now considered a core real estate investment

2014	8.75%
2021	4.67%
2024	5.46%

Manager's report

Vital remains the leading healthcare property investment platform in Australasia.

Vital has a high-quality portfolio of geographically diversified healthcare assets and a growing net property income stream, primarily due to its well capitalised healthcare operator tenants who continue to experience strong demand for their services.

This demand has led to increased revenue for Vital's hospital tenants evidenced by improved rental affordability.[1] Vital's hospital tenants earn profits of around two times the rent payable to Vital providing a significant buffer in case of unforeseen expenses or changes in earnings.

Our recent returns have not been in line with our targets. There are two main reasons for this: (1) higher interest rates have caused declines in property values and AFFO per unit; and (2) during HY25, Vital fell out of a two global share market indices leading to a fall in Vital's unit price.

Tēnā koutou,

Northwest Healthcare Properties Management Limited, the Manager of Vital Healthcare Property Trust (Vital), is pleased to report Vital's results for the six months ended 31 December 2024 (HY25 or the Half Year).

During the Half Year we continued to focus on improving the portfolio through divestments and developments and undertook a significant consultation with Unit Holders and other stakeholders around a Dual Listed Trust Structure (DLT). Earlier this year, we announced that we are not proceeding with the DLT at this time due to feedback around transitional risks from the DLT and current market conditions. However, Unit Holders generally liked the end state of the DLT so we will continue to consult with Unit Holders. More details on the DLT are provided below.

Whilst we believe the DLT provides potential future upside for Unit Holders, it is by no means our sole focus. Other key achievements over the Half Year include:

- Over 47,000 square metres of space leased, extended or renewed during HY25 representing 18% of Vital's total property portfolio by net lettable area and 21% by income. This leasing helped to further extend Vital's long weighted average lease expiry (WALE) to 19.1 years at 31 December 2024 (versus 18.3 years at 30 June 2024).
- NZ$47.9 million of non-core assets were sold. Proceeds have been recycled into Vital's development pipeline as we continue to improve the portfolio across a range of metrics.
- Wakefield Hospital (stage 2A) development in Wellington officially opened and Maitland Private Hospital in Newcastle achieved Practical

[1] Vital's hospital portfolio (~78% of income) rent:EBITDAR ratio improved from 60% for the 12 months to 30 September 2023 to 53% for the 12 months to 30 September 2024

1ST PLACE 1ST PLACE LISTED HEALTHCARE (BOTH GLOBALLY & IN OCEANIA) IN DEVELOPMENTS

2ND PLACE PERFORMANCE SCORE WITHIN LISTED HEALTHCARE (GLOBALLY)

GRESB ACKNOWLEDGED VITAL AS SECTOR LEADER FOR ESG FOR LISTED HEALTHCARE GLOBALLY FOR THE SECOND YEAR IN A ROW

4.0%

GROWTH IN NET PROPERTY INCOME SINCE HY23 (LIKE-FOR-LIKE, SAME PROPERTY AND CONSTANT CURRENCY)

Ormiston Hospital (Stage 1), Auckland

Completion, reducing the capital required in future periods. The developments are 100% occupied.

- For the second year in a row, Vital was acknowledged as a Sector Leader (the highest possible achievement) for ESG by GRESB for listed healthcare entities globally across performance, management and developments.
- Distributions were maintained at 4.875 cpu from the prior corresponding period. Vital's distribution reinvestment plan or DRP remains active but the 1% discount was removed from February 2024.

At 31 December 2024, Vital had four committed developments underway with NZ$77.5m left to spend. Vital also has significant embedded value in its potential development pipeline. Additional developments will only be committed where they add value for Unit Holders.

Avive Clinic, VIC

DLT Proposal

On 20 November 2024, we announced commencement of Unit Holder consultation regarding a DLT proposal which would involve restructuring Vital into separate New Zealand and Australian trusts with independently traded primary listings on the NZX and the ASX, while continuing to operate as a single economic entity.

Since the announcement, extensive consultation has occurred with Vital's largest institutional Unit Holders, retail investor representatives including the New Zealand Shareholders' Association and several wealth managers as well as with Vital's Supervisor.

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

Although Unit Holders generally support the end state of the DLT, concerns were raised around transitional matters, including the ASX units issued as part of this proposal, given current market conditions. Unit Holders were also concerned about the impact of the DLT proposal on Vital's NZX-listed entity's scale, liquidity and index weighting.

As a result of the feedback received and current market conditions, we have decided not to proceed with the DLT proposal at this time. Feedback from stakeholders indicates that the transitional risk for the DLT cannot be adequately addressed in the current market.

We are grateful for the positive engagement with Unit Holders and will continue to consider ways of improving Vital's structure. Stakeholder feedback has been valuable and will help us continue to improve Vital for our Unit Holders.

We will continue to consider ways to create a more attractive and efficient investment vehicle, including potentially a DLT structure, over the course of 2025. During this time we will continue to consult with Unit Holders on ways to achieve these objectives. There remains no guarantee that the DLT or any alternative proposal will be put to Unit Holders or be implemented.

Improving Vital's structure, including facilitating international capital investment into Vital to drive improved Unit Holder returns, remains a strategic priority. We also continue to consider that additional capital sources are required to help unlock the significant embedded value for Unit Holders from Vital's development pipeline across the in-demand New Zealand and Australian healthcare sectors.

Whilst important, the DLT is only a small part of the Board's focus on enhancing returns for Unit Holders as you can see from the balance of this report.

Sustainability / ESG

Our commitment to sustainability remains strong as we continue to invest significant resources to drive improvements across a broad range of ESG (Environmental, Social, and Governance) indicators.

As noted above, Vital was acknowledged for the second year in a row, as a Sector Leader by GRESB for listed healthcare entities globally across performance, management and developments. Please refer to the Sustainability section of this report for more details on our progress toward achieving our broader ESG initiatives.

Net property income

Net property income increased for the Half Year from NZ$72.4 million for the prior corresponding period. This increase was driven by strong income growth, offset by asset sales. Underlying net property income rose by 4.0% (measured by like-for-like net property income on a constant currency basis) reflecting Vital's majority CPI-linked lease structure plus an increase in occupancy.

~86% of Vital's income is linked to CPI (albeit with varied caps as detailed in the Investor Presentation we released today). Under Vital's leases, rent for future periods is determined by CPI from previous periods so Vital's future income is expected to be supported by current and previous periods of heightened inflation.

	31 Dec 2024	31 Dec 2023	Change
NTA per unit (NZ$)	2.58	2.70	(4.4%)
Investment portfolio value (NZ$m)	3,230.5	3,218.1	(0.4%)
Investment properties (No.)	34	38	(10.5%)
Avg. property value (NZ$m)	85.2	74.9	13.8%
Avg. building age (years)	9.2	9.7	(5.2%)
WALE (years)	19.1	19.2	(0.5%)
Occupancy (%)	97.7	98.2	(0.5%)
AFFO - 6 months (NZ$m)	33.5	37.0	(9.5%)
AFFO - 6 months (cpu)	4.96	5.54	(10.5%)

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

"Rent:EBITDAR, a key measure of rental affordability, has improved from 60% to 53% reflecting the growing income of Vital's tenants"

AFFO and distributions

AFFO (a proxy for cash profit for Unit Holders) decreased from the prior corresponding period (NZ$37.0 million to NZ$33.5 million) primarily due to portfolio enhancing asset sales and increased finance costs. Pleasingly, as noted above, underlying income rose by 4.0% (on a same property, constant currency basis).

