



Managed by NorthWest Healthcare Properties Management Limited

NZ SHAREHOLDERS ASSOCIATION PRESENTATION

June 2021



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All amounts are in NZD unless otherwise shown

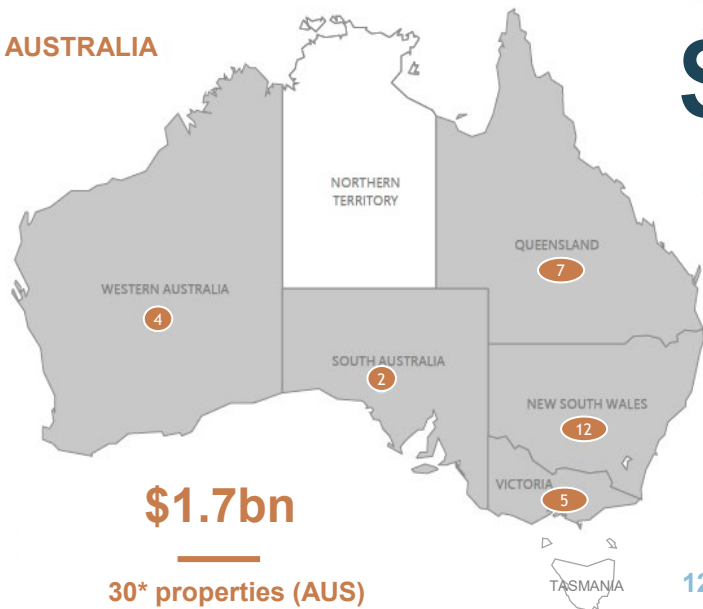
PRESENTED BY:

Aaron Hockly
Fund Manager

OVERVIEW OF VITAL

VITAL IS THE FOURTH LARGEST LISTED PROPERTY VEHICLE AND THE ONLY SPECIALIST HEALTHCARE LANDLORD ON THE NZX

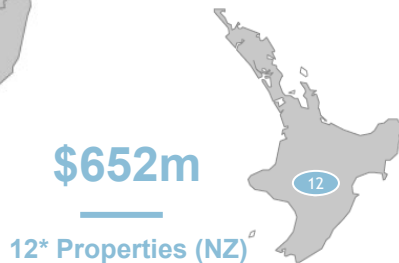
AUSTRALIA



\$2.36bn

42* properties (A/NZ)

NEW ZEALAND



Vital Healthcare Property Trust (Vital) is:

- ✓ the owner of a \$2.36 billion healthcare property portfolio in New Zealand (28% of assets) and Australia (72%);
- ✓ the only NZX-listed specialist healthcare landlord (NZX ticker: VHP) with no ASX-listed equivalent;
- ✓ externally managed by a subsidiary of Toronto-listed, global healthcare real estate owner and manager, NorthWest Healthcare Properties REIT (TSX ticker: NWH);
- ✓ the fourth-largest NZX-listed property vehicle; and
- ✓ targeting 2-3% AFFO and DPU growth per annum over the medium term, whilst retaining a conservative pay-out ratio

*Excludes strategic assets
Figures have been rounded

VITAL STRUCTURE

VITAL IS A UNIT TRUST LISTED ON THE NZX, EXTERNALLY MANAGED BY A LEADING GLOBAL HEALTHCARE REAL ESTATE INVESTOR AND MANAGER

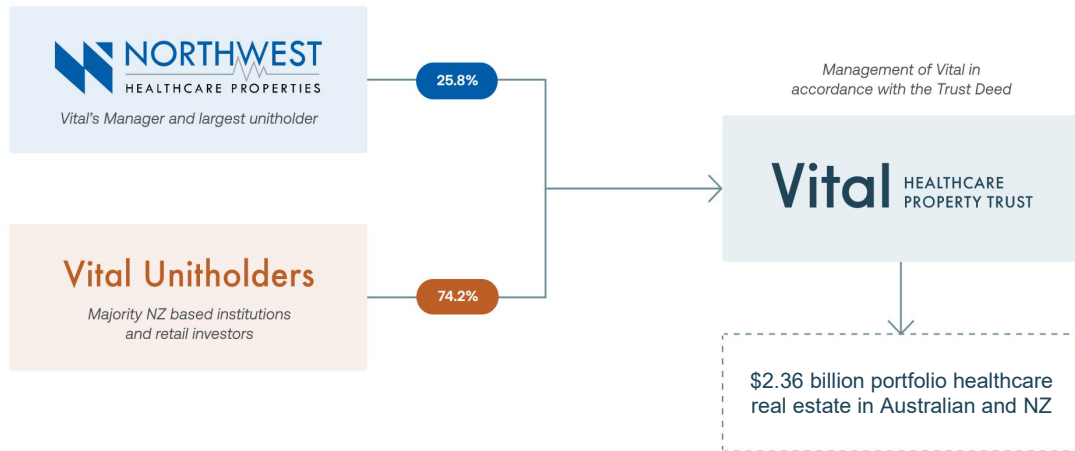
New Zealand's largest specialist owner of healthcare real estate



