

Vital Healthcare

In Good Health – Reinstate as OUTPERFORM

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OUTPERFORM

Vital Healthcare's (VHP) capital raise and planned divestments will fully fund its c.NZ\$430m pipeline of tenant led projects. These projects amount to c.22% of the value of its stabilised assets and have an attractive average yield on cost of 6.2%. Completion of this pipeline will drive strong earnings and distribution growth over the next 3 years; we forecast FY20–23 dividend per share CAGR (compound annual growth rate) of 3.3% which compares favorably vs. modest expectations for sector peers. We also see potential NTA (net tangible assets) growth driven by development and revaluation gains with strong demand for long lease term assets with resilient tenants. We note that committed gearing is high compared to peers and further portfolio activity may require additional equity. We reinstate our VHP rating at OUTPERFORM with a 12-month target price of NZ\$3.15.

NZX Code	VHP	Financials: Jun/	20A	21E	22E	23E	Valuation (x)	20A	21E	22E	23E
Share price	NZ\$2.94	NPAT* (NZ\$m)	46.8	53.2	58.7	61.4	PE	28.4	27.5	25.9	25.0
Target price	NZ\$3.15	EPS* (NZc)	10.4	10.7	11.4	11.8	EV/EBIT	n/a	n/a	n/a	n/a
Risk rating	n/a	EPS growth* (%)	7.2	3.4	6.1	3.9	EV/EBITDA	n/a	n/a	n/a	n/a
Issued shares	514.1m	DPS (NZc)	8.8	8.9	9.2	9.6	Price / NTA	1.2	1.1	1.1	1.0
Market cap	NZ\$1,514m	Imputation (%)	100	100	100	100	Cash div yld (%)	3.0	3.0	3.1	3.3
Avg daily turnover	258.3k (NZ\$698k)	*Based on normalised profits					Gross div yld (%)	4.2	4.3	4.5	4.7

What's changed?

- **Target price:** Reinstated at NZ\$3.15
- **Rating:** Reinstated at OUTPERFORM

Tenant operations returning to normal

Activity at VHP's assets was largely deemed essential during the pandemic with governments on both sides of the Tasman guaranteeing the viability of the private hospital sector in return for the sector making hospital beds and its workforce available to address COVID-19. With most Australian states out of lockdown work can begin on a backlog of elective surgery. Ramsay Healthcare, a competitor to VHP's largest tenant Health Care, expects to be operating at 100% capacity by year end. Also, there are early signs reforms of Australia's private health insurance is lifting participation which is a key driver for private hospital usage.

Development pipeline to drive growth

VHP's recent capital raise has fully funded its c.NZ\$350m of identified developments (NZ\$245m spend to complete). Development is likely a more attractive capital allocation option vs. buying assets on market given current demand for property with long lease terms and the medical sub-sector. This activity underpins 1) better NTA (revaluation of current projects will add 9cps once complete) and 2) stronger earnings growth (current projects, acquisitions, and divestments will increase net rental income ~20%). Along with high levels of structured rent growth in its leases, development aids VHP in reaching its +2–3% per annum distribution growth targets.

Hospital heavy development pipeline vs. target exposures

VHP has traditionally been backed by a high exposure to hospital assets, but is looking to increase weighting to life science and research facilities, and aged care villages, following a review of its portfolio exposures in 2020. As VHP works towards its target range, we expect its exposure to key tenant Health Care (which makes up almost 50% of its rent roll) to decrease.

Vital Healthcare Property Trust (VHP)

