



Vital

Healthcare
Property Trust

VITAL HEALTHCARE PROPERTY TRUST

Annual Results

FY 2018

09 AUGUST 2018

INVESTING IN AUSTRALASIAS
HEALTHCARE INFRASTRUCTURE

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Presented by :

David Carr
Chief Executive Officer

Stuart Harrison
Chief Financial Officer

Highlights



Highlights

FINANCIAL AND PORTFOLIO PERFORMANCE DELIVERING ON STRATEGY

FINANCIALS

- ▶ Gross rental income of \$93.7m, +20.1%¹
- ▶ NDI of 10.6 cpu, payout ratio of 81%
- ▶ AFFO of \$49.5m, +4.5%¹
- ▶ NTA of \$2.26, +10.2%
- ▶ LVR² of 37.5%, up from 28.9% at 30 June
- ▶ 4th quarter distribution increased to 2.1875 cents

STRATEGY & DRIVERS

- ▶ Positive demographic trend, ageing population
- ▶ +65yr cohort utilises 4x healthcare services
- ▶ Public infrastructure & funding under pressure
- ▶ Operators exploring partnership funding model
- ▶ Challenging dynamic in Australian health sector
- ▶ NZ private health insurance participation higher

PORTFOLIO

- ▶ Like-for-like rental growth of 2.1%
- ▶ 18.2 year WALE (+0.5 yrs), 99.3% occupancy
- ▶ 1.8% p.a. avg. lease expiry over next 10 years
- ▶ NZ\$112m development pipeline
- ▶ Portfolio WACR firmed 36 bps to 5.76%
- ▶ NZ\$195m of acquisitions including five hospitals

OUTLOOK

- ▶ Strategic opportunity Healthscope real estate
- ▶ Increased FY2019 cash distribution by 2.2% to 8.75 cpu
- ▶ Maintain low risk portfolio profile & metrics
- ▶ Execution of brownfield pipeline at attractive yield on cost
- ▶ Widen & strengthen operating partner relationships
- ▶ Focus on long-term value creation

(1) Comparative period results adjusted for \$13.8m one-off lease termination receipt in October 2016

(2) Calculated in accordance with the Vital's Trust Deed

Note: Refer to glossary for explanation of abbreviated terms

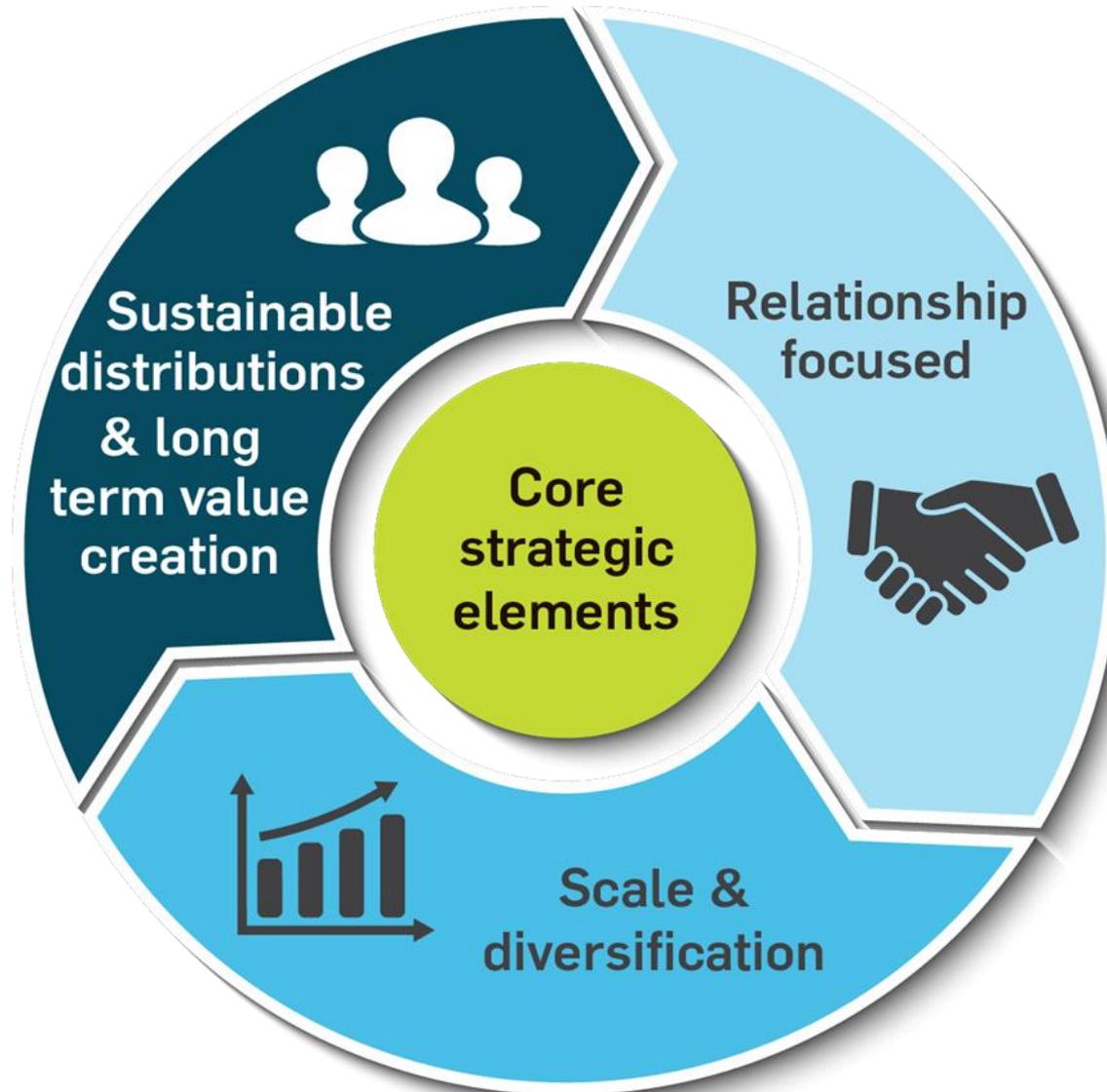


Strategy

 IMAGING ASSOCIATES
BOX HILL

Strategy

LONG TERM INVESTMENT IN AUSTRALASIA'S HEALTHCARE INFRASTRUCTURE



Strategic Drivers

CORE COMPONENTS DRIVING EXECUTION TO STRATEGY

MANAGEMENT

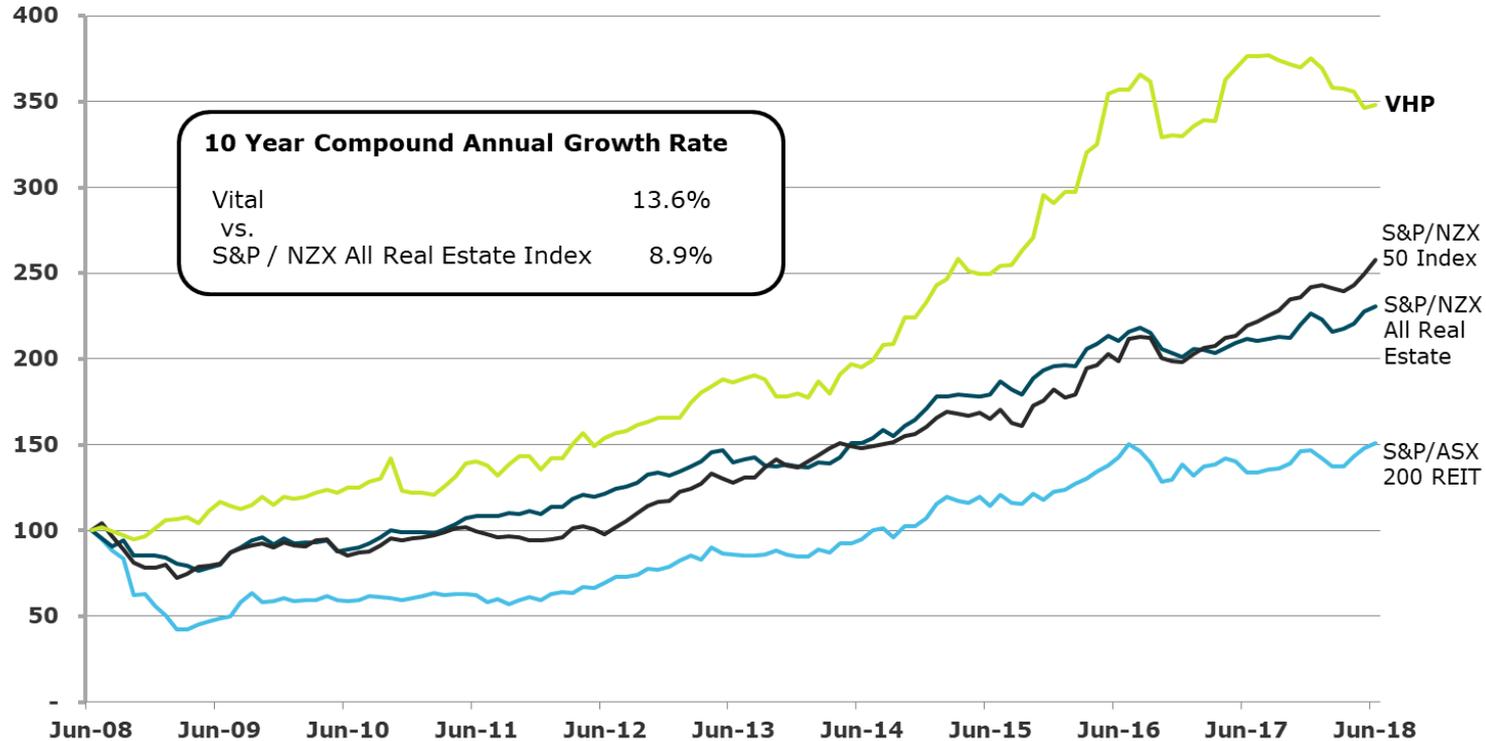
ALIGNED / STABLE / EXPERIENCED / CREDIBLE / CAPABLE