Only listed specialist owner of healthcare real estate in Australasia



Over 40 healthcare real estate professionals in Australia and New Zealand and 200+ globally



VITAL'S STRATEGY

VITAL INVESTS IN HEALTHCARE ECOSYSTEMS IN NEW ZEALAND & AUSTRALIA

Earnings growth

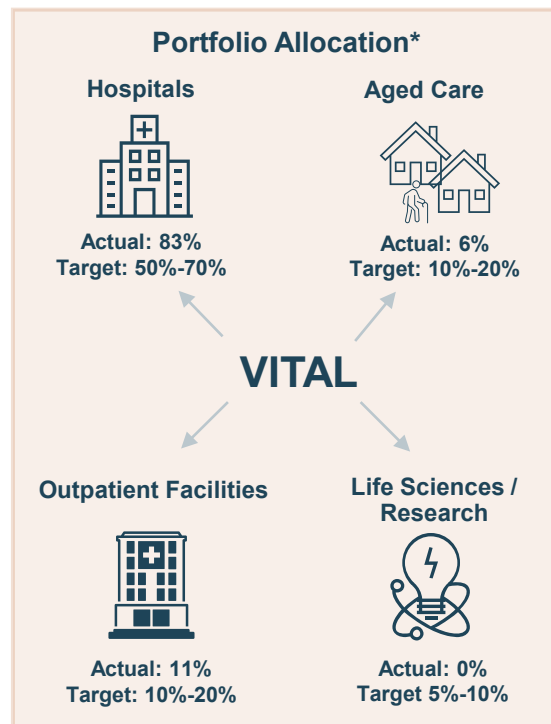
- ▶ Portfolio designed to support AFFO target growth of 2-3%/unit per annum

Quality

- ▶ Continuously improve portfolio quality
- ▶ Aiming to maintain or improve (lower) average building age

Location

- ▶ Australia or New Zealand
- ▶ Focus on metropolitan assets with growing populations



Acuity

- ▶ Higher acuity
- ▶ Investments in core health ecosystem
- ▶ Regulated and precinct offerings preferred

Investment characteristics

- ▶ Screened by a range of metrics including IRRs, impact on overall portfolio, earnings growth and management capability
- ▶ Focus on high quality, well capitalised operators

Sub-Sector

- ▶ Reduction in hospital allocation indicates an expectation that future growth opportunities are more likely to come from the other sub-sectors, rather than a desire to reduce exposure.

PORTFOLIO OVERVIEW

ALL FOUR KEY ASSET GROUPINGS PERFORMING WELL

Private hospitals - Australia

- ▶ 16 hospitals (acute and specialty – mental health, rehabilitation)
- ▶ Four hospital operators
- ▶ 58% of portfolio value; 54% of rent
- ▶ WALE: 20.4 years

Private hospitals - New Zealand

- ▶ 9 hospitals (all acute)
- ▶ Six hospital operators
- ▶ 25% of portfolio value; 25% of rent
- ▶ WALE: 22.3 years

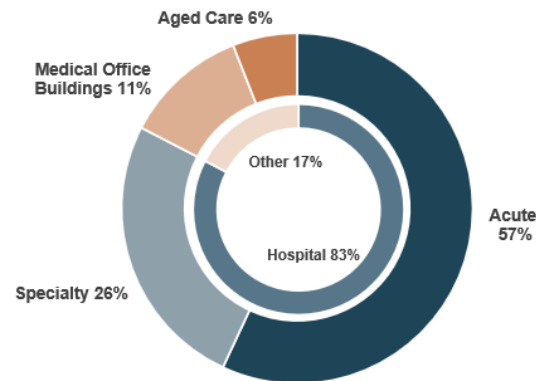
Out-patient facilities / medical office buildings – Australia and NZ

- ▶ 9 assets (Australia: 6, NZ: 3)
- ▶ Multiple tenants
- ▶ 11% of portfolio value; 12% of rent
- ▶ WALE: 8.9 years

Aged care - Australia

- ▶ 8 facilities (all in Australia)
- ▶ Two operators
- ▶ 6% of portfolio value; 8% of rent
- ▶ WALE: 15.6 years

Subsector diversity (by value)



Tenant diversity (by rent)