AFFO per unit declined by 10.5% in cents per unit (5.54cpu to 4.96cpu). This decline in AFFO per unit is primarily due to debt costs rising faster than net property income and is expected to be reversed in future periods.

Distributions remained constant at 4.875cpu equating to 9.75cpu annualised and 2.4375cpu per quarter.

We remain focused on delivering 2-3% growth in AFFO and distributions per unit per annum over the medium term.

Net tangible assets

Net tangible assets fell ~4% per unit from NZ$2.69 at 30 June 2024 compared to NZ$2.58 at 31 December 2024. This fall was primarily attributable to unrealised property revaluations.

Capital management

At 31 December 2024, balance sheet gearing was 40.7%, all-in weighted cost of debt was 5.19% (includes the cost of hedging and line fees on undrawn facilities), weighted average debt duration was ~3 years, the weighted average hedging term was 3.1 years and Vital had debt headroom in its existing facilities of ~NZ$135 million (more than enough to cover the NZ$77.5 million for committed developments).

Portfolio overview

Vital owns a high-quality ~NZ$3.2 billion portfolio of 34 healthcare investment properties, diversified across all mainland Australian States and New Zealand. The portfolio comprises 24 private hospitals (representing 78% of the portfolio value) and 10 ambulatory care facilities (22%). At 19.1 years, Vital's WALE remains the longest of any NZX or ASX listed REIT providing a high level of income security for Unit Holders.

Leasing

Over 47,000 square metres of new or extended leasing was undertaken across Vital 's portfolio (representing ~18% of Vital's net lettable area and 21% of Vital's income) during the Half Year.

Leasing helped maintain occupancy at ~98% (materially consistent with 30 June 2024), extend Vital's already long WALE to 19.1 years (18.3 years at 30 June 2024) and contribute to the net property income growth noted above.

Rent reviews undertaken during the Half Year averaged 3.1%. This is the average of new rental rates which will flow into additional income in future periods whereas the 4.0% like-for-like growth reflects a combination of rental increases from previous periods plus some contribution from rental increases which occurred in HY25.

Acquisitions and divestments

NZ$47.9 million of non-core asset sales were undertaken over HY25 with the proceeds reinvested into Vital's development pipeline. ~NZ$225 million is in due diligence for sale or being actively considered for potential sale. We are also actively considering other asset sales to reduce balance sheet gearing.

No acquisitions were undertaken during HY25.

Developments and other capital works

Developments remain a key component of Vital's strategy to continue to deliver earnings and capital growth and improve the quality of the portfolio. In particular, we are aiming to increase Vital's exposure to sustainable properties in core and emerging healthcare precincts including in our home market, New Zealand, where we see significant opportunities to support private and public healthcare operators.

As at 31 December 2024, Vital had a committed development pipeline of NZ$241.3 million across four projects of which NZ$77.5 million was left to complete.

During the Half Year ~NZ$73.2 million was spent on developments, ~NZ$0.9 million spent on value-add capital works and ~NZ$0.6 million on maintenance and tenant incentives.

Significant development milestones during the Half Year were as follows:

1. NZ$38.1 million Ormiston Hospital (Stage 1) expansion in Auckland was officially opened in October 2024 by the Prime Minister with the Ministers of Health and Innovation also in attendance.
2. NZ$91.5 million Wakefield Hospital (Stage 2A) redevelopment in Wellington commenced operations in January 2025 and was officially opened by the Minister of Health on 13 February 2025.
3. AU$16 million Maitland Private Hospital mental health and oncology expansion reached practical completion in September 2024.

Vital also has a significant pipeline of potential development opportunities. These opportunities are being actively considered on land already owned but are not yet committed or approved. We will continue to be highly selective about which opportunities to pursue and when to pursue them having regard to both Vital's total returns and balance sheet capacity.

Playford Health Hub (Stage 2), SA

Outlook

Vital remains in a strong position and whilst our returns have been below our target, primarily due to interest rate headwinds, we remain optimistic about the medium term trajectory for Vital noting:

The earnings stability and growth of our well-capitalised tenants.

Vital's high-quality and diversified portfolio.

The engagement we had with Unit Holders and other stakeholders through our consultation on the DLT.

Most of all, the ongoing support from Unit Holders despite a volatile, and at times unfavourable, equity market.

Nā māua noa, nā

Graham Stuart
Independent Chair

Aaron Hockly
Fund Manager

20 February 2025
Northwest Healthcare Properties Management Limited, the Manager of Vital Healthcare Property Trust

Tē tōia, tē haumatia, kia rite, kia mau.

Nothing can be achieved without a plan, workforce and a way of doing things. Be prepared to take action.

Sustainability

Climate Related Disclosure

Vital's first Climate Related Disclosure was released in October 2024. The disclosure provides three plausible but challenging potential future scenarios across short, medium and long-term horizons based on relevant industry scenarios. These plausible scenarios are not presented as expectations of what *will* happen but what *could* happen to assist Vital's stakeholders to better understand Vital's strategy and investments. Significant work was also undertaken to understand our greenhouse gas emissions profile and Vital has received limited assurance over its full GHG Inventory, including Scope 3 emissions. Vital's Climate Related Disclosure can be found on our website.

GRESB

Vital was again acknowledged as a Sector Leader in October 2024, for developments in listed healthcare globally.

GRESB REAL ESTATE sector leader 2024

GLOBAL SECTOR LEADER IN DEVELOPMENT BENCHMARK

GRESB ★★★★★ 2024

5 STAR DEVELOPMENT RATING

1ST PLACE 1ST PLACE

LISTED HEALTHCARE (BOTH GLOBALLY & IN OCEANIA) IN DEVELOPMENTS

2ND PLACE

PERFORMANCE SCORE WITHIN LISTED HEALTHCARE (GLOBALLY)

CDP

Vital submitted to CDP again in 2024, achieving a score of B. This marks an improvement from the B- score received in the previous year and reflects Vital's continued focus on climate risk management, emissions reductions and transparency in environmental reporting.

CDP (formerly known as the Carbon Disclosure Project) is an international non-profit organisation that provides a platform for companies and cities to disclose their environmental impact, focusing on issues including climate change.

As Vital is a Climate Reporting Entity, much of the information captured within the CDP submission is publicly available within Vital's Climate Related Disclosure. This means Vital will not submit to CDP in future with efforts instead focused on alignment with regulatory priorities.

B SCORE

2024 CDP CLIMATE CHANGE SCORE

Green Star

Vital's remains dedicated to our commitment to target a minimum of 5 Star Green Star ratings for all new developments, with significant progress demonstrated through the rating and certifications of the projects below, reflecting our leadership in sustainable healthcare real estate.

GenesisCare Integrated Cancer and Health Centre (Campbelltown, NSW) has achieved a 6 Star Design & As Built v1.3 certified rating from the Green Building Council of Australia.

This is the first development in Vital's portfolio to achieve a 6 Star Green Star certification and confirms our commitment to taking a leading position on sustainability. The development also won the award for "Excellence in Sustainability – Commercial Category" at the Master Builder's Association (MBA) NSW 2024 Awards.

RDX (Gold Coast, QLD) has achieved a Green Star Design Review rating and is expected to receive a 6 Star Green Star (Design & As Built v1.3 - AU) rating.