Priced as at 24 Nov 2020 (NZ\$)						2.95						
12-month target price (NZ\$)*						3.15	Spot valuations (NZ\$)					
Expected share price return						6.8%	1. DCF					3.44
Net dividend yield						3.1%	2. NAV					2.79
Estimated 12-month return						9.8%						
Key WACC assumptions						DCF valuation summary (NZ\$m)						
Risk free rate						1.30%	Total firm value					2,609
Equity beta						0.68	(Net debt)/cash					(808)
WACC						4.1%	Less: Capitalised operating leases					0
Terminal growth						1.5%	Value of equity					1,738
Profit and Loss Account (NZ\$m)						Valuation Ratios						
	2019A	2020A	2021E	2022E	2023E		2019A	2020A	2021E	2022E	2023E	
Sales revenue	97.7	98.8	105.9	114.0	120.9	EV/EBITDA (x)	27.6	27.9	26.2	24.2	22.7	
Normalised EBITDA	80.3	82.0	88.4	95.5	101.6	EV/EBIT (x)	27.6	27.9	26.2	24.2	22.7	
Depreciation and amortisation	0	0	0	0	0	PE (x)	30.5	28.5	27.5	26.0	25.0	
Normalised EBIT	80.3	82.0	88.4	95.5	101.6	Price/NTA (x)	1.3	1.2	1.1	1.1	1.0	
Net interest	(29.9)	(28.0)	(25.5)	(25.8)	(28.6)	Free cash flow yield (%)	0.3	-2.6	-7.0	-4.5	2.6	
Associate income	0	0	0	0	0	Net dividend yield (%)	3.0	3.0	3.0	3.1	3.3	
Tax	(7.6)	(7.2)	(9.7)	(11.0)	(11.7)	Gross dividend yield (%)	4.2	4.2	4.3	4.5	4.7	
Minority interests	0	0	0	0	0	Capital Structure						
Normalised NPAT	42.9	46.8	53.2	58.7	61.4	Interest cover EBIT (x)	2.7	2.9	3.5	3.7	3.6	
Abnormals/other	50.6	11.4	73.7	51.6	38.6	Interest cover EBITDA (x)	2.7	2.9	3.5	3.7	3.6	
Reported NPAT	93.4	58.1	126.9	110.3	100.0	Net debt/ND+E (%)	41.4	42.5	37.2	38.9	37.9	
Normalised EPS (cps)	9.7	10.4	10.7	11.4	11.8	Net debt/EBITDA (x)	9.1	9.9	9.0	9.5	8.9	
DPS (cps)	8.8	8.8	8.9	9.2	9.6	Key Ratios						
Growth Rates							2019A	2020A	2021E	2022E	2023E	
Revenue (%)	7.8	1.1	7.2	7.7	6.0	Return on assets (%)	4.2	3.9	3.8	3.8	3.9	
EBITDA (%)	5.6	2.1	7.8	8.0	6.5	Return on equity (%)	4.2	4.3	4.0	4.1	4.1	
EBIT (%)	5.6	2.1	7.8	8.0	6.5	Return on funds employed (%)	3.9	3.8	3.7	3.6	3.6	
Normalised NPAT (%)	-6.9	9.1	13.8	10.4	4.5	EBITDA margin (%)	82.2	83.0	83.5	83.7	84.1	
Normalised EPS (%)	-8.9	7.2	3.4	6.1	3.9	EBIT margin (%)	82.2	83.0	83.5	83.7	84.1	
Ordinary DPS (%)	2.2	0.0	1.3	4.0	4.4	Capex to sales (%)	36.3	85.2	150.9	110.8	18.4	
Cash Flow (NZ\$m)							2019A	2020A	2021E	2022E	2023E	
EBITDA	80.3	82.0	88.4	95.5	101.6	Capex to depreciation (%)	n/a	n/a	n/a	n/a	n/a	
Working capital change	(1.9)	(1.3)	0.2	0.3	0.3	Imputation (%)	100	100	100	100	100	
Interest & tax paid	(37.8)	(36.3)	(35.5)	(37.1)	(40.6)	Pay-out ratio (%)	91	85	83	81	82	
Other	0	0	0	0	0	Balance Sheet (NZ\$m)						
Operating cash flow	40.6	44.4	53.1	58.7	61.4	Working capital	(12.5)	(13.8)	(13.8)	(13.8)	(13.8)	
Capital expenditure	(35.5)	(84.1)	(159.7)	(126.3)	(22.2)	Fixed assets	1,836.4	2,086.3	2,324.0	2,509.2	2,577.9	
(Acquisitions)/divestments	(23.5)	(65.2)	1.9	0	0	Intangibles	0	0	0	0	0	
Other	(42.2)	79.3	0	0	0	Right of use asset	0	0	0	0	0	
Funding available/(required)	(60.5)	(25.6)	(104.8)	(67.6)	39.2	Other assets	87.7	8.4	8.4	8.4	8.4	
Dividends paid	(32.7)	(33.5)	(37.4)	(41.1)	(42.2)	Total funds employed	1,911.7	2,081.0	2,318.6	2,503.9	2,572.5	
Equity raised/(returned)	0	0	155.3	0	0	Net debt/(cash)	728.1	808.3	795.2	903.8	906.9	
(Increase)/decrease in net debt	(93.2)	(59.2)	13.1	(108.7)	(3.1)	Lease liability	0	0	0	0	0	
						Other liabilities	153.8	179.6	179.6	179.6	179.6	
						Shareholder's funds	1,029.7	1,093.1	1,343.8	1,420.4	1,485.9	
						Minority interests	0	0	0	0	0	
						Total funding sources	1,911.7	2,081.0	2,318.6	2,503.9	2,572.5	

* Forsyth Barr target prices reflect valuation rolled forward at cost of equity less the next 12-months dividend

Tenant operating performance returning to normal

Private hospital trading returning to normal

The majority of VHP's portfolio is tenanted by Australian private hospital operators with its largest tenant being Health Care which accounted for 47% of rental income in FY20. The Australian Government guaranteed the viability of the private hospital sector during the pandemic in return for the sector making hospital beds and its workforce available to address COVID-19. This doesn't cover medical office buildings and as such VHP's South Australia assets are largely closed due to its recent lockdown. While this disrupted near-term trading with some services being shut, things are returning to normal and a backlog of elective surgery may provide a short term boost. Victoria's (5 of 45 assets) second lockdown delayed a return to normal operating conditions in the state. Longer-term, demographic trends remain supportive of growing health care demand. Private health care insurance participation has been flat but recent reforms may lift policy numbers.

Elective surgery catch-up an opportunity for hospital operators

At the start of the pandemic the Australian Government implemented a moratorium on non-urgent operations to preserve public and private health resources. As a result wait lists have increased across the country offering an opportunity for private hospital operators to assist in clearing the backlog which reports have suggested may take 6–9 months. Reports have suggested hospitals are running at 100–115% of pre COVID-19 activity levels.

Health Care is unlisted and as such we have limited visibility on the profitability of its operations. Health Care, in its August news letter, stated "Our hospitals around the country have been working with our doctors and public health services to resume all types of elective surgery – working hard to reduce the number of patients who have been forced to wait for their procedures due to elective surgery bans implemented earlier in the year".

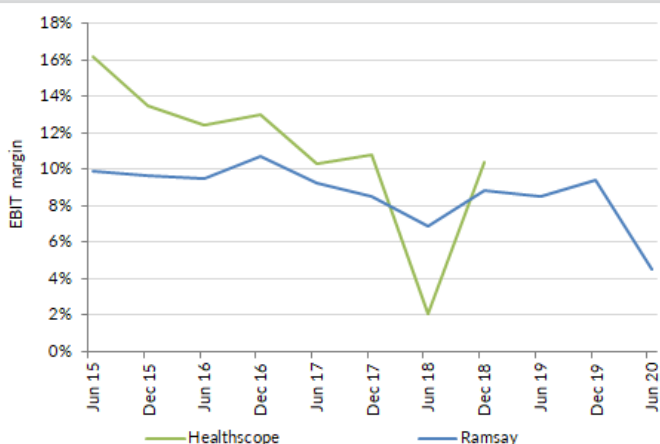
Listed peer Ramsay reporting solid trading

Listed peer Ramsay Health Care recently provided a solid September quarter update. Key takeaways were:

- In the September quarter surgical admissions were up +1.7% (ex-Victoria +8%) on the pcp. Demand for other services including medical, mental health, obstetrics and rehabilitation was below the pcp but has started to improve in recent weeks. Total revenue for the September quarter increased by +1.5% yoy (ex-Victoria +6.6%).
- COVID-19 has resulted in elevated costs for hospital operators with increased use of PPE, additional staffing associated with screening visitors to facilities, cleaning and changes in areas such as catering.
- On the 26th October, Ramsay moved to operating at 85% of unrestricted capacity and is currently expecting to move to 100% unrestricted capacity by 23rd November.