Total Returns

VITAL HAS OUTPERFORMED LOCAL INDICIES ON A COMPOUND BASIS OVER THE LAST DECADE

Index rebased
to 100



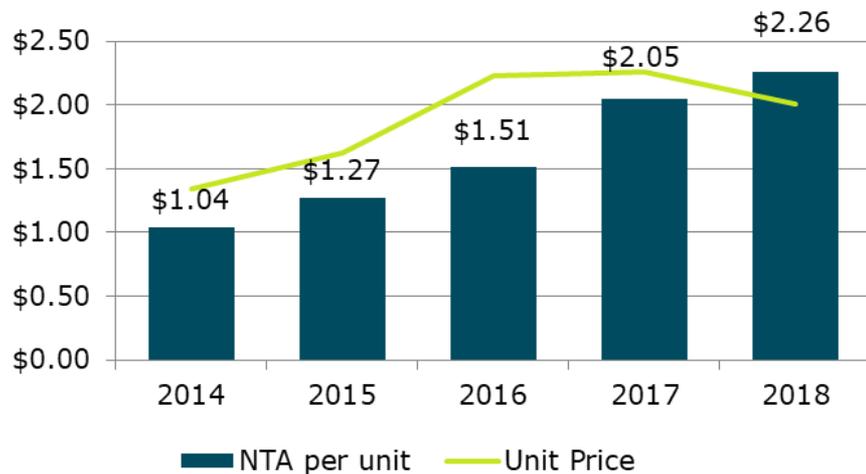
Compound annual return	1yr	3yr	5yr	7yr	10yr
VHP	-7.5%	11.7%	13.3%	13.8%	13.6%
S&P/NZX All Real Estate Gross	8.9%	8.7%	10.6%	11.4%	8.9%
S&P/NZX 50 Index Gross	17.5%	16.0%	15.0%	14.6%	10.8%
S&P/ASX 200 AREIT	13.0%	9.7%	11.9%	13.5%	6.0%



NTA growth....

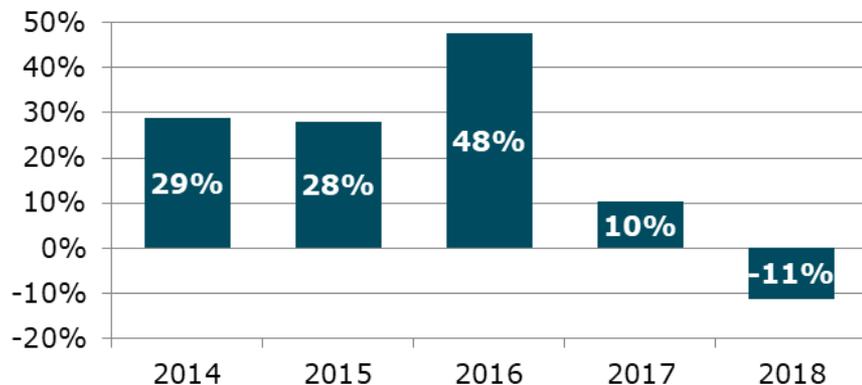
A STRONG HISTORIC INDICATOR OF UNIT PRICE PERFORMANCE

Unit price performance relative to NTA per unit



- ▶ NTA growth has been driven by a combination of property revaluations and foreign exchange.
- ▶ NTA historically underpinned unit price performance

Unit price premium / (discount) to NTA at 30 June

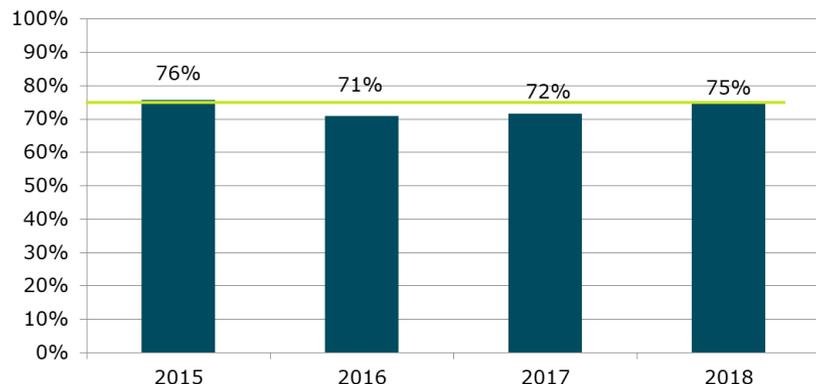


- ▶ Trading at a discount to NTA for the first time in 7 years.
- ▶ Current trading price equates to an implied portfolio capitalization rate of 6.0%.

Distribution Sustainability

MAINTAINING PRUDENT & CONSERVATIVE PAYOUT RATIO

AFFO payout ratio



5 Year Compounded Annual Growth Rate of Distribution



Sources: Macquarie Securities and FNZC

Notes:

NZ listed property sector 5 year compounded annual growth rate of distribution is a weighted average of NZX listed property companies by market capitalization 10
Vital's calculation of adjusted funds from operations may differ from comparative entities

- ▶ Industry leading payout ratio, average of 73% over last four years versus the current NZ listed property vehicle average of 101%.
- ▶ AFFO adjusts for non-cash charges, non-recurring items, manager's incentive fee, leasing incentives and maintenance capital expenditures
- ▶ Scale & diversification strategy driving distribution outperformance relative to NZ Listed Property sector
- ▶ Quarterly distribution increased to 2.1875 cents per unit for the fourth quarter of FY2018.
- ▶ Equates to an annual distribution of 8.5625 cents per unit in FY2018 and guidance of 8.75 cents per unit for FY2019
- ▶ Implied distribution growth of 2.2% next year.



Healthscope (HSO) real estate opportunity

SITUATION UPDATE

STRONG ALIGNMENT TO LONG TERM STRATEGY

Interest in HSO underlying real estate is (and has always been) of significant strategic interest

TACTICAL DECISION TO INVEST

Jointly secured a 10% interest in HSO with NorthWest, Vital's Manager and major unitholder

BENEFITS OF A 10% STAKE

Clear market statement of intent, maximize influence, flexibility to work alongside HSO or other potential bidders

HSO POSITION

22 May 2018 stated "*it will undertake a strategic review of its hospital property portfolio*"

PRUDENT & PROPORTIONATE

Costs and benefits are shared, exposure managed through caps and collars. Vital to benefit from HSO dividend income

NEXT STEPS...

Monitor situation, develop strategic and tactical plan to execute at appropriate time

Governance update

THIRD INDEPENDENT DIRECTOR TO BE APPOINTED

GRAEME HORSLEY RETIREMENT AS INDEPENDENT CHAIR

Claire Higgins appointed independent Chair and David Carr (Vital CEO) appointed Executive Director on an interim basis