6 Star Green Star As Built certification underway for Playford Health Hub Stage 2 (Elizabeth Vale, SA).

Modern Slavery

Since our last statement, we have advanced our commitment to addressing modern slavery through deeper engagement across all areas of our business—from supply chain partnerships to internal governance. We have enhanced our risk identification and mitigation processes, strengthened supplier relationships and increased collaboration with industry peers to deepen our understanding of the challenges and drive continued progress. Northwest (including Vital) released its fourth Modern Slavery statement in December 2024 and is committed to increasing our reach by 50% for ongoing assessment of the potential modern slavery risks in our operations.

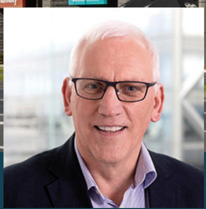
Tenant Survey

In November 2024, Vital conducted a comprehensive third-party global tenant survey to gather valuable feedback and insights from our tenants. This initiative is part of our ongoing commitment to maintaining strong tenant relationships and fostering engagement across our portfolio. The results of the survey will be shared with tenants and tailored action plans will be developed to address key areas of focus. These actions will ensure we continue to meet tenant needs, enhance satisfaction and support the long-term success of our partnerships.

GenesisCare Comprehensive Cancer & Health Centre, NSW

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 a 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, Independent Chair of EROAD Limited and an Independent Director and Chair of the Audit Committee at Tower 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

DIRECTOR
(57, Toronto)

Mike was appointed global President of Northwest Healthcare Properties REIT (TSX: NWH.UN) in 2023 after serving as global 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 Channel Infrastructure Ltd (NZX: CHI), 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 and realestate.co.nz.

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.

Ormiston Hospital (Stage 1), Auckland

Craig Mitchell

DIRECTOR AND MEMBER OF THE AUDIT COMMITTEE

(57, 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 a Fellow of CPA Australia. He has also completed the Advanced Management Program at Harvard University, Boston.

Craig has announced his retirement from Northwest by 30 June 2025, however, he will continue on the Board of Vital as a Northwest appointee.

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 Healius (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 A$1 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 290 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.

Ormiston Hospital (Stage 1), Auckland

Aaron Hockly

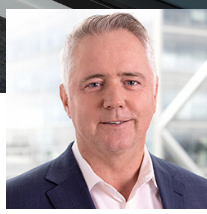
SENIOR VICE PRESIDENT - NEW ZEALAND & FUND MANAGER - VITAL (46, Auckland)

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. He is also currently a director of Eke Panuku Auckland (Auckland Council's urban regeneration and property management agency) as well as a member of the Auckland Urban Design Panel.



Chris Adams

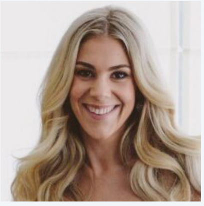
CO-HEAD A/NZ REGION
(55, Melbourne)

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.

Vanessa Flax

VICE PRESIDENT, REGIONAL GENERAL COUNSEL AND COMPANY SECRETARY (54, Melbourne)

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

Vanessa has 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
(51, 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
(60, 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.

Financial Statements

Playford Health Hub (Stage 2), SA

Contents

Consolidated Statement of Comprehensive Income

For the six months ended 31 December 2024

	Note	6 months Dec-24 $000s	6 months Dec-23 $000s
Gross property income from rentals		77,139	75,157
Gross property income from expense recoveries		10,552	8,727
Property expenses		(13,383)	(11,485)
Net property income	4	74,308	72,399
Other expenses		(11,851)	(14,844)
Strategic transaction expenses		(2,862)	-
Finance income		863	903
Finance expense		(23,983)	(20,978)
Operating profit		36,475	37,480
Other gains/(losses)			
Revaluation (loss)/gain on investment property	6	(65,361)	(141,526)
Net (loss)/gain on disposal of investment property		(1,876)	(2,599)
Fair value (loss)/gain on foreign exchange derivatives		124	(18)
Fair value (loss)/gain on interest rate derivatives		(11,682)	(17,315)
Realised (loss)/gain on foreign exchange		-	9
Unrealised (loss)/gain on foreign exchange		(528)	257
		(79,323)	(161,192)
(Loss)/Profit before income tax		(42,848)	(123,712)
Taxation benefit/(expense)	5	3,558	10,586
(Loss)/Profit for the year attributable to Unit Holders of the Trust		(39,290)	(113,126)
Other comprehensive income			
Items that may be reclassified subsequently to profit and loss:			
Movement in foreign currency translation reserve		8,669	(10,293)
Total other comprehensive (loss)/income after tax		8,669	(10,293)
Total comprehensive (loss)/income after tax		(30,621)	(123,419)
Earnings per unit			
Basic and diluted earnings per unit (cents)	8	(5.82)	(16.97)

The notes on pages 28 to 50 form part of and are to be read in conjunction with these financial statements.

Consolidated Statement of Financial Position

As at 31 December 2024

	Note	Dec-24 $000s	Jun-24 $000s
Non-current assets			
Investment properties	6	**3,230,546**	3,213,689
Derivative financial instruments	11	**4,644**	17,720
Other non-current assets		**13,775**	13,980
Total non-current assets		**3,248,965**	3,245,389
Current assets			
Investment properties held for sale	6	**-**	26,284
Cash and cash equivalents		**7,073**	18,934
Trade and other receivables	13	**3,052**	10,081
Other current assets		**1,898**	3,888
Derivative financial instruments	11	**4,630**	183
Total current assets		**16,653**	59,370
Total assets		**3,265,618**	3,304,759
Unit Holders' funds			
Units on issue	7	**1,213,415**	1,204,977
Reserves		**23,035**	20,966
Retained earnings		**506,915**	579,183
Total Unit Holders' funds		**1,743,365**	1,805,126
Non-current liabilities			
Borrowings	10	**1,323,523**	1,287,477
Lease liability - ground lease		**9,978**	9,982
Derivative financial instruments	11	**4,723**	1,856
Deferred tax		**146,532**	158,762
Total non-current liabilities		**1,484,756**	1,458,077
Current liabilities			
Trade and other payables		**30,777**	32,171
Income in advance		**1,331**	1,653
Derivative financial instruments	11	**56**	94
Lease liability - ground lease		**128**	123
Taxation payable		**5,205**	7,515
Total current liabilities		**37,497**	41,556
Total liabilities		**1,522,253**	1,499,633
Total Unit Holders' funds and liabilities		**3,265,618**	3,304,759

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

G Stuart, **Independent Chair**
20 February 2025

M Stanford, **Independent Director & Chair of the Audit Committee**

The notes on pages 28 to 50 form part of and are to be read in conjunction with these financial statements.

Consolidated Statement of Changes in Equity

For the six months ended 31 December 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 Six months ended 31 December 2023						
Balance at the start of the period	1,180,922	753,220	(55,122)	63,411	14,951	1,957,382
Changes in Unit Holders' funds	21,241	-	-	-	(14,951)	6,290
Manager's incentive fee	-	-	-	-	3,300	3,300
Profit/(Loss) for the period	-	(113,126)	-	-	-	(113,126)
Distributions to Unit Holders	-	(33,135)	-	-	-	(33,135)
Other comprehensive income for the period						
Movement in foreign currency translation reserve	-	-	(10,293)	-	-	(10,293)
Balance at the end of the six months	1,202,163	606,959	(65,415)	63,411	3,300	1,810,418
For the six months ended 31 December 2024						
Balance at the start of the period	**1,204,977**	**579,183**	**(49,045)**	**63,411**	**6,600**	**1,805,126**
Changes in Unit Holders' funds	**8,438**	**-**	**-**	**-**	**(6,600)**	**1,838**
Profit/(Loss) for the period	**-**	**(39,290)**	**-**	**-**	**-**	**(39,290)**
Distributions to Unit Holders	**-**	**(32,978)**	**-**	**-**	**-**	**(32,978)**
Other comprehensive income for the period						
Movement in foreign currency translation reserve	**-**	**-**	**8,669**	**-**	**-**	**8,669**
Balance at the end of the six months	**1,213,415**	**506,915**	**(40,376)**	**63,411**	**-**	**1,743,365**

The notes on pages 28 to 50 form part of and are to be read in conjunction with these financial statements.