HY21 HIGHLIGHTS

TRANSACTIONS UNDERTAKEN TO GROW FUTURE EARNINGS & SUPPORT FUTURE GROWTH

\$236m

property transactions

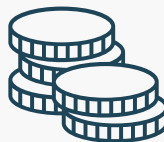
(\$135m acquisitions & \$101m disposals)



\$171m

equity raised

(2 x DRP, \$125m placement & \$32.5m UPP)



A\$390m

**debt extended in expanded
banking syndicate**

(post-balance date)



HY21 HIGHLIGHTS

RECYCLED ~NZ\$100M FROM REGIONAL ASSET SALES TO FUND ACQUISITION OF GRACE HOSPITAL IN TAURANGA, NZ



Disposal Summary



~\$100m
portfolio sale price



14.7%
premium achieved on
30 June book value

Acquisition Summary



\$95m
acquisition price



\$5m
stabilised net rent
(year 2)



5.25%¹
initial yield



30yr
WALE

Future Development Potential



Up to **\$50m**
potential expansion /
development cost



~2,500+
additional GFA (sqm)

Q3 UPDATE - HIGHLIGHTS

SIGNIFICANT OUT-PERFORMANCE ACROSS A RANGE OF MEASURES FINANCIAL YEAR-TO-DATE



11.7%

Increase in net property income in Q3 from pcip



2

Developments completed

- ▶ **\$11m** Royston Hospital (Hastings) upgrade
- ▶ New **A\$9.9m** oncology centre in Melbourne

14.6%

Increase in AFFO per unit financial year-to-date



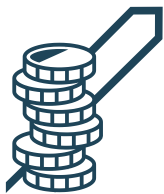
\$100m

Increase in assets, reflecting:

- ▶ **\$33.7m** of acquisitions
- ▶ **\$30.0m** developments
- ▶ **\$30.6m** FOREX gains
- ▶ **\$10.9m** revaluation gains – solely rent increase and development upside

DEVELOPMENT STRATEGY & VALUE-ADD

TARGETING 10-15% OF THE PORTFOLIO VALUE UNDER DEVELOPMENT



Developments are key for:

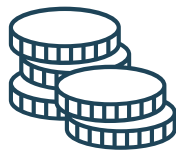
- ✓ **Earnings & capital growth**
- ✓ **Improving the portfolio**

NorthWest has specialist healthcare development skills in New Zealand and Australia. Key people have 20+ years experience individually; unmatched in the sector



Pipeline

- ▶ \$345m of committed developments; \$200m of spend remaining
- ▶ ~\$560m of potential long-term development opportunities identified (subject to business cases, due diligence and approvals)



Expected Financial Impacts

- ▶ Committed development pipeline delivering 6.2% yield on cost¹
- ▶ Pipeline (committed and potential) to be delivered on a staged basis over the medium term
- ▶ Both earnings/NTA accretive and portfolio enhancing

ACQUISITION OF 17-23 NELSON RD, BOX HILL (VIC)

VITAL HAS SETTLED A STRATEGIC LAND HOLDING ADJOINING EXISTING PREMIUM ASSETS FOR FUTURE PRECINCT EXPANSION¹



Acquisition Summary



A\$29m
acquisition Price



Feb 2021
settlement



5,330
Site area (sqm)



~7yrs
Holding income

- Acquisition adjoins existing Vital owned, Epworth Eastern Private Hospital and Medical Centre

Future Development Summary



c.A\$350m
Potential expansion /
development cost



40,000+
Potential GFA (sqm)

- Future development may include, integrated hospital / medical uses, aged care, retirement, life sciences / research and office

¹Settled in February 2021. Therefore, not fully included within Vital HY21 results.

PLAYFORD HEALTH HUB

STAGED HEALTH PRECINCT UNDER DEVELOPMENT



A\$48m

total projected cost
of stages 1 & 2



>7,000

total projected GFA
(sqm) of stages 1 & 2



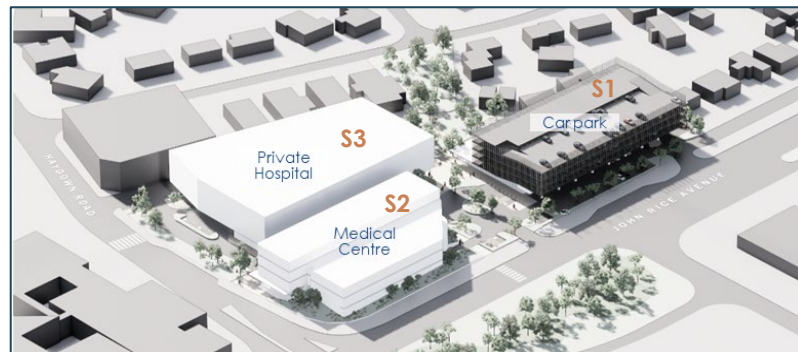
450

car parking
bays provided

Precinct Overview



Overview of Stages 1-3



Medical Centre (Stage 2)



Stage 1 (S1): Retail precinct & multi-deck car park. Construction commenced.

