Market Release

27 February 2017

Vital announces two off-market hospital acquisitions

Vital Healthcare Property Trust (Vital) today announced the acquisition of a 30-bed private mental health hospital in Western Australia for A$20.0m and a 31-bed private surgical hospital in Auckland for $33.0m. Although acquired separately, the combined average yield is approximately 6.65%.

Vital's scale and diversification strategy is at the forefront of these acquisitions, which continue to support the delivery of sustainable distributions and long-term value creation for investors.

Abbotsford Private Hospital supports operational synergies and asset diversification

Abbotsford Private Hospital (Abbotsford) is situated within the inner Perth suburb of West Leederville, approximately 3km north-west of the Perth CBD and approximately 1km west of the major Subiaco health precinct.

Abbotsford is a modern 30-bed inpatient private mental health hospital that also regularly caters for up to 40 day patients at any one time. Abbotsford specialises in mental health treatment programs with a focus on drug and alcohol rehabilitation services.

In 2012 Abbotsford was redeveloped into its current configuration, comprising 30 private overnight en-suite rooms. A future expansion is proposed to increase the facility from 30 to 60 beds and incorporate additional consulting suites. The facility has consistently achieved above 95% occupancy following ramp up of the 2012 redevelopment. The hospital is being acquired on an initial 25 year lease term with Heathe Care Australia as the tenant.

Chief Executive of Vital's Manager David Carr said, "This is our second private hospital acquisition in Western Australia and represents our growing interest in the state which has the highest proportion of the population with private health insurance in Australia. Abbotsford is expected to generate strong synergies between the already Vital owned and Healthe Care operated Marian Centre and is directly on strategy".

Settlement occurred on 24 February 2017.

Ormiston Hospital acquisition reinforces New Zealand commitment

Ormiston Hospital (Ormiston) is situated in Flat Bush, 25km south of the Auckland CBD and was purpose built in 2008. Ormiston is approximately 5km east of Auckland's largest public hospital – Middlemore, and serves a significant catchment in one of Auckland's strongest population growth corridors, with a resident population of approximately 540,000 people. Ormiston is the only private surgical hospital in the Counties Manukau District Health Board catchment.

Ormiston is subject to various tenancy arrangements anchored by Ormiston Surgical and Endoscopy Limited (Ormiston Surgical) – a business whose cornerstone shareholder is Southern Cross Hospitals Limited, New Zealand's largest private hospital operator. Other tenants include TRG Imaging, medical consulting rooms, pharmacy and café. The weighted average lease expiry at Ormiston is 5.6 years.

The facility comprises 5,000sqm of floor area across three levels over basement car parking, and currently has over 70 leading medical specialists and surgeons utilising the facility across a range of specialties. In addition to the hospital acquisition, Vital will also acquire a further 1,000sqm of adjacent land to provide for future growth.

Mr Carr said, "Ormiston Hospital is a well-established and highly regarded facility providing quality acute inpatient and outpatient healthcare services to a large and growing population. It's great to have an increased presence in

New Zealand which delivers on our scale and diversification strategy and build on new and existing partnerships. We look forward to working with the Ormiston Surgical team and other tenants as a long-term capital partner".

Settlement is expected to occur in May 2017.

– ENDS -

ENQUIRIES

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About Vital Healthcare Property Trust

Vital Healthcare Property Trust (NZX: VHP) is Australasia's largest listed investor in healthcare real estate. Tenants include hospital operators and healthcare practitioners who deliver a wide range of medical and healthcare related services. The Manager of Vital Healthcare Property Trust is Vital Healthcare Management Limited.

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