Consolidated Statement of Cash Flows

For the six months ended 31 December 2024

	Note	6 months Dec-24 $000s	6 months Dec-23 $000s
Cash flows from operating activities			
Property income		77,737	74,823
Recovery of property expenses		10,959	6,990
Interest received		673	903
Property expenses		(9,023)	(14,161)
Management and trustee fees		(9,822)	(10,138)
Interest paid		(23,042)	(20,412)
Tax paid		(11,984)	(9,177)
Other trust expenses		(1,749)	(1,911)
Net cash provided by/(used in) operating activities		33,749	26,917
Cash flows from investing activities			
Receipts from foreign exchange derivatives		(100)	6,671
Payments for foreign exchange derivatives		-	(6,695)
Capital additions on investment properties		(88,972)	(147,192)
Purchase of properties		-	(10,676)
Deposits and acquisiton costs paid – Investment Property		(78)	(71)
Proceeds from disposal of properties		48,607	155,350
Fitout loans to tenants		2,797	(9,841)
Strategic transaction expenses		(1,271)	-
Net cash provided by/(used in) investing activities		(39,017)	(12,454)
Cash flows from financing activities			
Debt drawdown		77,379	182,351
Repayment of debt		(52,658)	(167,416)
Loan issue costs		(174)	7
Costs associated with new equity raised		(48)	(63)
Distributions paid to Unit Holders		(31,092)	(26,780)
Net cash from/(used in) financing activities		(6,593)	(11,901)
Net increase/(decrease) in cash and cash equivalents		(11,861)	2,562
Cash and cash equivalents at the beginning of the period		18,934	10,885
Cash and cash equivalents at the end of the six months		7,073	13,447

The notes on pages 28 to 50 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 HSBC Tower, Level 17, 188 Quay Street, Auckland.

The condensed consolidated interim financial statements of VHP for the six months ended 31 December 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 condensed consolidated interim financial statements were approved by the Board of Directors of the Manager on 20 February 2025.

The condensed consolidated interim financial statements for the six months ended 31 December 2024 (including comparative balances) have been reviewed by the auditor. The 30 June 2024 comparatives were subject to independent audit.

2. Basis of Preparation

(a) Statement of compliance

These condensed consolidated interim financial statements have been prepared in accordance with Generally Accepted Accounting Practice in New Zealand (NZ GAAP), NZ IAS 34 and IAS 34 Interim Financial Reporting, and do not include notes of the type normally included in an Annual Report. Therefore this report should be read in conjunction with the Group's most recent Annual Report. The accounting policies and methods of computation have been consistently applied, when compared to those used in the 2024 Annual Report. The 2024 Annual Report complies with New Zealand equivalents to the IFRS Accounting Standards (NZ IFRS) and other applicable Financial Reporting Standards issued and effective at the time of preparing those statements.

(b) Basis of consolidation

The Group's financial statements incorporate the financial statements of the Trust and entities controlled by the Trust (its subsidiaries). 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 significant 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.

(e) Fair value heirachy

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 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).

(f) 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 relevant and material 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.

Where necessary, certain comparative information has been updated to conform with the current year’s presentation.

3. Material Accounting Policy Information

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 15	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 allocation of identifiable administration costs, finance costs, revaluation gains/(losses) on investment properties 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 six months ended 31 Dec 2024:			
Gross property income from rentals	**50,861**	**26,278**	**77,139**
Gross property income from expense recoveries	**4,239**	**6,313**	**10,552**
Property expenses	**(6,482)**	**(6,901)**	**(13,383)**
Net property income	**48,618**	**25,690**	**74,308**
Other expenses	**(7,558)**	**(4,293)**	**(11,851)**
Strategic transaction expenses	**-**	**(2,862)**	**(2,862)**
Net finance expense	**(19,970)**	**(3,150)**	**(23,120)**
Operating profit	**21,090**	**15,385**	**36,475**
Fair value (losses) on interest rate derivatives	**(9,404)**	**(2,278)**	**(11,682)**
Revaluation losses on investment properties	**(69,946)**	**4,585**	**(65,361)**
Net losses on disposal of investment property	**(1,858)**	**(18)**	**(1,876)**
Other foreign exchange gains/(losses)	**45**	**(449)**	**(404)**
Total segment profit/(loss) before income tax	**(60,073)**	**17,225**	**(42,848)**
Taxation (expense) / benefit			**3,558**
Profit/(loss) for the six months			**(39,290)**
Segment profit/(loss) for the six months 31 December 2023:			
Gross property income from rentals	50,792	24,365	75,157
Gross property income from expense recoveries	3,533	5,194	8,727
Property expenses	(5,453)	(6,032)	(11,485)
Net property income	48,872	23,527	72,399
Other expenses	(10,635)	(4,209)	(14,844)
Net finance income/(expense)	(18,678)	(1,397)	(20,075)
Operating profit	19,559	17,921	37,480
Fair value (losses) on interest rate derivatives	(13,551)	(3,764)	(17,315)
Revaluation losses on investment properties	(114,570)	(26,956)	(141,526)
Net gain/(loss) on disposal of investment property	(2,626)	27	(2,599)
Other foreign exchange gains/(losses)	(85)	333	248
Total segment profit/(loss) before income tax	(111,273)	(12,439)	(123,712)
Taxation (expense) / benefit			10,586
Profit/(loss) for the six months			(113,126)

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 $50.0m of gross property income (31 December 2023: three Australian tenants and one New Zealand tenant that contributed $49.6m).

There were no inter-segment sales during the six months (31 December 2023: nil).

	Australia $000s	New Zealand $000s	Total $000s
Segment assets at 31 December 2024:			
Investment properties	**2,203,895**	**1,026,651**	**3,230,546**
Other non-current assets	**12,818**	**5,601**	**18,419**
Current assets	**11,578**	**5,075**	**16,653**
Consolidated assets	**2,228,291**	**1,037,327**	**3,265,618**
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 liabilities at 31 December 2024:			
Borrowings	**1,102,664**	**220,859**	**1,323,523**
Other liabilities	**172,144**	**26,586**	**198,730**
Consolidated liabilities	**1,274,808**	**247,445**	**1,522,253**
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

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 10.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

	6 months Dec-24 $000s	6 months Dec-23 $000s
Profit/(loss) before tax for the period	**(42,848)**	(123,712)
Taxation (charge)/credit - 28% on profit before income tax	**11,997**	34,639
Effect of different tax rates in foreign jurisdictions	**(9,568)**	(14,479)
Tax exempt income/(loss)	**3,316**	(3,414)
Foreign tax credits	**2,741**	568
Tax charges on overseas investments	**(4,886)**	(6,601)
Over/(under) provided in prior periods	**88**	-
Other adjustments	**(130)**	(127)
Taxation benefit/(expense)	**3,558**	10,586
The taxation (charge)/credit is made up as follows:		
Current taxation	**(9,920)**	(12,532)
Deferred taxation	**13,478**	23,118
Taxation benefit/(expense)	**3,558**	10,586

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 deferrred 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.

Unrecognised deferred tax assets

Deferred tax assets totalling $0.3m (2024: $0.7m) 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 2024 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.

