

ANNUAL MEETING OF UNITHOLDERS

BUILDING A HEALTHY FUTURE

10 November 2016

MEETING AGENDA

- ▶ Introductions
- ▶ Chairman's address
- ▶ Chief Executive Officer's address
- ▶ Questions
- ▶ Resolution
- ▶ Voting
- ▶ Close of meeting
- ▶ Refreshments

BOARD OF DIRECTORS



01 / **Graeme Horsley MNZM**
Chairman & Independent Director

02 / **Claire Higgins**
Independent Director

03 / **Andrew Evans**
Independent Director

04 / **Bernard Crotty**
Director

05 / **Paul Dalla Lana (apology)**
Director

IN ATTENDANCE

Management team

- ▶ David Carr - Chief Executive Officer
- ▶ Stuart Harrison - Chief Financial Officer
- ▶ Richard Roos – Managing Director - Australia

Trustee, audit and legal representatives

- ▶ Robert Gatward - Trustees Executors
- ▶ Peter Gulliver - Deloitte
- ▶ Andrew Harnos - Harnos Horton Lusk



Chairman's address

VITAL'S PERFORMANCE

Strong execution on scale and diversification strategy driving material outperformance

43%

12 month total return to June 2016

Index rebased to 100



CHAIRMAN'S REVIEW – 2016 REPORT CARD

Delivering on all operational elements

Management

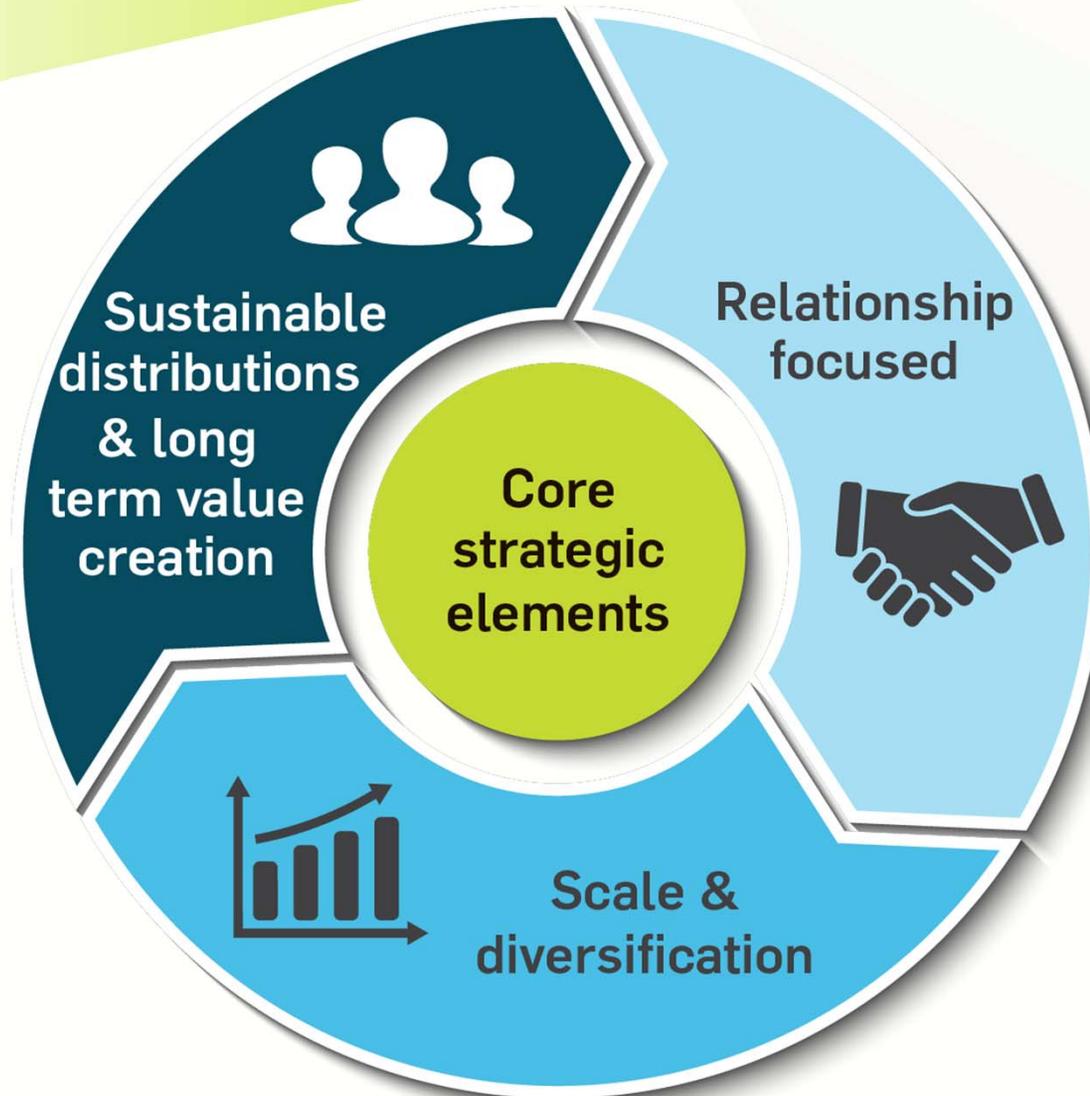
Aligned / Stable / Experienced / Credible / Capable