REVISED POLICY DOCUMENTS

Review and update of Conflicts Policy, SIPO and Board Charter completed

THIRD INDEPENDENT DIRECTOR TO BE APPOINTED

Appointment prior to annual meeting

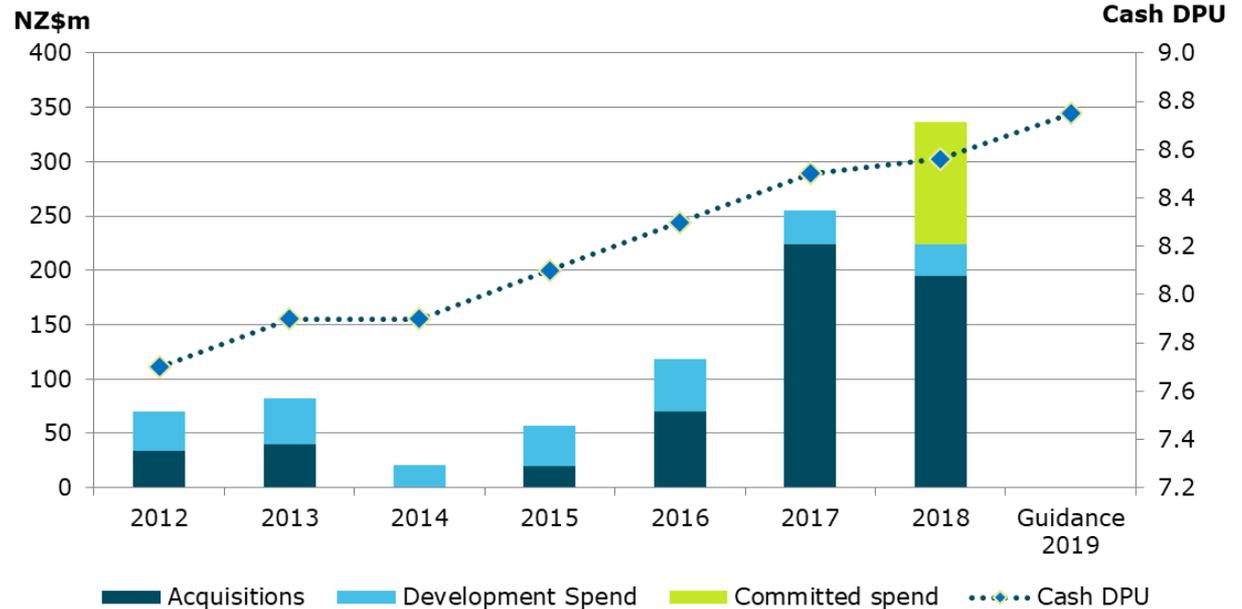


Investment activity

Investment Activity

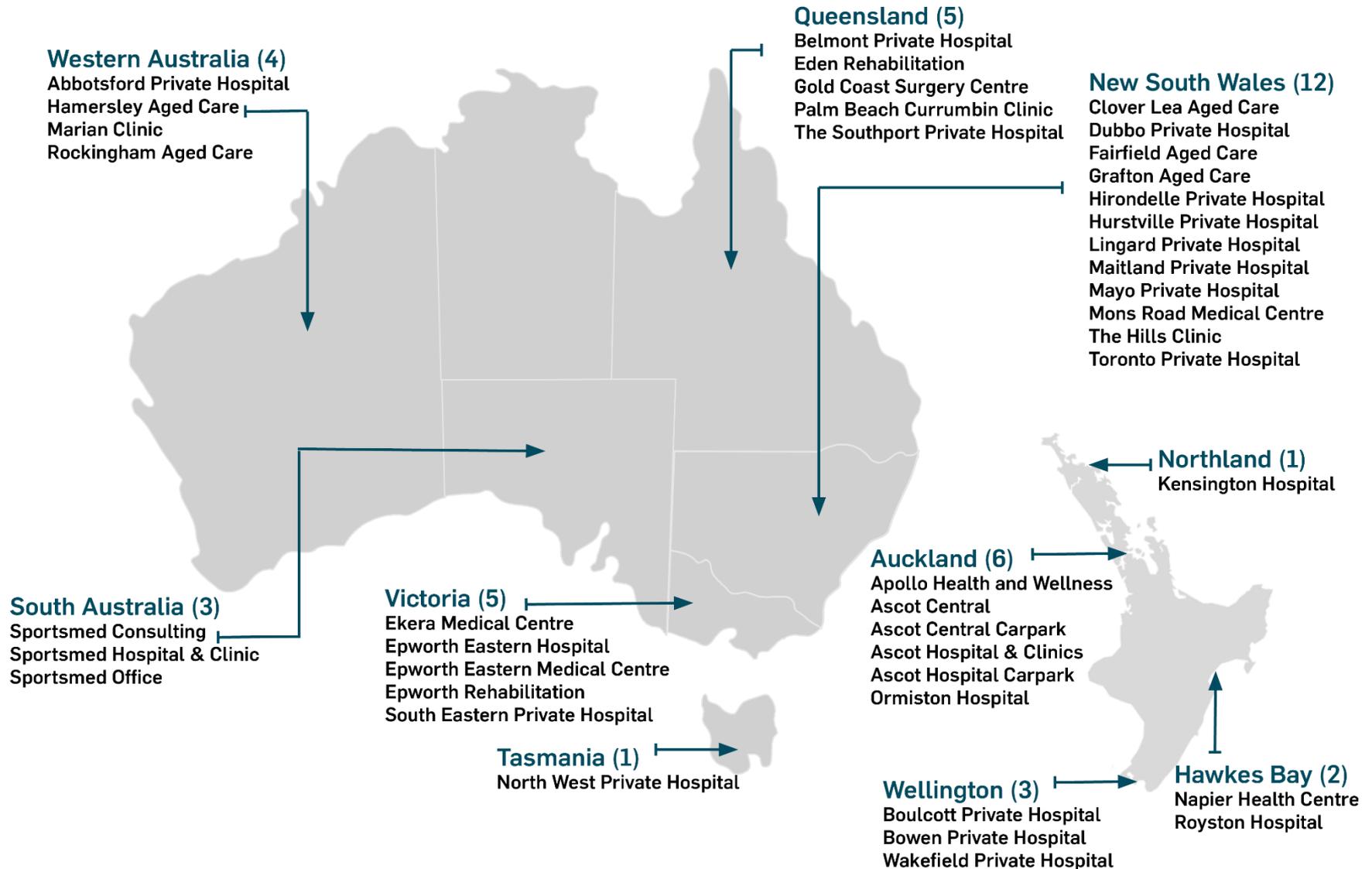
SCALE & DIVERSIFICATION STRATEGY SUPPORTING DISTRIBUTION SUSTAINABILITY, AND CONSERVATIVE GROWTH

- ▶ Vital has strategically acquired properties with expansion potential adjacent to existing properties providing opportunities to deploy incremental capital into brownfield developments at attractive yields
- ▶ Committed development spend of NZ\$112m over the next four years.
- ▶ Additionally, underlying indexation of rents on core portfolio (and acquisitions and development) supports earnings growth



Portfolio overview

\$1.73B PORTFOLIO OF HEALTHCARE REAL ESTATE COMPRISING 42 INVESTMENT PROPERTIES AND ~2,600 BEDS



Acquisitions update

ACQUISITIONS MAINLY 'OFF-MARKET' WITH PARTNERS SEEKING TO MAINTAIN A RELATIONSHIP WITH VITAL

	Asset Type	Total Purchase Price	Future Development Potential	Settlement
 The Hills Clinic (Sydney, NSW)	Psych	A\$30.3	✓	31-Jul-2017
 Eden Rehabilitation Hospital (Cooroy, QLD)	Rehab	A\$23.8	✓	11-Dec-2017
Land held for development (FY2018)	Strategic	A\$7.5	✓	Various
Total Australian Acquisitions		A\$61.5		
 Wakefield Hospital (Wellington, NZ)	Acute	NZ\$23.7	✓	14-Dec-2017
 Royston Hospital (Hastings, NZ)	Acute	NZ\$54.2	✓	14-Dec-2017
 Bowen Hospital (Wellington, NZ)	Acute	NZ\$44.5	✓	14-Dec-2017
Land held for development (FY2018)	Strategic	NZ\$2.1	✓	3-Aug-2017
Total New Zealand Acquisitions		NZ\$124.5		
Total Acquisitions in NZD		NZ\$194.7		

Committed development update

BROWNFIELDS DRIVING VALUE-ADD OUTCOMES, UNDERPINS EARNINGS SUSTAINABILITY, IMPROVES ASSET QUALITY & PERFORMANCE

	Budgeted development cost	Spend to date	Cost to Complete	Forecast completion date
 North West Private (TAS)	A\$1.0	A\$0.3	A\$0.7	Sep-2018
 Lingard Private (NSW)	A\$23.8	A\$15.9	A\$7.9	Sep-2018
Total Australian Projects	A\$24.8	A\$16.2	A\$8.6	
 Wakefield Hospital (Wellington, NZ)	NZ\$88.0	NZ\$1.6	NZ\$86.4	Staged 2021-2022
 Royston Hospital (Hastings, NZ)	NZ\$13.0	NZ\$0.7	NZ\$12.3	Mid-2020
 Bowen Hospital (Wellington, NZ)	NZ\$4.0	-	NZ\$4.0	Early-2019
Total New Zealand Projects	NZ\$105.0	NZ\$2.3	NZ\$102.7	
Total Projects in NZD	NZ\$132.1	NZ\$20.0	NZ\$112.1	

- ▶ Decision was made in conjunction with operator to base isolate Wakefield development and to provision shell space for future expansion
- ▶ Bowen Hospital development was redesigned to use part of the existing infrastructure

A modern operating room with a surgical table covered in a white cloth, surrounded by various medical equipment, monitors, and overhead surgical lights. A person in blue scrubs is seated at a desk in the background. A large dark teal circle is overlaid on the right side of the image, containing the text 'Sector drivers & trends'.

