AGENDA

- Result summary
- Financial summary
- Healthcare sector review
- Investment activity
- Development update
- Portfolio update
- Summary & outlook

Note: This interim result presentation should be read in conjunction with the NZX stock exchange release and financial statements for the six months to 31 December 2015.
Result summary
VITAL’S PERFORMANCE

Strong market validation, supportive of strategy

10 year compound annual growth rate
Vital Healthcare 12.2%
vs.
S&P/NZX all real estate gross 8.1%

Source: Bloomberg, Craigs Investment Partners. Total returns (capital gain plus income) as at 31 December 2015.
INTERIM RESULT HIGHLIGHTS

Strong financial position reflects robust fundamentals and high quality stabilised portfolio

Earnings & capital management
- Gross rental income $33.5m (+8.9%)
- NPAT $59.0m (+323%)
- NDI $19.0m (+16.3%)
- 2nd quarter DPU of 2.025 cents
- LVR of 34.1% (+1.2%)
- NTA $1.38 (+$0.11)

Portfolio & investment activity
- Revaluation gain of $45.2m (+5.9%) reflects strong market and quality real estate
- Portfolio WACR firms 35 bps to 7.64%
- 17.0 year WALT, 99.5% occupancy, 3.3% rent review growth
- Boulcott Hospital1 & Sportsmed acquisitions
- Post balance date acquisition of 4 aged care properties

Healthcare sector
- Growing and ageing population strong driver
- Aged care delivers important diversification benefits
- Healthcare reviews result in short term uncertainty, long term outlook remains positive
- Sector growth and consolidation creating opportunities

Strategy & outlook
- Business in excellent shape - strong execution of scale and diversification strategy
- Range of opportunities emerging across the healthcare universe, including aged care
- Value-add brownfield development to continue
- Annualised cash DPU from Q3 FY16 raised to 8.5 cpu

1. Conditional upon satisfactory regulatory approval
Financial summary
FINANCIAL PERFORMANCE

Strong financial performance driven by quality asset and capital management

<table>
<thead>
<tr>
<th></th>
<th>Actual 1H16</th>
<th>Actual 1H15</th>
<th>Change</th>
<th>Change</th>
</tr>
</thead>
<tbody>
<tr>
<td>Gross rental income ($m)</td>
<td>33.5</td>
<td>30.8</td>
<td>2.8</td>
<td>8.9%</td>
</tr>
<tr>
<td>Net rental income ($m)</td>
<td>32.9</td>
<td>30.1</td>
<td>2.7</td>
<td>9.1%</td>
</tr>
<tr>
<td>Operating profit before tax ($m)</td>
<td>26.6</td>
<td>26.7</td>
<td>-0.1</td>
<td>-0.3%</td>
</tr>
<tr>
<td>Gross distributable income ($m)</td>
<td>21.8</td>
<td>21.1</td>
<td>0.8</td>
<td>3.7%</td>
</tr>
<tr>
<td>Current tax - NZ &amp; Australia ($m)</td>
<td>2.9</td>
<td>4.7</td>
<td>-1.9</td>
<td></td>
</tr>
<tr>
<td>Net distributable income ($m)</td>
<td>19.0</td>
<td>16.3</td>
<td>2.7</td>
<td>16.3%</td>
</tr>
<tr>
<td>Gross distributable income (cpu)</td>
<td>6.3c</td>
<td>6.2c</td>
<td>0.2c</td>
<td>2.5%</td>
</tr>
<tr>
<td>Net distributable income per unit (earned) (cpu)</td>
<td>5.5c</td>
<td>4.8c</td>
<td>0.7c</td>
<td>15.2%</td>
</tr>
<tr>
<td>AFFO (cpu)</td>
<td>5.5c</td>
<td>4.8c</td>
<td>0.7c</td>
<td>15.2%</td>
</tr>
<tr>
<td>Units on issue (weighted average million)</td>
<td>344.0</td>
<td>340.4</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

- Income growth underpinned by solid development activity
- Strong Australian portfolio performance, +12.1% growth in local currency
- Accrual for Manager incentive fee of $2.3m is a conservative treatment, subject to full year revaluation outcomes
- NDI per unit +15.2%
GROSS RENTAL INCOME

Significant brownfield contribution to rental growth forecast to continue
BALANCE SHEET

Strong capital position. Portfolio scale adding diversification benefits.

