Vital Healthcare Property Trust (NZSX: VHP)
Annual results to 30 June 2011

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24 August 2011

Agenda

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- Key messages
- VHP performance
- Financial review
- Treasury management and tax
- Portfolio overview
- Governance and internalisation
- Summary and outlook
- Disclaimer

Key messages

Key messages

- FY11 profit before tax of $11.5m
- Treasury and capital position stable
- Portfolio position resilient, value add capex to support future earnings

- FY11 profit before income tax of $11.5m, an increase over the Simplified Disclosure Prospectus[1] ('SDP') forecast
  - Profit before income tax of $11.5m (SDP $6.9m)
  - FY11 Net Distributable Income[2] ('NDI') of 8.1 cpu, as per SDP forecast
  - Result driven by performance of acquisition assets and rent growth
- Treasury and capital position stable
  - A$200m and NZ$20m bank facility secure to September 2013
  - Gearing at 36.7%, well below Trust Deed covenant of 50%
  - Successful $151m equity capital raising in 2010
  - Foreign exchange policy review completed and implemented
- Portfolio resilient, value add capex to support future earnings
  - New Australian assets performing well, call options varied at 5 properties
  - Further commitment of ~A$38m development capex, yielding over 10% p.a.
  - Portfolio occupancy maintained at over 99%
  - Secured 16 tenants and $1.74m per annum of contract rent
  - 115 rent reviews completed, average increase in rents reviewed of 3.8%
  - Total portfolio valuations stable, Australian assets values stronger

Notes:
1: Simplified Disclosure Prospectus dated 3 November 2010 ("Prospectus" or "SDP").
2: NDI is calculated as profit before tax, adjusted for non-cash items including revaluation gains/losses on investment properties and construction, foreign exchange and interest rate swaps, the Manager's incentive fee and current tax.

Key messages

- Internalisation and governance a key focus
- Strategy entrenched, outlook stable

Internalisation and governance a key focus

- Independent Directors remain focused on achieving an orderly internalisation and corporatisation
- Board to be strengthened with appointment of Australian Independent Director

Strategy entrenched, outlook stable

- VHP strategy entrenched and proven
- Healthcare sector fundamentals (operational and asset) remain relatively resilient
- Targeted asset sales of $30m by 30 June 2012
- Management focus on portfolio optimisation
- Continued evaluation of portfolio enhancement & diversification opportunities
- FY12 NDI guidance remains as per 2010 SDP forecast of 7.7 cpu
- Commence transition to AFFO[1] based distribution payout ratio for FY13

Notes:
1: AFFO - Available Funds from Operations can be generally defined as "Cash flows from operating activities less an adjustment for non-revenue generating capital additions on Investment Properties. Total interest expense incurred would form part of the calculation without any deduction of capitalised interest on development".

VHP performance

VHP comparative total returns – aggregate and CAGR

VHP performance

Significant market outperformance over the long term

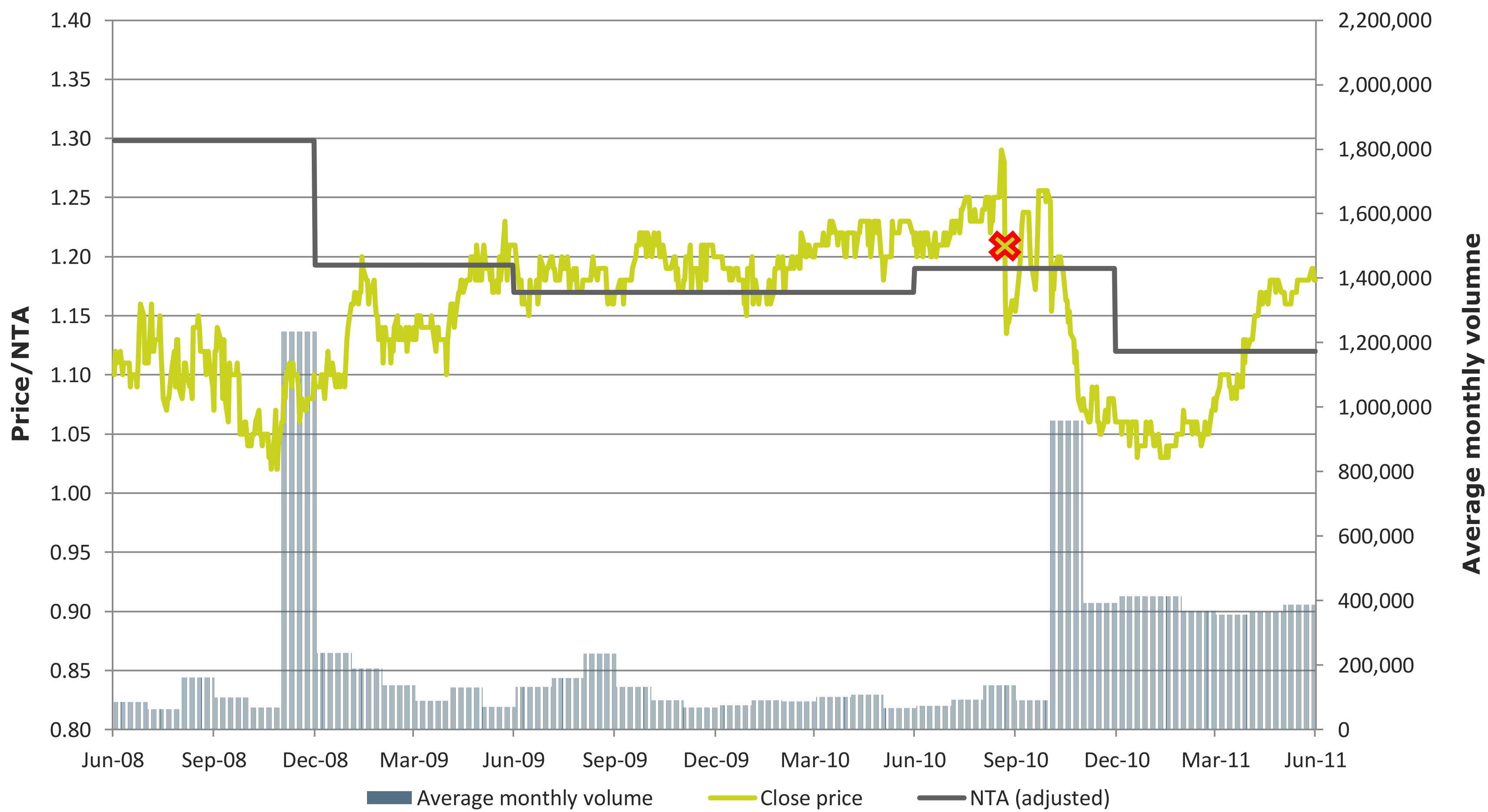
Total aggregate returns	One year	Three year	Five year	Seven year
VHP	**12.5%**	**44.6%**	**45.6%**	**128.1%**
NZX Property Gross	22.1%	10.0%	11.3%	63.1%
NZ50 Gross	16.0%	7.9%	-3.8%	27.9%