Sector drivers & trends

Sector drivers and trends

PERIODIC REGULATORY REFORM, LONG TERM TRENDS UNDENIABLE

ECONOMIC & MARKET INFLUENCES

REGULATORY

reform relatively constant,
diversification critical

PUBLIC SYSTEM PRESSURE

private system
critical component

RELATIVELY INSULATED

from macro financial,
economic and market
conditions

STRONG FORECAST DEMAND, UNDENIABLE TRENDS

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

Financials

Financial performance

CORE BUSINESS AND STRATEGIC FOCUS DELIVERING RESULTS

(in 000s of \$NZ, except per unit amounts)	Actual FY2018	Normalised FY2017*	Change \$m	Change %
Gross rental income	93,678	78,032	15,646	20.1%
Net rental income	90,659	75,840	14,818	19.5%
Other income and expenses	(31,296)	(22,070)	(9,226)	41.8%
Net finance expenses	(22,787)	(14,554)	(8,233)	56.6%
Operating profit before tax and other income	36,576	39,217	(2,641)	(6.7%)
Property revaluations and other income	80,861	178,115	(97,254)	(54.6%)
Profit before income tax	117,437	217,332	(99,895)	(46.0%)

- ▶ Gross rental income increased 20% due to contribution from ~\$480m of acquisition and development activity over the last 24 months.
- ▶ Other expenses includes \$3.6m of strategic transactional costs related to the initiation of the Healthscope opportunity, a ~\$3.8m increase in the Manager's base fee on higher AUM and a ~\$0.8m increase in the Manager's incentive fee.
- ▶ Net finance expenses increased on higher drawdown of bank facility to fund investment activity and higher funding costs on floating rate debt.
- ▶ Property revaluations and other income includes \$85.5m of fair value gains offset by \$4.6m of derivative fair value losses and unrealised foreign exchange losses.

Net distributable income

CONSERVATIVE NET DISTRIBUTABLE INCOME PAYOUT

(in 000s of \$NZ, except per unit amounts)	Actual FY2018	Normalised FY2017*	Change \$m	Change %
Profit before income tax	117,437	217,332	(99,895)	(46.0%)
<i>(Deduct) / Add:</i>				
Property revaluations and other income	(80,861)	(178,115)	n.a.	n.a.
Manager's incentive fee	13,096	12,314	782	6.3%
Gross distributable income	49,672	51,532	(1,860)	(3.6%)
Income tax expense (current)	(3,537)	(3,526)	(11)	0.3%
<i>Effective tax rate</i>	<i>7.1%</i>	<i>6.8%</i>		
Net distributable income	46,135	48,006	(1,871)	(3.9%)
Net distributable income per unit (earned) (cpu)	10.62c	11.40c	(0.78c)	(6.8%)
Distribution per unit (cpu)	8.56c	8.50c	0.06c	0.7%
Net distributable income payout ratio	81%	75%		
Units on issue (weighted average, millions)	434,322	421,117		

- ▶ Net distributable income was down slightly due to the aforementioned strategic transactional costs partially offset by higher net rental income versus the prior year
- ▶ Calculation of net distributable income adds back the Manager's incentive fee expense in accordance with Vital's Trust Deed¹

* Adjusted for \$13.8m one-off lease termination receipt received in October 2016

(1) Available at <http://www.vhpt.co.nz/our-structure>

Adjusted funds from operations

CONSERVATIVE PAYOUT RATIOS

(in 000s of \$NZ, except per unit amounts)	Actual FY2018	Normalised FY2017*	Change \$m	Change %
Profit before income tax	117,437	217,332	(99,894)	(46.0%)
Revaluation (gains)/losses	(85,461)	(168,549)	83,088	(49.3%)
Unrealised FX (gains)/losses	1,717	(543)	2,260	(416.2%)
Derivative fair value adjustment (gains)/losses	2,883	(9,023)	11,906	(132.0%)
Manager's incentive fee	13,096	12,314	782	6.3%
Gross distributable income	49,672	51,531	(1,859)	(3.6%)
Current tax	(3,537)	(3,526)	(11)	0.3%
Net distributable income	46,135	48,004	(1,870)	(3.9%)
Amortisation of deferred financing charges	468	385	82	21.3%
Amortisation of leasing costs & tenant inducements	862	928	(67)	(7.2%)
Funds from operations (FFO)	47,464	49,318	(1,854)	(3.8%)
Strategic transactional costs	3,579	-	3,579	n.a.
Actual capex & leasing from continuing operations	(1,554)	(1,973)	419	(21.2%)
Adjusted funds from operations (AFFO)	49,489	47,345	2,144	4.5%
AFFO (cpu)	11.39c	11.24c	0.15c	1.4%
AFFO payout ratio	75%	76%		

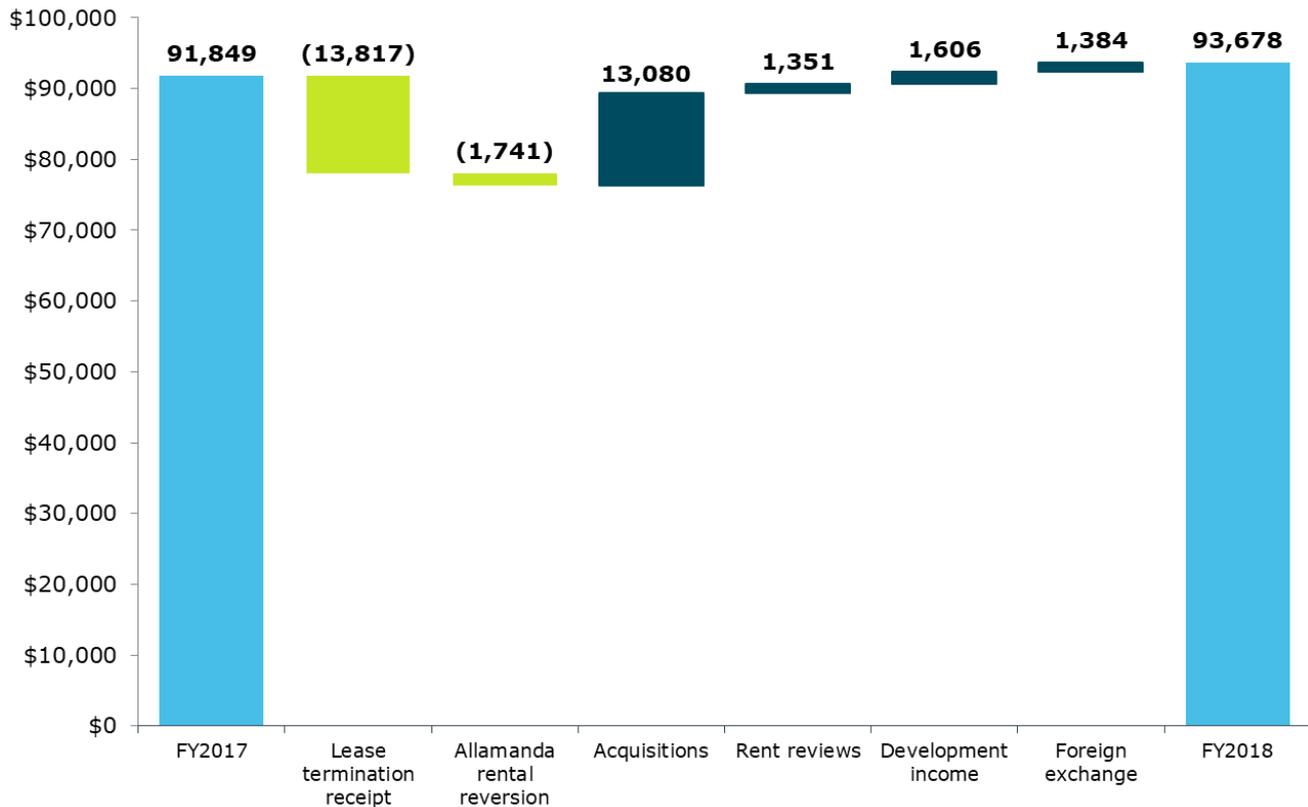
Gross rental income

EXCLUDING ONE-OFF ITEMS, ACQUISITIONS, DEVELOPMENTS AND RENT REVIEWS WERE KEY DRIVERS OF GROWTH

- ▶ **Acquired** ~\$420m of property in the last 24 months at a weighted average yield of ~6.0%
- ▶ **Invested** ~\$60m in developments over last 24 months at a weighted average yield of ~7.6%
- ▶ **Rent reviews** completed at annualised rate of 2.3% in FY2018 and 1.9% in FY2017 (see rent review slide for further details)

Rental income bridge

(NZ 000's)



Like for like operating results

STRONG REVENUE GROWTH DRIVING POSITIVE CORE PORTFOLIO PERFORMANCE

In the *like for like portfolio*:

- **Revenue** increased 2.1% (0.2% on a same currency basis)
 - Impacted by NZ\$1.7m rental reversion at Allamanda versus the prior year
- **Expenses** increased 12.2% (10.7% on same currency basis)
- **Net operating income** increased 0.4% (decreased 1.6% on a same currency basis)

Comparative like-for-like performance

Geography <i>(in 000s of NZ\$)</i>	FY2018	Normalized FY2017*	Variance	Change
Revenue	78,356	76,720	1,636	2.1%
Expenses	(9,845)	(8,779)	(1,067)	12.2%
Non-recurring R&M	290	585	(295)	(50.4%)
Like-for-like net operating income	68,801	68,526	275	0.4%
Non-recurring R&M	(290)	(585)		
Acquisitions	18,823	6,192		
Developments	3,325	1,707		
Total net operating income	90,659	75,840		

