Vital
Healthcare Property Trust

VITAL HEALTHCARE PROPERTY TRUST

# Interim Results

## 31 DECEMBER 2018

01 MARCH 2019

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Highlights
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# Highlights

FINANCIAL AND PORTFOLIO PERFORMANCE DELIVERING ON STRATEGY

## FINANCIALS

- Gross rental income of $50.5m, +12.9%
- NDI of 4.19 cpu, payout ratio of 104%
- AFFO of 4.46 cpu, payout ratio of 98%
- NTA of $2.24 per unit
- LVR[1] of 39.5%, up from 37.5% at 30 June 2018
- 2nd quarter distribution of 2.1875 cents

## STRATEGY & DRIVERS

- Positive demographic trend, ageing population
- +65yr cohort utilises 4x healthcare services
- Public infrastructure & funding under pressure
- Operators exploring partnership funding model
- Challenging dynamic in Australian health sector
- NZ private health insurance participation higher

## PORTFOLIO

- Like-for-like NOI growth of 2.2% on same currency basis
- 18.0 year WALE, 99.4% occupancy
- 1.6% p.a. avg. lease expiry over next 10 years
- NZ$223.4m development pipeline next 3 years
- Significant expansion at Epworth Eastern
- Portfolio WACR firmed 3bps to 5.73%

## 2019 FOCUS

- Maintain low risk portfolio profile & metrics
- Execution of brownfield pipeline at attractive yield on cost
- Focus on long-term value creation
- Increased FY2019 cash distribution by 2.2% to 8.75 cpu
- Strategic opportunity Healthscope real estate WIP
- EY engaged to prepare fee research report

*(1) Calculated in accordance with Vital's Trust Deed*
*Note: Refer to glossary for explanation of abbreviated terms*

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# Portfolio

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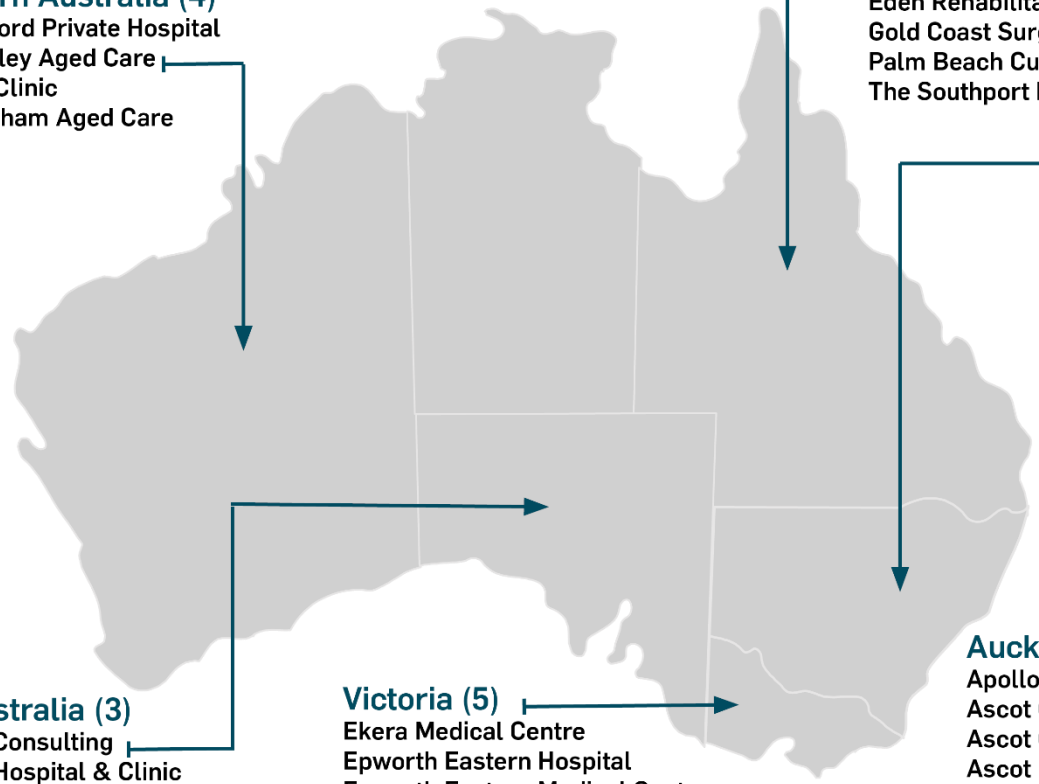
# Portfolio overview

$1.77B PORTFOLIO OF HEALTHCARE REAL ESTATE COMPRISING 42 INVESTMENT PROPERTIES AND ~2,600 BEDS



**Western Australia (4)**
Abbotsford Private Hospital
Hamersley Aged Care
Marian Clinic
Rockingham Aged Care

**Queensland (5)**
Belmont Private Hospital
Eden Rehabilitation
Gold Coast Surgery Centre
Palm Beach Currumbin Clinic
The Southport Private Hospital

**New South Wales (12)**
Clover Lea Aged Care
Dubbo Private Hospital
Fairfield Aged Care
Grafton Aged Care
Hirondelle Private Hospital
Hurstville Private Hospital
Lingard Private Hospital
Maitland Private Hospital
Mayo Private Hospital
Mons Road Medical Centre
The Hills Clinic
Toronto Private Hospital

**Northland (1)**
Kensington Hospital

**Auckland (6)**
Apollo Health and Wellness
Ascot Central
Ascot Central Carpark
Ascot Hospital & Clinics
Ascot Hospital Carpark
Ormiston Hospital

**South Australia (3)**
Sportsmed Consulting
Sportsmed Hospital & Clinic
Sportsmed Office

**Victoria (5)**
Ekera Medical Centre
Epworth Eastern Hospital
Epworth Eastern Medical Centre
Epworth Rehabilitation
South Eastern Private Hospital

**Tasmania (1)**
North West Private Hospital

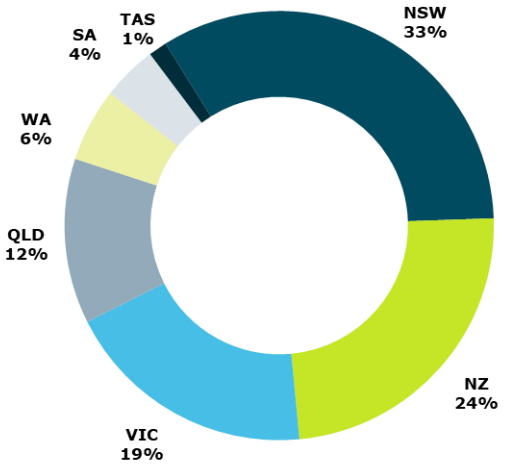
**Wellington (3)**
Boulcott Private Hospital
Bowen Private Hospital
Wakefield Private Hospital