Stage 2 (S2): Specialist Medical Centre. Planning approval received.

Stage 3 (S3): Private Hospital. Concept planning in progress.

MENTAL HEALTH HOSPITALS EXPANSION

SPECIALIST MENTAL HEALTH AND ADDICTION TREATMENT FACILITY LOCATED 3KM FROM PERTH'S CBD



ABBOTSFORD PRIVATE HOSPITAL, WA – Development Summary



A\$19m

project cost



6.25%

forecast project
yield on cost



21yr

WALE



47

additional
inpatient beds



Jan-21

construction
commenced



mid-22

forecast practical
completion



BELMONT PRIVATE HOSPITAL, QLD – Development Summary



A\$23m

project cost



6.00%

forecast project
yield on cost



25yr

WALE



13

additional
consulting suites



35

Additional
inpatient beds
(net)



early-21

construction
commencement



late-22

forecast practical
completion



70

additional car
parking bays

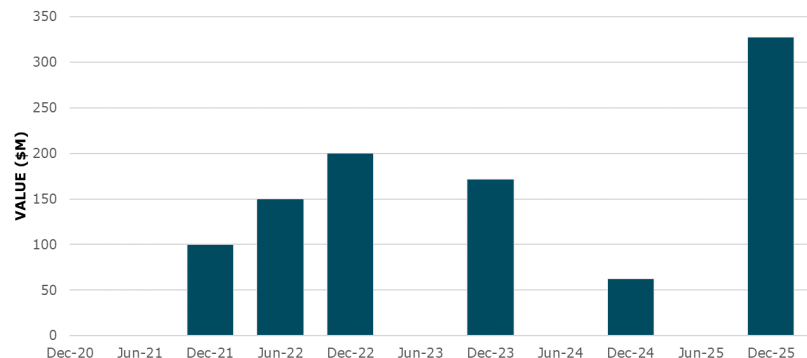
DEBT

UTILISING AVAILABLE HEADROOM AND ADDING CAPACITY

Bank Facilities	31 Dec 2020 (pro-forma) ³	31 Dec 2020	30 Jun 2020
Debt to gross assets (Trust Deed) ¹	32.4%	32.4%	38.7%
Bank loan to value ratio – actual ²	35.0%	35.0%	40.2%
Bank loan to value ratio – covenant	55.0%	50.0%	50.0%
Weighted average duration to expiry	2.9 years	1.3 years	1.8 years
Undrawn facility limit	\$347m	\$304m	\$225m

Three new financiers added to diversify finance providers and increase debt duration

Debt Maturity Profile – 31 Dec 2020 (pro-forma) (A\$)



Next expiry Nov-21 (A\$100m)

¹Trust Deed debt ratio is based on total borrowings to gross asset value of the Trust

²Bank LVR is based on total indebtedness to secured property value as determined by external valuers

³Pro-forma for the debt refinance terms agreed subsequent to balance date

ADDING VALUE FOR UNITHOLDERS

SIGNIFICANT GROWTH ACHIEVED DURING HY21

	HY2021 (NZ\$,000's)	(%) change (HY20-HY21)	cents per unit	(%) change (HY20-HY21)
Net Property Income	54,160	8.5%	11.3	2.0%
Less: Expenses	(25,934)	(1.4%)	(5.4)	(7.3%)
Operating Profit	28,226	19.6%	5.9	12.4%
Add: Other Gains (& Losses)	74,999	67.1%	15.7	57.0%
Less: Income Tax	(11,635)	3.0%	(2.4)	(3.2%)
Unitholder Profit	91,590	60.1%	19.1	50.5%

- ▶ Asset recycling undertaken to improve the quality of the portfolio; ~10% of the total value
- ▶ 8.5% increase in underlying income¹
- ▶ Like-for-like property income growth of 1.5%
- ▶ Significant leasing to maintain and grow future earnings
- ▶ Progression of existing developments and commencement of new value-add developments

¹Including FX impact

OUTLOOK & GUIDANCE

FOCUSSED ON EARNINGS GROWTH



- ▶ **HY21 AFFO of 5.87 cpu; 20.2% above HY20**
- ▶ **9 months to 31 March 2020 AFFO of 8.73 per unit; 14.6% growth**
- ▶ **Distributions of 4.375 cpu paid in HY21**
- ▶ **Distributions of 4.5 cpu guidance for 2H; 9.00 cpu annualised, 2.8% growth**