* Adjusted for \$13.8m one-off lease termination receipt received in October 2016

Note:

Revenue includes passing rent and expense recoveries as agreed to under the terms of respective leases

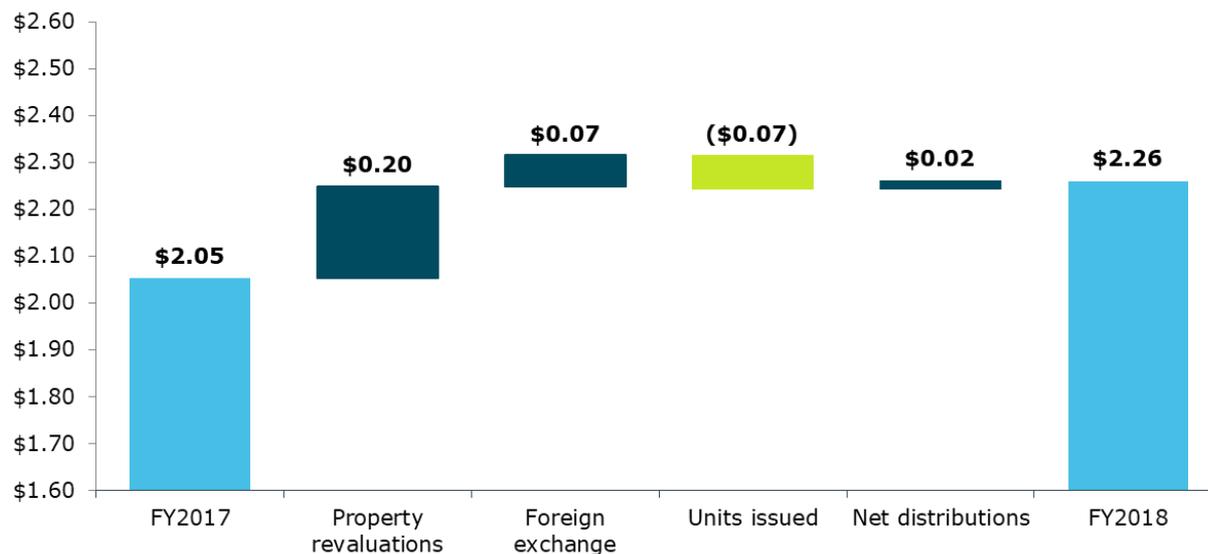
Balance sheet

PRUDENT CAPITAL POSITION, WELL PLACED FOR 2019

<i>(in 000s of \$NZ, except per unit amounts)</i>	Actual FY18	Actual FY17	change \$	change %
Investment properties	1,731,247	1,376,243	355,004	25.8%
Bank debt drawn	670,124	402,649	267,475	66.4%
LVR (bank covenant)	38.7%	29.3%	945 bps	
Unitholder funds	987,976	879,821	108,155	12.3%
Units on issue (m)	436,893	428,562	8,331	1.9%
Net Tangible Assets	2.26	2.05	0.21	10.2%
<i>Period end NZD/AUD exchange rate</i>	<i>0.9159</i>	<i>0.9525</i>		

- ▶ Gearing remains within bank and Trust Deed covenants

NTA per unit bridge



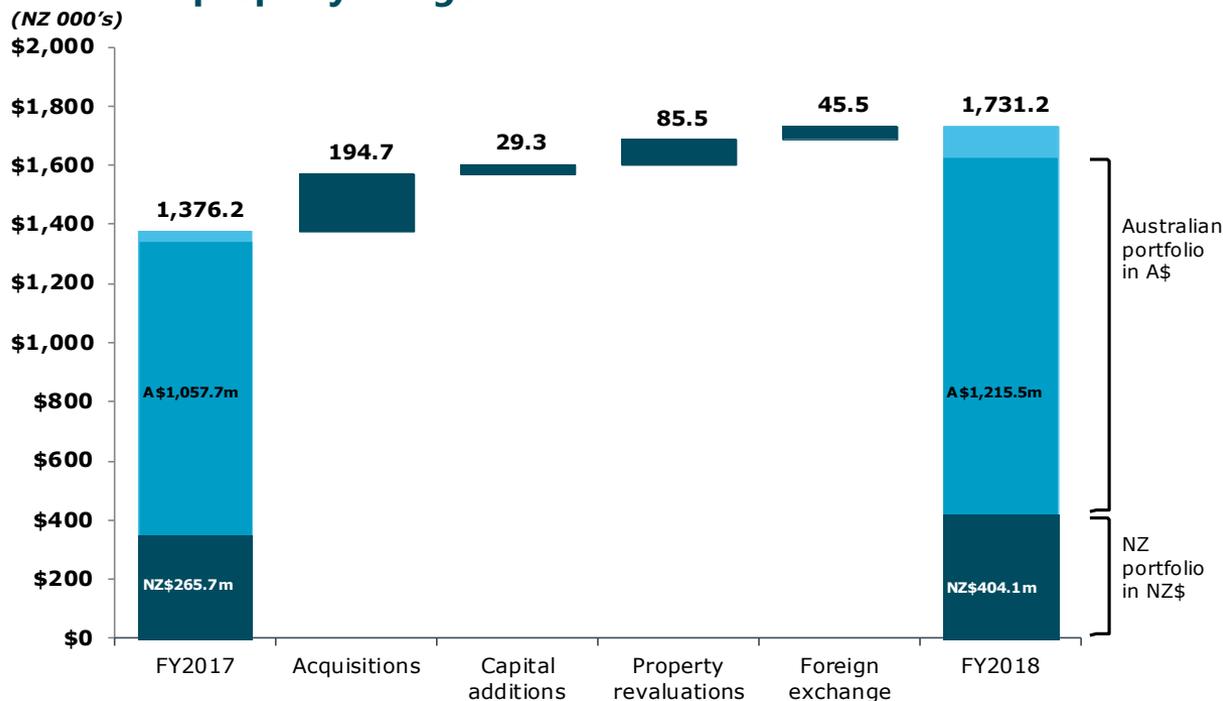
- ▶ NTA per unit growth driven by revaluation and foreign exchange gains.

Investment property

ACQUISITIONS AND REVALUATIONS KEY DRIVERS OF GROWTH

- ▶ **Acquisitions:** Purchased
 - ▶ The Hills Clinic (A\$32.3m),
 - ▶ Eden Rehabilitation (A\$25.3m),
 - ▶ Wakefield, Bowen, Royston (NZ\$122m), and
 - ▶ Strategic land (NZ\$9.7m)
- ▶ **Capital additions:** Spent \$25.5m on active developments, \$2.2m on net tenant incentives and \$1.6m on maintenance capital expenditures
- ▶ **Fair Value:** Portfolio cap rate compressed 36bps (see valuation section for further details)
- ▶ **Foreign Exchange:** Period end NZD/AUD exchange rate decreased to 0.9159 from (0.9525 in the prior year).

Investment property bridge





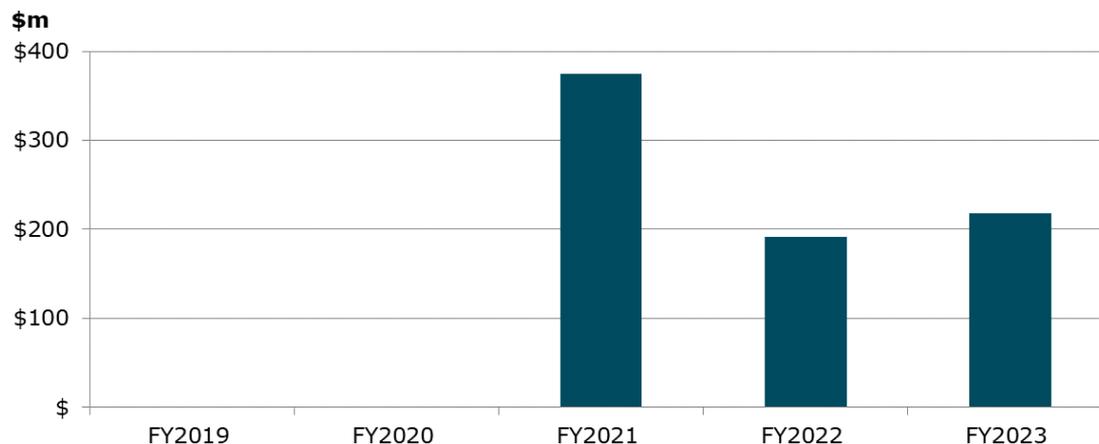
Capital management

Debt maturity

UTILISING THE AVAILABLE HEADROOM AND ADDING CAPACITY

Bank Facilities	30 Jun 2018	30 Jun 2017
LVR (Trust covenant)	37.5%	28.9%
LVR (Bank covenant)	38.7%	29.3%
Duration	3.1 years	2.5 years
Headroom available	\$114m	\$64m