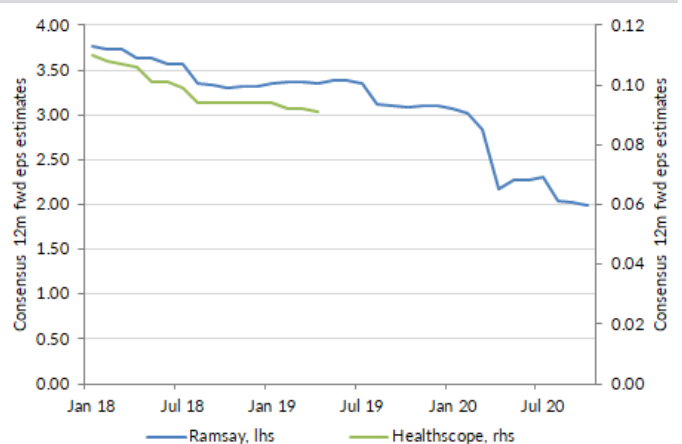
The charts below include Healthscope which was taken over mid-2019.

Figure 1. Hospital operator EBIT margins



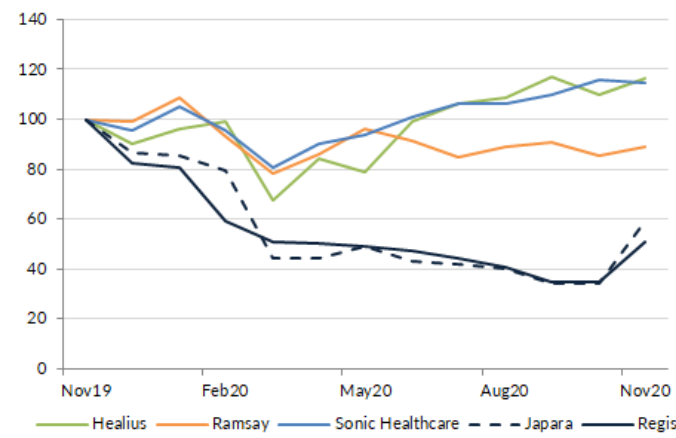
Source: Bloomberg, Forsyth Barr analysis

Figure 2. Hospital operators EPS revisions



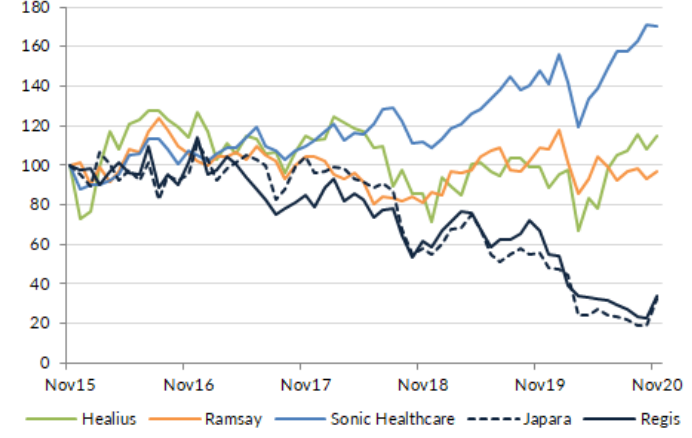
Source: Bloomberg, Forsyth Barr analysis

Figure 3. ASX Healthcare stocks – 12mth price performance



Source: Bloomberg, Forsyth Barr analysis

Figure 4. ASX Healthcare stocks – 5yr price performance



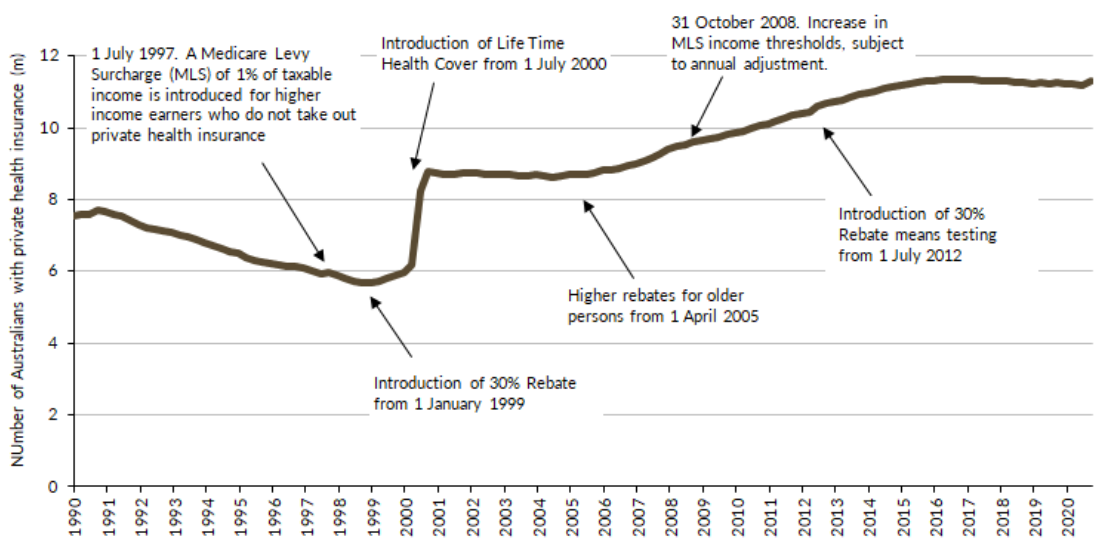
Source: Bloomberg, Forsyth Barr analysis

Are private health insurance trends improving?