- ▶ **Significant development pipeline**
- ▶ **Further value-add** acquisition and development opportunities being considered
- ▶ **NTA of \$2.63 at 31 March 2021; 10.5% growth from 30 June 2020**



- ▶ **Future asset recycling to be considered** to partially fund new developments and acquisitions
- ▶ **Further debt diversification and extension** to be considered later in CY21
- ▶ NorthWest is in the process of developing a comprehensive **sustainability framework** which will include Vital

WHY INVEST IN VITAL

VITAL IS THE ONLY SPECIALIST NZX-LISTED OWNER OF HEALTHCARE PROPERTY; NO ASX-LISTED EQUIVALENT



DEFENSIVE SECTOR

Private healthcare is typically a non-discretionary or high priority discretionary spend

Less impacted by economic or business cycles than other property sectors



HIGH DEMAND

Ageing demographics and growing population in both Australia and New Zealand

Rising life expectancy

Improvements in science, technology and healthcare increase service offerings



HIGH QUALITY PORTFOLIO

Landlord to some of New Zealand and Australia's leading private healthcare operators

\$2.36B portfolio

99.1% occupancy

WALE: 19.0 years

Average building age*: 11.9yrs



EARNINGS GROWTH

Targeting 2-3% AFFO and DPU growth with a conservative pay-out ratio

94% of leases increase by CPI or fixed %

Embedded earnings growth enhanced by acquisitions and developments



DEVELOPMENT UPSIDE

\$200m of remaining spend on existing developments and \$560m long-term potential pipeline to be partially funded by asset recycling and existing debt facilities

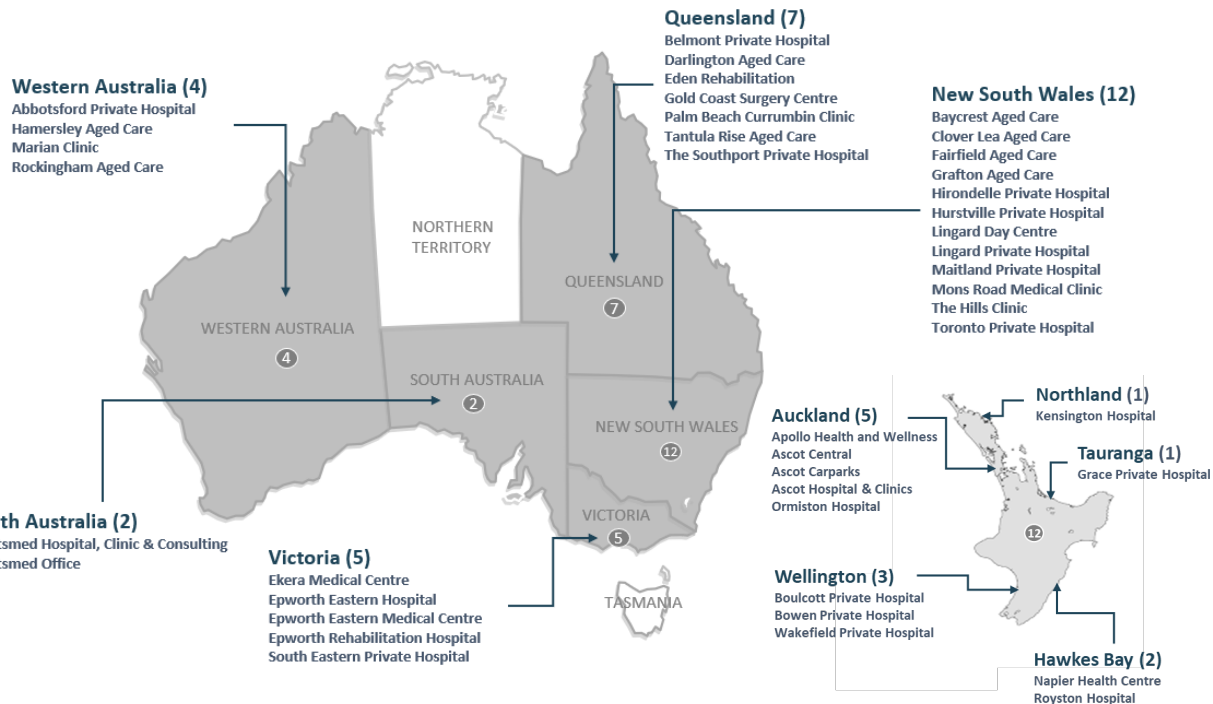
Weighted average project yield of 6.2%; provide value creation and earnings growth

Vital seeks to deliver stable and growing total unitholder returns, including an attractive risk-adjusted income distribution, sourced from healthcare property