Debt maturity schedule



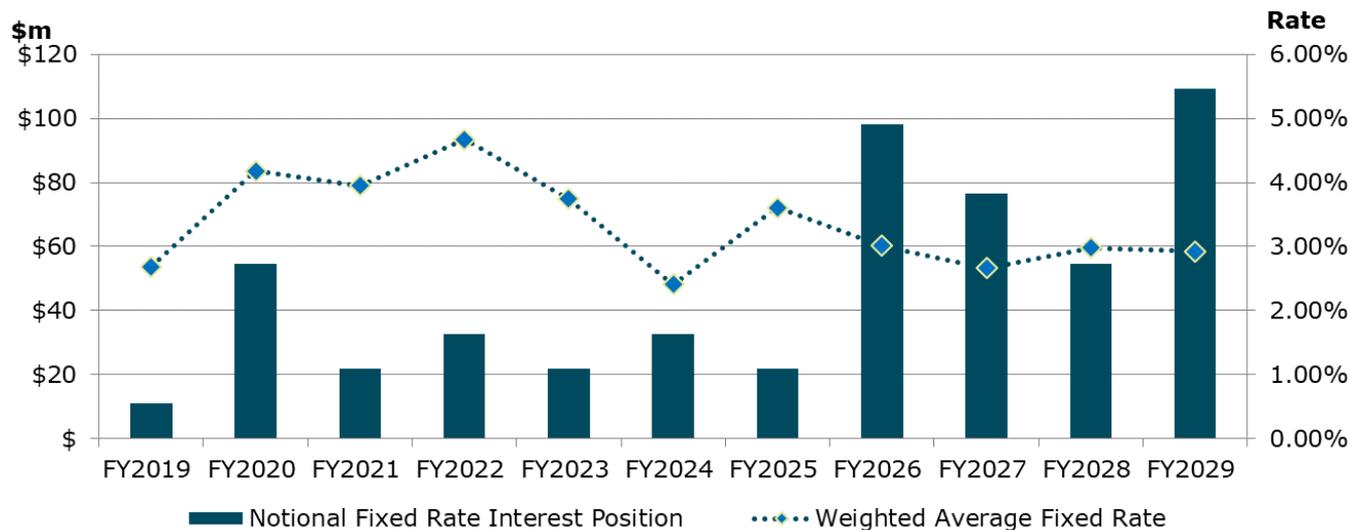
- ▶ Renewed two tranches of existing bank facility in June 2018
 - ▶ Tranche A of A\$125m extended to March 2021.
 - ▶ Tranche B of A\$200 expanded (A\$100m previously) and extended to July 2022.
- ▶ Weighted average debt maturity now at 3.1 years

Hedging profile

STRONG FINANCIAL POSITION, FLEXIBILITY FOR THE RIGHT ACQUISITION AND DEVELOPMENT OPPORTUNITIES

Rates	30 Jun 2018	31 Dec 2017	30 Jun 2017
Weighted average cost of total debt	4.60%	4.09%	4.34%
Weighted average fixed rate (exc'l line and margin)	3.21%	3.40%	3.37%
Weighted average fixed rate duration	7.0 years	5.8 years	6.0 years
% of drawn debt fixed	80%	52%	80%

Hedging profile



Portfolio

MARKYI CENTRE

health^e.care

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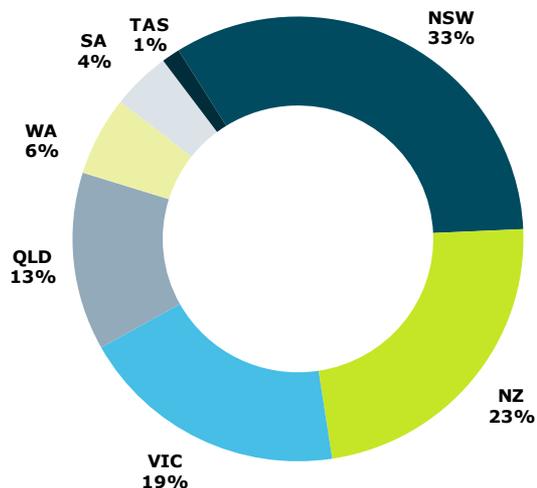


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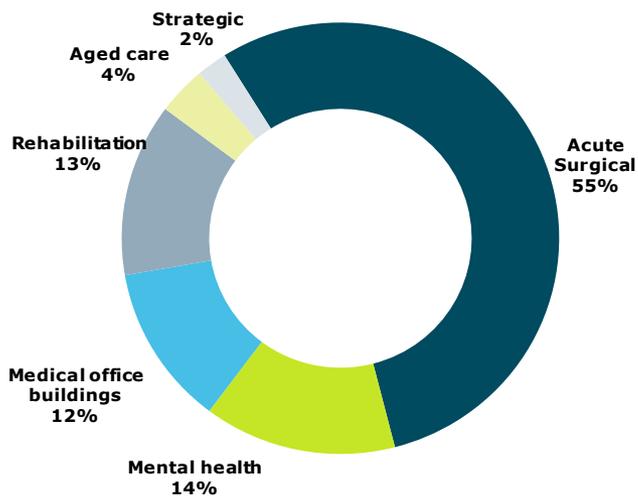
Portfolio composition

PORTFOLIO DIVERSIFIED ACROSS GEOGRAPHY AND HEALTH CARE SUB-SECTORS

Geographic Diversification



Sector Diversification



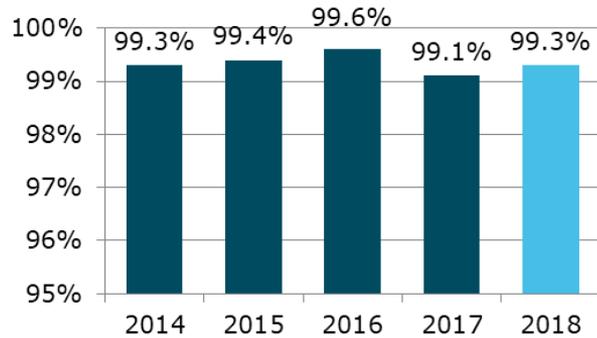
Top Ten Tenants

	Tenant	% of revenue	Locations
1	Healthe Care	49%	18
2	Epworth Foundation	10%	3
3	Acurity Group	7%	3
4	Hall & Prior	5%	5
5	Sportsmed	4%	3
6	Mercy Ascot	4%	2
7	Ramsay Health Care	2%	1
8	Ormiston Surgical	2%	1
9	Castlereagh Imaging	1%	1
10	Kensington Hospital	1%	1
Total		85%	38

