



Artist's Impression of a four-storey cancer centre of excellence fully pre-leased to GenesisCare in Sydney.

Third Quarter Update

1 JANUARY 2022 – 31 MARCH 2022



15.0%

TOTAL RETURN 12 MONTHS
TO 31/03/2022

Dear Unitholders,

During the quarter, Vital announced the acquisition of development land to expand "The Hills Clinic" an existing mental health facility in north-west Sydney.

The land will be leased to Aurora Healthcare as part of the existing lease (25 years remaining) enabling a ~A\$50m¹ expansion of the existing hospital at an initial yield of ~5%. Aurora is Australia's largest specialty private mental health provider with 1,000 beds across 16 facilities. Following completion of this expansion and other committed development projects, Vital will have ~1,300 mental health beds in its portfolio (all currently in Australia).

Also during the quarter, Vital acquired 27,840 square metres of land in western Sydney which is expected to be developed in three stages:

1. ~A\$52 million¹, four-storey cancer centre of excellence pre-leased to GenesisCare for an initial term of 15 years providing a net yield on costs of ~4.0% with annual fixed increases. An artist's impression is above. GenesisCare is one of the leading providers of integrated cancer care globally with 350 clinics across the US, UK, Australia and Spain. Development is expected to take approximately 16 months from early to mid 2022.

2. ~10,000 square metres of land for development of a proposed day surgery and mental health facility. Advanced discussions are underway with one of Australia's largest hospital operators in relation to this potential development. Final costs, timing of spending and nature of development are dependent on finalising agreements with a suitable tenant or tenants.
3. ~13,000 square metres of land for future healthcare and ancillary development which may include education and research related uses.

*Upgraded FY22 AFFO guidance:
at least 11.90 cpu²; 3.2% above FY21*

*Upgraded distribution guidance:
9.75 cpu (annualised)*

¹ Includes land acquisition payment

² cpu = cents per unit



Acquisition of Kawarau Park Health Precinct, Queenstown for \$95m² in April 2022

Q3 Distribution

PAYMENT DATE
23 JUNE 2022

Ex date
8 June 2022



In early April 2022 (after the end of Q3), Vital announced:

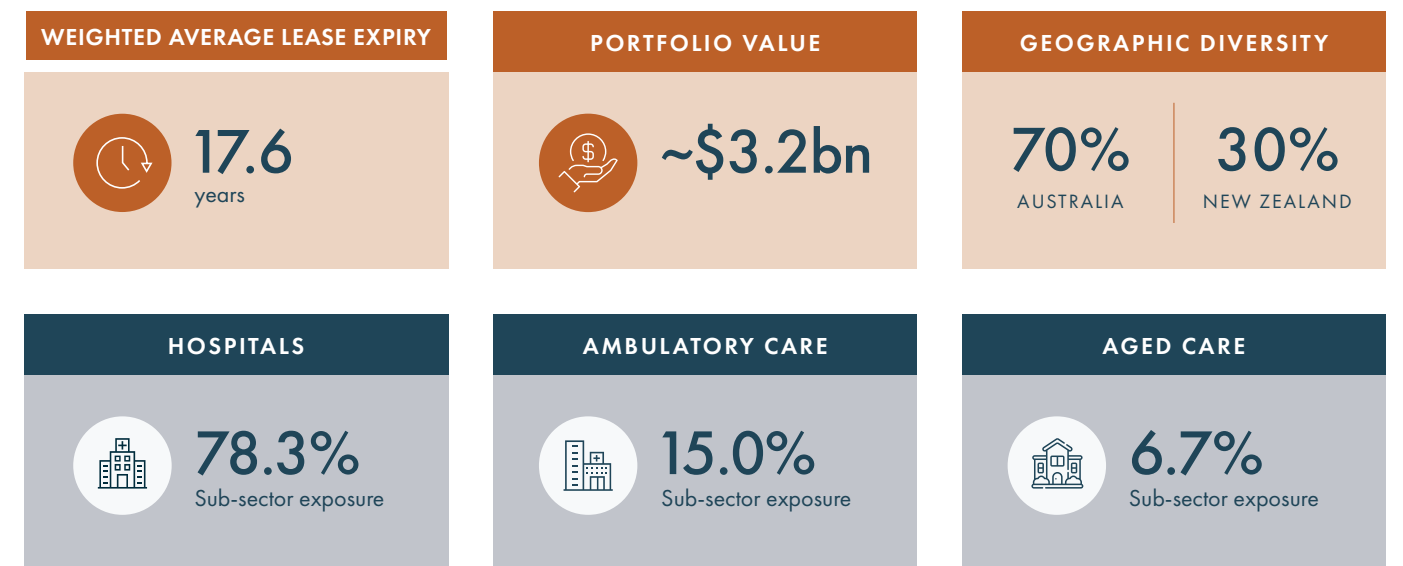
- 1 Three high-quality asset acquisitions in Christchurch, Queenstown³ and Auckland with an aggregate acquisition price of ~\$168 million, including Vital's strategic entry into the South Island;
- 2 An increase in committed developments by ~\$54.5m enabling the expansion of two hospitals in Auckland; and
- 3 A \$200m equity raising through a 1 for 8.54 underwritten pro rata accelerated entitlement offer at \$2.95 per unit. The rights offer is due to close on 12 May with proceeds used to support the above acquisitions and developments.

Details available at www.vitalunitoffer.co.nz



- 4 The retirement of Andrew Evans and the appointment of Angela Bull as a new independent director and member of the Audit Committee. Angela is based in Auckland, is CEO of Tramco Group (NZ owned property investment company) and an independent director of the Real Estate Institute of NZ and Foodstuffs (among other roles).

Portfolio Overview⁴



Thank you for your ongoing support for Vital.