APPENDICES

PORTFOLIO OVERVIEW

\$2.36B PORTFOLIO OF HEALTHCARE REAL ESTATE COMPRISING 42 INVESTMENT PROPERTIES AND 2,800+ BEDS



Belmont Private Hospital, QLD



Maitland Private Hospital, NSW



PORTFOLIO OVERVIEW (cont'd)

\$2.36 BILLION INVESTED IN 42 CORE HEALTHCARE PROPERTIES WITH OVER 130 TENANTS AND ~2,800 BEDS

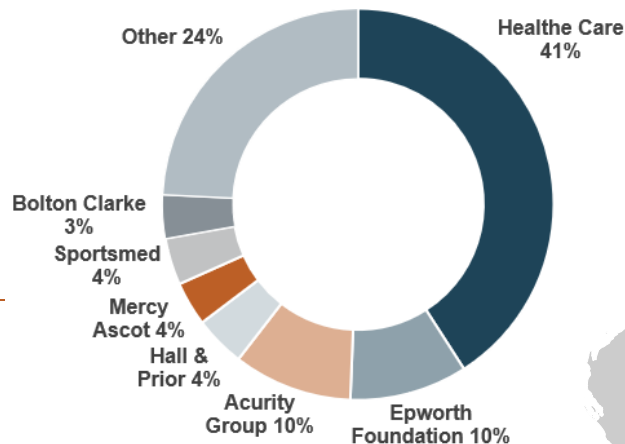
Income

- ▶ HY21 property income growth of 1.5% (like-for-like, same currency basis)
- ▶ Positive rent growth forecast for FY21 through a combination of CPI and fixed rent increases

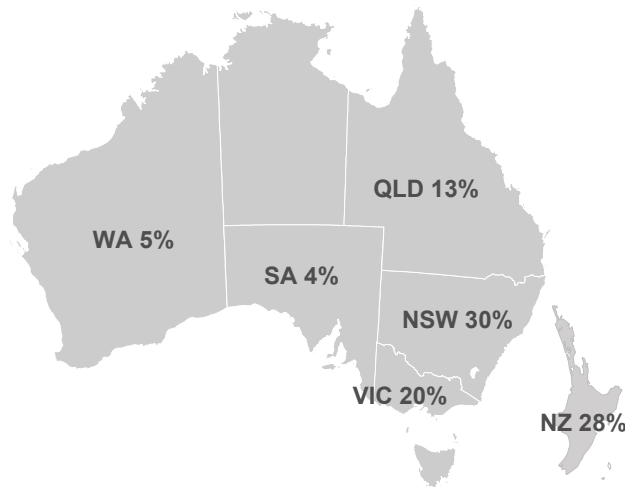
Diversification

- ▶ As shown on this page, Vital has a diverse portfolio by location and tenant
- ▶ Seeking to continuously improve diversity of income
- ▶ Largest single tenant exposure reduced from 48% to 41% since 30 June 2020

Tenant Diversification (% of rent)











Geographic Diversification (by value)



COMMITTED DEVELOPMENTS

DEVELOPMENTS ENHANCE EARNINGS GROWTH AND IMPROVE ASSET QUALITY

All values shown in \$m		Description of Works	Development Cost ¹ (\$m)	Spend to Date (\$m)	Cost to Complete (\$m)	Forecast Income Return	Forecast Completion Date
	Epworth Eastern (VIC)	New 14 storey tower incorporating 5 operating theatres, 60 beds, 7 levels of consulting and refurbishment of the existing Medical Centre	A\$126.2	A\$68.4	A\$57.8	6.0%	Early-22
	Eden Rehabilitation (QLD)	New 26 bed mental health ward, Rehab Unit and refurbishment of existing wards	A\$12.4	A\$2.4	A\$10.1	6.0%	Early-22
	Abbotsford Private (WA)	47 Beds, parking, therapy rooms and admin - Planning Approved	A\$18.6	A\$2.3	A\$16.3	6.3%	Mid-22
	Belmont Private (QLD)	48 New Inpatient Beds, 13 private practice consulting suites and 70 new car parks	A\$22.6	A\$1.2	A\$21.4	6.0%	Late-22
	Playford Health Hub Stage 1 (SA)	Multi-deck Car Park (circa 450 spaces) & Ground Floor retail	A\$20.7	A\$4.5	A\$16.2	6.8%	Late-21
Total Australian Projects			A\$200.6	A\$78.7	A\$121.9	6.1%	
	Wakefield Hospital (Wellington)	Staged demolition and redevelopment of entire hospital	NZ\$112.8	NZ\$55.4	NZ\$57.3	6.2%	Staged 21-23
	Boulcott Private Hospital (Wellington)	Two new theatres, PACU expansion and conversion of double rooms to singles	NZ\$8.1	NZ\$4.1	NZ\$4.0	6.3%	Late-21
	Royston DSU Project (Hastings)	New standalone two theatre Day Surgery Unit	NZ\$7.7	NZ\$0.0	NZ\$7.7	7.0%	Mid-22
Total New Zealand Projects			NZ\$128.5	NZ\$59.5	NZ\$69.0	6.3%	
Total Projects in NZD			NZ\$346.90	NZ\$145.21	NZ\$201.70	6.2%	