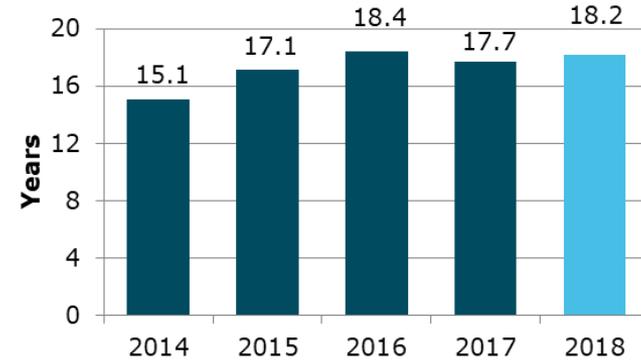
Core portfolio metrics

5 YEAR TRENDS SHOW PORTFOLIO IN GREAT SHAPE - UNDERPINS LONG-TERM PERFORMANCE

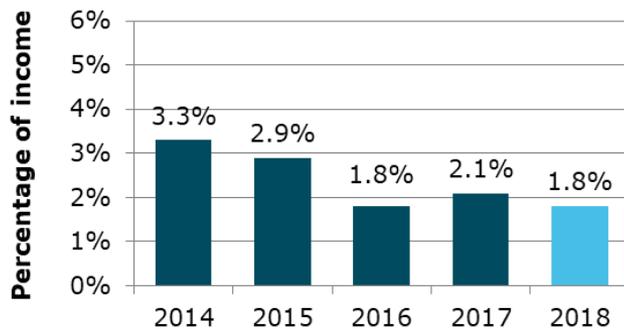
Occupancy



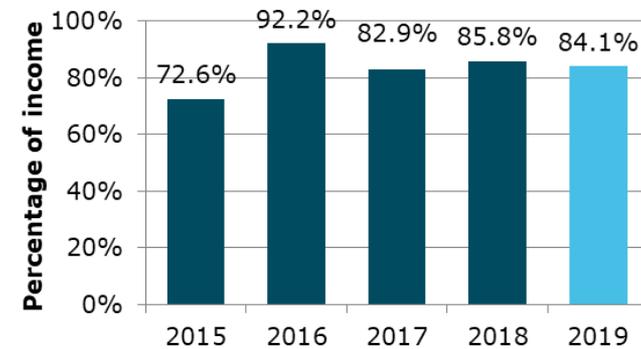
WALE



Average 10yr lease expiry



Total income subject to structured rent reviews

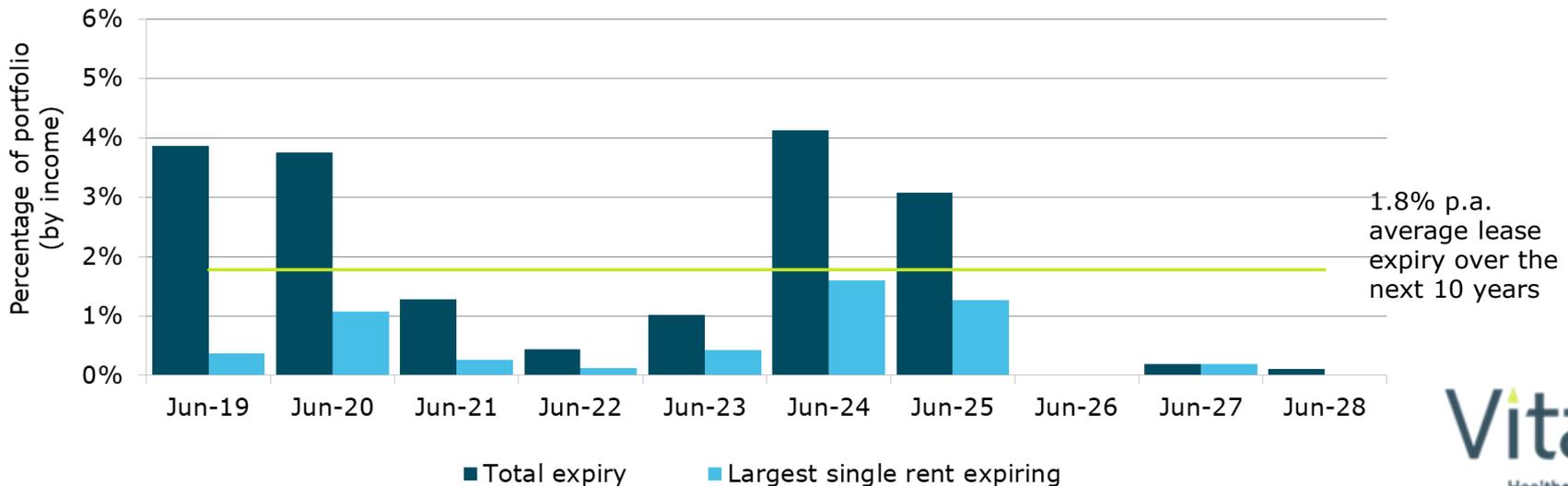


Lease expiry

LOW RISK EXPIRY PROFILE SUPPORTS SUSTAINABLE, PREDICTABLE AND DEFENSIVE CASH FLOWS

- ▶ Lease expiries in FY2019 and FY2020 primarily reflect smaller tenancies at multi-tenant properties, with a high expectation of renewal, including:
 - ▶ Ascot Hospital, Ascot Central, Ormiston Hospital, Epworth Eastern Medical Centre, Gold Coast Surgery, and Ekeru Medical Centre.
- ▶ In terms of the largest single lease expiries over the next 5 years, the current estimated probability of renewal is over 75%.

Lease expiry profile



Rent Reviews

HIGH PERCENTAGE OF TOTAL RENT IS REVIEWED ANNUALLY WITH CPI OR STRUCTURED REVIEW MECHANISMS

Reviews by Geography

(\$000s)	#	Previous Rent (NZD)	New Rent (NZD)	Annualised Increase (NZD)	Annualised Growth (local F/X)	FY2018 Growth (local F/X)
Australia	64	55,338	59,086	3,748	2.3%	0.7%
New Zealand	43	10,579	10,814	235	2.2%	1.6%
Pending	13	4,621	TBD	TBD	TBD	TBD
Total	120	70,538	69,899	3,983	2.3%	0.8%

Reviews by Type

(\$000s)	#	Previous Rent (NZD)	New Rent (NZD)	Annualised Increase (NZD)	Annualised Growth (local F/X)	FY2018 Growth (local F/X)
CPI	84	60,935	64,539	3,604	2.1%	0.8%
Fixed	15	4,314	4,634	320	3.0%	1.4%
Market	8	668	726	58	8.7%	3.5%
Pending	13	4,621	TBD	TBD	TBD	TBD
Total	120	70,538	69,899	3,983	2.3%	0.8%

- ▶ Rent reviews were completed on 81% of leases in the portfolio as at 1st July 2017.
- ▶ Based on independent year-end valuations, the portfolio is approximately 1% under-rented.



Property revaluations

Annual revaluation summary

VITAL HAS MARKET LEADING PORTFOLIO CHARACTERISTICS WITH EMBEDDED VALUE-ADD POTENTIAL

Revaluation summary

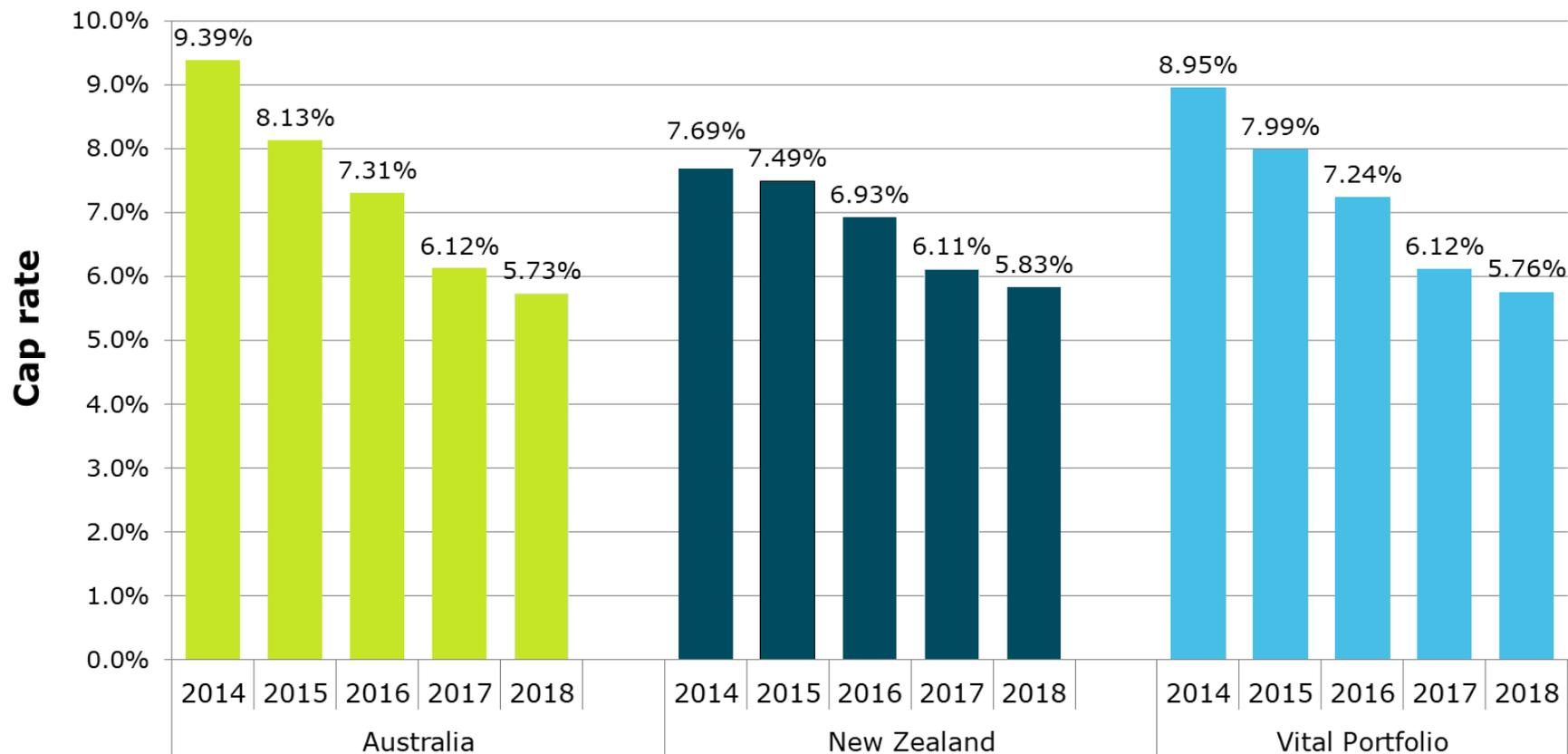
- ▶ Independent valuations undertaken by 6 firms, no property valued twice consecutively in two financial years
- ▶ Revaluation gain of \$85.5m or 6.4%
- ▶ 90% of gain from Australian portfolio, 10% from New Zealand
- ▶ Portfolio WACR firmed 36 bps to 5.76% (Australia firmed 39 bps to 5.73%, New Zealand firmed 29 bps to 5.83%)
- ▶ Metropolitan assets WACR 5.57%, regional assets WACR 5.80%

Drivers

- ▶ Speed of cap rate firming across the market, appears to be moderating
- ▶ Continued demand for healthcare real estate, new entrants, growing competition & capital allocation to the sector
- ▶ 88% of valuation growth driven by cap rate compression, 9% market rent growth, and 3% development margin
- ▶ Increased transactional activity providing market evidence of ongoing sector maturity
- ▶ Relatively low interest rate environment
- ▶ Consistent rent growth and ongoing rental affordability a supporting factor
- ▶ Unique and attractive lease terms

Independent Portfolio Revaluations

STRONG DEMAND FOR HEALTHCARE INFRASTRUCTURE A CORE DRIVER OF CAP RATE COMPRESSION



All data as at 30 June.