Overall result = strongest 12 month total return in Vital's history

BUILDING A HEALTHY FUTURE

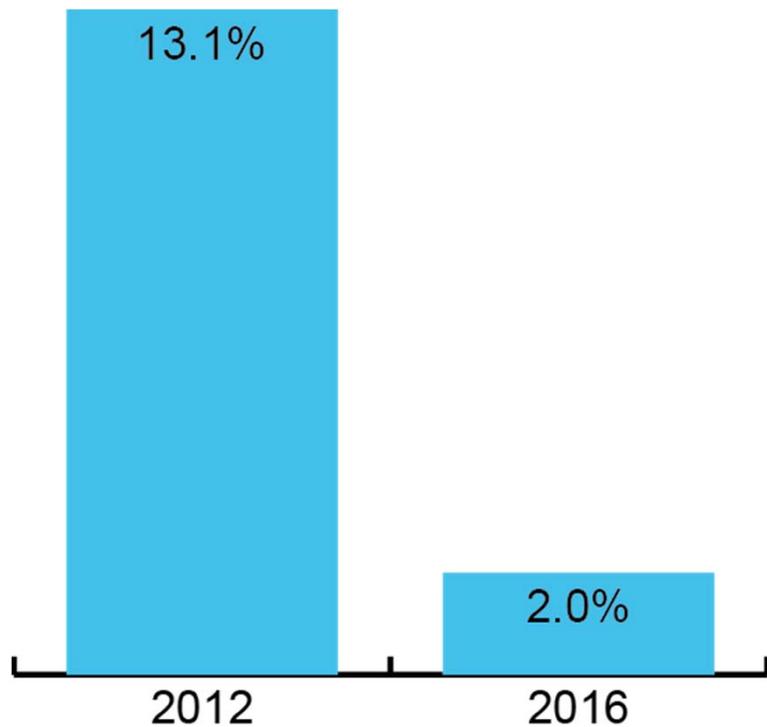
Three core elements to strategy



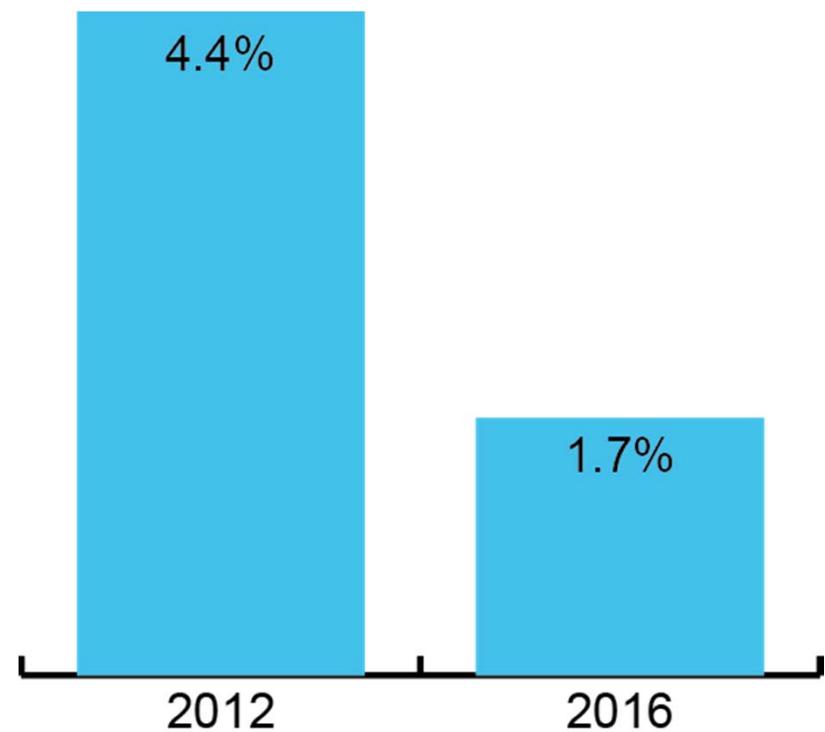
BUILDING A HEALTHY FUTURE

Core portfolio metrics strengthened, delivering greater earnings stability and certainty

Largest single tenant expiry over the next 10 years (by income)