Private health insurance cover is a key driver of private hospital use. Health insurance is incentivised in Australia with rebates on the cost of cover, and levies on higher income earners who are not insured. Take-up of private health insurance has declined over recent years with rising premiums and concerns around value for money seeing fewer younger people entering insurance schemes.

Government reforms in April 2020 included standardisation of cover, discounts for younger member's aged 18–29 of 2–10%, adjustable excess, and removal of lower quality extras were aimed at lifting private health insurance participation. After 13 quarters of yoy declines, the number of Australians insured by private health care lifted in the September 2020 quarter.

Figure 5. Australians with private health insurance – hospital cover



Source: APRA, Forsyth Barr analysis

Development pipeline to deliver growth

VHP has grown its development pipeline significantly. The capital raise added three new Australian projects lifting the total development cost of all approved projects to ~NZ\$350m with a forecast yield on cost of 6.2%. Development activity is primarily tenant-led brownfields projects. VHP has a further NZ\$33m of projects in due diligence and NZ\$50m of spend to complete the Master Plan of Grace Hospital. This lifts the total potential development spend to NZ\$434m. VHP's recent NZ\$158m capital raise along with NZ\$100m of asset sales broadly fund its current development pipeline as well as the NZ\$95m acquisition of Grace Hospital. New Zealand's lockdown halted all construction (vs. Australia where it was deemed an essential service), therefore, there is a risk that the cost to complete New Zealand projects may rise.

Development is likely a more attractive capital allocation option vs. buying assets on market given current demand for property with long lease terms and the medical sub-sector. VHP has a target to have 10–15% of the portfolio under development, with a maximum of 25%. This activity underpins 1) better NTA growth (Figure 10, we estimate current projects will add 9cps in revaluation gains once complete) and 2) stronger earnings growth (Figure 12, we estimate current projects, acquisitions, and divestments will increase net rental income ~20%). Along with high levels of structured rent growth, all this aids VHP in reaching its +2–3% per annum AFFO and DPS growth targets.

As highlighted in Figure 9 VHP's gearing would be above pre-capital raising levels once all committed initiatives are complete. However, assuming the dividend reinvestment program remains well supported over the next 3 years (current take up is c.40%) and asset values continue to increase, gearing could reduce to more manageable levels. That said gearing remains high vs. sector peers and further large developments or acquisitions may require assets sales and/or additional equity. VHP is trading at a 27% premium to NTA which implies c.80bp of cap rate compression.

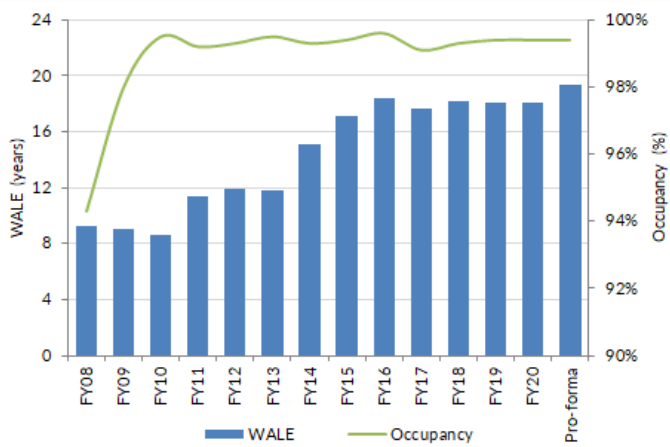
VHP maintains a sector leading weighted average lease term of 19.4 years and occupancy of 99.4% on a pro-forma basis (after acquisitions and divestments complete). During 1Q21 VHP undertook some leasing including a new 25-year lease at Belmont Private Hospital and the leases for Dubbo Private Hospital, Palm Beach Currumbin Clinic, and Mayo Private Hospital each being extended to 15 years. These changes lifted WALE from 18.1 years to 18.6 years but we estimate came at a NZ\$25–30m cost.

Figure 6. VHP's development pipeline (NZ\$m)

Development	Development work being undertaken	Development cost	Spend to date	Yield	Completion date
Epworth Eastern (VIC)	New 14 storey tower incorporating 5 operating theatres, 60 beds, levels of consulting and refurbishment of the existing medical centre	136.6	45.0	6.0%	Late-21
South Eastern PH (VIC)	New day oncology centre, new 10 bed ward and conversion of shared rooms to singles	10.7	7.1	6.0%	Late-21
North West Private (TAS)	New 8 bed mental health unit	3.7	0.0	6.0%	Mid-21
Eden Rehab (QLD)	New 26 bed mental health ward, rehab unit and refurbishment of existing wards	13.4	1.3	7.0%	Early-22
Abbotsford Private (WA)	47 beds, parking, therapy rooms and admin — planning approved	20.1	0.0	6.0%	Late-21
Belmont (QLD)	48 new inpatient beds, 13 private practice consulting suites and 70 new car parks	24.5	0.0	6.3%	Mid-22
Playford Health Hub Stage 1 (SA)	Multi-deck car park (circa 450 spaces) & ground floor retail	22.4	0.4	6.6%	Late-21
Projects in due diligence	Undisclosed	33.0	0.0	n/a	n/a
Total Australian Projects		264.4	53.9	6.1%	
Wakefield (WLG)	Staged demolition and redevelopment of entire hospital	100.9	41.2	6.3%	Staged 21-23
Royston (HB)	New CSSD, reception upgrade, two theatre shells, one theatre fitout and general refurbishment	10.7	9.1	6.3%	Late-20
Royston DSU (HB)	New standalone two theatre day surgery unit	8.1	1.7	6.3%	Late-21
Grace Hospital (TAU)	Completion of site master plan built out over 5-years	50.0	0.0	n/a	n/a
Total New Zealand Projects		169.7	52.0	6.3%	
Total Projects		434.1	105.9	6.2%	

