

VITAL HEALTHCARE PROPERTY TRUST DISTRIBUTION REINVESTMENT PLAN

This document is dated 10 November 2015 and sets out the terms and conditions of the Vital Healthcare Property Trust Distribution Reinvestment Plan ("**DRP**") established by Vital Healthcare Property Trust ("**Trust**") as a means by which unitholders in the Trust may elect to have fully paid units issued to them in lieu of all or a specified part of any dividend distributions otherwise payable to them.

TERMS AND CONDITIONS

PRELIMINARY

1. These terms and conditions ("**Terms**") constitute the terms and conditions of the DRP established by the Manager under the Trust Deed.
2. The DRP will continue in operation until suspended or terminated by the Manager pursuant to clause 32.

OPERATION OF THE DRP

3. By electing to participate in the DRP, a Participant elects to forgo cash distributions on units participating in the DRP and instead receive fully paid units in the Trust, to the extent of their participation in the DRP. The Manager will, on the day that a Participant would have otherwise been paid a cash distribution on units participating in the DRP, issue the number of new fully paid units to which the Participant is entitled under the DRP. Units issued under the DRP will be issued on these Terms, will all be subject to the same rights as each other and will rank equally in all respects with all other fully paid units in the Trust as at the date of issue.

PARTICIPATION

4. Participation in the DRP is optional and is open to all unitholders except to the extent that the Manager excludes unitholders in jurisdictions outside New Zealand where to extend the DRP to that jurisdiction would risk breaching the laws of that jurisdiction or where it would be unduly onerous for the Manager to extend the DRP to that jurisdiction. For further details please see clauses 26 and 27.
5. Units which do not qualify for a distribution under their terms of issue, or by virtue of any of the terms of the Trust Deed, cannot participate in the DRP.
6. Any units over which the Trustee has a lien or charge in accordance with the Trust Deed or otherwise, for a sum that is presently payable, cannot participate in the DRP while the sum remains unpaid.
7. Normal cash distribution payments will be made in respect of units not participating in the DRP.

ELECTION TO PARTICIPATE

8. Election to participate in the DRP may be made by a unitholder at any time by completing and sending to the Registrar an Election Notice in the form accompanying these Terms (provided that Election Notices received while the unit register is closed will not take effect until the day upon which the unit register is re-opened). Following receipt by the Registrar of a correctly completed Election Notice, participation in the DRP will commence from the next Record Date (the date for determining unitholder entitlement to a distribution), subject to these Terms.
9. An Election Notice will not attach to the units in respect of which it has been given but will be personal to the unitholder giving it. This means that participating units will cease to participate upon transfer, and the transferee will not be eligible to participate in the DRP in relation to those units, unless the transferee has submitted a valid Election Notice or unless the transferee is an existing unitholder who has elected full participation or partial participation on a proportional basis under clause 11.
10. The Manager will give unitholders a reasonable opportunity to elect to participate in the DRP.

DEGREE OF PARTICIPATION

11. Participation in the DRP may be either full or partial.

Full participation

In choosing full participation, the Participant elects to include in the DRP all units held now or in the future.

Partial participation

In choosing partial participation, the Participant elects to include in the DRP **EITHER**:

- (a) the number of the Participant's units nominated in the Election Notice; **OR**
 - (b) the proportion of the Participant's units from time to time (including any units subsequently acquired (less units sold from time to time)) nominated in the Election Notice.
12. If a Participant who has elected partial participation in respect of a nominated number of units (rather than a nominated proportion of units):

- (a) ceases to hold that nominated number of units, the Participant will be deemed to have elected full participation while that Participant holds less than the specified number of units; or
 - (b) subsequently acquires units, those units will not participate in the DRP unless the Participant sends to the Registrar an appropriate Election Notice.
13. If an Election Notice does not indicate the degree of participation, or if it purports to elect both full participation and partial participation at the same time, it will be deemed to be an application for full participation provided it is otherwise correctly completed.

VARIATION AND TERMINATION OF PARTICIPATION

14. A Participant may at any time, by completing and sending to the Registrar an Election Notice in the form accompanying these Terms:
- (a) change the Participant's degree of participation in the DRP (subject to the requirements of the DRP); or
 - (b) terminate participation in the DRP.
15. Any such variation or termination takes effect from the first Record Date after the Election Notice is received by the Registrar correctly completed.
16. If a Participant who is an individual dies, his or her participation will be terminated upon receipt by the Registrar of notice in a form acceptable to the Manager of that Participant's death. Receipt by the Registrar of notice of the death of one of two or more joint unitholders will not terminate participation in the DRP by the surviving unitholder(s).