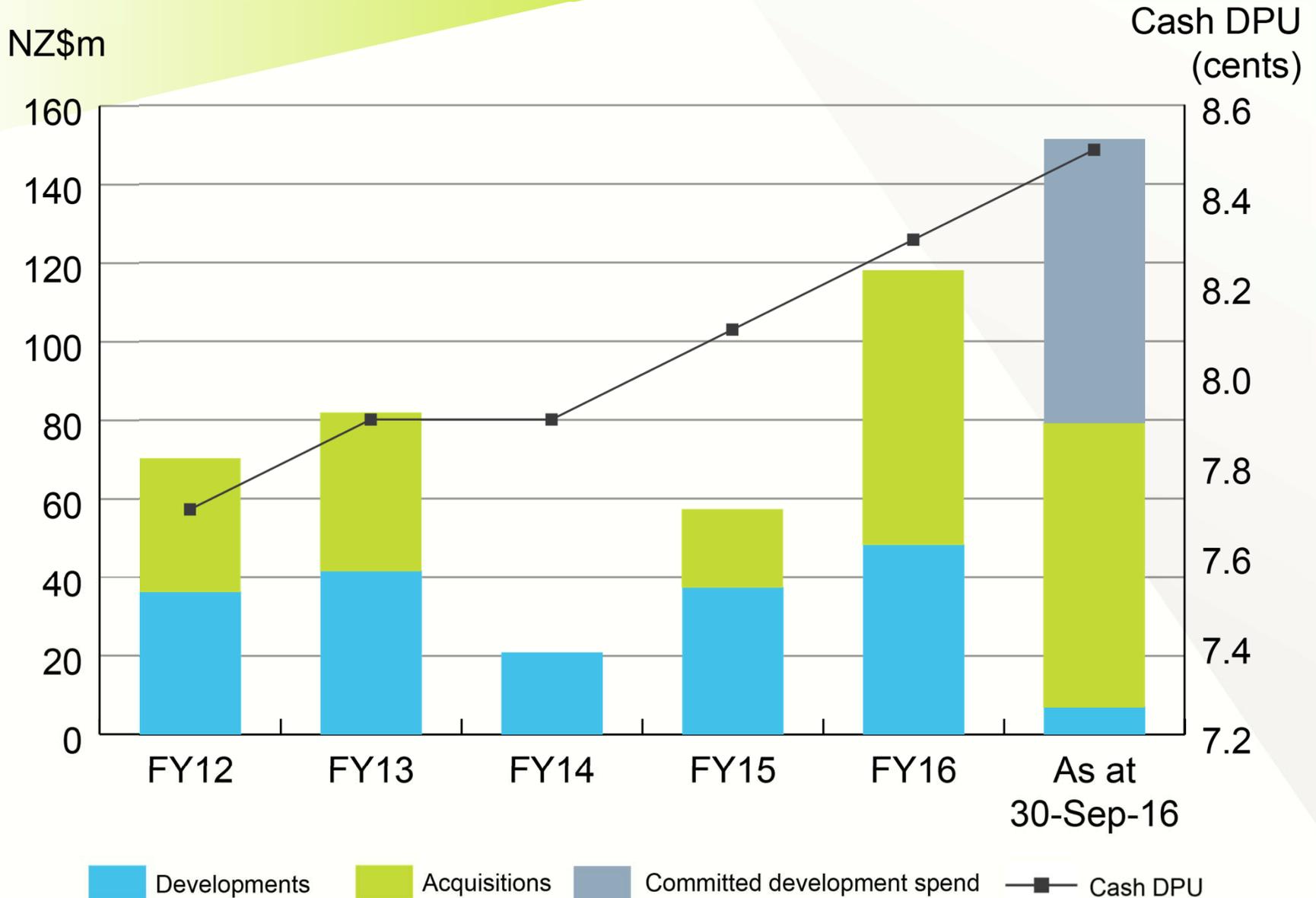


10 year average annual income expiry



BUILDING A HEALTHY FUTURE

All elements of strategy focused on delivering sustainable distributions to investors



POST-BALANCE DATE \$160M CAPITAL RAISE

*2-for-9 pro rata renounceable rights issue
equitable to all unitholders*

87%

take up by existing unitholders

~21%

LVR post-offer close

\$2.08

issue price

8.5cpu

annualised cash
DPU maintained



Focus for 2017

FOCUS FOR 2017

Building a healthy future

Deliver strong operational, financial and portfolio results

Execute on development pipeline, continuation of incremental value-add opportunities

Deliver strategic acquisitions to support operator growth

Widen and strengthen relationships that support scale & diversification

Prudently deploy balance sheet to appropriate opportunities

Focus on sustainable distributions to investors



Chief Executive Officer's address

AGENDA

- ▶ FY16 review
 - FY16 results summary
 - Treasury and capital management

- ▶ Portfolio and sector update
 - Sector drivers and trends
 - Portfolio update
 - Development update
 - Acquisition activity
 - Valuation update