<table>
<thead>
<tr>
<th></th>
<th>Actual 1H16</th>
<th>Actual FY15</th>
<th>Change</th>
<th>Change</th>
</tr>
</thead>
<tbody>
<tr>
<td>Net Tangible Assets ($)</td>
<td>1.38</td>
<td>1.27</td>
<td>8.7%</td>
<td></td>
</tr>
<tr>
<td>Investment properties ($m)</td>
<td>834.8</td>
<td>781.9</td>
<td>53.0</td>
<td>6.8%</td>
</tr>
<tr>
<td>Total assets ($m)</td>
<td>851.7</td>
<td>784.6</td>
<td>8.6%</td>
<td></td>
</tr>
<tr>
<td>Bank debt ($m)</td>
<td>283.7</td>
<td>256.4</td>
<td>27.3</td>
<td>10.7%</td>
</tr>
<tr>
<td>Unit holder funds ($m)</td>
<td>476.6</td>
<td>439.8</td>
<td>36.8</td>
<td>8.4%</td>
</tr>
<tr>
<td>Units on issue (m)</td>
<td>345.2</td>
<td>342.1</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Weighted average cost of debt</td>
<td>5.16%</td>
<td>5.32%</td>
<td></td>
<td></td>
</tr>
<tr>
<td>LVR</td>
<td>34.1%</td>
<td>32.9%</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

- NTA uplift largely reflective of revaluation gains
- Portfolio value continues to reflect high quality, strong performing assets
- Slightly higher debt levels, but still a modest LVR
- Sound treasury management delivering lower weighted average cost of debt
- Bank debt hedged to ~79%, weighted average rate of 4.12% and term of 4.9 years
NET TANGIBLE ASSETS

Interim revaluation key driver of NTA uplift

FY15: $1.27
DRP & retained profit: $0.01
Revaluation: $0.13
FX: -$0.03
FY15: $1.38
INVESTMENT PROPERTY

Brownfield development projects driving material portfolio value upside

Note 1: Capital additions includes capitalised interest
Revaluation summary

- Revaluation gain of $45.2m, +5.9% above book value
- Values supported by external independent desktop reviews
- $41.7m gain from Australian portfolio, $3.5m from New Zealand
- Australian WACR firmed ~40 bps to 7.70%, New Zealand ~10 bps to 7.40%
- Portfolio WACR firmed 35 bps to 7.64%

Drivers

- Firming cap rates across broader market
- Strong performance from redeveloped assets
- Rising interest in healthcare real estate, strong competition for assets
- Increasing transactional evidence in the sub 7% cap rate range
- Low interest rate environment, unique and attractive lease terms

Definitions: WACR: Weighted Average (market) Capitalisation Rate.
LVR MOVEMENT

All balance sheet components prudently managed

<table>
<thead>
<tr>
<th>Period</th>
<th>LVR %</th>
</tr>
</thead>
<tbody>
<tr>
<td>FY15</td>
<td>32.9%</td>
</tr>
<tr>
<td>Cashflow from operations</td>
<td>-2.0%</td>
</tr>
<tr>
<td>Capex &amp; acquisitions</td>
<td>3.7%</td>
</tr>
<tr>
<td>Revaluations</td>
<td>-1.8%</td>
</tr>
<tr>
<td>FX Translation</td>
<td>1.3%</td>
</tr>
<tr>
<td>1H16</td>
<td>34.1%</td>
</tr>
</tbody>
</table>
Healthcare sector review
## DRIVERS OF HEALTHCARE SECTOR

Core characteristics remain supportive for the long term, regulation always an overhang.

<table>
<thead>
<tr>
<th>Drivers</th>
<th>Hospital &amp; medical</th>
<th>Aged care</th>
<th>Comment</th>
</tr>
</thead>
<tbody>
<tr>
<td>&gt;65 year demographic % of population</td>
<td>14% (Aus) 16% (NZ)</td>
<td>✓</td>
<td>Forecast doubling of this demographic over the next 40 years plus general population growth</td>
</tr>
<tr>
<td>&gt;65’s utilisation of services</td>
<td>4x</td>
<td>✓</td>
<td>High utilisation from &gt;65 demographic adding demand pressure, typically &gt;75 for aged care</td>
</tr>
<tr>
<td>Multiple barriers to entry</td>
<td>✓</td>
<td>✓</td>
<td>Advantage with established operators, driving incremental growth and greater economies of scale</td>
</tr>
<tr>
<td>Regulatory framework</td>
<td>?</td>
<td>✓</td>
<td>Relatively inelastic to change, negative sentiment to current healthcare reviews</td>
</tr>
<tr>
<td>Market conditions</td>
<td>✓</td>
<td>✓</td>
<td>Healthcare relatively insulated from adverse market conditions</td>
</tr>
<tr>
<td>Private health insurance¹</td>
<td>47% (Aus) 29% (NZ)</td>
<td>N/A</td>
<td>More attractive model in Australia. Natural tension between insurers and operators</td>
</tr>
<tr>
<td>Increasing chronic illness</td>
<td>✓</td>
<td>✓</td>
<td>And a more demanding generation</td>
</tr>
</tbody>
</table>