Current annual growth rate (CAGR)	One year	Three year	Five year	Seven year
VHP	**12.5%**	**13.1%**	**7.8%**	**12.5%**
NZX Property Gross	22.1%	3.2%	2.2%	7.2%
NZ50 Gross	16.0%	2.6%	-0.8%	3.6%

Source: Craigs Investment Partners. Returns shown to period ending 30 June.
Note: Assumes distributions are reinvested and an adjustment made for the November 2010 rights issue.

VHP unit price vs NTA and trading volumes

VHP Performance



Source: IRESS

Announcement made to NZX re Australian acquisition and an adjustment made for the November 2010 rights issue

Financial review

Financial Performance to 30 June 2011

- Gross property income favourable due to rent reviews and acquired properties.
- Revaluation loss – write-off of acquired properties stamp duty and acquisition costs.
- Period end exchange rate 0.7718 (30 June 2010: 0.8141).
- Effective current tax rate 16.3% (30 June 2010: 13.6%).
- 2010 Deferred tax impacted by amended IAS requiring retrospective application to comparative periods.

	FY11 Actual $000s	FY11 SDP $000s	% Change Actual v SDP	FY10 Restated $000s
Gross property income - rentals	37,964	37,504	1.2%	25,158
Profit before finance and other	33,922	30,351	11.8%	21,156
Interest Expense	(13,761)	(13,225)		(7,634)
Unrealised revaluation (loss)/gain	(10,523)	(11,142)		10,476
Gain on foreign exchange derivative	1,221	-		-
Unrealised FX gain/(loss)	1,855	(1,303)		259
Profit before income tax	**11,476**	**6,858**	**67.3%**	**24,069**
Taxation - current	(3,051)	(888)		(1,816)
- deferred	(1,045)	(1,240)		(4,054)
Profit after income tax	**7,380**	**4,730**	**56.0%**	**18,199**
Earnings per unit - cents	3.34	2.14		12.77

Distributable Income as at 30 June 2011

	FY11 Actual $000s	FY11 SDP $000s	% Change Actual v SDP	FY10 $000s
Profit before income tax	11,476	6,859		24,069
Non-cash adjustments:				
Revaluation gain/(loss) on investment properties	(10,523)	(11,142)		10,476
Unrealised FX gain/(loss)	1,855	(1,303)		259
Unrealised interest swaps gain/(loss)	178	826		(51)
Incentive Fee	-	-		(120)
Gross distributable income	**19,966**	**18,478**	**8.1%**	**13,505**
Current Tax/NZ Imputation credits	262	463		1,389
Australia	1,518			-
Net distributable income	**18,186**	**18,016**	**0.9%**	**12,116**
Gross distributable income per unit	9.04c	8.3c		9.48c
Net distributable income per unit	8.24c	8.1c		8.50c
(Based on weighted average number of units on issue)	220,776,050	221,562,000		142,509,282

Financial Position as at 30 June 2011

- Investment properties – addition of Australian acquisition.
- Renewed bank facility giving the Trust on-going security
  - Facility limit:
    - AUD 200.0 million
    - NZD 20.0 million
  - Expiry 1 Sept 2013
- Units on issue increased:
  - Rights Issue – 1 for 1
- Distribution Reinvestment Plan suspended for Quarter 1