**Hawkes Bay (2)**
Napier Health Centre
Royston Hospital

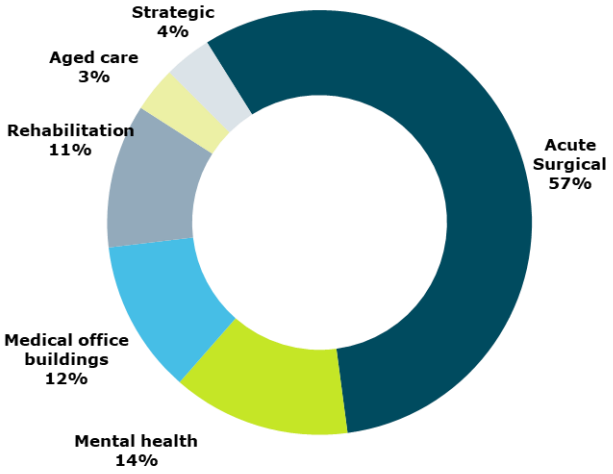
# Portfolio composition

PORTFOLIO DIVERSIFIED ACROSS GEOGRAPHY AND HEALTH CARE SUB-SECTORS

## Geographic Diversification




## Sector Diversification




## Top Ten Tenants

| | Tenant | % of revenue | Locations |
|---|---|---|---|
| 1 | Healthe Care | 49% | 18 |
| 2 | Epworth Foundation | 10% | 3 |
| 3 | Acurity Group | 7% | 3 |
| 4 | Hall & Prior | 5% | 5 |
| 5 | Sportsmed | 4% | 3 |
| 6 | Mercy Ascot | 4% | 2 |
| 7 | Ramsay Health Care | 2% | 1 |
| 8 | Ormiston Surgical | 2% | 1 |
| 9 | Castlereagh Imaging | 1% | 1 |
| 10 | Kensington Hospital | 1% | 1 |
| **Total** | | **85%** | **38** |

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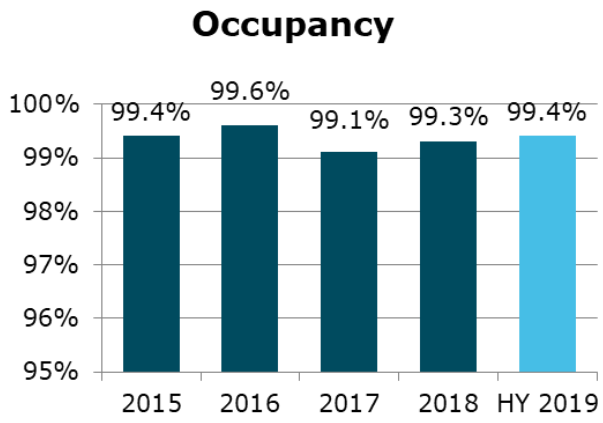
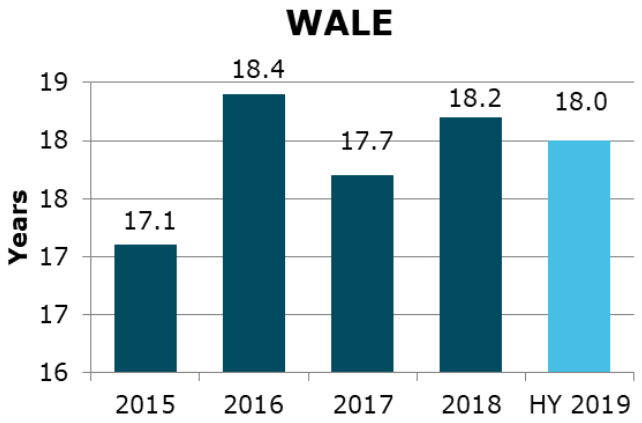
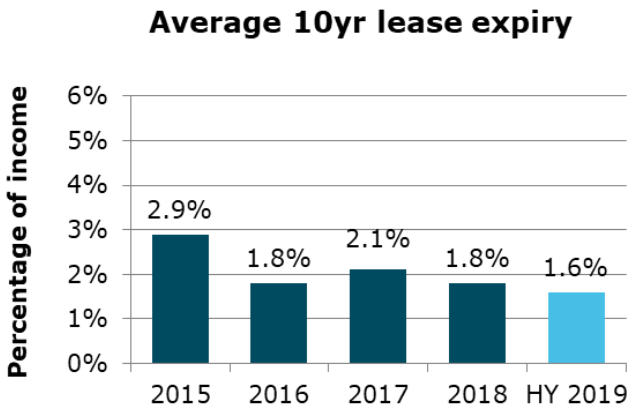
* Top Ten Tenants based on revenue earned in the last 6 months

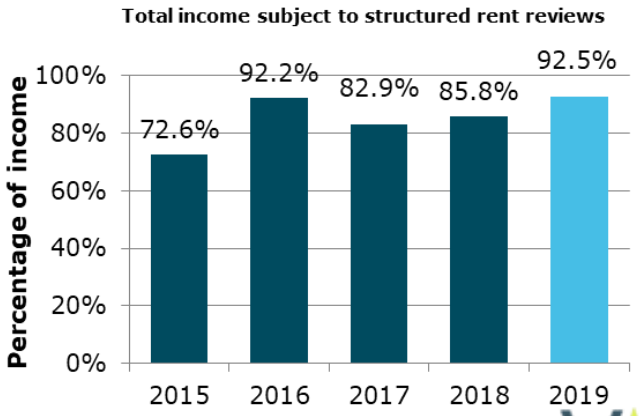
# Core portfolio metrics

PORTFOLIO IN GREAT SHAPE - UNDERPINS LONG-TERM PERFORMANCE

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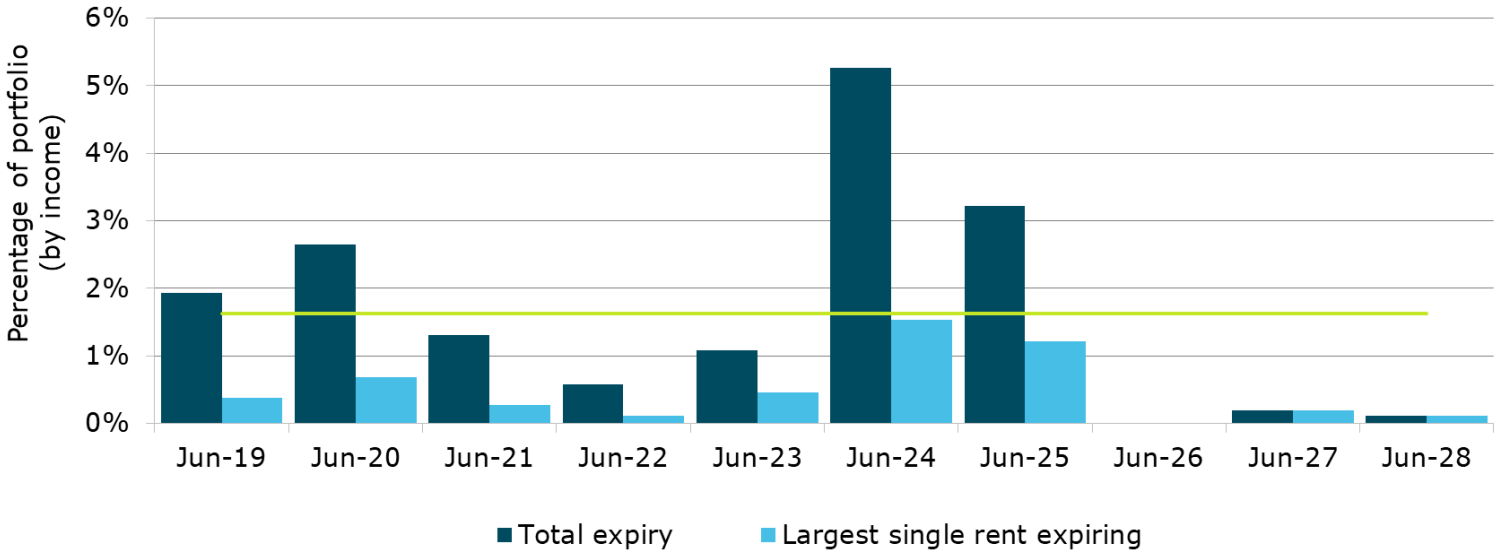
# Lease expiry