**Note 1:** Source: Australian data: PHIAC as at 30 September 2015  New Zealand data: HFANZ as at 30 September 2015
“Strategically, the aged care sector in Australia is certainly of interest and one which exhibits many of the underlying fundamentals Vital currently benefits from”

Graeme Horsley, Independent Chairman, excerpt from 20 November 2014 Annual Meeting
VITAL’S HEALTHCARE REAL ESTATE UNIVERSE 2016

Aged care and strategic land investments now embedded into strategic framework

Vital in 2016

- Health support services
- Standalone day surgery
- Surgical hospitals
- Rehabilitation hospitals
- Psychiatric hospitals
- Medical office buildings
- Aged care
- Strategic land

Health sciences
Greenfield developments
Investment activity
SPORTSMED PRIVATE HOSPITAL
Focusing on tomorrow…

Acquisition & development details

- Sportsmed was acquired by Vital in 2012
- Vital acquired two small strategic sites adjacent to the hospital for A$5.2m
- Vital to build a A$9.5m standalone medical consulting building on one site
- Consulting building will provide a full service offer to patients with radiology, pathology, physio and additional medical consulting
- Agreement to reset the existing hospital lease to 20 years (currently 17)
- Existing structured rent increases remain in place
- Forecast development completion is early 2017
- The development allows Vital to strengthen its long-term investment and partnership with Sportsmed, with the second site acquired future proofing further growth as required
BOULCOTT HOSPITAL

Long-term commitment to New Zealand

Acquisition details

- Located in the city of Lower Hutt, 20km north of the Wellington CBD
- Currently a three theatre, 38 bed hospital servicing a catchment of ~145,000 people
- Acquired for $30.7m on an initial yield of 6.85%
- Annual CPI, periodic market rent reviews
- New 22 year net lease to ASX-listed Pulse Health Group
- Acquisition of an adjacent residential property for $1.0m for future development

Acquisition investment rationale

- Directly aligns with our scale and diversification strategy
- Acquire quality healthcare assets in New Zealand
- Opportunity to partner with a high quality integrated health services provider
- Adds tenant, geographic and hospital activity diversification to the portfolio

Note 1: Remains conditional on satisfactory regulatory approval
BOULCOTT HOSPITAL¹
Long term commitment to New Zealand

Note 1: Remains conditional on satisfactory regulatory approval
AGED CARE REAL ESTATE ACQUISITION

Acquisition delivers strong financial & portfolio diversification benefits and earnings accretion

Conditional aged care real estate acquisition

- Four properties acquired for A$41m, at an initial yield of 8%
- Two each in New South Wales and Western Australia
- Well located metropolitan locations
- 275 operational bed places
- Leased for 20 years with two ten year rights of renewal
- Leases are triple net with annual CPI reviews and periodic reviews to market
- Further capital investment will provide attractive incremental operational and investment returns
- An experienced, highly regarded operator¹ with a strong focus and reputation for resident care
- The acquisition will further diversify Vital’s portfolio, geographic and operator covenant and enhance long-term sustainable earnings for investors

Note 1: Confidentiality obligations prevents disclosure of operator details until circa 1 March 2016
## RESIDENTIAL AGED CARE (RAC) OVERVIEW

Supportive regulatory framework underpins long term outlook, growth and consolidation inevitable

<table>
<thead>
<tr>
<th>Sector</th>
<th>1+ million People cared for</th>
<th>A$33.6bn In assets</th>
<th>A$14.8bn In revenues</th>
</tr>
</thead>
<tbody>
<tr>
<td>Funding &amp; providers</td>
<td>65% Sector funding from government</td>
<td>1,000+ Residential aged care providers</td>
<td>57% Of all providers are Not-for-profit (NFP’s)</td>
</tr>
<tr>
<td>Structure</td>
<td>63% Of all providers own only 1 facility</td>
<td>70% Of all providers offer high care services</td>
<td>Top-10 Providers only account for 18% of all beds</td>
</tr>
<tr>
<td>Demand</td>
<td>~189,000 Current operational bed places</td>
<td>80,000+ Demand for new beds over the next 10 years</td>
<td>+3.6% 10yr CAGR Projected operational bed demand vs 1.6% historic</td>
</tr>
</tbody>
</table>

