

# Market Release

9 April 2020

## Market update

### Impact of the COVID-19

This is a rapidly evolving situation and Vital is currently working with its tenants and other stakeholders to understand the full impact of COVID-19 on our tenants, earnings and development pipeline. However, as at the date of this release, there is no significant change to previously released information.

We currently expect limited impact to Vital's earnings from COVID-19. The Australian Commonwealth government has recently announced arrangements to ensure there is sufficient capacity to deal with COVID-19 patients. Discussions are in progress with district health boards in New Zealand to provide similar support in this country. Approximately 82% of Vital's revenue is sourced from private hospitals and related facilities. Vital has a 17.9 year weighted average lease expiry term with less than 1% of lease (by income) potentially expiring over the next 12 months.

All of Vital's major projects in New Zealand have been impacted by the overall lockdown of construction for nonessential projects in accordance with Government Guidelines. In particular, all on-site work has stopped at Wakefield and Royston Hospitals. Projects in Australia currently continue to be progressed, including at Epworth Eastern, albeit at lower levels of efficiency given COVID-19 related protocols. Currently, we anticipate that this may result in delays in Vital's income (rather than a loss of income). However, this will depend on government actions in both countries and the length of time restrictions are in place.

### Increased debt facilities and maturities extended

Vital's balance sheet has recently been strengthened by NZ\$107 million of additional debt facilities and term extensions for near-term debt expiries. These enhancements to Vital's financial flexibility and liquidity mean that Vital now has over NZ\$254 million in undrawn debt facilities available from its long-term financiers (ANZ Banking Group and the National Australia Bank Group) and no debt expiring before March 2021 and only \$A125 million expiring before September 2021.

### Settlement of previously announced aged care acquisitions

Vital has settled the acquisition of the three Australian aged care assets announced to the market on 19 February 2020. The three properties are leased to Bolton Clarke, one of Australasia's largest and most experienced not-for-profit aged care and retirement living providers for a weighted average lease term of 16.5 years.

### Costs associated with foreign exempt listing to be expensed in the current year

At Vital's Special Meeting on 2 April 2020, the 75% threshold of eligible unitholders required to approve a proposal to facilitate a foreign exempt listing on the Australian Securities Exchange was not achieved. As a result, approximately \$8m of associated third party costs will need to be expensed during this half year (whereas most of these costs would have been treated as an equity cost had the proposal been approved). As previously announced, the manager did not charge any fees for its extensive work supporting this proposal.

### Distribution guidance

There is no change to Vital's previously released distribution guidance of 8.75 cents for this financial year.

– ENDS –

## ENQUIRIES

Aaron Hockly, Fund Manager, Vital

NorthWest Healthcare Properties Management Ltd, Phone +64 9 973 7301, Email [aaron.hockly@nwhreit.com](mailto:aaron.hockly@nwhreit.com)

Michael Groth, Chief Financial Officer

NorthWest Healthcare Properties Management Ltd, Tel +61 3 8609 8421, Email [michael.groth@nwhreit.com](mailto:michael.groth@nwhreit.com)

Jason Kepecs, Director, Investments & Investor Relations

NorthWest Healthcare Properties Management Ltd, Tel +64 9 973 7303, Email [jason.kepecs@nwhreit.com](mailto:jason.kepecs@nwhreit.com)

### **About Vital Healthcare Property:**

Vital Healthcare Property Trust is an NZX-listed fund that invests in high-quality health and medical-related properties in New Zealand and Australia. Our tenants are hospital and healthcare operators who provide a wide range of medical and health services.

With a core focus on healthcare real estate, we understand and accommodate the needs of our healthcare tenants. We operate in a niche segment of the property market, characterised by long weighted average lease terms and high occupancy rates and with an ageing population across both countries, it's also one that's growing.

For more information, visit our website: [www.vitalhealthcareproperty.co.nz](http://www.vitalhealthcareproperty.co.nz)