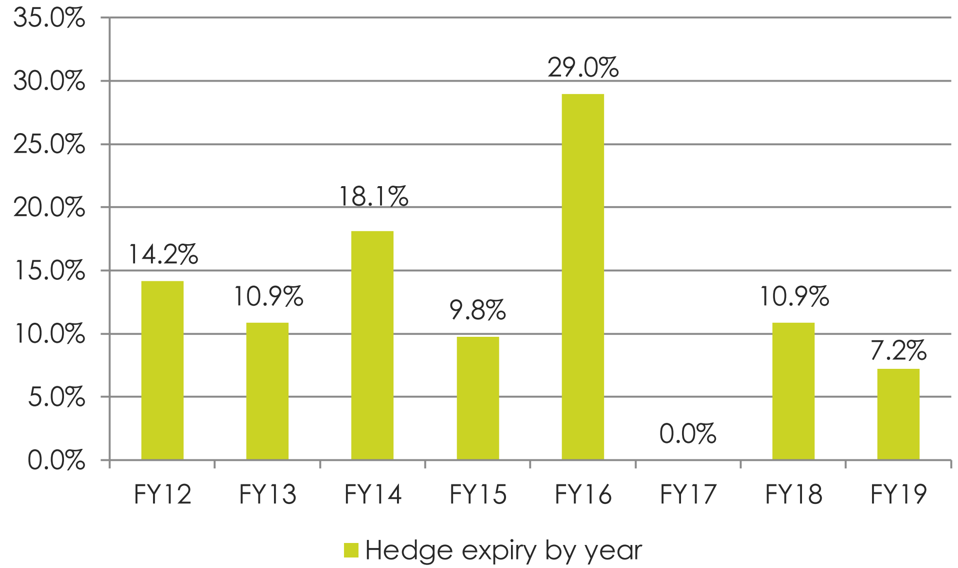
	FY11 Actual	FY11 SDP	% Change Actual v SDP	FY10 Restated
Net tangible assets per unit	**104c**	**109c**	**-4.5%**	**119c**
Investment properties	$513.9m	$528.4m	-2.7%	$292.0m
Total assets	$533.4m	$537.1m	-0.7%	$299.5m
Bank debt (excl. Finance Costs)	$196.7m	$201.3m	+2.3%	$97.7m
Unitholders' funds	$301.1m	$285.8m	+5.3%	$140.3m
Securities on issue	290.0m	287.9m		143.3m
Debt to total asset ratio (Trust Deed covenant < 50%)	36.7%	37.6%		32.6%
Debt to investment properties ratio (Bank facility covenant < 45%)	38.1%	38.2%		

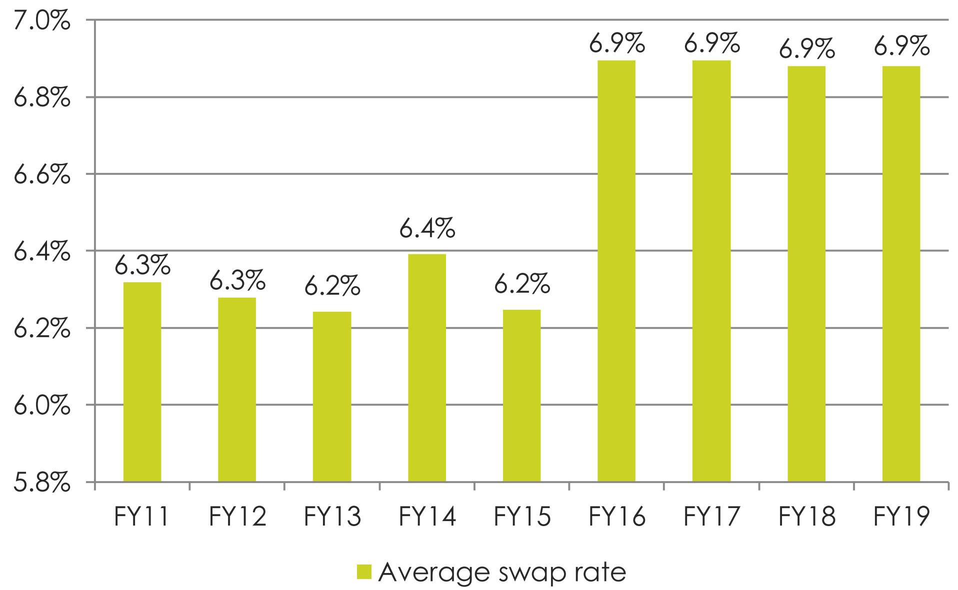
Vital
Healthcare
Property Trust

Treasury management and tax

Debt management

- At period end 74.5% of the Trust's debt is hedged
- The Trust's weighted average effective interest rate is 8.23% at period end – inclusive of line fee and margin
- The swaps have, on average, 3.83 years until expiry
- The banking facility committed through to September 2013





Currency
– Translation risk

Treasury Management and Tax

Australian owned Net Assets offset with AUD bank Borrowings and Forward Exchange Contracts to manage the Translation Risk

As at 30 June 2011	**$000s New Zealand**	**$000s Australia**	**$000s Australia**
Investment properties	169,700	**265,551**	
NZD - as at 30 June 2011	169,700	344,245	
TOTAL GROUP - NZD	513,945		
Net Assets	319,739	**246,647**	**246,647**
Borrowings	0	**151,727**	**151,727**
NZD - as at 30 June 2011	196,690		
Forward Exchange Contracts			**88,750**
Currency Hedge - Natural		61.5%	
- Effective			97.50%

- Acquisition debt facility is New Zealand domiciled but AUD denominated allowing VHP to benefit from a partial natural hedge.
- A ‘natural hedge’ of 62%.
- Adopted a policy to have the Natural Hedge supplemented by implementing a Board approved Foreign Exchange Policy.
- The Translation Hedge level will require entering into Forward Exchange Contracts (FEC) to take hedging to between 90% and 100% of the value of net assets in Australia.
- Contract’s entered into will align with the Trust interim and annual balance date.