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

	Dec-24 $000s	Jun-24 $000s
Carrying value of investment property at the beginning of the six months	**3,213,689**	3,288,356
Acquisition of properties	**-**	13,183
Capitalised costs	**72,409**	212,949
Capitalised interest costs	**12,549**	26,480
Net capitalised incentives	**(1,014)**	7,159
Disposal of properties	**(21,152)**	(161,317)
Classified as held for sale	**-**	(26,284)
Foreign exchange translation difference	**19,426**	12,174
Revaluation gain/(loss) on investment property	**(65,361)**	(165,244)
Right of use asset recognised	**-**	6,233
Carrying value of investment property at the end of the six months	**3,230,546**	3,213,689

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 14.3 years and 54.2 years respectively (30 June 2024: 14.8 and 54.7 years). As at reporting date the fair value of this right-of-use asset totals $8.5m and $6.5m respectively (30 June 2024: $8.1m and $6.4m). The ground lease at the GenesisCare property has two 15 year options permitting VHP to extend the term commencing 28 February 2079 and 28 February 2094.

(6.b) Acquisition of Property

During the period the Group did not acquire any property.

(6.c) Disposal of Property

During the period the Group:

- divested Hirondelle Private Hospital in Chatswood, NSW Australia for A$24m (excluding transaction costs) on 23 October 2024.
- divested Epworth Rehabilitation and the land at 10-14 Alverna Grove in Brighton, VIC Australia for A$19.3m (excluding transaction costs) on 3 December 2024.

(6.d) 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
Kellyville Private Hospital	Kellyville, New South Wales	Hospital (Mental Health)	Aurora
GenesisCare Integrated Cancer & Health Centre	Campbelltown, New South Wales	Hosptial (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
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
Ekera Medical Centre	Box Hill, Victoria	Ambulatory Care	Imaging Associates
Avive Clinic - Mornington Peninsula	Mount Eliza, Victoria	Hospital (Mental Health)	Avive
Epworth Rehabilitation[1]	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
Western Australia			
Marian Centre	Wembley, Western Australia	Hospital (Mental Health)	Aurora
Abbotsford Private Hospital	West Leederville, Western Australia	Hospital (Mental Health)	Aurora
South Australia			
Tennyson Centre	Kurralta Park, South Australia	Ambulatory Care	ICON Cancer Care
Playford Health Hub[2]	Elizabeth Vale, South Australia	Ambulatory Care	SA Health
Sportsmed Hospital, Clinic & Cons.	Stepney, South Australia	Hospital (Acute)	Burnside Hospital Foundaton
Total Australia			

1 This property was divested in Dec24

2 Dec-24 occupancy and WALE figures are inclusive of Stage 2 - Medical Office Building (MOB), which has reached Practical Completion. This addition increased the overall lettable area of the asset, reducing overall occupancy. Overall asset WALE has increased due to new leasing completed across Stage 2 - MOB areas.

Latest independent valuation	Fair value		Market capitalisation rate		Occupancy		WALE	
	$M	$M	%	%	%	%	Years	Years
Date	Dec-24	Jun-24	Dec-24	Jun-24	Dec-24	Jun-24	Dec-24	Jun-24
Jun-24	**204.2**	205.4	**5.0**	4.9	**100.0**	100.0	**26.2**	21.7
Jun-24	**157.7**	146.5	**5.5**	5.5	**100.0**	100.0	**22.5**	18.1
Dec-24	**92.8**	91.4	**6.0**	6.0	**100.0**	100.0	**22.3**	17.8
Dec-24	**54.1**	55.3	**5.4**	5.0	**100.0**	100.0	**22.5**	23.0
Jun-24	**49.6**	50.7	**5.1**	4.9	**100.0**	100.0	**14.2**	14.7
Jun-24	**42.3**	44.9	**7.0**	6.5	**100.0**	100.0	**18.0**	18.5
Jun-24	**42.3**	42.9	**5.0**	4.9	**100.0**	100.0	**26.2**	21.7
Jun-24	**420.0**	428.2	**4.9**	4.6	**97.9**	97.2	**23.3**	23.5
Dec-24	**88.6**	86.7	**5.5**	5.5	**100.0**	100.0	**16.2**	16.7
Jun-24	**80.1**	83.2	**5.3**	5.0	**100.0**	100.0	**19.5**	20.0
Jun-24	**39.2**	37.2	**5.9**	5.8	**97.8**	97.8	**4.6**	4.1
Dec-24	**32.3**	31.2	**5.3**	5.3	**100.0**	100.0	**23.8**	24.3
n.a.	**-**	16.4	**-**	n.a.	**-**	100.0	**-**	0.1
Jun-24	**12.7**	12.6	**6.4**	6.3	**75.7**	75.7	**4.1**	4.6
Dec-24	**150.3**	164.3	**5.3**	4.8	**100.0**	100.0	**20.7**	21.2
Jun-24	**65.2**	74.5	**5.5**	5.0	**100.0**	100.0	**10.7**	11.2
Dec-24	**59.1**	62.4	**5.3**	5.0	**100.0**	100.0	**19.6**	10.1
Dec-24	**58.9**	61.9	**5.3**	5.0	**100.0**	100.0	**17.1**	17.6
Jun-24	**94.5**	94.8	**5.4**	5.3	**100.0**	100.0	**6.5**	6.0
Jun-24	**90.1**	88.2	**5.3**	5.3	**68.2**	73.6	**10.1**	6.8
Jun-24	**79.0**	89.0	**7.0**	6.1	**100.0**	100.0	**21.7**	22.3
	1,913.0	1,967.8	**5.4**	5.2	**97.6**	99.1	**19.6**	18.1

Properties	Location	Sub sector	Major Tenant
New Zealand			
Wakefield Hospital	Newtown, Wellington	Hospital (Acute)	Evolution Healthcare
Ascot Hospital	Greenlane, Auckland	Hospital (Acute)	Ascot Hospital and Clinics Limited
Grace Hospital	Tauranga, Bay of Plenty	Hospital (Acute)	Evolution 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)	Southern Cross CLT 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	Health New Zealand - Canterbury
Ascot Central	Greenlane, Auckland	Ambulatory Care	Fertility Associates Limited
Endoscopy Auckland	Epsom, Auckland	Hospital (Acute)	Evolution Healthcare
Hutt Valley Health Hub	Lower Hutt, Wellington	Ambulatory Care	Ropata Health Limited
Kensington Hospital	Whangarei, Northland	Hospital (Acute)	Kensington Hospital Limited
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			