LOW RISK EXPIRY PROFILE SUPPORTS SUSTAINABLE, PREDICTABLE AND DEFENSIVE CASH FLOWS

- Lease expiries in FY2019 and FY2020 primarily reflect smaller tenancies at multi-tenant properties, with a high expectation of renewal, including: Ascot Hospital, Ascot Central, Ormiston Hospital, Epworth Eastern Medical Centre, Gold Coast Surgery, and Ekera Medical Centre.
- In terms of the largest single lease expiries over the next 5 years, the current estimated probability of renewal is over 90%.
- In the first six months of FY2019, Vital renewed 13 leases at higher rents increasing annualised rental income by $155k.

## Lease expiry profile

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# Rent Reviews

HIGH PERCENTAGE OF TOTAL RENT IS REVIEWED ANNUALLY WITH CPI OR STRUCTURED REVIEW MECHANISMS

## Reviews by Geography

| *($000s)* | # | Previous Rent (NZD) | New Rent (NZD) | Annualised Increase (NZD) | Annualised Growth (local F/X) | HY2019 Growth (local F/X) |
|---|---|---|---|---|---|---|
| Australia | 18 | 11,311 | 11,656 | 344 | 2.5% | 0.5% |
| New Zealand | 29 | 13,135 | 13,590 | 456 | 3.5% | 0.8% |
| Pending | 79 | 51,859 | TBD | TBD | TBD | TBD |
| **Total** | **126** | **76,305** | **25,246** | **800** | **3.0%** | **0.7%** |

## Reviews by Type

| *($000s)* | # | Previous Rent (NZD) | New Rent (NZD) | Annualised Increase (NZD) | Annualised Growth (local F/X) | HY2018 Growth (local F/X) |
|---|---|---|---|---|---|---|
| CPI | 27 | 20,192 | 20,708 | 516 | 2.3% | 0.4% |
| Fixed | 10 | 1,691 | 1,763 | 72 | 3.9% | 1.0% |
| Market | 10 | 2,563 | 2,775 | 213 | 8.3% | 2.2% |
| Pending | 79 | 51,859 | TBD | TBD | TBD | TBD |
| **Total** | **126** | **76,305** | **25,246** | **800** | **3.0%** | **0.7%** |

- In HY2019, reviews were completed on 32% of FY2019 rent reviews resulting in a 3.0% annualised increase in rents.
- Rents representing ~79% of the portfolio are subject to review during FY2019 of which 93% are subject to a structured review.

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* Pending expiries refers to those leases that fall due during the year where new rents have not yet been settled.

# Interim revaluation

POTENTIAL FOR FURTHER CAP RATE COMPRESSION

## Revaluation summary

- Revaluation gain of $43.5m, +2.4% above book value
- Values supported by external independent desktop reviews
- Majority of increase from gains in the Australian portfolio
- Australian WACR firmed ~3 bps to 5.70%, New Zealand ~1 bps to 5.82%
- Portfolio WACR firmed ~3 bps to 5.73%

## Drivers

- Firming cap rates for institutional quality healthcare assets
- Increased interest in healthcare infrastructure assets from global investment managers
- Low interest rate environment, unique and attractive lease terms

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# Investment activity

# Committed development update

BROWNFIELDS DRIVING VALUE-ADD OUTCOMES, UNDERPINS EARNINGS SUSTAINABILITY, IMPROVES ASSET QUALITY & PERFORMANCE

| | Budgeted development cost | Spend to date | Cost to Complete | Forecast completion date |
|---|---|---|---|---|
| Maitland ICU (NSW) | A$3.1 | A$2.2 | A$0.9 | Feb-2019 |
| Epworth Eastern (VIC) | A$126.2 | A$7.9 | A$118.3 | Late-2021 |
| **Total Australian Projects** | **A$129.3** | **A$10.0** | **A$119.3** | |
| Wakefield Hospital (Wellington, NZ) | NZ$88.0 | NZ$5.5 | NZ$82.5 | Staged 2020-2023 |
| Royston Hospital (Hastings, NZ) | NZ$13.0 | NZ$1.4 | NZ$11.6 | Mid-2020 |
| Bowen Hospital (Wellington, NZ) | NZ$4.0 | NZ$0.0 | NZ$4.0 | Early-2019 |
| **Total New Zealand Projects** | **NZ$105.0** | **NZ$7.0** | **NZ$98.0** | |
| **Total Projects in NZD** | **NZ$240.9** | **NZ$17.5** | **NZ$223.4** | |

**NZD/AUD at period exchange rate of 0.9513*

- Construction of new Intensive Care Unit and seven chair chemotherapy unit at Maitland Private follows the addition of two operating theatres in September 2017.
- Development pipeline at spreads of ~100bps over Vital's weighted average capitalisation rate.

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# Epworth Eastern (East Tower) Expansion

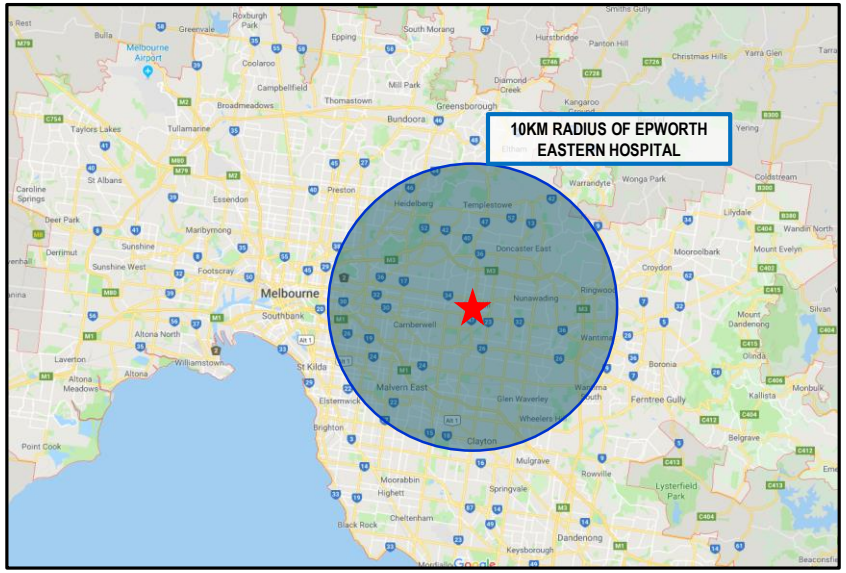
PARTNERING WITH AN EXISTING TENANT TO EXPAND A PREMIER MELBOURNE HEALTHCARE FACILITY

*Artist's impression of Epworth Eastern Hospital expansion*

- Commenced development of a modern, purpose-built 14-storey tower on existing land held by Vital.
- Epworth Foundation to lease approx. half of the new building for clinical services, consulting suites to comprise remaining area (4,200 sqm). Epworth has agreed to head-lease approximately half of the consulting space.
- Existing consulting tenants at the Medical Centre expected to relocate to East Tower suites. Medical Centre to be refurbished to provide theatre recovery space and a new emergency department.
- New 30 year lease term with rental escalators based on the greater of 3% or CPI.

