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Continued earnings growth driven by high-quality property portfolio

Despite increasing volatility in stock markets around the world, healthcare property remains a strong defensive asset class capable of providing stable returns to investors and offering considerable potential for growth, says Australasia's leading specialist owner of healthcare real estate.

NorthWest Healthcare Properties Management Limited (**NorthWest**), as manager of Vital Healthcare Property Trust (**Vital**), released its results for the 12 months ended 30 June 2022 (**FY22**) today. Results included confirmation of 9.625 cpu distributions; 8.5% above FY21.

NorthWest said the increase in distributions was underpinned by strong growth in earnings and assets.

Fund Manager Aaron Hockly said Vital's Board and Management expect to deliver further growth in earnings and distributions during the current financial year with an AFFO forecast of at least 12.0 cpu and a distribution forecast of 9.75cpu.

"Earlier this month, we officially opened a new day surgery adjoining Royston Hospital in Hastings. Over FY22 we committed to undertake an additional \$146 million of new developments including the expansion of Ormiston Hospital in Auckland, Grace Hospital in Tauranga and further additions to Wakefield Hospital in Wellington and Playford Health Hub in Adelaide. Newly committed developments replenish Vital's development pipeline following recent completion of the A\$97 development and expansion of Epworth Eastern Hospital in Melbourne" said Mr Hockly.

Vital recently entered the South Island, purchasing sites in central Christchurch and Queenstown. Both sites housed existing healthcare operators and offered strong development potential, Mr Hockly said.

Vital was also planning further development at its precinct in Remuera where it owns Ascot Hospital and Ascot Central.

Mr Hockly noted NorthWest's continued to focus on maintaining a consistently low average building age within Vital as a means to control capital expenditure and to ensure Vital's properties meet current and future needs of healthcare operators and patients.

"Vital's \$3.3 billion property portfolio remains high quality and high acuity, with a current weighted average lease expiry of 17.6 years – the longest of any property group on the NZX" said Mr Hockly.

During the past year, Vital and Northwest both issued their first Sustainability Reports. Northwest has subsequently appointed three Sustainability Champions to its Australasian

business, part of its commitment to achieving net zero emissions across all its operations and platforms, including Vital, by 2050.

FY22 Results at a glance

	FY22	FY21	Change
Property Portfolio	\$3.3 billion	\$2.6 billion	26.7%
AFFO	\$67.8 million	\$57.5 million	18.0%
AFFO per unit (cpu)	11.92	11.54	3.3%
NTA per unit (cpu)	3.34	2.89	15.0%
Balance sheet gearing	30.0%	35.0%	-
Weighted average cost of debt	3.73%	3.32%	-
Weighted average debt maturity	3.9 years	2.5 years	-
Distributions (cpu)	9.625	8.88	8.5%

Over the 10 years ended 30 June 2022, Vital had a total return of 13.2% per annum outperforming the NZX REIT index by 4.2% per annum and the NZX50 by 0.9% per annum¹.

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ENQUIRIES

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About Vital (NZX code VHP):

Vital Healthcare Property Trust is an NZX-listed fund that invests in high-quality healthcare properties in New Zealand and Australia including private hospitals (~80%* of portfolio value), out-patient facilities (~16%* of portfolio value) and aged care (~4% of portfolio value).

Vital is the only specialist listed landlord of healthcare property in Australasia and currently has a portfolio valued at over \$3.3 billion*.

Vital is managed by NorthWest Healthcare Properties Management Limited, a subsidiary of Toronto Stock Exchange listed NorthWest Healthcare Properties REIT, a global owner and manager of healthcare property.

For more information, visit our website: www.vhpt.co.nz

¹ Source: Forsyth Barr