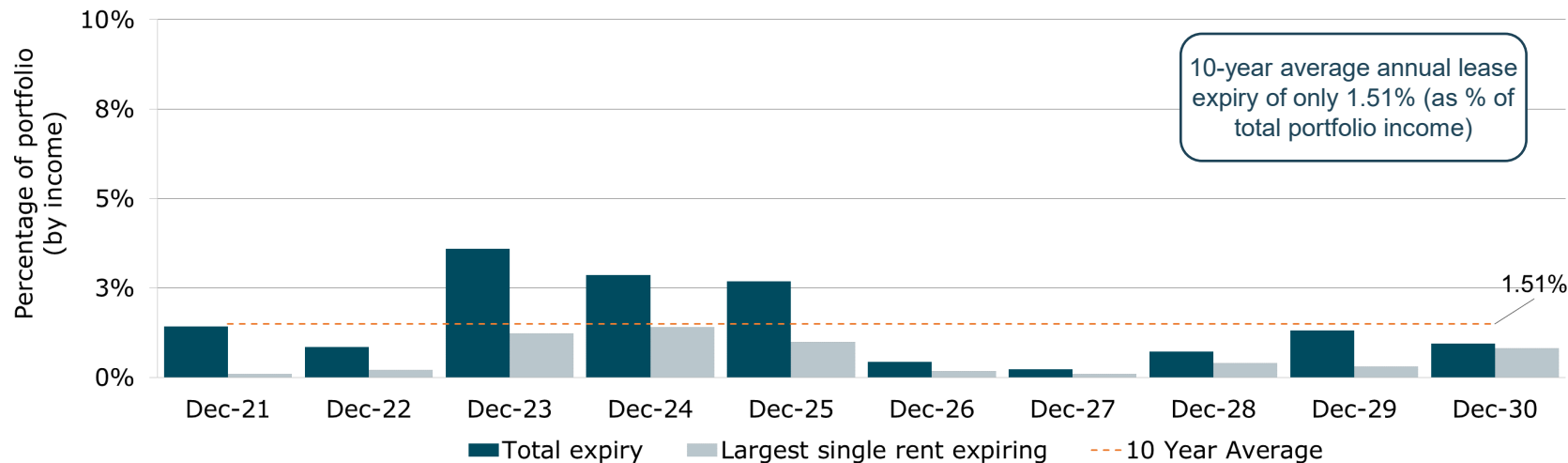
LEASE EXPIRY PROFILE

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

Lease expiries in the remainder of FY21 primarily reflect smaller tenancies at multi-tenant properties.

FY21 Expiries:

- ▶ Total expiry of \$970k through to June 2021 across 1,317 sqm over 6 multi-tenanted properties (0.8% of annual rent).



RENT REVIEWS

HIGH PERCENTAGE OF TOTAL RENT IS REVIEWED ANNUALLY WITH STRUCTURED¹ REVIEW MECHANISMS

Rent Reviews – HY21 (“like-for-like” excludes developments, acquisitions and disposals)

		Jun-20 Rent p.a.	Dec-20 Rent p.a.	Increase	Annualised Growth
	#	(NZD)	(NZD)	(NZD)	(Stable currency)
Australia	11	4,053,482	4,096,145	42,663	1.1%
New Zealand	50	18,412,554	18,837,725	425,171	2.3%
Total	61	22,466,036	22,933,869	467,834	2.1%

	Jun-20 Rent p.a.	Dec-20 Rent p.a.	Increase	Annualised Growth	
	#	(NZD)	(NZD)	(NZD)	(Stable currency)
CPI	46	21,517,211	21,956,120	438,909	2.0%
Fixed	11	853,841	880,907	27,065	3.2%
Market	3	94,983	96,843	1,859	2.0%
Total	61	22,466,036	22,933,869	467,834	2.1%