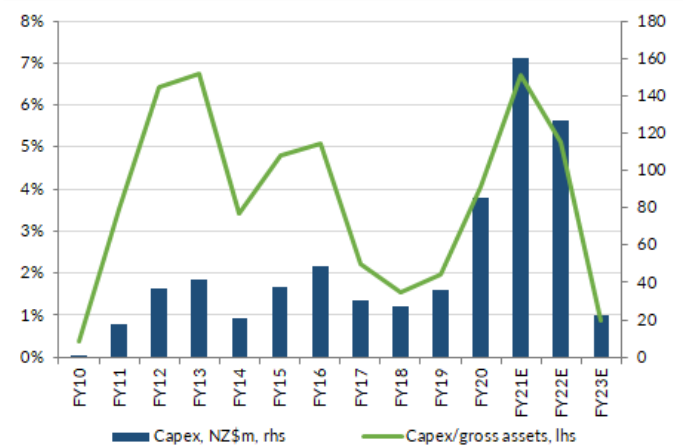
Source: Company reports, Forsyth Barr analysis (note: A\$ converted at 0.924 as at 30 September)

Figure 7. VHP WALE and occupancy



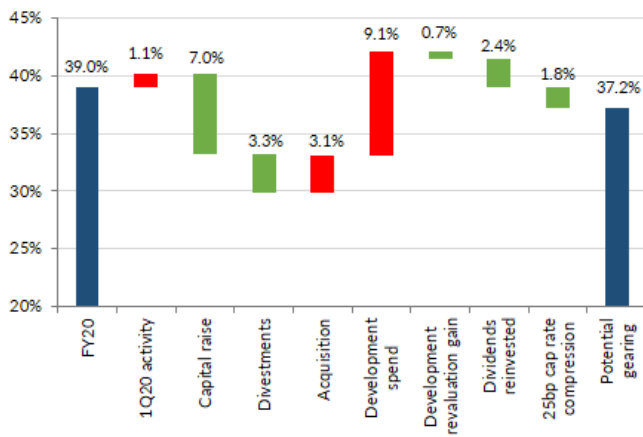
Source: Company reports, Forsyth Barr analysis

Figure 8. VHP capex profile



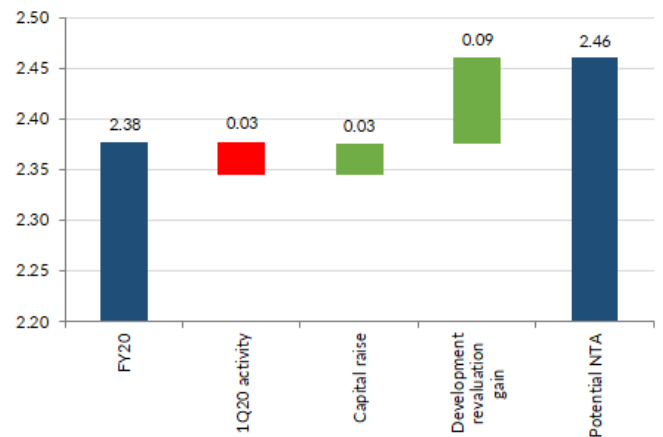
Source: Company reports, Forsyth Barr analysis

Figure 9. VHP gearing bridge



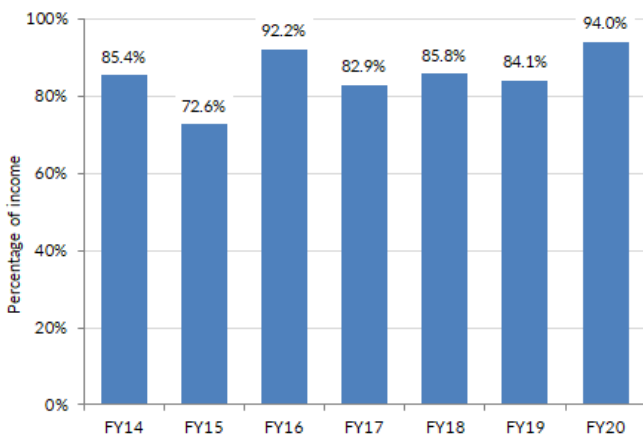
Source: Company reports, Forsyth Barr analysis

Figure 10. VHP NTA bridge



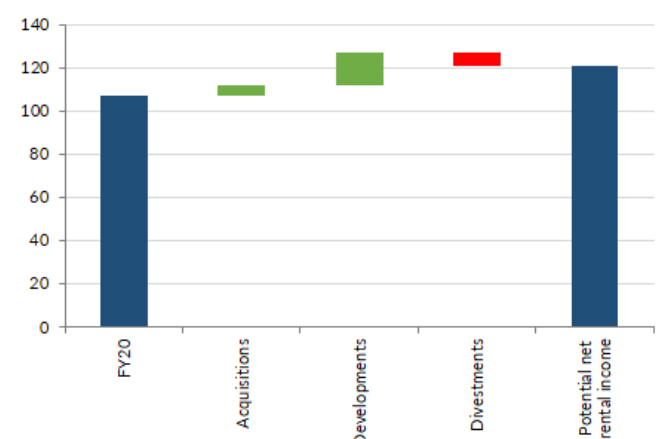
Source: Company reports, Forsyth Barr analysis

Figure 11. VHP structured rent reviews



Source: Company reports, Forsyth Barr analysis

Figure 12. VHP net rental income bridge (NZ\$m)



Source: Company reports, Forsyth Barr analysis

Earnings forecasts and target price

We forecast a FY20–23 DPS CAGR of 3.3%

Figure 13 sets out our earnings forecasts which include:

- Equity raise of NZ\$158m which increases units on issue by 56.3m.
- The acquisition of Grace hospital in Tauranga for NZ\$95m on a yield of 5.25%. This includes a commitment to support NZ\$50m of further development to complete the site's Master Plan.
- Additional development spend of NZ\$100m including NZ\$33m of projects in due diligence but not yet confirmed.
- Disposal of NZ\$100m of assets towards the end of FY21.

VHP's development activity drives strong growth in net property income while falling interest rates help to keep interest costs stable (although VHP has some of the longest hedging in the sector at 6.1 years). We do expect management incentive fees to continue to be paid at relatively high levels reflecting our expectation of upward asset revaluations as well as NTA gains from development profits.