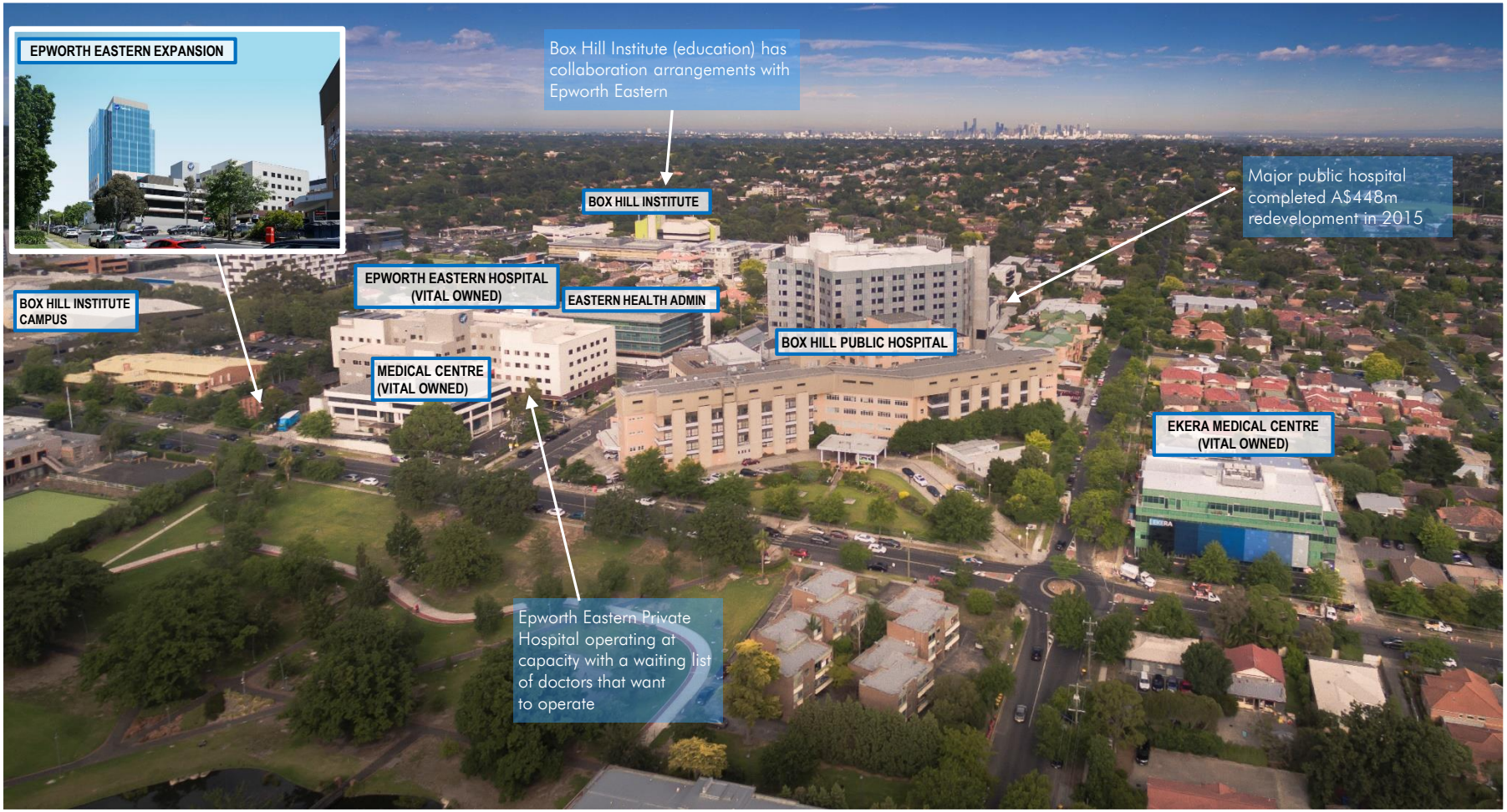
| | |
|---|---|
| Tenant | Epworth Foundation |
| Operating theatres | 5 |
| Beds | 63 |
| Status | Planning permit received / Developed design complete |
| Budgeted cost (inc'l land) | A$126.2m |
| Rentalisation yield | ~6% |
| Expected completion | Late-2021 |

## Greater Melbourne Area



# Epworth Eastern (East Tower) Expansion

INVESTING IN A HIGH GROWTH, METROPOLITAN HEALTHCARE PRECINCT




- Recent investment in local healthcare infrastructure (Epworth Eastern and Box Hill Public Hospital) has increased the supply of high quality visiting medical officers seeking to practice at these facilities.
- Ongoing unmet demand and strong forecast population growth in Epworth Eastern's primary catchment continues to drive demand for additional acute care patient facilities to service local healthcare needs.

Strategic
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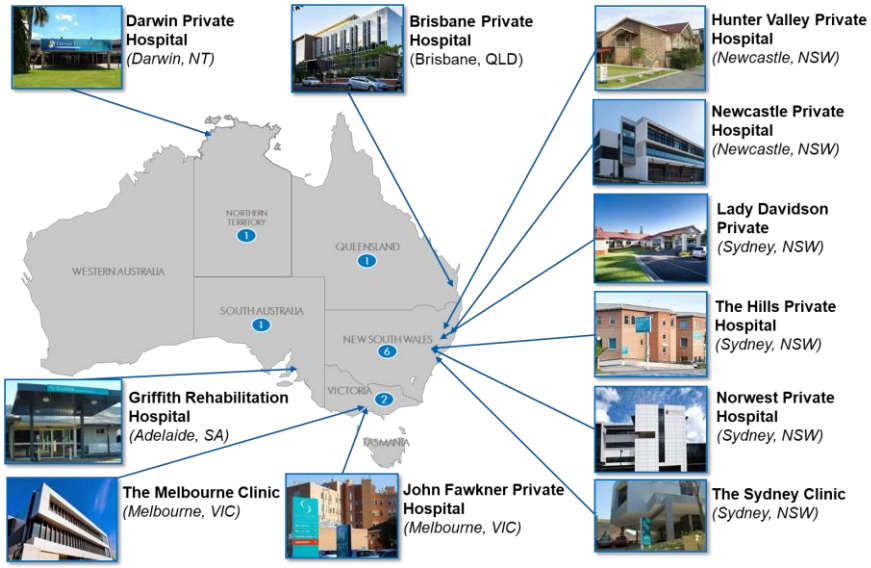
# Strategic initiatives update