- ▶ Summary



FY16 results summary

FY16 RESULTS SUMMARY

*Strong operating performance delivering
for investors*

\$70.4m

gross rental income, +15.7%

\$117.2m

record net profit after tax, +21.4%

\$40.2m

net distributable income, +10.9%

8.5cpu

annualised cash distribution +5%
from Q3 fiscal 2016

TREASURY AND CAPITAL MANAGEMENT

*Prudent balance sheet. Business well capitalised
with capacity to grow*

36.3%

LVR, reduced to ~21% post balance
date \$160m capital raise

4.38%

weighted average cost of debt.
~1% lower than FY15

71%

conservative payout ratio

\$1.51

NTA, +18.9%



Sector drivers and trends

SECTOR DRIVERS AND TRENDS

Periodic regulatory interference, but dependable and sustainable growth

Economic & market influences

Regulatory

“interference” relatively constant, diversification critical

Public system pressure

private system critical component

Relatively insulated

from macro financial and economic conditions

Strong organic growth

2x

>65 year demographic forecast over the next 40 years

80%

>65 year demographic have at least one chronic disease

~4x

utilisation of healthcare services by >65 year demographic



Portfolio update

STRONG CORE REAL ESTATE FUNDAMENTALS

Portfolio in strongest ever position

99.7%

occupancy averaging +99% for the last 7 years

18.4yr

WALE, longest in Australasia

1.9%

average rent increase in FY16

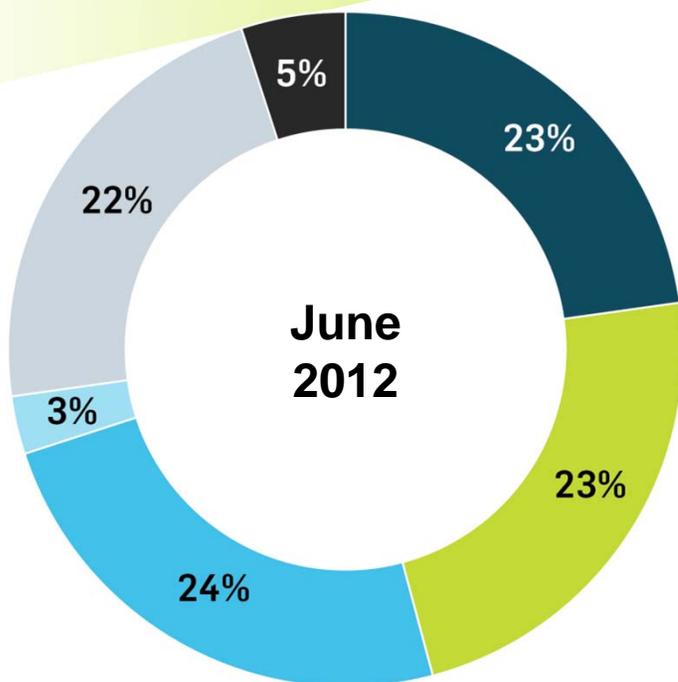
~83%

of FY17 rents on structured¹ reviews

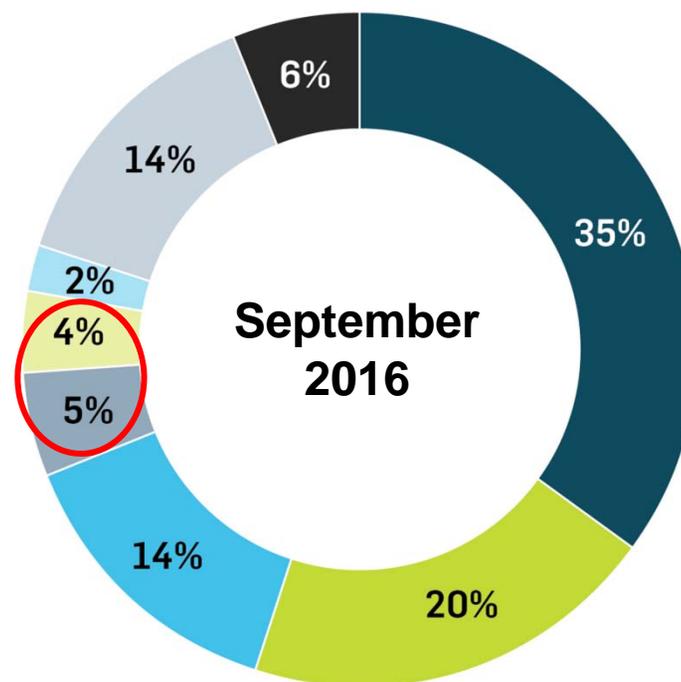
Note 1: CPI or structured type reviews.
Data is as at 30 September 2016 unless stated otherwise.