Source: Aged Care Funding Authority, ‘Funding and Financing of the Aged Care Sector, July 2015’ report
RESIDENTIAL AGED CARE (RAC)
Rising demand for beds underpinned by growing and ageing population

- Future demand is materially higher than historic levels
- Real estate capital now seen as a necessary form of capital to support growth
- The growing and ageing population is a significant driver of demand for aged care

Source: Aged Care Funding Authority, ‘Funding and Financing of the Aged Care Sector, July 2015’ report
Development update
## DEVELOPMENT UPDATE

Vital’s programme continues to strengthen portfolio and financial metrics

<table>
<thead>
<tr>
<th>Development</th>
<th>Development work being undertaken</th>
<th>Development cost (A$m)</th>
<th>Spend to date (A$m)</th>
<th>Completion date</th>
</tr>
</thead>
<tbody>
<tr>
<td>Recently completed developments</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Hurstville (NSW)</td>
<td>New operating theatres, extended surgery facility, inpatient wards, oncology day patient service. Coronary care and intensive care units.</td>
<td>34.5</td>
<td>34.5</td>
<td>Q2 16</td>
</tr>
<tr>
<td>Belmont (QLD)</td>
<td>New 30-bed extension, additional consulting suites and carparks.</td>
<td>9.5</td>
<td>9.5</td>
<td>Q2 16</td>
</tr>
<tr>
<td>Maitland (NSW)</td>
<td>New psychiatric ward and extended rehabilitation services.</td>
<td>13.0</td>
<td>13.0</td>
<td>Q2 16</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td></td>
<td><strong>57.0</strong></td>
<td><strong>57.0</strong></td>
<td></td>
</tr>
<tr>
<td>Current developments</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Marian Centre (WA)</td>
<td>Additional beds, consulting rooms and carparks.</td>
<td>12.5</td>
<td>11.3</td>
<td>Q3 16</td>
</tr>
<tr>
<td>South Eastern (VIC)</td>
<td>30 new rehabilitation beds, 30 mental health beds and 79 carparks.</td>
<td>14.5</td>
<td>3.7</td>
<td>Q1 17</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td></td>
<td><strong>27.0</strong></td>
<td><strong>15.0</strong></td>
<td></td>
</tr>
<tr>
<td><strong>Anticipated brownfield projects to commence over the next 12 months</strong></td>
<td></td>
<td><strong>50.0</strong></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
Portfolio update
DIVERSIFIED PORTFOLIO

30 properties comprising approximately 1,700 hospital beds and over 70 operating theatres

Geographic split (%)\(^1\)

80/20
Australia/New Zealand by value

Key
30 Current Vital properties
5 Conditional acquisitions

As at 25 February 2016
Note 1: Excludes conditional acquisitions
ASSET DIVERSIFICATION

Introduction of aged care real estate provides important asset, tenant, income and regulatory diversification benefits.
CORE PORTFOLIO METRICS

Excellent portfolio metrics, defensive characteristics attractive

WALT: Continues to provide long-term income stability and certainty for investors

Strong occupancy: Consistently high occupancy maximises portfolio performance

Rent review profile: High percentage of FY16 total income subject to structured\(^1\) rent reviews

Source: ‘Sector average’ from Forsyth Barr Real Estate Reflections February 2016 (excludes VHP). Note 1: Includes CPI and fixed type reviews.
LEASE EXPIRY PROFILE

Low expiry profile underpins low risk and earnings certainty for investors

As at 31 December 2015
Summary & outlook
**SUMMARY AND OUTLOOK**

*Delivering on strategy, portfolio stronger, ability to deploy capital for the right opportunities*

**Financial**
- Revenue growing
- Established treasury framework working well
- Prudent capital management
- Immediate capacity to secure opportunities
- Strong EPU and sustainable DPU

**Portfolio metrics**
- Market leading WALT & occupancy metrics – continued focus on doing basics well
- Proven ability to deliver positive leasing outcomes in a unique sector
- Value-add development enhancing portfolio quality and performance
- Brownfield development strong contributor of revenue and revaluation gains

**Opportunities**
- Brownfield programme delivering earnings and portfolio benefits
- Consideration of greenfield or joint venture healthcare real estate opportunities
- Leverage position for appropriate scale & diversification opportunities
- Acquisition, development and consolidation opportunities in aged care real estate

**Outlook**
- Long-term healthcare trends supportive
- Cap rates firming for quality assets, backed by low interest rates & weight of capital
- Relationships remain key and is where the Vital team differentiates
- Lift in annualised cash distribution to 8.5 cpu effective Q3 of FY16
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25th February 2016