## HEALTHSCOPE (HSO) PROPERTY OPPORTUNITY AND CORPORATE GOVERNANCE

| | |
|---|---|
| Properties | 11 |
| Asset value | ~A$1.3bn |
| Development pipeline | A$500m+ |
| Capitalisation rate ('quad net' lease structure) | 5.0% |
| Annual rental escalation | 2.5% |
| Occupancy | 100% |
| WALE | 20 years |




Above details refer to the opportunity secured by NorthWest

- Tactical use of derivatives to execute on HSO initiative has delivered strategic property opportunity.
- Vital is optimistic it will be able to agree terms with NorthWest that facilitates participation to the benefit of unitholders in the HSO real estate transaction.
- Discussions with NorthWest remain ongoing and a non-binding term sheet is well advanced. However, there can be no guarantee that an agreement will be able to be reached.
- Recognising the progress to date, Vital has agreed to certain work fees payable to the Manager, which are refundable, in certain circumstances, should Vital not participate in the HSO real estate opportunity.
- EY engaged to prepare an independent research report on fees and conduct unitholder engagement.
- The Board expects to be in a position to provide an update on both HSO and the fee and governance review by 31 March 2019.

# Sector drivers & trends

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# Sector drivers and trends

PERIODIC REGULATORY REFORM, LONG TERM TRENDS UNDENIABLE

## ECONOMIC & MARKET INFLUENCES

### REGULATORY

reform relatively constant, diversification critical

### PUBLIC SYSTEM PRESSURE

private system critical component

### RELATIVELY INSULATED

from macro financial, economic and market conditions

## STRONG FORECAST DEMAND, UNDENIABLE TRENDS

### 2x

>65 year demographic forecast over the next 40 years

### 80%

>65 year demographic have at least one chronic disease

### ~4x

utilisation of healthcare services by >65 year demographic

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# Financial performance

CORE BUSINESS AND STRATEGIC FOCUS DELIVERING RESULTS

| (in 000s of $NZ, except per unit amounts) | Actual HY2019 | Actual HY2018 | change $ | change % |
|---|---|---|---|---|
| Gross rental income | 50,537 | 44,752 | 5,785 | 12.9% |
| **Net rental income** | **48,835** | **43,153** | **5,683** | **13.2%** |
| Other income and expenses | (15,396) | (12,794) | (2,602) | 20.3% |
| Net finance expenses | (14,994) | (10,483) | (4,511) | 43.0% |
| **Operating profit before tax and other income** | **18,445** | **19,876** | **(1,431)** | (7.2%) |
| Property revaluations and other income | 37,983 | 41,240 | (3,257) | (7.9%) |
| **Profit before income tax** | **56,428** | **61,116** | **(4,688)** | **(7.7%)** |
| | | | | |
| Weighted average NZD/AUD exchange rate | 0.9247 | 0.9162 | | |

- Gross rental income increased 12.9% due to contribution from ~$260m of acquisition and development activity over the last 18 months and 1.4% of like-for-like rental growth on a currency adjusted basis.
- Other expenses includes $1.9m of net strategic transaction costs related to the Healthscope opportunity, a ~$1.3m increase in the Manager's base fee on higher AUM, partially offset by a ~$0.7m decrease in the Manager's incentive fee accrual.
- Net finance expenses increased on higher drawdown of bank facility to fund investment activity and higher funding costs on floating rate debt.
- Property revaluations and other income includes $43.5m of fair value gains on property and $2.7m of fair values losses on strategic transaction derivatives.

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# Net distributable income

NET DISTRIBUTABLE INCOME PAYOUT

| (in 000s of $NZ, except per unit amounts) | Actual HY2019 | Actual HY2018 | change $ | change % |
|---|---|---|---|---|
| **Profit before income tax** | **56,428** | **61,116** | **(4,688)** | **(7.7%)** |
| Revaluation (gains)/losses | (43,482) | (42,774) | (708) | 1.7% |
| Unrealised FX (gains)/losses | (5,162) | 1,366 | (6,528) | (477.9%) |
| Unrealised FX (gains)/losses on derivatives | (318) | 284 | (601) | (211.9%) |
| Derivative FV adjustment (gains)/losses | 8,262 | (116) | 8,377 | n.a. |
| Strategic transaction FV adjustment (gains)/losses | 2,717 | 0 | 2,717 | n.a. |
| Manager's incentive fee | 5,112 | 5,803 | (691) | (11.9%) |
| **Gross distributable income** | **23,557** | **25,679** | **(2,122)** | **(8.3%)** |
| Income tax expense (current) | (5,034) | (2,890) | (2,145) | 74.2% |
| *Effective tax rate* | *21.4%* | *11.3%* | | |
| **Net distributable income** | **18,524** | **22,790** | **(4,266)** | **(18.7%)** |
| **Net distributable income per unit (earned) (cpu)** | **4.19c** | **5.27c** | **(1.07c)** | **(20.4%)** |
| **Distribution per unit (cpu)** | **4.38c** | **4.00c** | | |
| **Net distributable income payout ratio** | **104%** | **81%** | | |

- Net distributable income declined versus the prior period due to:
  - Strategic transaction costs of $1.9[(1)] incurred in the period, and
  - Current tax expense includes ~$1.4m increase in the current year and ~$0.4m decrease in prior year period, due to the impact of unrealised foreign exchange gains/(losses) (-$5.1m and $1.4m, respectively) at a rate of 28%.

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(1) See 'Healthscope strategic opportunity' slide on page 28 for further details

# Adjusted funds from operations

CONSERVATIVE PAYOUT RATIOS

| (in 000s of $NZ, except per unit amounts) | Actual HY2019 | Actual HY2018 | change $ | change % |
|---|---|---|---|---|
| **Net distributable income** | **18,524** | **22,790** | **(4,266)** | **(18.7%)** |
| Amortisation of deferred financing charges | 289 | 216 | 72 | 33.4% |
| Amortisation of leasing costs & tenant inducements | 528 | 455 | 73 | 16.1% |
| **Funds from operations (FFO)** | **19,340** | **23,460** | **(4,121)** | (17.6%) |
| Strategic transaction costs | 1,872 | - | 1,872 | n.a. |
| Actual capex & leasing from continuing operations | (1,493) | (54) | (1,439) | n.a. |
| **Adjusted funds from operations (AFFO)** | **19,718** | **23,406** | **(3,688)** | **(15.8%)** |
| **AFFO (cpu)** | **4.46c** | **5.41c** | **(0.94c)** | **(17.4%)** |
| **AFFO payout ratio** | **98%** | **79%** | | |
| Units on issue (weighted average, millions) | 441,711 | 432,849 | | |