GEOGRAPHIC DIVERSIFICATION

Expanding from four to all six Australian states



- New South Wales
- Victoria
- Queensland
- Tasmania
- Auckland
- NZ ex-Auckland

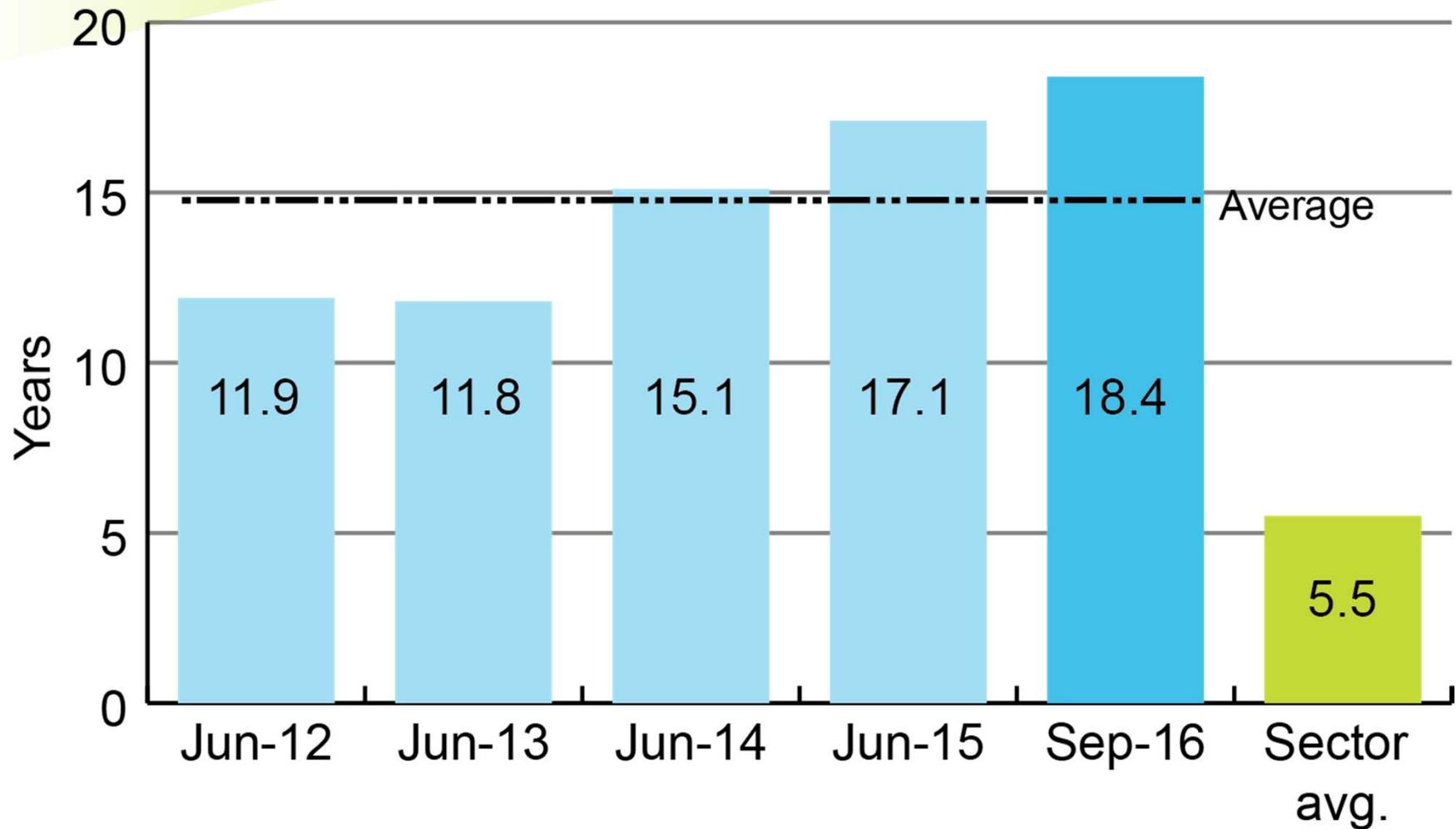


- New South Wales
- Victoria
- Queensland
- Western Australia
- South Australia
- Tasmania
- Auckland
- NZ ex-Auckland