***Australian figures are quoted in Australian Dollars.**

Currency
- Transaction risk

Converting AUD denominated income flow into NZD (known as Transaction Risk) will be managed with Foreign Exchange Hedges.

SDP 'Expanded' as at 30 June 2012	**$000s** **New Zealand**	**$000s** **Australia****
Net Property Income	32,379	**25,256**
Other Expenses	(3,303)	**(2,576)**
Finance Expense	(13,869)	**(10,818)**
Taxation*	(1,896)	**(1,479)**
Cash from Operating Activities	13,311	**10,383**
Quarterly amount to hedge		**2,596**
Less than 6 months out	60% to 90%	
Less than 12 monts out	50% to 80%	

*For purposes of example Taxation has been treated as tax payable.

**Australian figures are quoted in Australian Dollars.

- The Trust aims to decrease volatility in its income levels because of AUD denominated income flows that need to be converted into NZD to meet unitholder distribution requirements.
- This Transaction Risk is managed on a rolling 12 month basis against projected net Australian dollar operating cash flows.
- Cover levels are:-
  - 0 to 6 months 60% to 90% of the cash flow will be hedged;
  - 7 to 12 months 50% to 80% of the cash flow will be hedged.
- Independent external advisors will provide on-going advice.
- Contract's entered into will align with the Trusts quarterly unitholder distributions.

Taxation

- The VHP entity that acquired the Australian Assets is structured as a Managed Investment Trust ("MIT") for Australian tax purposes[1]
- Under the MIT regime, distributions of rent and capital gains made to VHP will be subject to a concessional 7.5% final withholding rate. No further Australian tax payable on the net income earned in Australia
- VHP will treat its investment in Australia as a foreign investment fund and will return taxable income of 5% of the value of its Net Assets
- VHP intends to maintain its status as a Portfolio Listed Company under the PIE regime

Tax type	Corporate Tax	Fair Dividend Rate	Trustee Tax (Existing)	Managed Investment Tax (Acquisition)
New Zealand	30% (FY12: 28%) of Taxable Profit	5.0% of Net Australian Assets		
Australia			30% of Taxable Profit Distributed, otherwise 46.5%	7.5% of Taxable Profit

Notes: 1. Qualification requirements include being an Australian resident, a Managed Investment Scheme under the Corporations Act, carrying on a substantial proportion of its management activities in Australia and its investor base is widely held.

Portfolio overview

Portfolio profile

Portfolio overview

Portfolio pre acquisition

13 properties	8.7% WACR
$300.6m investment properties	98.2% occupancy
5 year lease expiry = 29.6% income	8.4 year WALT

Portfolio profile

2010 Australian acquisition assets

12 properties

$216.9m
investment properties

5 year lease expiry =
5.0% income

10.1% WACR

99.9% occupancy

15.4 year WALT

Portfolio profile

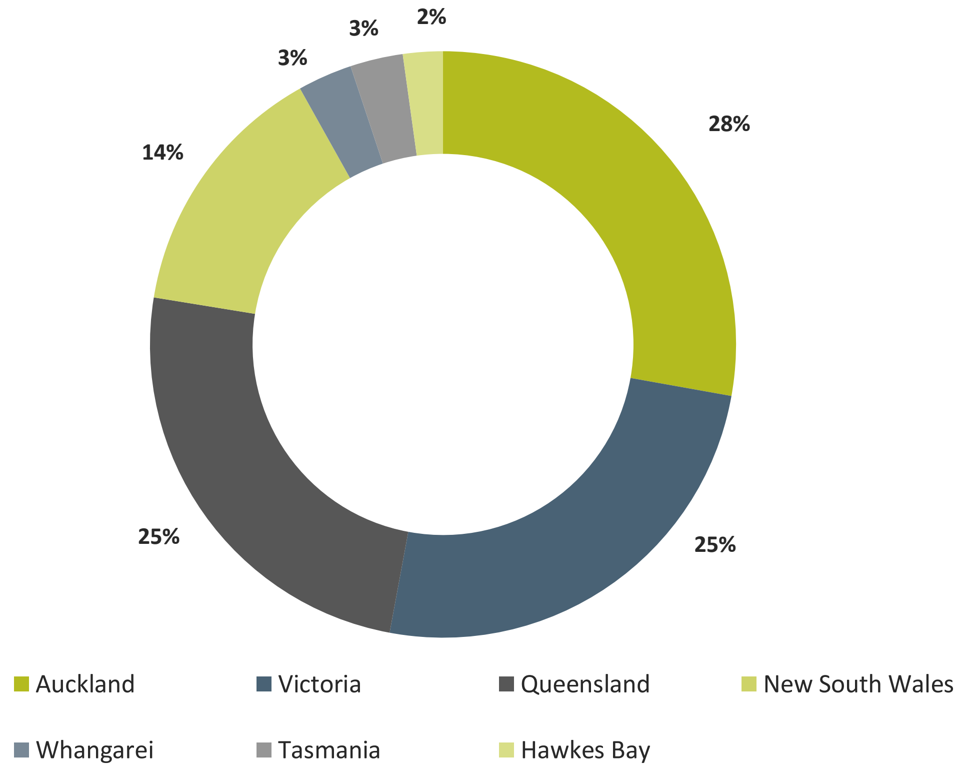
Portfolio overview

Portfolio post acquisition

25 properties	9.3% WACR
$513.9m investment properties	99.1% occupancy
5 year lease expiry = 15.7% income	11.4 year WALT