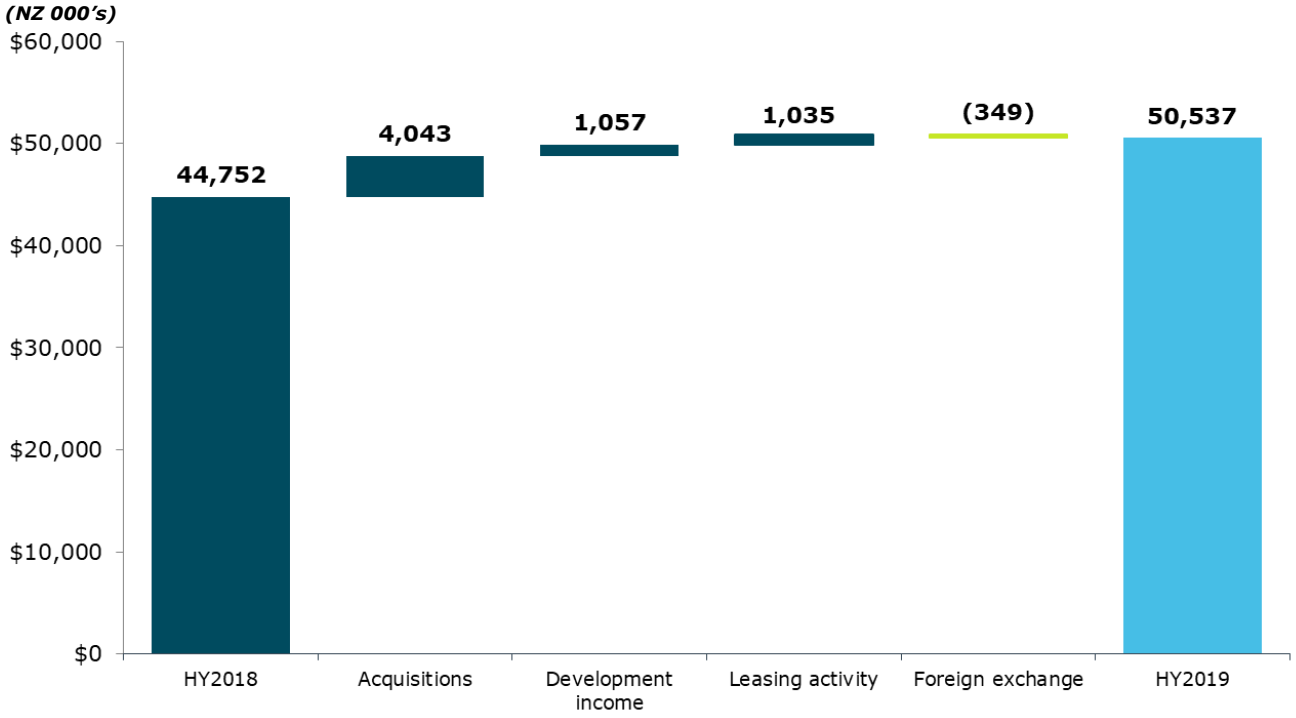
- AFFO declined versus the prior period due to:
  - Current tax expense (see previous page for details),
  - Actual capex and leasing costs in the prior year were negligible producing a low comparable base,
  - Unhedged foreign exchange gains/(losses) of ($0.1m) and $0.4m in the current and prior year period, respectively, and
  - One-off public company costs of $0.2m reflecting non-recurring expenses in late CY2018.
- Adjusting for these non-recurring items, Vital's 'core AFFO' per unit would have been flat year over year.

# Gross rental income

ACQUISITIONS, DEVELOPMENTS AND RENT REVIEWS WERE KEY DRIVERS OF GROWTH

- **Acquired** ~$211m of property in the last 18 months at a weighted average yield of ~6%
- **Invested** ~$49m in developments over last 18 months at a weighted average yield of ~7%
- **Rent reviews** completed at annualised rate of 3.0% in HY2019 on strong market rent reviews at our NZ properties (see rent review slide for further details)

## Rental income bridge

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# Like for like operating results

STRONG REVENUE GROWTH DRIVING POSITIVE CORE PORTFOLIO PEFORMANCE

In the ***like for like portfolio***:

- **Revenue** increased 1.4% (2.2% on a same currency basis)
- **Expenses** increased 3.0% (3.3% on same currency basis)
- **Net operating income** increased 1.4% (2.2% on a same currency basis)

## Comparative like-for-like performance

| **Geography** *(in 000s of NZ$)* | **HY2019** | **HY2018** | **Variance** | **Change** |
|---|---|---|---|---|
| Revenue | 48,294 | 47,614 | 679 | 1.4% |
| Expenses | (6,659) | (6,467) | (193) | 3.0% |
| Non-recurring R&M | 271 | 194 | 76 | 39.3% |
| **Like-for-like net operating income** | **41,905** | **41,342** | **563** | **1.4%** |
| Non-recurring R&M | (271) | (194) | | |
| Acquisitions | 5,225 | 1,163 | | |
| Developments | 1,976 | 843 | | |
| **Total net operating income** | **48,835** | **43,153** | | |

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**Note:**

Revenue includes passing rent and expense recoveries as agreed to under the terms of respective leases

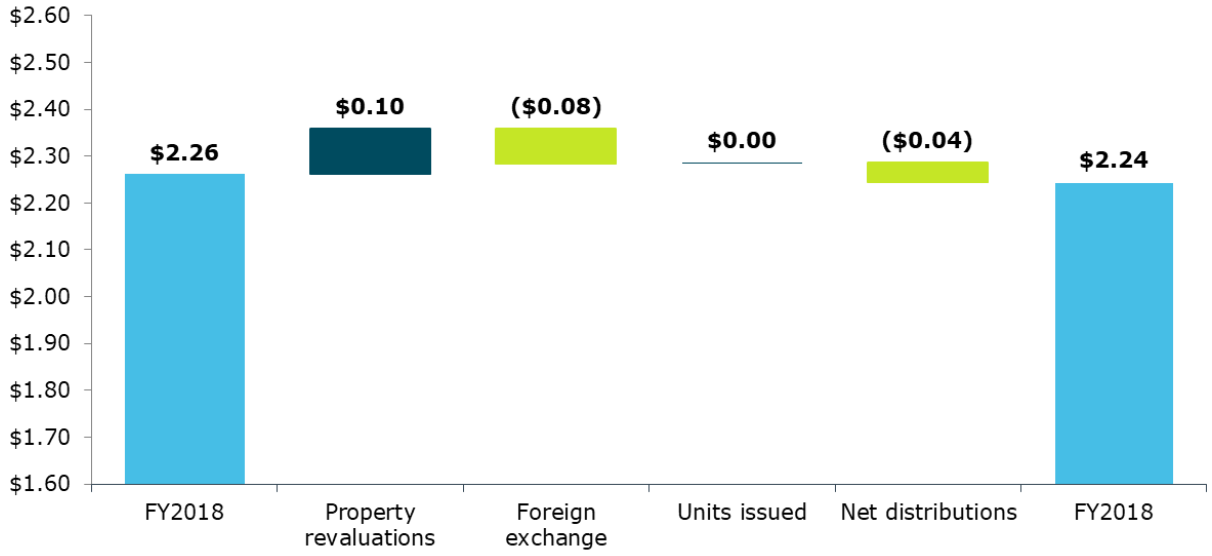
# Balance sheet

CAPITAL RECYCLING AVAILABLE TO MANAGE FUTURE COMMITMENTS

| *(in 000s of $NZ, except per unit amounts)* | Actual 1H19 | Actual FY18 | change $ | change % |
|---|---|---|---|---|
| Investment properties | 1,765,974 | 1,731,247 | 34,727 | 2.0% |
| Bank debt drawn | 743,188 | 670,124 | 73,064 | 10.9% |
| **LVR (bank covenant)** | **43.7%** | **38.7%** | **501 bps** | |
| | | | | |
| Unitholder funds | 998,452 | 987,976 | 10,476 | 1.1% |
| Units on issue (m) | 444,823 | 436,893 | 7,931 | 1.8% |
| **Net Tangible Assets** | **2.24** | **2.26** | **-0.02** | **-0.7%** |
| *Period end NZD/AUD exchange rate* | *0.9513* | *0.9159* | | |