Note: Charts by asset value

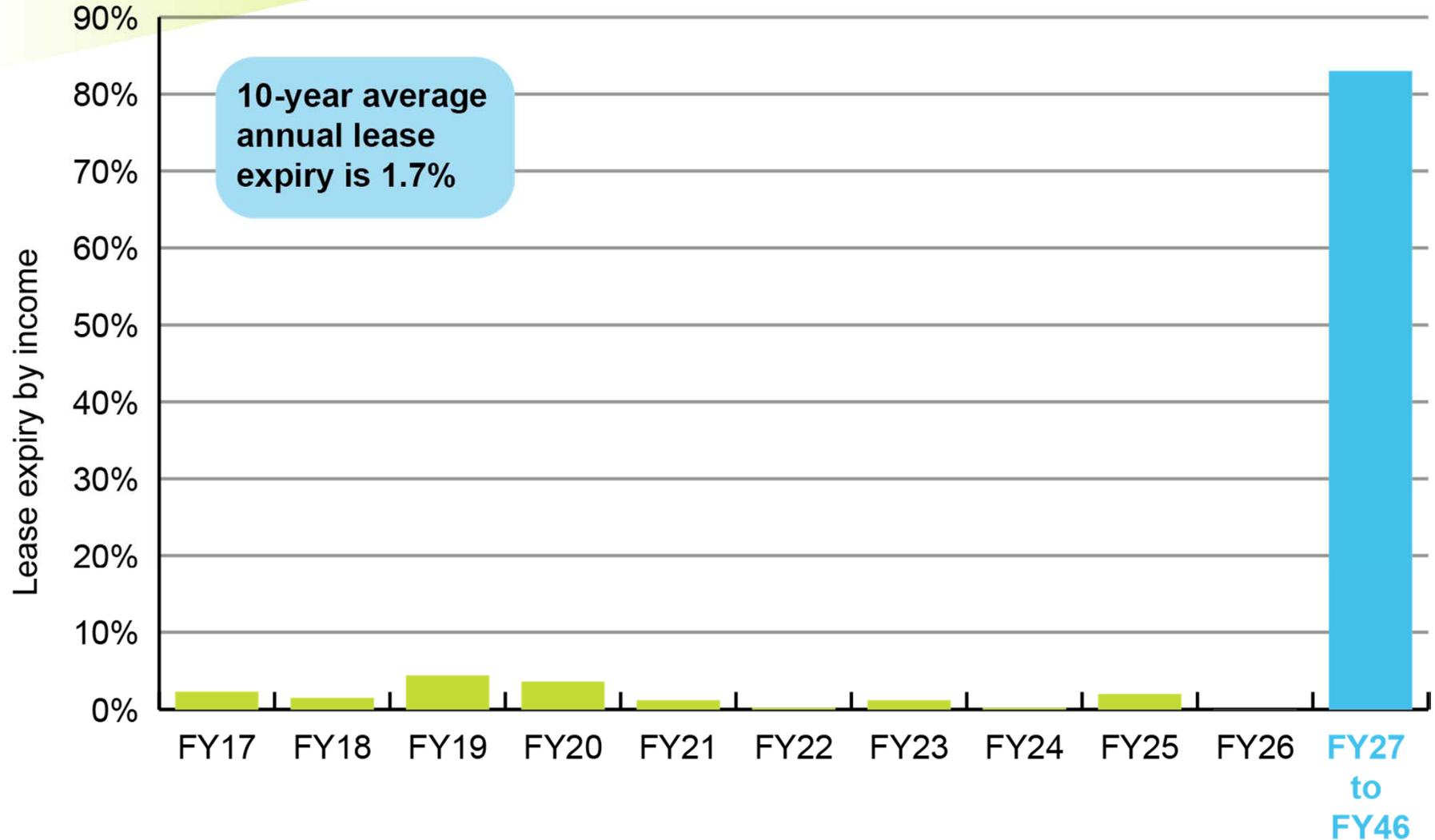
CORE PORTFOLIO METRIC

Market leading Weighted Average Lease Term to Expiry (WALE) in Australasia



LEASE EXPIRY PROFILE

Low risk expiry profile = sustainable, predictable and defensive cash flows





Development update

DEVELOPMENT UPDATE

Development continues to underpin long-term earnings sustainability, enhance asset quality and portfolio value

**Total current developments
A\$77.9m**



Dubbo Private Hospital
A\$3.7m
Est. completion: Oct-16



Mayo Private Hospital
A\$9.3m
Est. completion: Dec-17



Maitland Private Hospital
A\$22.4m
Est. stage 1 completion: Dec-17



Sportsmed Consulting
A\$9.5m
Est. completion: Oct-17



Toronto Private Hospital
A\$9.4m
Est. completion: Mar-18



Lingard Private Hospital
A\$23.6m
Est. completion: Dec-17



Acquisition activity

RECENT ACQUISITIONS

Diversified by geography, asset type and strategic value

Rockingham Aged Care, WA



- ▶ A\$44.1m acquisition of four residential aged care assets
- ▶ 8.00% cap rate, structured rent growth, 20-year leases
- ▶ Hall & Prior are highly regarded operators
- ▶ Aged care sector has similar sector drivers as hospitals
- ▶ Material consolidation and growth in the next ten years

Boulcott Private Hospital, Lower Hutt, NZ



- ▶ \$30.7m acquisition of 38-bed Boulcott Private Hospital, Lower Hutt
- ▶ 6.85% cap rate, 22-year lease to ASX-listed Pulse Health
- ▶ Over 45 specialist consultants & surgeons provide services
- ▶ Adjacent to Hutt Hospital, regions major public facility
- ▶ Acquisition of adjacent property for future development for \$1.0m