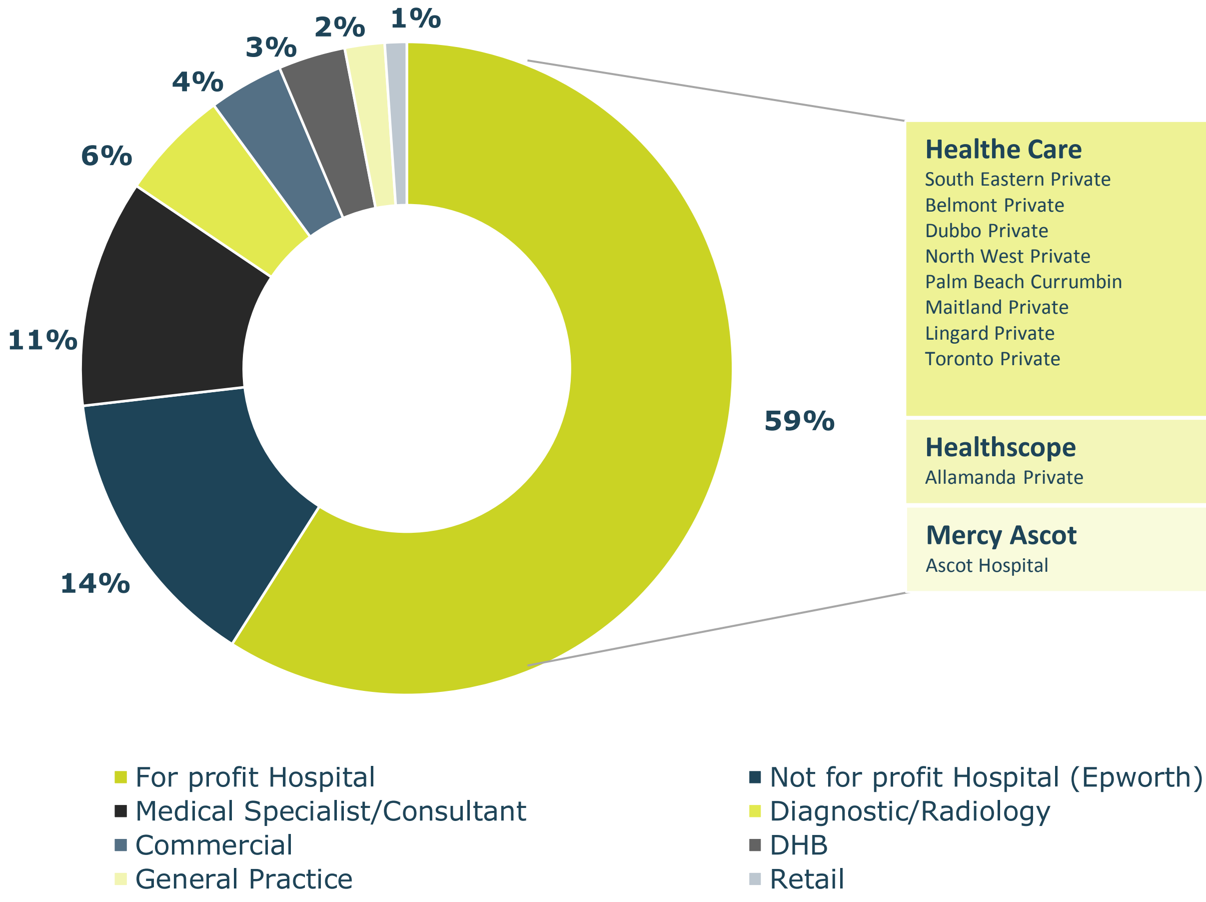
Portfolio profile

Portfolio geographically and politically diversified



Portfolio profile

Diversified healthcare sub-sector operators



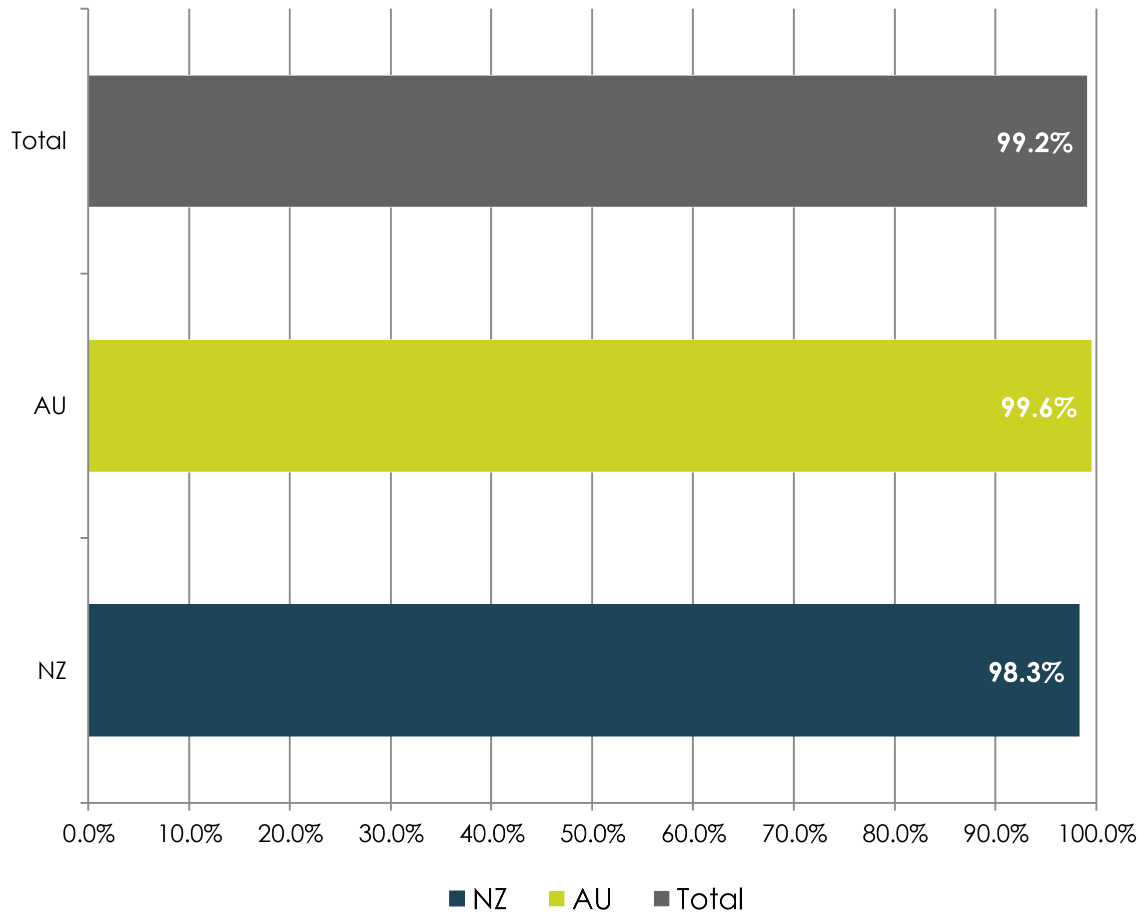
As at 30 June 2011

Tenant diversification

Property portfolio

Portfolio Overview