- Gearing remains within bank and Trust Deed covenants

## NTA per unit bridge




- NTA per unit moderately down on unrealised foreign exchange losses partially offset by higher revaluations

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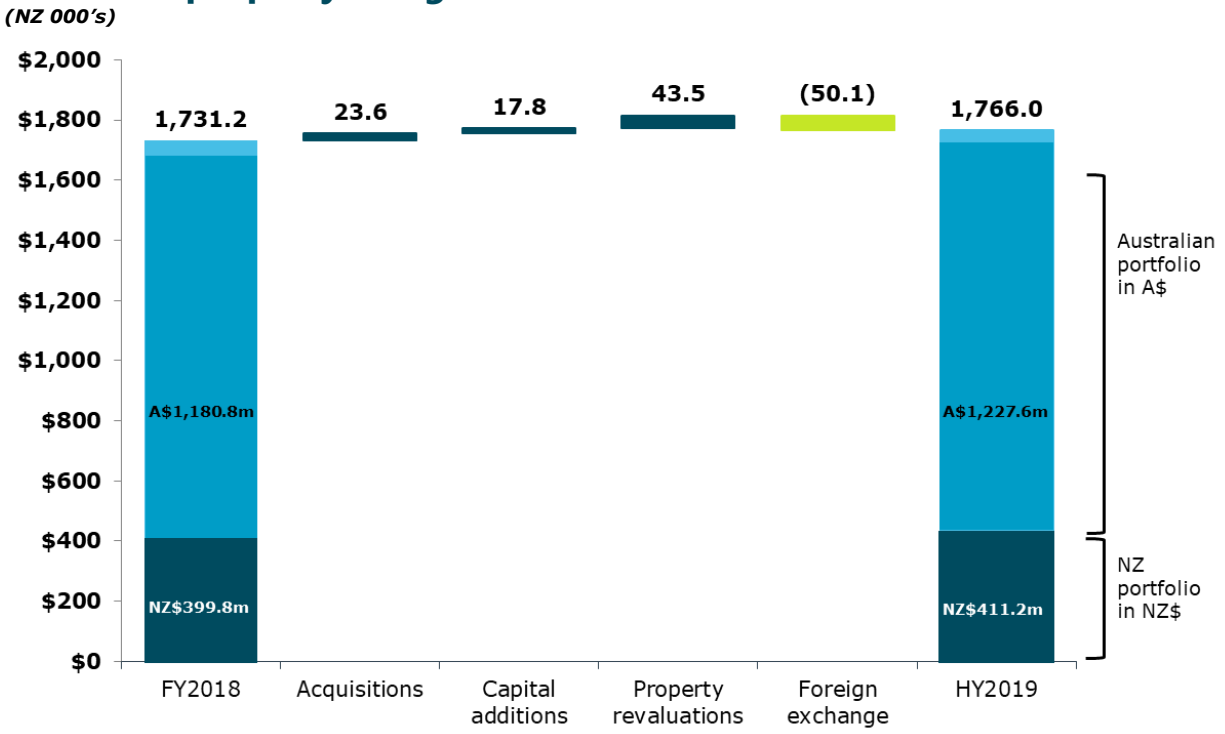
# Investment property

ACQUISITIONS AND REVALUATIONS KEY DRIVERS OF GROWTH

- **Acquisitions:** Purchased
  - Ormiston Land (NZ$9.3m),
  - Elizabeth Vale (NZ$7.5m), and
  - Strategic land (NZ$6.8m)
- **Capital additions:** Spent $17.0m on active developments, $0.2m on net tenant incentives and $1.3m on maintenance capital expenditures
- **Fair Value:** Crystalised gains on development post-completion, cap rate compressed 3bps (see valuation section for further details)
- **Foreign Exchange:** Period end NZD/AUD exchange rate increased to 0.9513 from (0.9159 in the prior year).

## Investment property bridge

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All figures in NZD unless otherwise noted

# Healthscope strategic opportunity

FAIR VALUE OF DERIVATIVE AND TRANSACTION COSTS

| (in 000s of $NZ) | Actual HY2019 | Actual FY2018 | Total $ |
|---|---|---|---|
| Dividend income received | (3,191) | 0 | (3,191) |
| Expenses | 5,063 | 3,466 | 8,529 |
| **Strategic transaction costs** | **1,872** | **3,466** | **5,338** |
| *(Deduct) / Add:* | | | |
| Interest income on related party loan | (1,003) | (283) | (1,287) |
| FV (gain)/loss on strategic transaction derivatives | 2,717 | 113 | 2,830 |
| **Realised and unrealised strategic transaction costs** | **3,585** | **3,296** | **6,881** |

- On 14 February 2019, Healthscope announced an interim dividend payment of 3.5c would be paid on 26 March 2019 which is **expected to reduce strategic transaction costs by ~A$4m**.
- Based on a Healthscope's (HSO; ASX) closing share price of A$2.23 at 31 December 2018, Vital's share of the strategic transaction derivatives was valued at (NZ$2.8m).
- Following Healthscope's support of Brookfield's proposal to purchase the Company, Healthscope's shares have traded to Brookfield's offer price of A$2.40 - A$2.50, which **positively impacts the fair value of the strategic transaction derivatives**.

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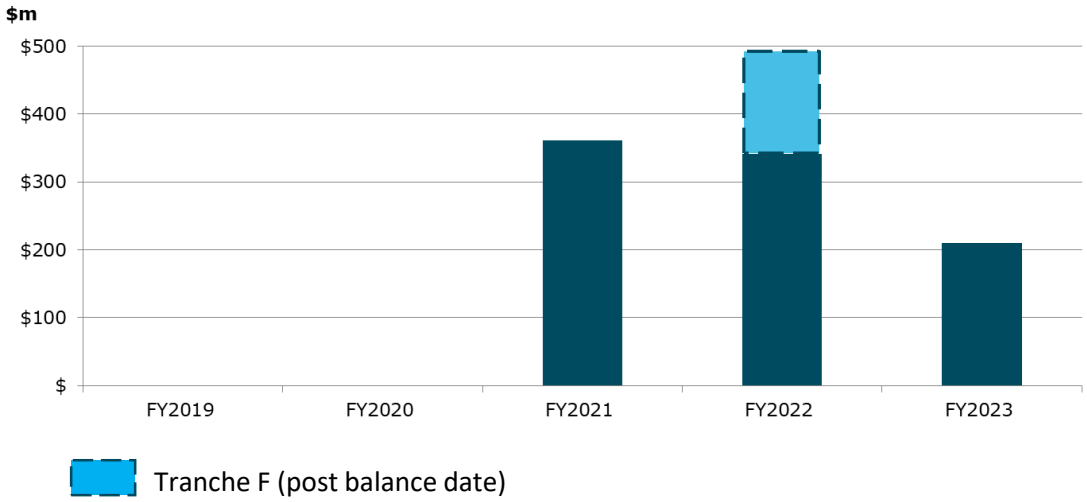
# Debt maturity

