



# DELIVERING VALUE

2020 NOTICE OF SPECIAL MEETING SUMMARY | 28 February 2020

# Vital announces ASX foreign exempt listing proposal

INITIATIVE TO DELIVER FURTHER INCREMENTAL VALUE

## Key points

- ▶ Today Vital announced a proposed restructure of the trust to allow for a foreign exempt listing on the ASX
- ▶ Independent adviser, Grant Samuel, is supportive, saying:
  - “The Proposal is ***in the best interests of all unitholders*** when the Proposal is analysed in combination with the capital structure initiatives and potential value uplift from an increase in unit price”<sup>1</sup>
- ▶ Primary listing will remain in New Zealand on the NZX
  - Proposal is consistent with the majority of NZX50 companies
- ▶ Distributions will increase for all unitholders and will continue to be paid quarterly in New Zealand dollars<sup>2</sup>
- ▶ To be approved, the Proposal requires 75% of unitholders entitled to vote and voting at an upcoming unitholder meeting (Manager cannot vote)
- ▶ Unanimously recommended by all directors

## Key benefits

1. All Unitholders are expected to receive **higher distributions** should the Proposal be approved
  - A New Zealand Unitholder with 30% marginal tax rate is expected to receive an increase in distributions after tax of 10%<sup>3</sup>
  - Change to distribution policy to payout 95-100% of AFFO in line with Australasian property vehicles
2. Potential for an increase in the **value and liquidity** of Vital units
  - Vital will actively target inclusion in the ASX/S&P 300 index
3. Access to a broader range of **capital sources** to ensure an efficient cost of capital
  - Broader and deeper pool of equity investors
  - Vital will explore long term diversified debt to match asset profile
4. Vital will be more **competitively positioned** for acquisitions and development projects for future earnings growth

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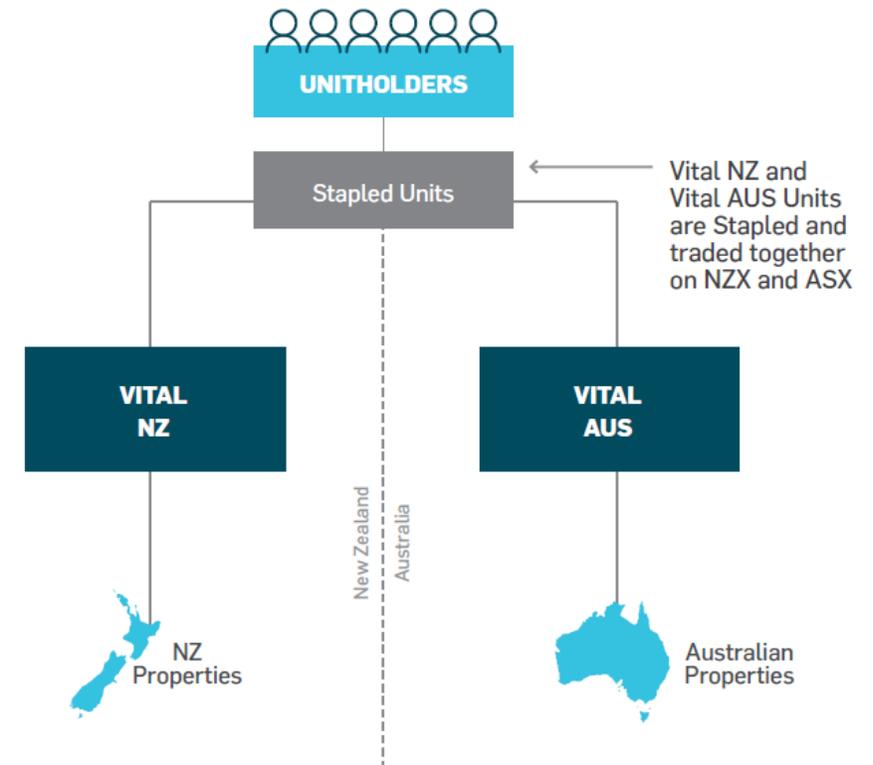
1. Refer to the full Grant Samuel report included in the Notice of Meeting 28 February 2020 for further details  
2. Australian and other offshore investors will receive distributions in AUD  
3. Refer to the Notice of Meeting 28 February 2020 for further detail, including assumptions and increases for other tax brackets