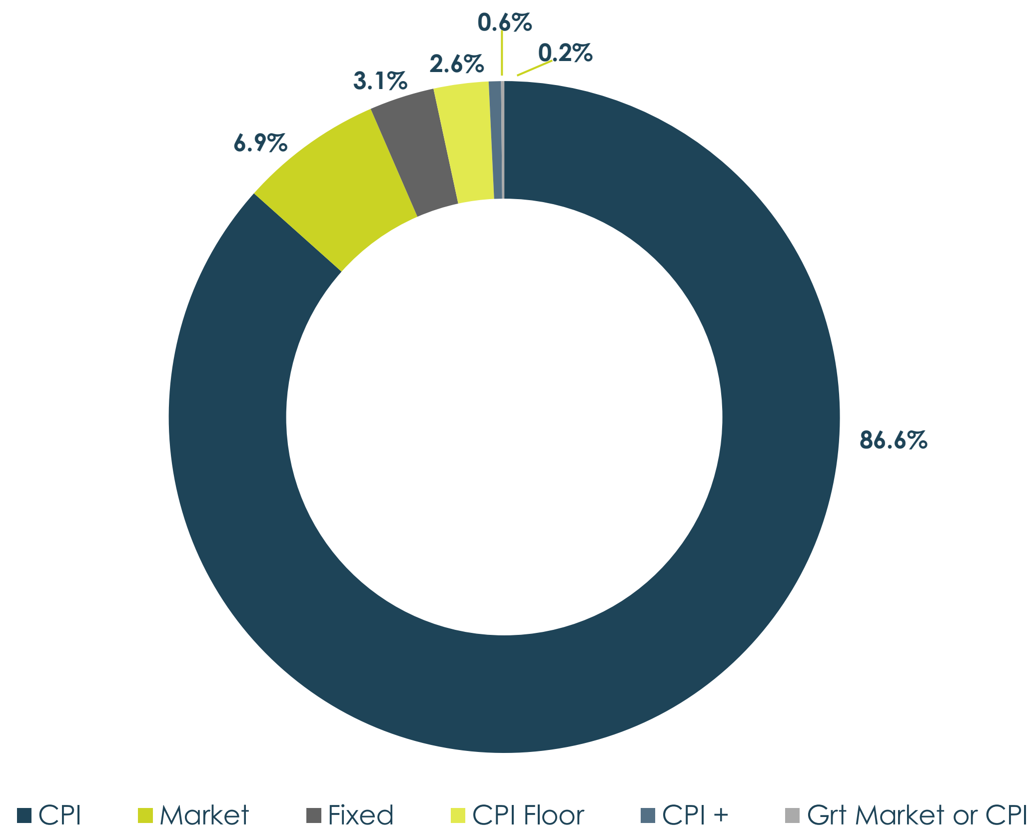
Portfolio occupancy remains high



Portfolio occupancy

Property portfolio

Highly structured rent review profile



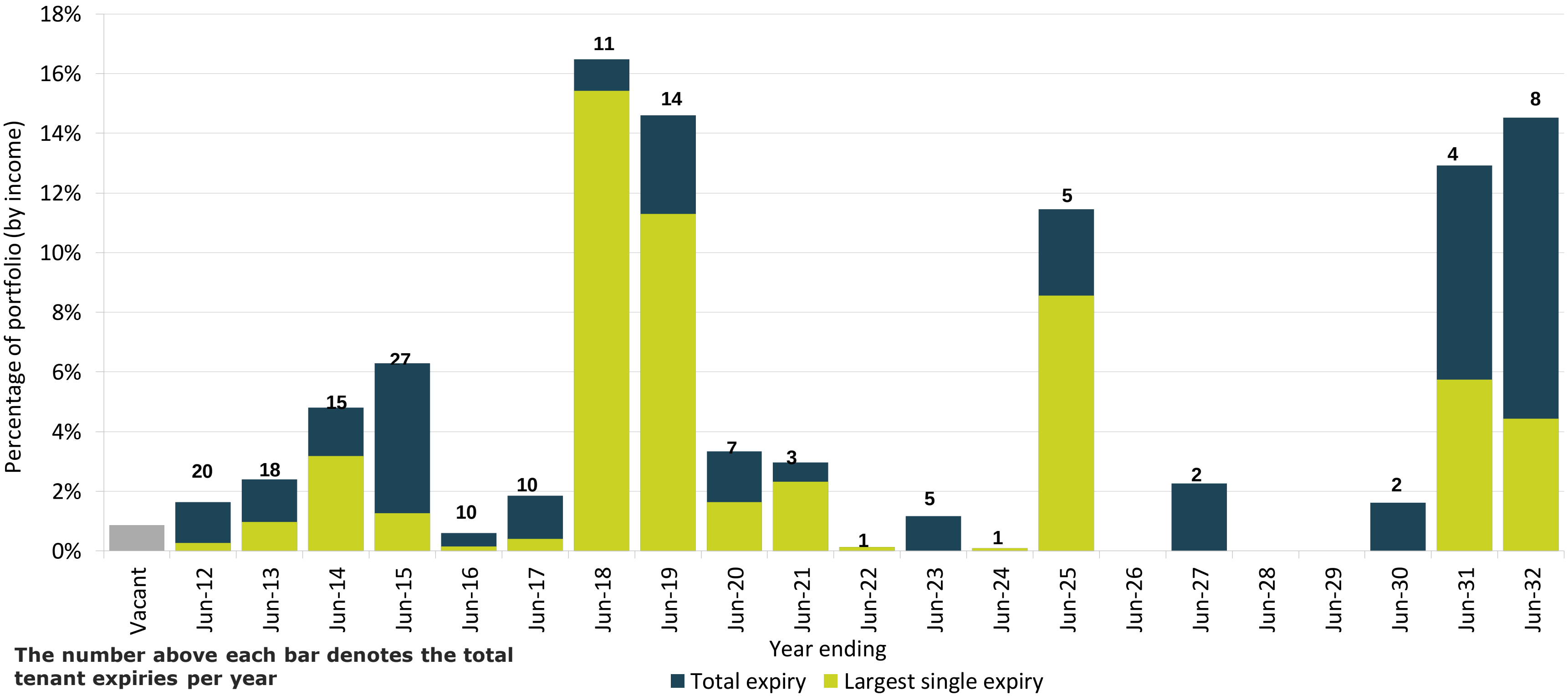
- 115 rent reviews completed in FY11, average increase of 3.8%.
- 117 rent reviews due in FY12, equating to ~80% of portfolio income.
- Circa 90% of FY12 rent reviews subject to CPI or structured increases.

Rent review profile

20 year lease expiry profile

Portfolio overview

Defensive lease expiry profile



The number above each bar denotes the total tenant expiries per year

- VHP WALT of 11.4 years - more than twice NZ Listed Property Sector average of 4.6 years.