(1) Includes fixed percentage and CPI reviews

Rent reviews were completed for 61 leases in 1H FY21

Structured reviews represented 98%⁽¹⁾ of leases by income in 1H FY21

77 leases to be renewed in the remainder of FY21

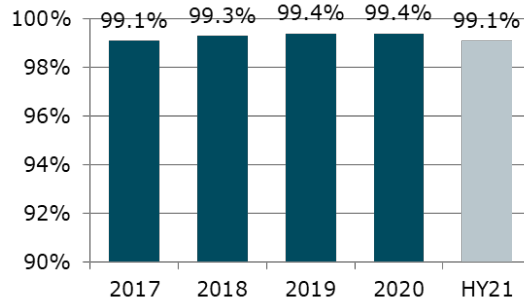
CORE PORTFOLIO METRICS

5 YEAR TRENDS HIGHLIGHT PORTFOLIO STRENGTH AND UNDERPIN LONG-TERM PERFORMANCE

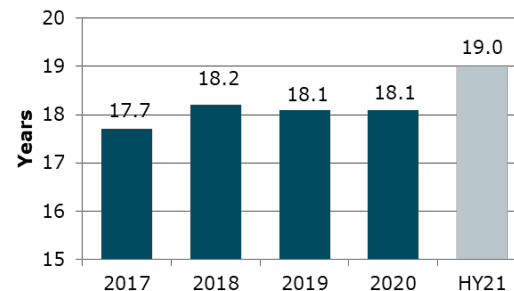
12th consecutive year of portfolio occupancy >99%

High degree of confidence that future expiries will be renewed or replaced in advance

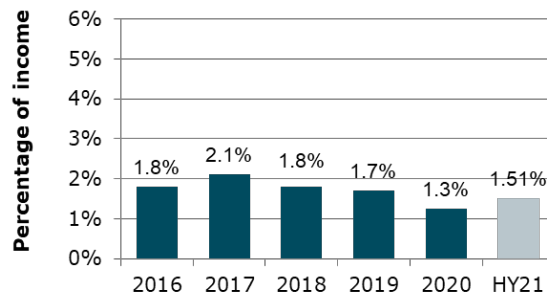
OCCUPANCY



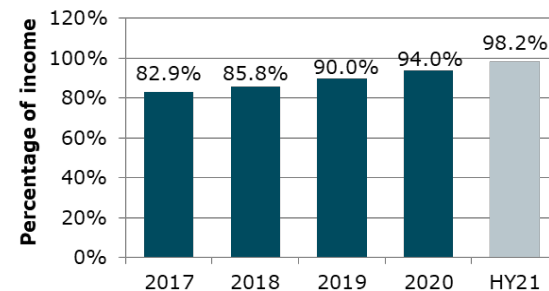
WALE



AVERAGE 10 YR LEASE EXPIRY⁽¹⁾



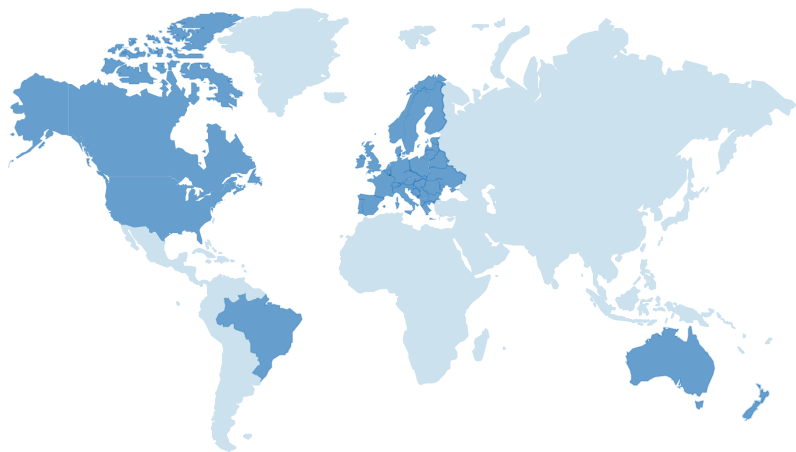
TOTAL INCOME SUBJECT TO STRUCTURED RENT REVIEWS



(1) Reflects the average % of total portfolio income that expires over each of the next 10 years.

OVERVIEW OF NORTHWEST – VITAL'S MANAGER

NORTHWEST: A FOCUSED HEALTHCARE REAL ESTATE INVESTMENT OWNER AND MANAGER



NZ\$8.3Bn

Assets under management

Global scale, local relationships

Partner of choice for leading operators in each market it invests

Deep healthcare real estate expertise

200+ healthcare property professionals based in 3 of the largest global healthcare markets

Execution excellence

15+ years of healthcare real estate investment, management and development

Entrepreneurial culture, institutional capabilities

10+ year public company track record

A proven track record

Track record of delivering strong risk-adjusted returns for investors

Scalable platform with embedded growth

Its operator relationships and existing portfolio provide a robust acquisition and development pipeline

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.
IPP	Income Producing Property.
LTM	Last Twelve Months.
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
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 annual amount per unit.
WACR	Weighted Average 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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June 2021