# What is the Proposal?

## RESTRUCTURE OF THE TRUST TO ALLOW FOR AN ASX (FOREIGN EXEMPT) LISTING

When the Trust was listed in 1999, most of its assets (\$122 million) were in NZ. Today 75% of Vital's c.\$2 billion assets are in Australia

- ▶ Proposal involves separating Vital's New Zealand and Australian properties into separate trusts
  - “Vital NZ” remains a New Zealand managed investment scheme and PIE
  - “Vital Australia” will be an Australian managed investment scheme
- ▶ Units in the two trusts will be “stapled” together to form a stapled group and a single tradeable unit
- ▶ Stapled group retains primary listing on the NZX and a foreign exempt listing on the ASX is added
- ▶ Unitholders retain the same ownership of Vital's underlying assets as they do today
- ▶ As part of the Proposal, Vital's payout ratio will be amended to 95-100% of AFFO in line with most Australasian property vehicles



# Underlying investment remains unchanged

WITH PROPOSAL TO ENHANCE VALUE

## Underlying investment:

- ✓ No change in healthcare property investment strategy
- ✓ No change in property portfolio
- ✓ No change to fees and governance arrangements
- ✓ No change to PIE status for New Zealand assets
- ✓ No change to NZX primary listing
- ✓ Distributions continue to be paid in NZD
- ✓ No change to board members or management

## The Proposal:

- ✓ Increased distributions
- ✓ Increased value and liquidity
- ✓ Broader and deeper access to capital
- ✓ Enhanced competitive position for growth

Evolution of Vital's structure to maximise opportunities and investment returns

Maintains the same strategy and high quality portfolio



# Fees, Governance and Timetable

## Fees and Governance

- ▶ No impact on the fee and governance arrangements approved in 2019
- ▶ No fees payable to NorthWest relating to the Proposal
- ▶ No impact on incentive fees
- ▶ Board of the Manager in Australia will be the same as the board of the NZ Manager
- ▶ Independent Chair to be appointed by October 2020

## Proposal timetable overview

Item	Timing
Release of Notice of Meeting	28 February 2020
Special Unitholders Meeting	31 March 2020
Planned implementation	May / June 2020

# Financial Impacts for Unitholders

## DISTRIBUTION IMPACT – ILLUSTRATIVE ANALYSIS

### Distribution Impact – FY20 Illustrative Analysis



### Distribution Impact Analysis by Unitholder Type

Gross Distribution guidance	Current	Post Restructuring Impact
Cents per unit	8.75	11.87

	Current	Post Proposal impact (incl. increase to 95% payout ratio)	
	Net Distribution	Net Distribution	Change in Net Distribution (%)
<b>New Zealand unitholder</b>	NZD cents	NZD cents	
PIE / Company (28% tax rate)	8.75	9.81	12 %
Tax-exempt	8.75	11.45	31 %
10.5% tax rate	8.75	11.23	28 %
17.5% tax rate	8.75	10.66	22 %
30.0% tax rate	8.75	9.64	10 %
33.0% tax rate	8.75	9.40	7 %
<b>Australia unitholder</b>			
Illustrative 30% tax rate	7.08	9.05	28 %

The analysis above is an illustrative analysis only and actual Unitholder distributions will vary from the analysis shown. Unitholders should refer to the Notice of Meeting dated 28 February 2020 for further details including key assumptions, the Grant Samuel Independent Adviser Report, and the KPMG Tax Modelling Opinion.

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28<sup>th</sup> February 2020