Latest independent valuation	Fair value		Market capitalisation rate		Occupancy		WALE	
	$M	$M	%	%	%	%	Years	Years
Date	Dec-24	Jun-24	Dec-24	Jun-24	Dec-24	Jun-24	Dec-24	Jun-24
Jun-24	**183.5**	183.3	**5.5**	5.5	**100.0**	100.0	**22.9**	23.4
Dec-24	**123.0**	125.0	**5.5**	5.4	**98.4**	98.4	**14.1**	14.2
Dec-24	**111.0**	109.4	**5.6**	5.4	**100.0**	100.0	**26.0**	26.5
Dec-24	**94.5**	86.3	**5.8**	5.5	**100.0**	100.0	**24.9**	25.4
Jun-24	**85.8**	83.4	**5.4**	5.4	**93.9**	100.0	**15.8**	14.9
Jun-24	**71.0**	69.5	**5.8**	5.6	**100.0**	94.1	**6.5**	7.1
Jun-24	**67.5**	66.0	**5.5**	5.5	**100.0**	100.0	**24.9**	25.4
Dec-24	**62.9**	59.4	**5.9**	5.9	**100.0**	100.0	**13.5**	14.0
Jun-24	**39.6**	39.4	**5.8**	5.8	**82.2**	71.1	**8.0**	8.8
Jun-24	**38.8**	38.5	**6.0**	6.0	**96.9**	96.9	**5.1**	5.5
Jun-24	**38.2**	31.7	**5.5**	5.5	**100.0**	100.0	**17.4**	17.9
Dec-24	**34.0**	34.0	**5.5**	5.5	**100.0**	100.0	**11.5**	11.8
Dec-24	**24.6**	23.6	**6.1**	6.3	**100.0**	100.0	**21.5**	22.0
Dec-24	**8.5**	8.4	**11.5**	11.7	**91.5**	91.5	**11.5**	11.9
	982.9	957.7	**5.7**	5.6	**97.8**	97.0	**18.1**	18.6
	334.6	288.2						
	3,230.5	3,213.7						
	-	26.3	**-**	5.5	**100.0**	100.0	**-**	17.9
	3,230.5	3,240.0	**5.5**	5.3	**97.7**	98.0	**19.1**	18.3

(6.e) Contractual Arrangements

The Group was party to contracts to construct property which are not recognised in the financial statements for the following amounts:

	Dec-24 $000s	Jun-24 $000s
Capital expenditure commitments	**79,721**	140,422

- 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 commitments relating to development projects' cost to complete.
  - reimbursement of 50% of the costs incurred (up to A$0.6m) by a tenant should the agreement for lease be terminated any time before commencement of construction if the Board approval is not obtained for the development.

(6.f) Recognition and Measurement

Recognition and measurement

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 31 December 2024 was determined through independent professional valuers for approximately 38% of the portfolio (30 June 2024: 66%) 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 31 December 2024 included: Ernst & Young, Colliers International, Jones Lang LaSalle Australia, Cushman & Wakefield, Valued Care, Savills, Urbis and CBRE. The properties which have been independently valued at 31 December 2024 are disclosed above in note 6.d.

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).

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.

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.

7. Units on Issue

	Dec-24 $000s	Jun-24 $000s
Balance at the beginning of the period	**1,204,977**	1,180,922
Issue of units under Distribution Reinvestment Plan	**1,886**	9,203
Issue of units to satisfy Manager's incentive fee	**6,600**	14,951
Issue costs of units	**(48)**	(99)
Balance at the end of the six months	**1,213,415**	1,204,977

	Dec-24 000s	Jun-24 000s
Reconciliation of number of units		
Balance at the beginning of the year	**671,923**	661,014
Issue of units under the Distribution Reinvestment Plan	**992**	4,492
Units issued to satisfy Manager's incentive fee	**3,646**	6,417
Balance at the end of the six months	**676,561**	671,923

Distributions related to the six month period to 31 December 2024 were 4.875 cents per unit (2024: 4.875 cents per unit), including the second quarter distribution of 2.4375 cents per unit declared subsequent to the reporting date (2024: 2.4375 cents per unit). Refer Note 14 for details.

On 21 August 2024, 3,645,936 units were issued against the 30 June 2024 Manager's incentive fee of $6.6 million (2024: 6,417,684 were issued against the 2023 Manager's incentive fee of $14.9 million).

8. Earnings per Unit

	Dec-24	Dec-23
Profit/(loss) attributable to Unit Holders of the Trust ($000s)	**(39,290)**	(113,126)
Weighted average number of units on issue (000's of units)	**674,850**	666,533
Basic and diluted earnings per unit (cents)	**(5.82)**	(16.97)

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 reporting period.

9. 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, amortisation of borrowing costs, leasing costs and tenant 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 profit attributable to Unit Holders 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 other entities.

A reconciliation of statutory profit attributable to Unit Holders to AFFO and AFFO per unit is outlined as follows:

	6 months Dec-24 $000s	6 months Dec-23 $000s
Adjusted funds from operations		
Operating profit before tax and other gains and losses	**36,475**	37,480
Add/(deduct):		
Current tax expense	**(9,920)**	(12,532)
Incentive fee	**-**	3,300
Strategic transaction expenses	**2,862**	-
Current tax on translation of foreign currency funding transactions	**130**	3
Current tax on interest rate swap restructure and property disposals	**1,235**	6,338
Amortisation of borrowing costs	**1,100**	990
Amortisation of leasing costs & tenant inducements	**1,851**	1,662
IFRS 16 Operating lease accounting	**(57)**	(88)
Funds from operations (FFO)	**33,676**	37,153
Add/(deduct):		
Actual capex from continuing operations	**(228)**	(200)
Adjusted funds from operations (AFFO)	**33,448**	36,953
AFFO (cpu)	**4.96**	5.54
Distribution per unit (cpu)	**4.875**	4.875
AFFO payout ratio	**98%**	88%
Units on issue (weighted average, 000s)	674,850	666,533

10. Borrowings

	Dec-24 $000s	Jun-24 $000s
AUD denominated loans	1,160,833	1,145,753
NZD denominated loans	166,900	146,900
Borrowing costs	(4,210)	(5,176)
Total borrowings	1,323,523	1,287,477
Non current liability	1,323,523	1,287,477
Total borrowings	1,323,523	1,287,477

	Dec-24 $000s	Jun-24 $000s
Total borrowings at the beginning of the year	1,287,477	1,239,156
Drawdowns during the year	77,379	316,327
Repayments during the year	(52,658)	(277,227)
Additional facility refinancing fee	(174)	(1,084)
Facility refinancing fee amortised during the year	1,100	2,009
Foreign exchange movement	10,399	8,296
Total borrowings at the end of the six monhts	1,323,523	1,287,477

(10.a) Summary of Borrowing Arrangements

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

	Dec-24			Jun-24		
	A$m Limit	A$m Undrawn	Expiry	A$m Limit	A$m Undrawn	Expiry
Common Terms Deed - AUD						
Facility A1	100.0	34.5	Oct-28	100.0	42.2	Oct-28
Facility A2	50.0	-	Mar-27	50.0	-	Mar-27
Facility A4	75.0	75.0	Mar-29	75.0	75.0	Mar-29
Facility C1	62.5	-	Mar-27	62.5	-	Mar-27
Facility C2	62.5	-	Mar-27	62.5	-	Mar-27
Facility C3	125.0	-	Mar-29	125.0	-	Mar-29
Facility D1	125.0	-	Mar-27	125.0	-	Mar-27
Facility D2	75.0	-	Mar-27	75.0	-	Mar-27
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	-	Mar-29
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	-	Mar-29
Facility M2	12.0	-	Mar-28	12.0	-	Mar-28
Facility O	50.0	-	Mar-28	50.0	-	Mar-28
Total AUD Facility	960.1	109.5		960.1	117.2	
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	-	Mar-27
Facility B	75.0	1.5	Mar-28	75.0	19.6	Mar-28
Total NZD Facility	125.0	1.5		125.0	19.6	
Common Terms Deed - Multicurrency (A$/NZ$)						
	A$m Limit	A$m Undrawn	Expiry	A$m Limit	A$m Undrawn	Expiry
Facility A5	75.0	3.4	Mar-27	75.0	5.0	Mar-27
Facility B1	50.0	0.7	Mar-27	50.0	2.1	Mar-27
Facility N	125.0	6.7	Mar-28	125.0	1.7	Mar-28
Total Multicurrency Facility	250.0	10.8		250.0	8.8	

In addition to the above, the Group has available a A$5.0m (30 June 2024: A$5.0m) bank guarantee facility of which A$0.7m (30 June 2024: A$0.7m) 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	Dec-24 Actual	Jun-24 Actual
Banking Covenants			
Loan to value ratio	< 55%	41.7%	40.4%
Interest cover	> 2.00x	2.98	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%	0.9%

(10.b) Finance Expense

The effective weighted average interest rate on the borrowings, incorporating interest rate swaps and line fees on undrawn facility limits, as at the reporting date was 5.19% per annum (December 2023: 5.24%).