EFFECT OF TRANSFER OF UNITS

17. A Participant who transfers all of their units will be deemed to have terminated their participation in the DRP on the date the transfer of their unit holding is registered. The Manager will, upon registration of the transfer of any units or the allotment of new units to a new unitholder, provide the new unitholder with a copy of these Terms.
18. Where a Participant who has elected full participation disposes of part of their unit holding without giving the Registrar notice of termination of participation, the Participant will be deemed to have terminated their participation in the DRP in respect of those units disposed of, on the date the relevant transfer is registered.

19. Where a Participant who has elected partial participation (in respect of a nominated **number** of units) transfers part of their unit holding without giving the Registrar notice of intention to vary or terminate their partial participation in the DRP, the units transferred will be deemed to be units which are not participating in the DRP. If the number of units transferred is more than the number of non-participating units held by the Participant, the transfer will be deemed to include all such non-participating units and the balance will be attributed to participating units.
20. Where a Participant who has elected partial participation (in respect of a nominated **proportion** of units) transfers part of their unit holding without giving the Registrar notice of intention to vary or terminate their partial participation in the DRP, the number of participating units held by that Participant will be reduced proportionately.

CALCULATION OF ENTITLEMENTS

21. The number of new fully paid units to be issued to a Participant in respect of a distribution will be calculated in accordance with the following formula:

$$\frac{U \times D}{P}$$

where:

U = the number of units held by the Participant as at the Record Date for the relevant distribution which are participating in the DRP.

D = the net amount of the distribution (expressed in cents and fractions of a cent after deduction of any New Zealand withholding tax or other taxes and excluding the amount of any imputation credits attached to that distribution) to which the Participant is entitled in respect of each participating unit.

P = the price equal to the weighted average of the prices at which units in the Trust are sold through NZX during the period of seven calendar days commencing on the ex date (being the date that is two business days before the Record Date for the relevant distribution), or if no sale occurs during that period, the Net Asset Value per unit on the day immediately following the Record Date for the relevant distribution, and in each case less such discount (if any) of up to 5% of the weighted average price or Net Asset Value per unit (as the case may be), as the Manager may determine from time to time.

22. Where the number of new units calculated in accordance with the preceding formula includes a fraction which is exactly one half or greater, the number will be rounded up to the nearest whole number. Otherwise the number will be rounded down to the nearest whole number and any residual balance of distribution entitlement arising from such rounding will be forgone by the Participant and will become an asset of the Trust.

STATEMENTS TO PARTICIPANTS

23. The Registrar will send to each Participant, as soon as practicable after each distribution payment date, a statement detailing in respect of that Participant:
- the number of participating units held as at the Record Date for the relevant distribution;
 - the amount of the cash distribution in respect of those participating units which has been applied towards subscribing for new fully paid units;
 - the number and issue price of new units allotted to the Participant in respect of the relevant distribution;
 - the amount of cash distribution paid in respect of non-participating units (if applicable);
 - the amount of any taxation deductions;
 - the amount of any imputation credits; and
 - such other information (if any) as the Manager considers necessary.

INFORMATION NOT PUBLICLY AVAILABLE

24. At the time the price of the new units is set in accordance with clause 21, the Manager must not have any information that is not publicly available and that would, or would be likely to, have a material adverse effect on the realisable price of the units if the information was publicly available.

COSTS TO PARTICIPANTS

25. No brokerage, commissions or other transaction costs will be payable by Participants in respect of a distribution of units to them under the DRP.

OVERSEAS UNITHOLDERS

26. The Manager is entitled to decline to accept, or to disregard, any Election Notice lodged by any unitholder resident or otherwise subject to the laws of a jurisdiction outside New Zealand if by extending the DRP to that jurisdiction, the Manager would risk breaching the laws of that jurisdiction or if it would be unduly onerous for the Manager to extend the DRP to that jurisdiction.
27. The Manager is entitled to suspend or terminate the participation of any Participant who ceases to be a resident of New Zealand until such time as the Manager can assess the legal requirements of the jurisdiction to which the Participant has moved to determine whether by extending the DRP to that jurisdiction, the Manager would risk breaching the laws of that jurisdiction or whether it would be unduly onerous for the Manager to extend the DRP to that jurisdiction.

MANAGER'S DISCRETION

28. The Manager may at any time in its sole discretion determine that:
- participation in the DRP will not apply to the whole or a part of any distribution, in which event Participants may not apply any distribution or the balance of any distribution (as the case may be) towards subscribing for units under the DRP;
 - an Election Notice shall cease to be of any effect; and/or
 - in the event of any subdivision, consolidation, or other rearrangement or reconstruction of units, an Election Notice will be deemed to be an Election Notice in respect of the units as subdivided, consolidated or otherwise rearranged or reconstructed unless the Election Notice is subsequently changed or withdrawn by the Participant.

