

Third Quarter Update

1 January – 31 March 2021

INCREASE IN
AFFO PER UNIT

14.6%

9 MONTHS Y.T.D.

NTA

\$2.63

PER UNIT

Dear Unitholders,

NorthWest Healthcare Properties Management Limited (**NorthWest**), as manager of the Vital Healthcare Property Trust (**Vital**), is pleased to provide this update as at 31 March 2021.

Performance

Vital recorded an 11.7% increase in net property income for the three months ended 31 March 2021 (**Q3FY21**) and a 9.6% increase financial year to date from the prior corresponding periods reflecting acquisitions, developments and rental growth. This increase in net property income helped Vital record a 14.6% increase in adjusted funds from operations or AFFO per unit for the financial year to date.

Over Q3FY21, Vital recorded a 3.1% increase in net tangible assets per unit. This increase reflects the valuation gains referred to below and favourable foreign exchange movements as the New Zealand dollar weakened versus the Australian dollar. As noted below, the property valuation increases do not reflect independent valuations which will be undertaken at 30 June 2021.

Consistent with FMA guidance, we are not publishing total return performance for the 12 months ended 31 March 2021. We expect to release total return performance for the 12 months ended 30 June 2021 later this year.

Portfolio

Vital's portfolio of quality healthcare real estate was valued at \$2.36 billion at 31 March 2021; up from \$2.25 billion at 31 December 2020, a 4.8% increase. This ~\$100m increase reflects \$33.7m of acquisitions, \$30.0m of development expenditures, \$30.6m in favourable foreign exchange movements and \$10.9m in revaluation gains from rent increases and development rent commencing. Consistent with prior practice for Q3 reporting, no movements in market capitalisation rates (**cap rates**) were recorded in the directors' valuations adopted. Any update to cap rates for movements in the wider Australasian property market will be reflected when Vital's properties are valued at 30 June 2021.

In excess of 34,000 square metres of leasing was undertaken during Q3FY21 across both the existing portfolio (18,588 square metres) and developments (15,586 square metres) helping to maintain Vital's long weighted average lease expiry term of 18.9 years and occupancy at over 99% (both as at 31 March 2021).

Despite COVID-19, over 99% of rent was collected over Q3FY21 as well as over the last 12 months demonstrating the resilience of healthcare operators and assets.

Development

All eight current committed developments, totalling \$346.9m, remain substantially on-time and on budget other than the scope and cost for Wakefield Hospital which was revised earlier in the year with details released to the market in February 2021.

Stage 1 of the \$112.8m redevelopment of Wakefield Hospital is due to complete in May 2021 with an official opening scheduled for late June. Construction for the remaining parts of the project is expected to commence in late 2021.

The \$11m expansion and upgrade of Royston Hospital reached practical completion in Q3FY21. The development of an adjoining day surgery remains on track for completion in October 2021.

Development of a new A\$9.9m oncology centre at South Eastern Private Hospital completed during Q3FY21.

New Zealand health system

Finally, the New Zealand government has also announced a proposal to consolidate the 20 existing district health boards into a single agency, Health New Zealand. It is currently unclear what impact, if any, this may have on Vital but we applaud any attempts to improve public health systems in New Zealand and Australia. We echo the hopes of one of our key operating partners, Southern Cross, that the private sector will be part of securing a healthier future for New Zealanders. We have capital, *your capital*, available to invest in health facilities across New Zealand and Australia to help address our widely acknowledged infrastructure deficit.

Thank you for your on-going support for Vital.



Aaron Hockly, Fund
Manager
12 May 2021



Q3 UPDATE

LIKE-FOR-LIKE FINANCIAL PERFORMANCE (UNAUDITED)

For the period	3 months to 31 Mar 21 \$000s	3 months to 31 Mar 20 \$000s	Variance \$000s	Change %
Gross property income	26,720	26,524		
Property expenses	(3,135)	(3,259)		
Like-for-like net property income	23,585	23,265	320	1.4%
Net property income from acquisitions	2,133	-		
Net property income from disposals	5	1,318		
Net property income from developments	1,553	206		
Straight-line rent	(520)	(213)		
Non-recurring items	187	83		
Foreign exchange	606	-		
Net property income	27,549	24,659	2,890	11.7%

FINANCIAL POSITION (UNAUDITED)

As at	31 Mar 21 \$000s	31 Dec 20 \$000s	Variance \$000s	Change %
Assets				
Investment properties	2,355,246	2,248,398	106,848	4.8%
Other assets	20,659	17,542		
Liabilities				
Borrowings	805,913	734,938	70,975	9.7%
Other liabilities	207,977	217,628		
Debt to gross assets	33.9%	32.4%		1.5%
Total unitholders' funds	1,362,015	1,313,374	48,641	3.7%
Units on issue (000s)	517,954	515,649		
Net tangible assets (\$/unit)	2.63	2.55	0.08	3.1%
Period end NZD/AUD exchange rate	0.9186	0.9356		



"Vital's property portfolio was valued at \$2.36 billion as at 31 March 2021; 4.8% above 31 December 2020 reflecting rent increases, acquisitions, developments and forex movements."