VHP's reported AFFO excludes management incentives fees paid, we add these back as well as other material one off costs to get our Forbar AFFO which we believe better reflects the true level of underlying sustainable earnings. We forecast FY20–23 Forbar AFFO CAGR of +17.7% with significant one-off items in FY20 lowering the base.

As a result of strong development lead earnings growth we forecast an FY20–23 DPS CAGR of 3.3%, this is towards the top end of VHP's 2–3% target growth range.

Figure 13. VHP earnings forecasts

Year ending 30 June	FY20	FY21E	FY22E	FY23E
Net property income	98.8	104.3	113.1	123.6
Operating costs	(16.8)	(17.6)	(18.6)	(19.0)
EBITDA	82.0	86.7	94.5	104.6
Depreciation and amortisation	0.0	0.0	0.0	0.0
EBIT	82.0	86.7	94.5	104.6
Net interest	(28.0)	(27.5)	(28.6)	(30.7)
EBT	54.0	59.2	65.9	73.9
Current tax underlying	(7.2)	(9.0)	(10.2)	(11.7)
Distributable profit	46.8	50.2	55.7	62.1
Amortisation of deferred financing charges	0.6	0.6	0.6	0.6
Amortisation of leasing costs & tenant inducements	1.1	1.1	1.1	1.2
FFO	48.5	51.9	57.4	63.9
Actual capex & leasing from continuing operations	(1.6)	0.0	0.0	0.0
AFFO – VHP presentation	46.9	51.9	57.4	63.9
Management incentive fees (net of tax)	(6.5)	(5.2)	(6.3)	(6.8)
Material one-off costs	(7.8)	0.0	0.0	0.0
AFFO – Forbar presentation	32.6	46.8	51.2	57.1
Weighted average shares	451.6	496.6	516.9	519.7
Distributable profit (cpu)	10.4	10.1	10.8	12.0
AFFO (cpu) – VHP presentation	10.4	10.5	11.1	12.3
AFFO (cpu) – Forbar presentation	7.2	9.4	9.9	11.0
Cash dividend (cpu)	8.8	8.9	9.0	9.3

Source: Company reports, Forsyth Barr analysis

12-month target price of NZ\$3.15

Our 12-month target price is NZ\$3.15. This is based on equal weights of our NAV and DCF valuations.

Our DCF is NZ\$3.37 per share and is based on a weighted average cost of capital of 4.11% with a risk free rate of 1.3%, post tax market risk premium of 6.0%, and terminal growth of 1.5%.

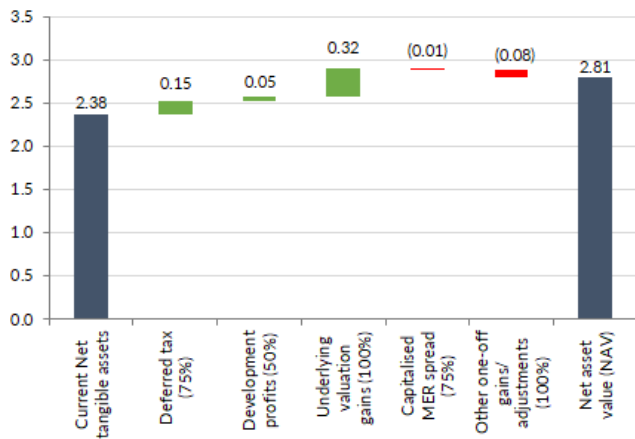
Our NAV is NZ\$2.81 per share. We adjust NTA for expected revaluation gains, deferred tax, development profits, and management costs. We apply weightings to each component that makes up our NAV, for example we include 50% of potential revaluation gains from development completion. The largest contributor to the difference in NTA and NAV is our expectation for -25bp of cap rate compression lifting asset values. Figure 14 bridges NTA to NAV.

Reinstate rating at OUTPERFORM

Year-to-date VHP has produced a total return of +7.5%, ranking in the middle of the sector peers. Investors have been attracted to its long WALT and defensive hospital backed rental income. We believe VHP will outperform as developments complete and contribute to distribution growth. We forecast an FY20–23 DPS growth CAGR of 3.3% which compares favorably to a sector with modest growth. We also see potential for better than expected (we have 25bp cap rate compression in our NAV valuation) revaluation gains with strong demand for long lease term assets with pandemic proof tenants (Investore (IPL) reported 50bp cap rate compression at its interim results). VHP's +10% total return based on our 12-month target price of NZ\$3.15 compares favorably to the sector average of 0%, as such we reinstate our rating at OUTPERFORM.

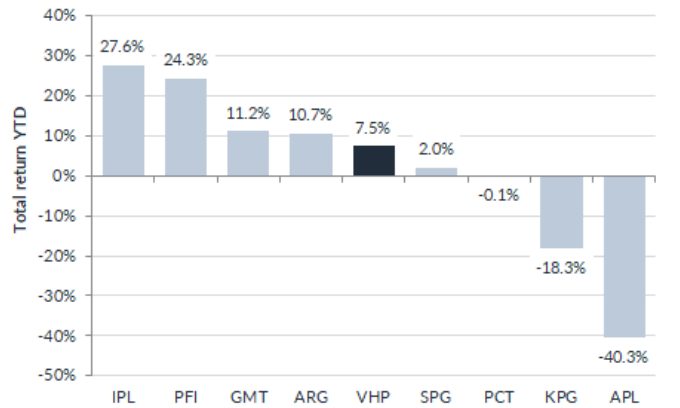
Despite strong share price performance VHP remains attractive vs. bond rates. VHP's 5-year average spread between its gross yield and the NZ Government 10 year bond yield has been +327bps. VHP is currently trading at a +364bp spread to bond yields; assuming this spread mean reverts to its long run average implies a VHP share price of NZ\$3.30 per share based on current FY21 DPS guidance of at least 8.75cps.