VARIATION OF THE DRP

29. The Manager may at any time vary the terms of the DRP as it thinks fit, provided that the variation:
- (a) is not made during the period commencing on the date seven days before a Record Date of a cash distribution and ending on the date of payment of that distribution;
 - (b) does not remove or vary a right to receive units under the DRP that has already accrued by reason of the payment of the relevant distribution; or
 - (c) does not impose on a Participant any obligation to pay money.

The Manager will describe any variation in an announcement to NZX and will give notice of the variation to unitholders.

30. Neither a determination by the Manager of a rate of discount for the purposes of clause 21, nor a suspension or termination (in whole or in part) of the DRP pursuant to clause 32, amounts to a variation of the DRP.
31. If the DRP is varied, then an Election Notice will be deemed to be an Election Notice under the DRP as varied unless such Election Notice is subsequently changed or withdrawn by the Participant.

SUSPENSION AND TERMINATION OF THE DRP

32. The Manager may at any time suspend the operation of the DRP, either for a fixed period or until further notice. The Manager will announce any suspension or subsequent reinstatement to NZX. The Manager may at any time terminate the DRP by announcement to NZX. The Manager is not required to provide notice to any unitholder of any suspension, reinstatement or termination of the DRP (other than the notice to NZX).
33. If the DRP is suspended or terminated then elections made under the DRP will cease to have effect and the units will revert to their previous character in relation to distributions (in the case of a suspension, until the Manager lifts the suspension or the Participant withdraws from the DRP, whichever first occurs).

TAXATION

34. None of the Trustee, the Manager nor any of their respective officers, employees or advisers:
- (a) takes responsibility for the taxation liability of Participants or the tax consequences of any election made by any unitholder; or
 - (b) accepts responsibility for the accuracy or correctness of any information as to tax liability.
35. Specific taxation advice should be sought by unitholders.

NZX QUOTATION

36. The units to be issued under the DRP have been accepted for listing by the NZX and will be quoted upon completion of allotment procedures. However, NZX accepts no responsibility for any statement in this booklet.

ANNUAL REPORT AND FINANCIAL STATEMENTS

37. Copies of the Trust's most recent annual report and most recent financial statements complying with the Financial Reporting Act 2013 (and any auditor's report on those financial statements) are available to unitholders free of charge upon request from:

Vital Healthcare Management Limited
Level 16, AIG Building
41 Shortland Street
Auckland 1010

PO Box 6945
Wellesley Street
Auckland 1141

Telephone: (09) 973 7300
Toll Free: 0800 225 264
Facsimile: (09) 377 2776
Email: enquiry@vhpt.co.nz

Alternatively, an electronic copy of these documents can be downloaded from the Trust's website, www.vitalhealthcareproperty.co.nz.

NOTICES

38. Unless the DRP otherwise requires, a notice or other communication to be given to the Manager under or for the purposes of the DRP shall be in writing and shall be given by sending or delivering it to the Registrar at the following address:

Computershare Investor Services Limited
Level 2, 159 Hurstmere Road
Takapuna
Auckland

Private Bag 92119
Victoria Street West
Auckland 1142

Telephone: (09) 488 8777

Facsimile: (09) 488 8787

Email: enquiry@computershare.co.nz

39. Unless the DRP otherwise requires, a notice or other communication to be given by the Manager under or for the purposes of the DRP shall be in writing and shall be given in any manner provided in the Trust Deed for the giving of notices to unitholders.

GOVERNING LAW

40. The DRP shall be governed by and construed in accordance with the laws of New Zealand.

DEFINITIONS

41. In these Terms, unless the context otherwise requires, the following terms have the following meanings:

distribution means a dividend distribution.

DRP means the Vital Healthcare Property Trust Distribution Reinvestment Plan established by the Manager under the Trust Deed and on these Terms, as amended from time to time.

Election Notice means the Election Notice accompanying these Terms.

Manager means the manager of the Trust, Vital Healthcare Management Limited.

Net Asset Value has the meaning given to that term in the Trust Deed and will be calculated in the manner provided in the Trust Deed and the "Net Asset Value per unit" shall be calculated by dividing the Net Asset Value on the relevant date by the number of units then on issue.

NZX means NZX Limited.

Participant means an eligible unitholder who has correctly completed (and has not withdrawn) an Election Notice and delivered the Election Notice to the Registrar.

Record Date means 5pm on the date fixed by the Manager to determine unitholder entitlements to a distribution.

Registrar means Computershare Investor Services Limited.

Terms mean the terms and conditions of the DRP contained in this document, as amended from time to time.

Trust means Vital Healthcare Property Trust.

Trust Deed means the trust deed dated 1 September 1999 as amended by deeds dated, 10 November 2003, 12 November 2007, 12 December 2007, 5 August 2008, 27 September 2010 and 1 November 2012 and as it may be further amended from time to time.

Trustee means the trustee of the Trust, Trustees Executors Limited.

unit means a unit in the Trust.

unitholder means a person registered as the holder of a unit on the Trust's register of unitholders.