Capitalisation rates are reflective of the income producing portfolio and exclude properties held for development

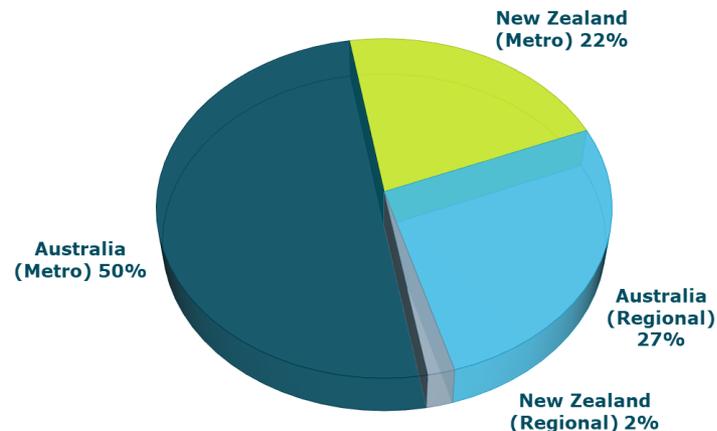
Analysis of cap rate movement

LACK OF MATERIAL DIFFERENTIATION IN CAP RATE MOVEMENTS REFLECTS SECTOR SUPPLY / DEMAND IMBALANCE

Cap rate movement by metro / regional location

	Cap rate 30-Jun-18	Cap rate 30-Jun-17	Variance (bps)
Metro			
Australia	5.52%	5.91%	-39
New Zealand	5.68%	6.00%	-32
Average Metro	5.57%	5.93%	-36
Regional			
Australia	5.71%	6.22%	-51
New Zealand	7.06%	6.71%	36
Average Regional	5.80%	6.26%	-46
Average Portfolio	5.76%	6.12%	-36

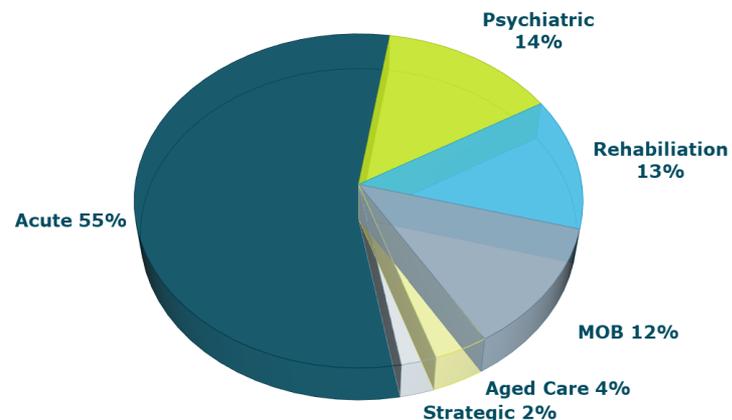
Portfolio geographic diversification by value



Cap rate movement by asset type

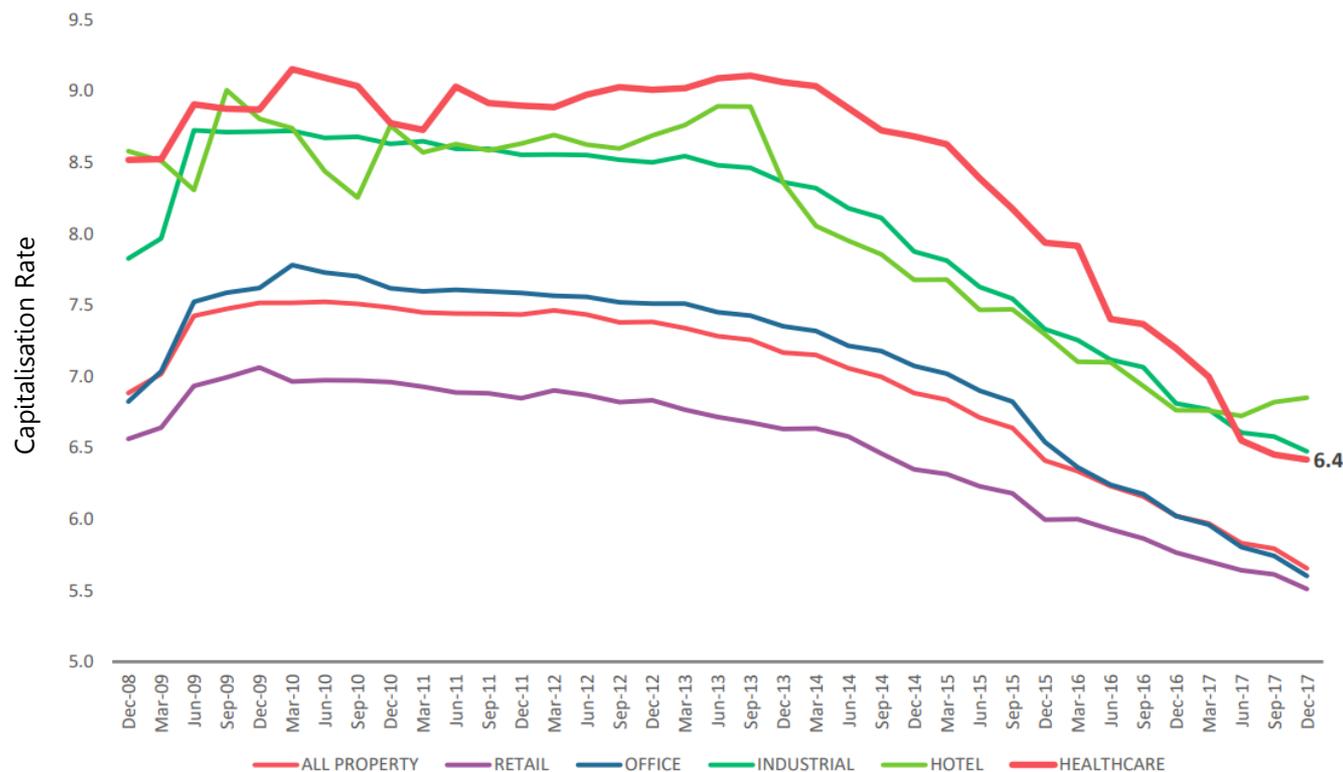
	Actual 30-Jun-18	Actual 30-Jun-17	Variance (bps)
Acute	5.69%	5.97%	-29
Aged Care	7.19%	7.61%	-42
MOB	6.17%	6.46%	-30
Psychiatric	5.42%	6.00%	-58
Rehabilitation	5.64%	6.02%	-37
Average Portfolio	5.76%	6.12%	-36

Portfolio asset type by value



Australian real estate sector cap rates

SUSTAINABLE, PREDICTABLE AND DEFENSIVE CASH FLOWS ARE UNIQUE INVESTMENT QUALITIES DRIVING DEMAND.



- ▶ Structural cap rate shift over previous 24 months highlighted by ~150 bps firming in Healthcare capitalisation rates vs ~80 bps for All Property;
- ▶ 31 December 2017 ~80 bps spread between Healthcare and All Property capitalisation rates

2019 Focus

*South Eastern
Private Hospital*

Gate 2

Clinic Reception
- Olinda Ward
- Emerald Ward
*- Clinic Consulting
Rooms*



Vital
Healthcare
Property Trust

2019 Focus

Continued proactive asset management to support operating and financial results

Execute brownfield pipeline, assess and generate additional value-add opportunities

Prudent capital management, assess and utilise all the 'tools in the toolkit' as required

Leverage track record of delivery, performance and global expertise

Enhance existing relationships, foster and expand on new strategic partnerships

Strategic approach to opportunities, including Healthscope

Continue to position Vital to execute on long-term unitholder value creation

Deliver and maintain sustainable distribution of 8.75 cpu

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.

9TH August 2018

Glossary

AFFO	Adjusted Funds From Operations is an alternate measure used for assessing distributable income. Essentially adjusts NPAT for all non-cash items (i.e. NDI) then makes adjustments for items such as maintenance capex and lease incentives paid
Cap rate	Capitalisation rate. Generally calculated as net operating income / current market value of investment property
CPI	Consumer Price Index. An index that measures the change in the cost of a 'basket' of basic goods and services, showing how the cost of living changes over time. The most widely accepted indicator of inflation
FX	An abbreviation for 'foreign exchange' used where there is a transaction in a currency other than the local currency
LVR	Loan to Value Ratio. Is the ratio of a loan to the value of an asset purchased or total assets. The term is commonly applied by looking at the level of Borrowings (or debt) versus the Total Assets, or Borrowings versus the Investment Properties
NDI	Net Distributable Income. Calculated as Gross Distributable Income less Current tax charges
NTA	Net Tangible Assets. The total assets of the Trust less total liabilities. NTA is normally divided by the number of units on issue and expressed as an amount per unit
WACR	Weighted Average market Capitalisation Rate. The market cap rate for each property weighted by property value
WALE	Weighted Average Lease term to Expiry. The weighted average lease term remaining to expire across a portfolio, sometimes also referred to as WALT