RECENT ACQUISITIONS

Diversified by geography, asset type and strategic value

Mons Road Medical Centre, Westmead, Sydney NSW



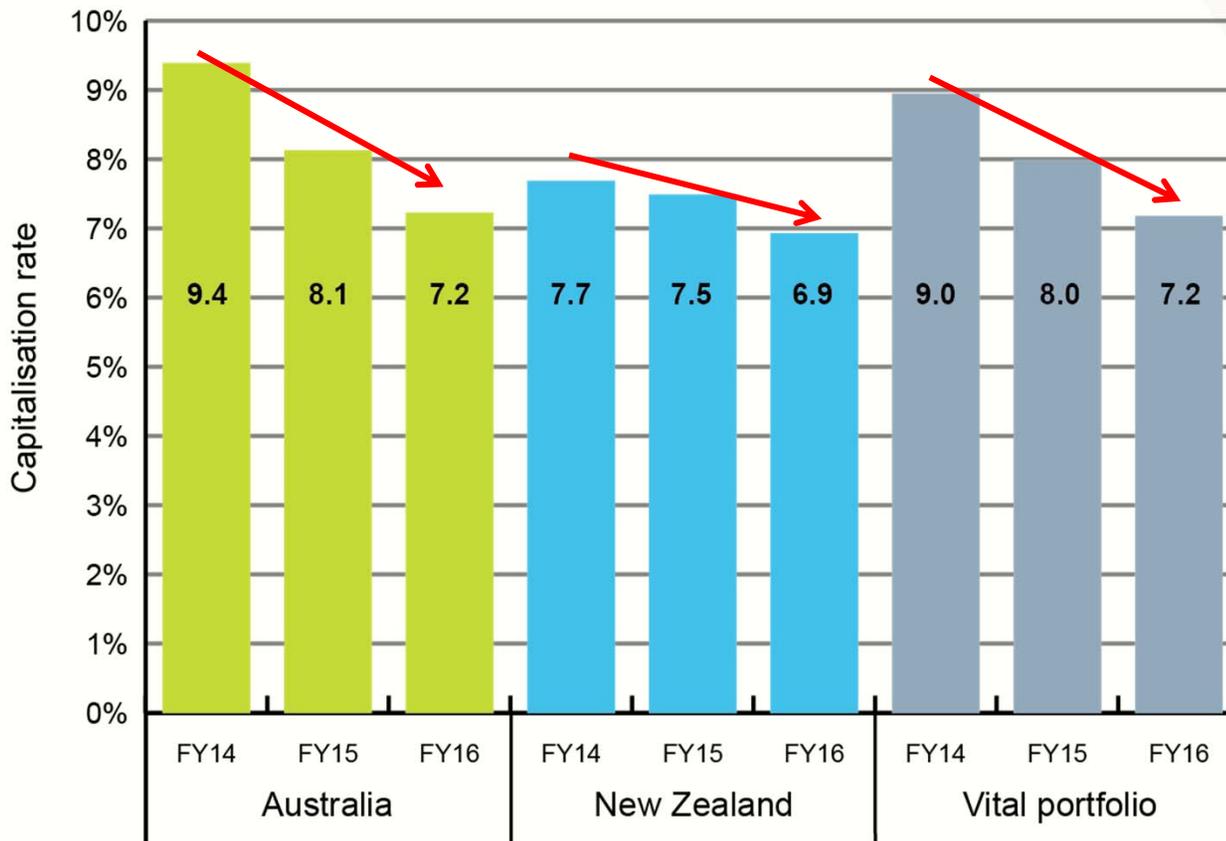
- ▶ Acquired for A\$30.7m on an initial yield of 6.70%
- ▶ Modern, multi-tenanted, four-level medical office building
- ▶ Adjacent to Ramsay Health Care's Westmead Private Hospital and within the Westmead medical precinct.
- ▶ High quality healthcare tenants including: Castlereagh Imaging; IVF Australia; NSW Health's Sydney Children's Hospital's Network and Ramsay Health Care



Valuation update

INDEPENDENT PORTFOLIO REVALUATIONS

Australian cap rate compression a key driver of overall weighted average cap rate firming



Supporting context

- ▶ Since FY14, Australian cap rate firmed ~220 bps vs NZ ~80 bps
- ▶ Cap rate differential narrowing reflects enhanced assets post development and long-term stability of passive assets across portfolio
- ▶ Quality assets, supported by strong market demand and lower interest rate outlook likely to result in further cap rate firming

HEALTHCARE SECTOR CAP RATES

Cap rates continue to firm, driven by quality asset characteristics and supportive market