Figure 14. NTA to NAV bridge



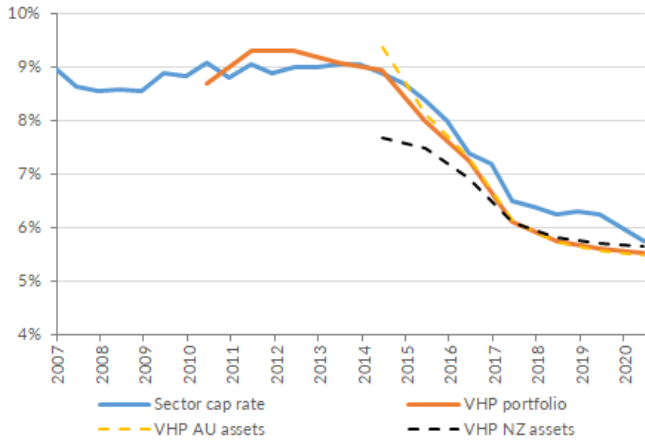
Source: Forsyth Barr analysis

Figure 15. NZ LPV sector returns YTD



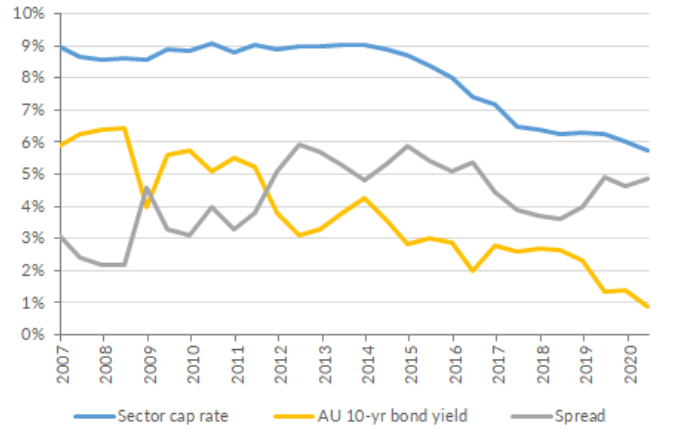
Source: Datastream, Forsyth Barr analysis

Figure 16. VHP cap rates vs. medical sector average



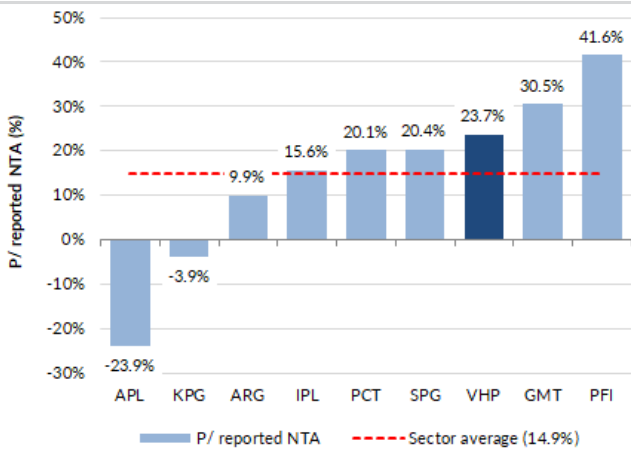
Source: JLL, Company reports, Forsyth Barr analysis

Figure 17. Medical sector cap rates vs. bond yields



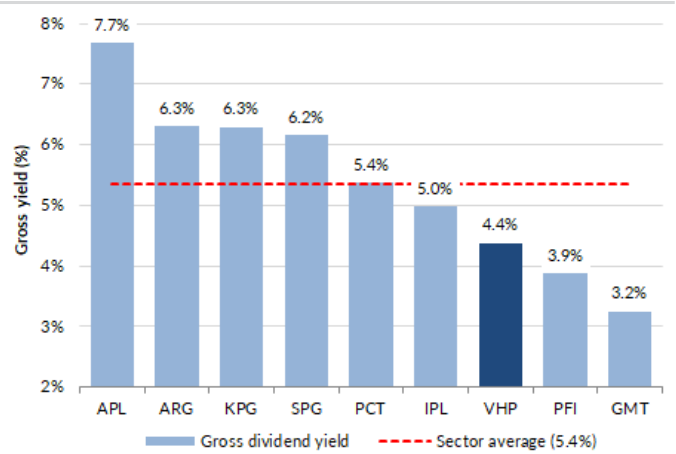
Source: JLL, Eikon, Forsyth Barr analysis