11. Derivatives

(11.a) Interest Rate Swaps

	Dec-24 $000s	Jun-24 $000s
Current assets		
Interest rate derivative assets	4,531	149
Non-current assets		
Interest rate derivative assets	4,612	17,704
Non-current liabilities		
Interest rate derivative liabilities	(4,723)	(1,850)
Total	4,419	16,003

During the period the Group recognised an unrealised fair value loss of $11.7m (31 December 2023: $17.3m loss) on interest rate contracts. The Group's interest rate swaps effective at the reporting date are as follows:

	Dec-24 $000s	Jun-24 $000s
Notional value of interest rate swaps - AUD	863,630	863,630
Notional value of interest rate swaps - NZD	50,000	50,000
Average fixed interest rate A$	3.17%	3.17%
Average fixed interest rate NZ$	4.37%	4.63%
Floating rates based on AUD BBSY	4.47%	4.39%
Floating rates based on NZD BKBM	4.36%	5.68%

Interest rate derivatives mature over the next five years and have fixed interest rates ranging from 2.50% to 4.37% (30 June 2024: from 2.50% to 4.63%).

At balance date VHP had six A$ forward start swaps with a total notional value of A$300m with fixed rates ranging from 3.48% to 3.60%, and two NZ$ forward start swaps with a total notional value of NZ$100m with fixed rates of 3.15% and 3.83%. The start dates on these swaps range from 5 March to 5 September 2025 and tenors ranging between two and four years.

VHP also had three callable swaptions (at the counterparty's option) with a notional value of A$200m with fixed rates ranging from 3.54% to 3.92% and callable dates ranging from 5 March 2026 to 5 June 2027 and tenors ranging between two and three years.

Recognition and measurement

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 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 the consolidated statement of comprehensive income as hedge accounting has not been applied.

(11.b) Forward Exchange Contracts

	Dec-24 $000s	Jun-24 $000s
Current assets		
Foreign exchange derivative assets	**99**	34
Non-current assets		
Foreign exchange derivative assets	**32**	16
Current liabilities		
Foreign exchange derivative liabilities	**(56)**	(94)
Non-current liabilities		
Foreign exchange derivative liabilities	**-**	(6)
Total	**75**	(50)

During the period the Group recognised an unrealised fair value gain of $0.12m (31 December 2023: $0.02m loss) on forward exchange contracts. The Group's forward exchange contracts outstanding at the reporting date are as follows:

	Dec-24 $000s	Jun-24 $000s
Notional value of foreign exchange contracts - AUD	**21,601**	22,750
Average foreign exchange rate	**0.9058**	0.9110

Recognition and measurement

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 the consolidated statement of comprehensive income.

(11.c) Fair value hierarchy

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

12. Commitments and Contingencies

Other than the contractual obligations disclosed in Note 6.e and Note 12.a, there are no other commitments and contingencies in effect at the reporting date (2024: nil).

(12.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 Trust for listing on the NZX is $75,000.

(12.b) Other Contingent Liabilities

The Australian Federal Government has legislated to clarify uncertainty associated with State property taxes and double tax treaty agreements. The legislation applies retrospectively from 1 January 2018. There remains uncertainty in respect to how each state government will apply this legislation and accordingly there may be an impact on the Group's position in respect to absentee owner surcharges.

13. Trade and Other Receivables

	Dec-24 $000s	Jun-24 $000s
Trade receivables	**854**	5,615
Loss allowance	**(389)**	(552)
	465	5,063
Other receivables	**1,638**	4,075
Tenant fitout loans	**949**	943
Total trade and other receivables	**3,052**	10,081

Other Notes

14. Subsequent Events

- On 20 February 2025 a cash distribution of 2.4375 cents per unit was announced by the Trust. The Record Date for the final distribution is 6 March 2025, and payment is scheduled to be made to Unit Holders on 20 March 2025. Imputation credits of 0.4958 cents per unit will be attached to the distribution.

15. Related Party Transactions

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

The ultimate parent of NWIHLP is Toronto listed Northwest Healthcare Properties Real Estate Investment Trust (NW REIT) that, as at reporting date, holds a 28.3% (2024: 28.6%) interest in Vital. NW 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 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, with capitalised terms being defined terms in 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.

Fee arrangements

In accordance with the Trust Deed, the fee arrangements are as follows:

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) (as defined by 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, 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

The Activity Fee structure is as follows:

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% pro-rata for each year or part thereof 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 investment or property in the consolidated statement of financial position.

Additional Costs

The Additional Costs structure is as follows:

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.

Other amounts

In accordance with the Trust Deed, the Manager is permitted to engage related parties to provide services to the Trust. The provision of these services is subject to compliance with the restrictions on related party transactions in the Financial Markets Conduct Act 2013.

Transactions with related parties

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

	31 Dec 2024 $000s				31 Dec 2023 $000s			30 June 2024 $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	**8,888**	**-**	**8,888**	**-**	9,164	-	9,164	-
Incentive Fee[1]	**-**	**-**	**-**	**-**	3,300	-	3,300	6,600
Activity Fees:								
Leasing/licensing[2]	**48**	**2,229**	**2,277**	**56**	71	2,240	2,311	238
Property management[3]	**1,209**	**-**	**1,209**	**509**	1,158	-	1,158	320
Facilities management[3]	**-**	**-**	**-**	**-**	-	-	-	-
Project management[4]	**-**	**-**	**-**	**-**	-	-	-	-
AFSL fee	**651**	**-**	**651**	**-**	688	-	688	-
	10,796	**2,229**	**13,025**	**565**	14,381	2,240	16,621	7,158
Additional Costs:								
Acquisitions[5]	**-**	**-**	**-**	**277**	-	(180)	(180)	274
Disposals[6]	**86**	**-**	**86**	**-**	308	-	308	485
Development management[7]	**-**	**721**	**721**	**1,745**	-	2,137	2,137	1,543
	86	**721**	**807**	**2,022**	308	1,957	2,265	2,302
Other Amounts:								
Reimbursement of third party expenses:								
Other expenses	**183**	**-**	**183**	**-**	105	-	105	-
Amounts paid to directors:[8]								
Graham Stuart	**42**	**-**	**42**	**-**	75	-	75	-
Angela Bull	**36**	**-**	**36**	**-**	50	-	50	-
Michael Stanford	**60**	**-**	**60**	**-**	10	-	10	-
	321	**-**	**321**	**-**	240	-	240	-
	11,203	**2,950**	**14,153**	**2,587**	14,929	4,197	19,126	9,460

1 *Manager's incentive fee accrued at 31 December 2024 of nil (Jun 24: $6.6m) is payable to NorthWest Healthcare Properties Management Limited*

2 *Amounts outstanding at 31 December 2024 are: NorthWest Healthcare Properties Management Limited $0.02m (Jun 24:$0.2m); NorthWest Healthcare Australian Property Limited $0.04m (Jun 24: $0.1m)*

