

Market Release

23 June 2017

Vital announces preliminary \$165.4m revaluation increase

Vital Healthcare Property Trust (Vital) today announced a preliminary unaudited portfolio revaluation increase of \$165.4m¹ for the 12 months ending 30 June 2017.

Chief Executive of the Manager, David Carr said “Vital is now realising the benefits of the strong execution of our scale and diversification strategy for many years. Over the last 24 months we have observed healthcare real estate capitalisation rates firm faster than the wider market. We consider this firming a mainly structural shift as the market's appreciation of the unique characteristics and underlying drivers of healthcare real estate is now evident. These attractive market characteristics are amplified by Vital's leading portfolio metrics, including a WALE of approximately 17.5 years and occupancy levels sustained at over 99% for eight years.

This structural shift has been underpinned by multiple new entrants looking to secure opportunities in the sector. Whilst they have been successful at the fringes, we continue to prudently execute on a number of recent off-market acquisitions, reflecting the strength of relationships Vital has with both existing and new partners. We expect to participate in further market consolidation over time, which will continue to drive our strategy forward” said Mr Carr.

Revaluation highlights for the 12 months to 30 June 2017

- ▶ Like for like (excluding acquisitions) portfolio revaluation increase of 17.0%
- ▶ Australian portfolio revaluation gain of \$144.4m
- ▶ New Zealand portfolio revaluation gain of \$21.0m
- ▶ Australian WACR² firmed 120 basis points (bps) to 6.03%
- ▶ New Zealand's WACR firmed 84 bps to 6.09%
- ▶ Vital's portfolio WACR firmed 113 bps to 6.04%
- ▶ The major driver of the overall portfolio revaluation increase has been cap rate firming (~90%), with rental growth the other key contributing factor (~10%)
- ▶ Overall, Vital's investment portfolio value at 30 June 2017 is forecast to be approximately \$1.37bn
- ▶ By itself, the revaluation gain is expected to add around 28 cents per unit to Vital's NTA³ at 30 June 2017 (Note: 31 March NTA was \$1.79)

The valuations were undertaken by six independent valuers and are preliminary at this stage

The valuations remain subject to Vital's 30 June 2017 year-end audit and exchange rate. These will be confirmed in the financial results, to be announced in August.

- ENDS -

ENQUIRIES

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¹ A\$ translated at a FX spot rate of 0.956 as at 12 June 2017.

² Weighted Average Market Capitalisation rate

³ Net Tangible Assets

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.