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Aaron Hockly
Fund Manager
12 May 2022

Post acquisitions and the \$200m equity raising, Vital's balance sheet gearing will be ~33.8%.

³ Completion of the acquisition is subject to a number of conditions, including the completion of due diligence, board and supervisor approval and the tenant at the property agreeing to waive pre-emptive rights to purchase the property and approving Vital as the purchaser.

⁴ Includes acquisitions announced / entered into after 31 March 2022 as referred to above. All figures calculated by income. Figures may not sum due to rounding.

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Vital recorded a strong uplift in rents primarily reflecting CPI linked leases.

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68 St Asaph Street, Christchurch, acquired for \$50.7m in April 2022.

Q3 UPDATE

Like-for-like Financial Performance (unaudited)

For the period	3 months to 31 Mar 22 \$000s	3 months to 31 Mar 21 \$000s	Variance \$000s	Change %
Gross property income	31,778	27,923		
Property expenses	(6,390)	(3,187)		
Like-for-like net property income	25,388	24,736	652	2.6%
Net property income from acquisitions	2,604	-		
Net property income from disposals	-	224		
Net property income from developments	4,232	3,126		
Straight-line rent	(535)	(520)		
Non-recurring items	(144)	(17)		
Foreign exchange	(106)	-		
Net property income	31,439	27,549	3,889	14.1%

Financial Position (unaudited)

As at	31 Mar 22 \$000s	31 Dec 21 \$000s	Variance \$000s	Change %
Assets				
Investment properties	3,087,287	2,941,165	146,122	5.0%
Other assets	38,154	55,379		
Liabilities				
Borrowings	1,065,320	995,508	69,812	7.0%
Other liabilities	189,040	201,498		
Debt to gross assets	34.1%	33.2%		0.9%
Total unitholders' funds	1,871,081	1,799,538	71,543	4.0%
Units on issue (000s)	579,044	577,415		
Net tangible assets (\$/unit)	3.23	3.12	0.11	3.5%
Period end NZD/AUD exchange rate	0.9270	0.9411		

YEAR-TO-DATE UPDATE

Year-to-date Financial Performance (unaudited)

For the period	9 months to 31 Mar 22 \$000s	9 months to 31 Mar 21 \$000s	Variance \$000s	Change %
Gross property income	105,729	94,373		
Property expenses	(16,367)	(12,664)		
Net property income	89,362	81,709	7,653	9.4%
Corporate expenses	(2,986)	(4,041)		
Strategic transaction expenses	(283)	-		
Management fees (base & incentive)	(22,299)	(15,498)		
Net finance expenses	(20,638)	(20,017)		
Operating profit	43,156	42,153	1,003	2.4%
Non-operating gains/(losses)				
Fair value gain/(loss) on investment property	186,343	84,527		
Net gain/(loss) on disposal of investment property	767	(1,616)		
Fair value gain/(loss) on derivatives	41,728	20,812		
Realised & unrealised gain/(loss) on foreign exchange	(148)	(1,929)		
Profit/(Loss) before income tax	271,846	143,947	127,899	88.9%
Current and deferred taxation	(42,112)	(18,761)		
Profit/(Loss) for the period attributable to unitholders of the Trust	229,734	125,186	104,548	83.5%
Funds from Operations (FFO)	50,329	43,919	6,410	14.6%
Adjusted Funds from Operations (AFFO)	50,031	42,874	7,157	16.7%
AFFO per unit	9.04	8.73	0.32	3.6%
Weighted average units on issue (000s)	553,592	491,190	62,402	12.7%
Average NZD/AUD exchange rate	0.9469	0.9314		

Vital's net tangible assets (NTA) was \$3.23 per unit at 31 March 2022. This represents 3.5% growth over Q3 reflecting rental growth during Q3 and mark-to-market changes in Vital's derivatives.

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 to information included in this update, including as a result of the audit process.

Committed Developments

Development	Development work being undertaken	Development cost ⁵	Spend to date	Forecast completion date
		(A\$m)	(A\$m)	
Australia				
Belmont Private Hospital (QLD)	48 new inpatient beds, 13 private practice consulting suites and 70 new car parks	22.6	9.7	Late-22
Playford Health Hub Stage 2 (SA)	Specialist Medical Centre - Radiology, Oncology, Radiotherapy, Consulting	39.3	4.4	Late-23
Abbotsford Private Hospital (WA)	47 beds, parking, therapy rooms and admin	18.6	9.7	Late-22
Eden Rehabilitation (QLD)	New 26 bed mental health ward, rehab unit and refurbishment of existing wards	4.8	3.0	TBC
Total Australian Developments		85.3	26.8	
		(NZ\$m)	(NZ\$m)	
New Zealand				
Wakefield Hospital Stage 2, Wellington	Staged demolition and redevelopment of entire hospital	91.5	19.5	Late-24
Ormiston Hospital, Auckland	Stage 1 - 3 Level expansion of existing hospital	38.1	2.7	Late-23
Grace Hospital, Tauranga	Fitout of 2 theatres, new endoscopy room, PACU redevelopment, 10 additional ward rooms, admissions area alterations & redevelopment of clinical staff and stores/loading areas	31.7	2.5	Late-23
Royston Hospital, Hawke's Bay	Stage 2 - Fitout of 2 operating theatres and PACU	6.3	0.3	Mid-22
Bowen Hospital, Wellington	OT5, Consulting and Ward refurbishment	6.3	1.0	Mid-23
Boulcott Hospital, Wellington	Two new theatres, PACU expansion and conversion of double rooms to singles	7.7	0.0	TBC
Total New Zealand Developments		181.6	26.0	
Total Developments in \$NZD⁶		273.7	55.0	

⁵ Excludes land

⁶ A\$ converted at 31 March 2022 spot rate 0.9270