3 *Property Management and Facilities Management fees, exclusive of recoveries from tenants, incurred by the Trust totaled $1.2m and nil respectively for the 31 December 2024 year (Jun 24: $2.3m and nil respectively).*
Amounts outstanding at 31 December 2024 are: NorthWest Healthcare Properties Management Limited $0.2m (Jun 24: $0.1m); NorthWest Healthcare Australian Property Limited $0.3m (Jun 24:$0.2m)

4 *Amounts outstanding at 31 December 2024 are: NorthWest Healthcare Properties Management Limited Nil (Jun 24: $0.1m) NorthWest Healthcare Australian Property Limited Nil (Jun 24: Nil)*

5 *Amounts outstanding at 31 December 2024 are: NorthWest Healthcare Properties Management Limited Nil (Jun 24: Nil); NorthWest Healthcare Australian Property Limited $0.3m (Jun 24: $0.3m)*

6 *Amounts outstanding at 31 December 2024 are: NorthWest Healthcare Properties Management Limited Nil (Jun 24: $0.2m); NorthWest Healthcare Australian Property Limited Nil (Jun 24: $0.3m)*

7 *Amounts outstanding at 31 December 2024 are: NorthWest Healthcare Properties Management Limited $0.9m (Jun 24: $0.9m); NorthWest Healthcare Australian Property Limited $0.8m (Jun 24: $0.7m)*

8 *Directors' fees for Angela Bull are currently paid by the Manager from 7 November 2024. Graham Stuart was paid by the Manager until 7 November 2024.*

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.

Deloitte.

Independent Auditor's Review Report to the Unitholders of Vital Healthcare Property Trust

Conclusion
We have reviewed the condensed consolidated interim financial statements ('interim financial statements') of Vital Healthcare Property Trust ('the Trust') and its subsidiaries ('the Group ') on pages 24 to 50 which comprise the consolidated statement of financial position as at 31 December 2024, and the consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the six months ended on that date, and notes to the interim financial statements, including material accounting policy information.

Based on our review, nothing has come to our attention that causes us to believe that the interim financial statements of the Trust do not present fairly, in all material respects, the financial position of the Group as at 31 December 2024 and its financial performance and cash flows for the six months ended on that date in accordance with NZ IAS 34 *Interim Financial Reporting* and IAS 34 *Interim Financial Reporting*.

Basis for Conclusion
We conducted our review in accordance with NZ SRE 2410 (Revised) *Review of Financial Statements Performed by the Independent Auditor of the Entity* ('NZ SRE 2410 (Revised)'). Our responsibilities are further described in the *Auditor's Responsibilities for the Review of the Interim Financial Statements* section of our report.

We are independent of the Group in accordance with the relevant ethical requirements in New Zealand relating to the audit of the annual financial statements, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

Other than in our capacity as auditor, we perform other assurance services in relation to the Group's quarterly reporting pack to the Group's Parent. We also carry 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 relationship with, or interest in, the Group.

Board of Directors' responsibilities for the interim financial statements
The Board of Directors of the Manager is responsible on behalf of the Trust for the preparation and fair presentation of the interim financial statements in accordance with NZ IAS 34 *Interim Financial Reporting* and IAS 34 *Interim Financial Reporting* and for such internal control as the Board of Directors of the Manager determines is necessary to enable the preparation and fair presentation of the interim financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's responsibilities for the review of the interim financial statements
Our responsibility is to express a conclusion on the interim financial statements based on our review. NZ SRE 2410 (Revised) requires us to conclude whether anything has come to our attention that causes us to believe that the interim financial statements, taken as a whole, are not prepared, in all material respects, in accordance with NZ IAS 34 *Interim Financial Reporting* and IAS 34 *Interim Financial Reporting*.

A review of the interim financial statements in accordance with NZ SRE 2410 (Revised) is a limited assurance engagement. We perform procedures, primarily consisting of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. The procedures performed in a review are substantially less than those performed in an audit conducted in accordance with International Standards on Auditing (New Zealand) and consequently do not enable us to obtain assurance that we would become aware of all significant matters that we might identify in an audit. Accordingly, we do not express an audit opinion on the interim financial statements.

Restriction on use
This report is made solely to the Trust's unitholders, as a body. Our review has been undertaken so that we might state to the Trust's unitholders those matters we are required to state to them in a review 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 Trust's unitholders as a body, for our engagement, for this report, or for the conclusions we have formed.

Deloitte Limited

Andrew Boivin
Partner
for Deloitte Limited
Auckland, New Zealand
20 February 2025

Deloitte.

Independent Auditor's Review Report to the Unitholders of Vital Healthcare Property Trust

Conclusion
We have reviewed the condensed consolidated interim financial statements ('interim financial statements') of Vital Healthcare Property Trust ('the Trust') and its subsidiaries ('the Group ') on pages 24 to 50 which comprise the consolidated statement of financial position as at 31 December 2024, and the consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the six months ended on that date, and notes to the interim financial statements, including material accounting policy information.

Based on our review, nothing has come to our attention that causes us to believe that the interim financial statements of the Trust do not present fairly, in all material respects, the financial position of the Group as at 31 December 2024 and its financial performance and cash flows for the six months ended on that date in accordance with NZ IAS 34 *Interim Financial Reporting* and IAS 34 *Interim Financial Reporting*.

Basis for Conclusion
We conducted our review in accordance with NZ SRE 2410 (Revised) *Review of Financial Statements Performed by the Independent Auditor of the Entity* ('NZ SRE 2410 (Revised)'). Our responsibilities are further described in the *Auditor's Responsibilities for the Review of the Interim Financial Statements* section of our report.

We are independent of the Group in accordance with the relevant ethical requirements in New Zealand relating to the audit of the annual financial statements, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

Other than in our capacity as auditor, we perform other assurance services in relation to the Group's quarterly reporting pack to the Group's Parent. We also carry 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 relationship with, or interest in, the Group.

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The Board of Directors of the Manager is responsible on behalf of the Trust for the preparation and fair presentation of the interim financial statements in accordance with NZ IAS 34 *Interim Financial Reporting* and IAS 34 *Interim Financial Reporting* and for such internal control as the Board of Directors of the Manager determines is necessary to enable the preparation and fair presentation of the interim financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's responsibilities for the review of the interim financial statements
Our responsibility is to express a conclusion on the interim financial statements based on our review. NZ SRE 2410 (Revised) requires us to conclude whether anything has come to our attention that causes us to believe that the interim financial statements, taken as a whole, are not prepared, in all material respects, in accordance with NZ IAS 34 *Interim Financial Reporting* and IAS 34 *Interim Financial Reporting*.

A review of the interim financial statements in accordance with NZ SRE 2410 (Revised) is a limited assurance engagement. We perform procedures, primarily consisting of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. The procedures performed in a review are substantially less than those performed in an audit conducted in accordance with International Standards on Auditing (New Zealand) and consequently do not enable us to obtain assurance that we would become aware of all significant matters that we might identify in an audit. Accordingly, we do not express an audit opinion on the interim financial statements.

Restriction on use
This report is made solely to the Trust's unitholders, as a body. Our review has been undertaken so that we might state to the Trust's unitholders those matters we are required to state to them in a review 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 Trust's unitholders as a body, for our engagement, for this report, or for the conclusions we have formed.

Deloitte Limited

Andrew Boivin
Partner
for Deloitte Limited
Auckland, New Zealand
20 February 2025

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Mike Brady - Director
Angela Bull – Independent Director
Craig Mitchell – Director
Dr Michael Stanford – Independent Director
Aaron Hockly – Fund Manager
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