Figure 18. Premium/discount to NTA



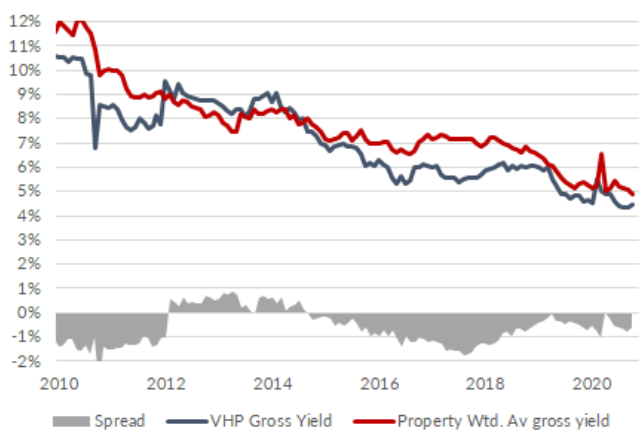
Source: Forsyth Barr analysis

Figure 19. Gross dividend yield



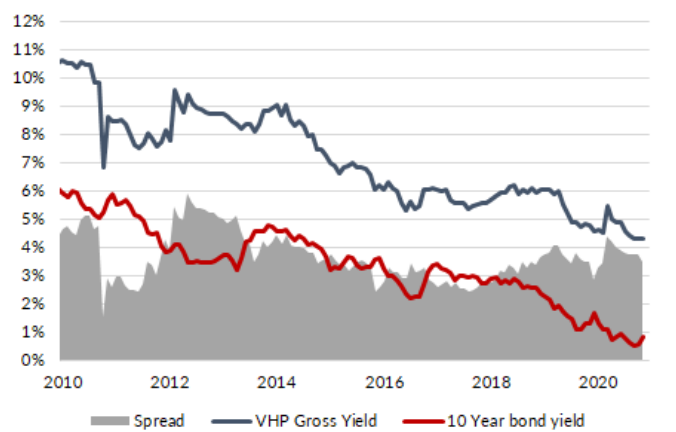
Source: Forsyth Barr analysis

Figure 20. VHP gross dividend yield vs. the sector



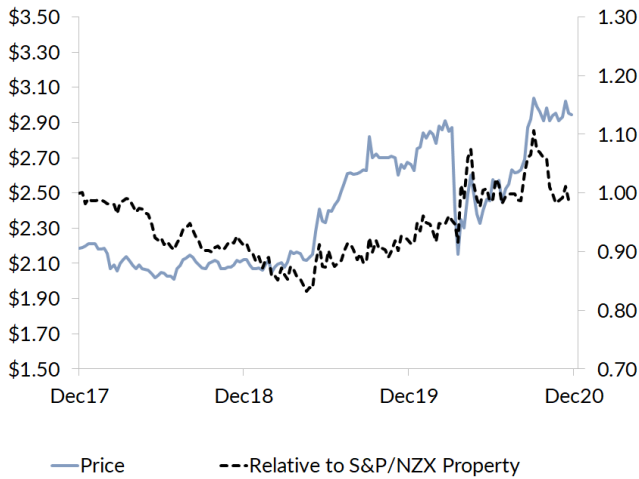
Source: Forsyth Barr analysis

Figure 21. VHP gross dividend yield vs. 10-year bonds



Source: Forsyth Barr analysis

Figure 22. Price performance



Source: Forsyth Barr analysis

Figure 23. Substantial shareholders

Shareholder	Latest Holding
Northwest	26.4%
Forsyth Barr Investment Management	9.2%
ACC	5.0%

Source: NZX, Forsyth Barr analysis, NOTE: based on SPH notices only

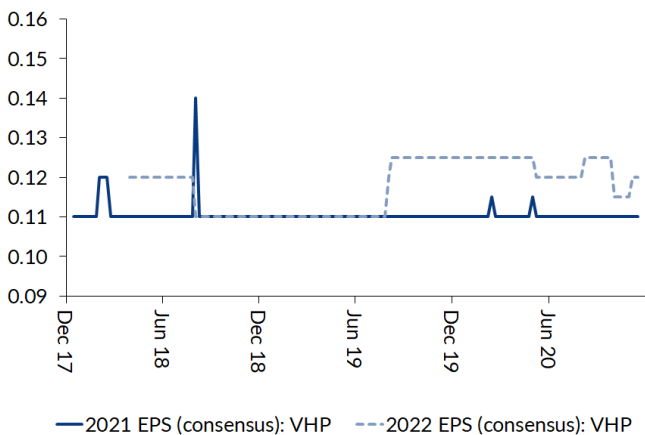
Figure 24. International valuation comparisons

Company	Code	Price	Mkt Cap (m)	PE		EV/EBITDA		EV/EBIT		Cash Yld
				2021E	2022E	2021E	2022E	2021E	2022E	
Vital Healthcare	VHP NZ	NZ\$2.95	NZ\$1,514	27.5x	25.9x	26.3x	24.3x	26.3x	24.3x	3.1%
ARGOSY PROPERTY *	ARG NZ	NZ\$1.47	NZ\$1,226	21.0x	20.8x	21.4x	20.8x	21.4x	20.8x	4.3%
GOODMAN PROPERTY TRUST *	GMT NZ	NZ\$2.42	NZ\$3,360	35.8x	35.0x	28.8x	27.3x	28.8x	27.3x	2.3%
INVESTORE *	IPL NZ	NZ\$2.25	NZ\$828	28.4x	26.1x	22.8x	21.0x	22.8x	21.0x	3.5%
KIWI PROPERTY GROUP *	KPG NZ	NZ\$1.28	NZ\$2,001	21.9x	19.1x	20.6x	17.9x	20.6x	17.9x	4.6%
ASSET PLUS *	APL NZ	NZ\$0.33	NZ\$123	17.3x	22.3x	24.6x	26.1x	24.6x	26.1x	5.5%
PRECINCT PROPERTIES NZ *	PCT NZ	NZ\$1.78	NZ\$2,339	27.8x	27.6x	28.2x	27.2x	28.2x	27.2x	3.7%
PROPERTY FOR INDUSTRY *	PFI NZ	NZ\$2.94	NZ\$1,471	33.2x	32.6x	26.4x	26.4x	26.4x	26.4x	2.7%
STRIDE PROPERTY *	SPG NZ	NZ\$2.31	NZ\$844	22.6x	23.9x	32.7x	37.0x	32.7x	37.0x	4.3%
Compco Average:				26.0x	25.9x	25.7x	25.4x	25.7x	25.4x	3.9%
VHP Relative:				6%	0%	2%	-4%	2%	-4%	-19%

EV = Current Market Cap + Actual Net Debt

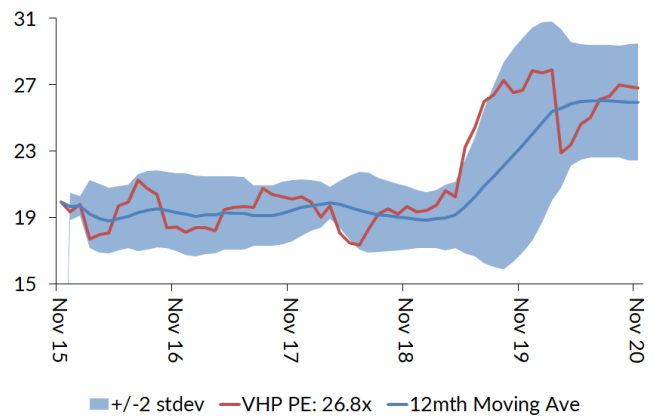
Source: *Forsyth Barr analysis, Bloomberg Consensus, Compco metrics re-weighted to reflect headline (VHP) companies fiscal year end

Figure 25. Consensus EPS momentum (NZ\$)



Source: Forsyth Barr analysis

Figure 26. One year forward PE (x)



Source: Forsyth Barr analysis

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