UTILISING THE AVAILABLE HEADROOM AND ADDING CAPACITY

| Bank Facilities | 31 Dec 2018 | 30 Jun 2018 |
|---|---|---|
| LVR (Trust deed) | 39.5% | 37.5% |
| LVR (Bank covenant) | 43.7% | 38.7% |
| Duration | 2.6 years | 3.1 years |
| Headroom available* | $13m | $114m |

## Debt maturity schedule




- Post balance date, expanded existing bank facility
  - Added Tranche F of A$150m with expiry of January 2022.
- Trust deed LVR is based on total borrowings as a percentage of the gross asset value of the Trust
- Bank covenant LVR is based on total borrowings as a percentage of the secured property value as determined by external valuers

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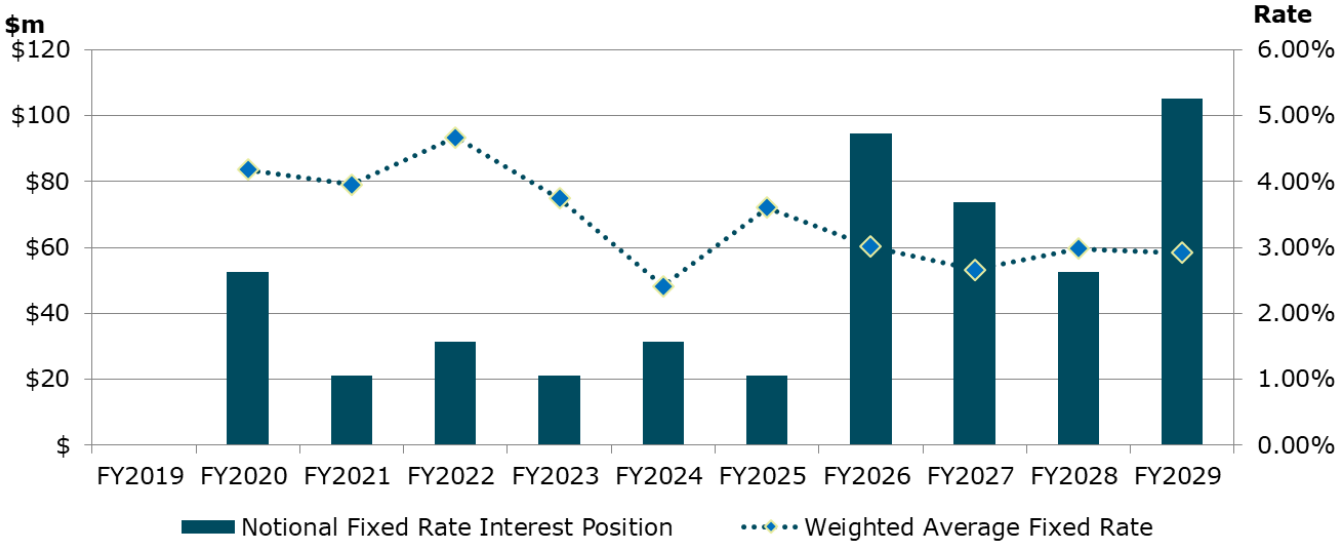
* Headroom was increased to ~$180m subsequent to the interim balance date following expansion of existing bank facilities.

# Hedging profile

FLEXIBILITY FOR THE RIGHT ACQUISITION AND DEVELOPMENT OPPORTUNITIES

| Rates | 30 Dec 2018 | 30 Jun 2018 | 31 Dec 2017 |
|---|---|---|---|
| Weighted average cost of total debt | 4.50% | 4.60% | 4.09% |
| Weighted average fixed rate (exc'l line and margin) | 3.22% | 3.21% | 3.40% |
| Weighted average fixed rate duration | 6.7 years | 7.0 years | 5.8 years |
| % of drawn debt fixed | 68% | 80% | 52% |

## Hedging profile

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* Fixed rates exclude line fees and margin

South Eastern
Private Hospital
Gate 2
Clinic Reception
- Olinda Ward
- Emerald Ward
- Clinic Consulting Rooms
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# Outlook

# 2019 Focus

- Continued proactive asset management to support operating and financial results
- Execute brownfield pipeline, assess and generate additional value-add opportunities
- Prudent capital management, assess and utilise all the 'tools in the toolkit' as required
- Leverage track record of delivery, performance and global expertise
- Progressing fee review research report, engaged EY
- Strategic approach to opportunities, including Healthscope real estate
- Continue to position Vital to execute on long-term unitholder value creation
- Deliver and maintain sustainable distribution of 8.75 cpu

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# Disclaimer

This presentation has been prepared by NorthWest Healthcare Properties Management Limited (the "Manager") as manager of the Vital Healthcare Property Trust (the "Trust"). The details in this presentation provide general information only. It is not intended as investment or financial advice and must not be relied on as such. You should obtain independent professional advice prior to making any decision relating to your investment or financial needs.

The provision of this presentation does not constitute an offer, invitation or recommendation to subscribe for or purchase units in the Trust.

Past performance is no indication of future performance.

No money is currently being sought, and no applications for units will be accepted, or money received, unless the unitholders have received an investment statement and a registered prospectus from the Trust.

1st March 2019

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# Glossary

| | |
|---|---|
| **AFFO** | Adjusted Funds From Operations is an alternate measure used for assessing distributable income. Essentially adjusts NPAT for all non-cash items (i.e. NDI) then makes adjustments for items such as maintenance capex and lease incentives paid |
| **Cap rate** | Capitalisation rate. Generally calculated as net operating income / current market value of investment property |
| **CPI** | Consumer Price Index. An index that measures the change in the cost of a 'basket' of basic goods and services, showing how the cost of living changes over time. The most widely accepted indicator of inflation |
| **FX** | An abbreviation for 'foreign exchange' used where there is a transaction in a currency other than the local currency |
| **LVR** | Loan to Value Ratio. Is the ratio of a loan to the value of an asset purchased or total assets. The term is commonly applied by looking at the level of Borrowings (or debt) versus the Total Assets, or Borrowings versus the Investment Properties |
| **NDI** | Net Distributable Income. Calculated as Gross Distributable Income less Current tax charges |
| **NTA** | Net Tangible Assets. The total assets of the Trust less total liabilities. NTA is normally divided by the number of units on issue and expressed as an amount per unit |
| **WACR** | Weighted Average market Capitalisation Rate. The market cap rate for each property weighted by property value |
| **WALE** | Weighted Average Lease term to Expiry. The weighted average lease term remaining to expire across a portfolio, sometimes also referred to as WALT |

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