As at 30 June 2011

Value add developments

Portfolio overview

Attractive average yield of over 10%

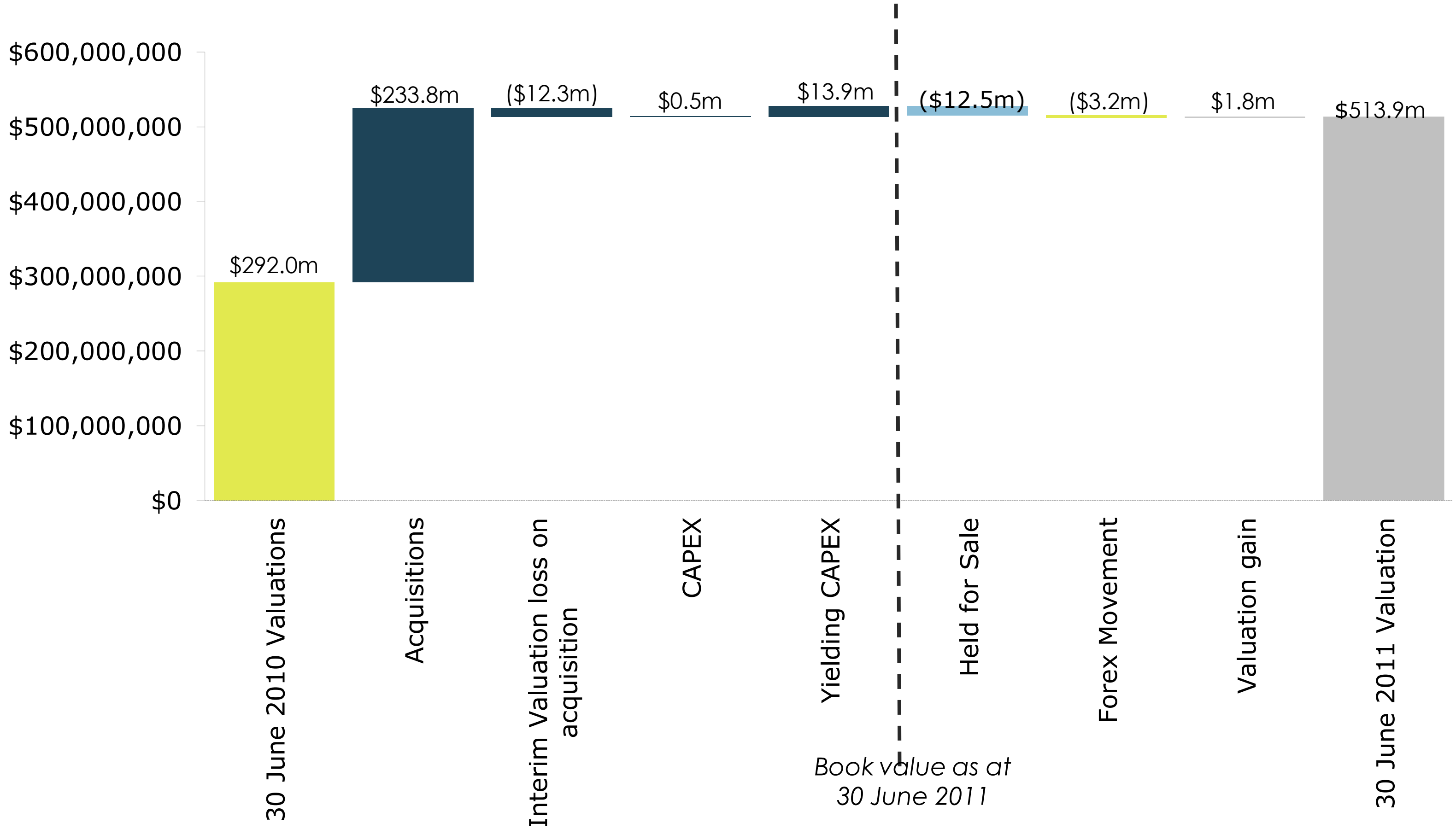
Property (Hospital)	Development works	Project cost (A$)	% complete (30 June 2011)	Target practical completion date
Belmont	Major redevelopment and modernisation, increasing total beds to 120, with additional car-parks &consultancy suites	$12.2m[1]	40%	December 2011
Maitland	Additional 24 bed rehabilitation unit, 30 new car-parks, hydrotherapy pool and 4th theatre	$8.0m[1]	70%	December 2011
Lingard	New 40-bed ward & diagnostic imaging areas, 2 additional theatres (to 6), upgrade of patient recovery areas	$22.0m	10%	July 2012
Toronto	Eight new beds to the existing rehabilitation unit and theatre plant upgrade	$2.5m	Pending Planning Approval	February 2012
South Eastern	Development of rehabilitation centre, including hydrotherapy pool, gymnasium and consulting suites	$2.9m	Pending Planning Approval	August 2012
Palm Beach	Two-storey ward extension with 34 new beds and additional consulting suites and car-parks	$8.0m	Pending Planning Approval	August 2012
Total		**$55.6m**[2]		

Notes: 1 Amounts inclusive of contractually committed development capital expenditure on settlement in December 2010
2 Includes settlement contracted capex of A$17.5m. Development capex approved post settlement equates to A$38.1m

Valuations

Portfolio overview

- 30 June 2011 valuations stable
- All properties independently valued as at 30 June 2011
- Market cap rate stable, income growth offset by acquisition costs write-down
- Manager not entitled to incentive fee for FY11



Governance and Internalisation

Governance and Internalisation

Internalisation of Manager remains a key focus

Governance and internalisation

- Australian based Independent Director ('ID') to be appointed to the Board.
- Continuation of established and proven long term investment strategy.
- On-going consideration by ID's of internalisation and corporatisation of the Manager.
- Current preference of the ID's that internalisation be effected by way of a corporatisation of the Trust rather than continuation of the Trust model.
- Orderly internalisation avoids any unnecessary risk & potential disruption to operations, tenant & financier relationships & future unitholder returns.
- ID's are best placed to facilitate an orderly transition which would substantively include the existing management team.
- Should internalisation not occur (or be substantively progressed) by 30 June 2012 the previously announced fee review will be completed and backdated to 22 December 2010.
- Any fee review remains subject to Trustee and unitholder approvals.

Summary and outlook

Summary and outlook

Portfolio resiliently positioned for FY12, outlook stable

- Enhanced diversification, scale and liquidity in 2011, value add initiatives underway
- Core portfolio metrics resilient and proactively managed through sound tenant relationships
- Capital structure and treasury position stable
- Healthcare sector remains defensively positioned, supported by ageing demographic profile.
- Property valuations improving, characterised by sector exposure, asset & tenant quality
- Targeted $30m non-core, lower-value asset sales
- Continue to deliver development and lease restructure opportunities
- On-going evaluation of value add opportunities
- Independent Director focus on internalisation and corporatisation
- FY12 NDI confirmed at 7.7 cpu, as per 2010 SDP forecast
- Commence transition to an AFFO based distribution payout ratio from FY13

Disclaimer

Disclaimer

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Past performance is no indication of future performance.

No money is currently being sought, and no applications for units will be accepted, or money received, unless the unitholders have received an investment statement and a registered prospectus from the Trust.

24 August 2011