We are excited to announce the launch of our refreshed and fully updated website. Check it out at www.vhpt.co.nz.

YEAR-TO-DATE UPDATE

YEAR-TO-DATE FINANCIAL PERFORMANCE (UNAUDITED)

For the period	9 months to 31 Mar 21 \$000s	9 months to 31 Mar 20 \$000s	Variance \$000s	Change %
Gross property income	94,373	85,581		
Property expenses	(12,664)	(11,024)		
Net property income	81,709	74,557	7,152	9.6%
Corporate expenses	(4,041)	(3,331)		
Strategic transaction income and expenses	-	(7,947)		
Strategic transaction interest income	-	267		
Management fees (base & incentive)	(15,498)	(14,059)		
Net finance expenses	(20,017)	(21,154)		
Operating profit	42,153	28,333	13,820	48.8%
Non-operating gains/(losses)				
Fair value gain/(loss) on investment property	71,601	50,588		
Net gain/(loss) on disposal of investment property	11,310	-		
Fair value gain/(loss) on derivatives	20,812	(12,297)		
Realised & unrealised gain/(loss) on foreign exchange	(1,929)	2,010		
Profit/(Loss) before income tax	143,947	68,634	75,313	109.7%
Current and deferred taxation	(18,761)	(11,722)		
Profit/(Loss) for the period attributable to unitholders of the Trust	125,186	56,912	68,274	120.0%
Funds from Operations (FFO)	43,919	34,964	8,955	25.6%
Adjusted Funds from Operations (AFFO)	42,874	34,390	8,484	24.7%
AFFO per unit	8.73	7.62	1.11	14.6%
Weighted average units on issue (000s)	491,190	451,022	40,168	8.9%
Average NZD/AUD exchange rate	0.9314	0.9513		



Royston Hospital Day Surgery Unit, Hawkes Bay (artist's impression of development on completion)

DEVELOPMENT UPDATE

Development	Development work being undertaken	Development cost	Spend to date	Forecast completion date
		(A\$m)	(A\$m)	
AUSTRALIAN				
Epworth Eastern Hospital (VIC)	New 14 storey tower incorporating 5 operating theatres, 60 beds, 6 levels of consulting and refurbishment of the existing medical centre	126.2	68.4	Early-22
Belmont Private Hospital (QLD)	48 new inpatient beds, 13 private practice consulting suites and 70 new car parks	22.6	1.2	Late-22
Playford Health Hub Stage 1 (SA)	Multi-deck car park (circa 450 spaces) & ground floor retail	20.7	4.5	Late-21
Abbotsford Private Hospital (WA)	47 beds, parking, therapy rooms and admin - planning approved	18.6	2.3	Mid-22
Eden Rehabilitation (QLD)	New 26 bed mental health ward, rehab unit and refurbishment of existing wards	12.4	2.4	Early-22
Total Australian Developments		200.6	78.7	
		(NZ\$m)	(NZ\$m)	
NEW ZEALAND				
Wakefield Hospital, Wellington	Staged demolition and redevelopment of entire hospital	112.8	55.4	Staged 21-23
Royston Hospital DSU, Hawke's Bay	New standalone two theatre Day Surgery Unit	8.1	4.1	Late-21
Boulcott Private Hospital, Wellington	Two new theatres, PACU expansion and conversion of double rooms to singles	7.7	0.0	Mid-22
Total New Zealand Developments		128.5	59.5	
Total Developments in \$NZD¹		346.9	145.2	

¹ A\$ converted at 31 March 2021 spot rate 0.9186

"Vital's committed development pipeline of \$346.9m, together with the potential pipeline of \$560m being actively progressed, are expected to continue to enhance returns for Vital's unitholders over the medium term."

Important note: The information in this investor update is general information only and does not contain all information necessary to make an investment decision. The financial information in this investor update has not been audited. No representation or warranty, express or implied, is made to the accuracy, adequacy or reliability of information in this update, including the financial information. This investor update contains forward looking statements which are inherently susceptible to uncertainty. Vital's actual results may vary materially from those expressed or implied in this investor update. The Manager is under no obligation to provide any update the information included in this update, including as a result of the audit process.

Q3 Distribution

Payment date
24 June 2021

Ex date
9 June 2021

vhpt.co.nz

CASH
DISTRIBUTION

2.25
CPU

DISTRIBUTION

2.9%
ABOVE
P.C.P.

ANNUALISED
DISTRIBUTION

9.00
CPU

IMPUTATION CREDITS

0.5676

DRP ACTIVE

YES

DRP
DISCOUNT

1%