Drivers of cap rate firming

Asset drivers

High occupancy and long WALE

Structured rent growth, periodic reviews to market

Quality covenant, financial performance

Asset quality and location to catchment

Experienced, proven managers

Market drivers

Transactional evidence

Increasing investor interest/understanding

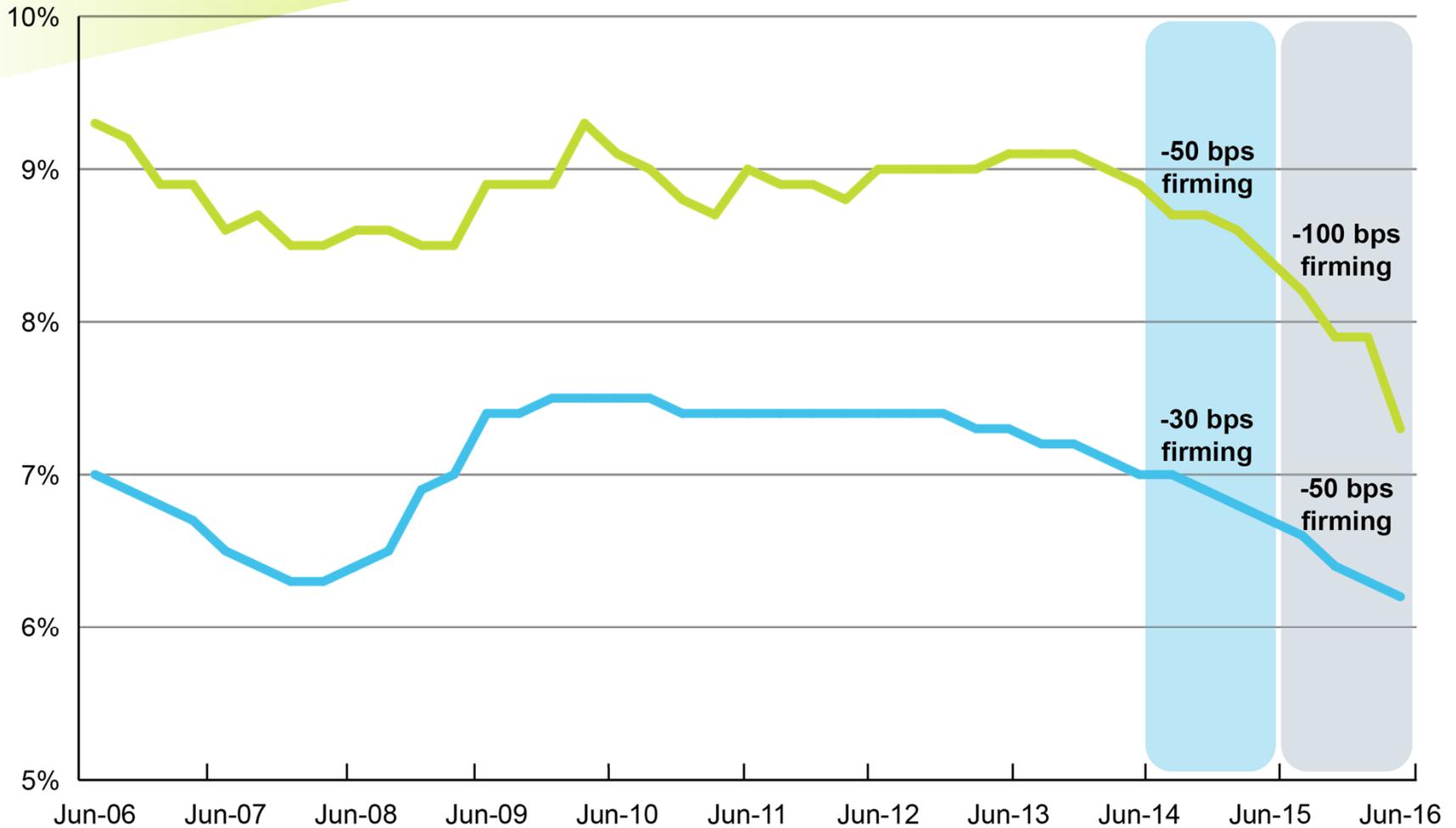
Supply/demand imbalance

Lower interest rate environment

Underlying drivers of demand for healthcare services

COMMERCIAL CAP RATES

Healthcare cap rates firming further and faster, but still trading at attractive yields compared to All property





Summary

THEMES, DRIVERS AND OPPORTUNITIES

*Compelling long-term trends with strong underlying growth...
Building a healthy future*

Higher relative returns, lower volatility

Structural cap rate firming reflecting unique investment characteristics and performance

Sector consolidation to continue, opportunity in medium term

Capital constrained sector, operators considering alternative capital solutions

Proven track record as investment manager & capital partner sees Vital well placed.

Potential pool of healthcare real estate opportunities of over \$3bn



Questions

Please state your name and whether you are a Unitholder or a Proxy holder



Resolution

DISCLAIMER

This presentation has been prepared by Vital Healthcare Management Limited (the "Manager") as manager of the Vital Healthcare Property Trust (the "Trust"). The details in this presentation provide general information only. It is not intended as investment or financial advice and must not be relied on as such. You should obtain independent professional advice prior to making any decision relating to your investment or financial needs.

The provision of this presentation does not constitute an offer, invitation or recommendation to subscribe for or purchase units in the Trust.

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.

10th November 2016



Thank you