

Market Release

10 November 2016

Vital first quarter update

Vital unitholders will receive a first quarter distribution of 2.125 cents per unit (cpu) with 0.1320 cpu of imputation credits. The record date is 5 December 2016 and payment will be made on 19 December 2016. Vital's Distribution Reinvestment Plan (DRP) will remain available to investors for this distribution, with a 1% discount being applied when determining the strike price. An appendix 7 notification for the distribution is attached to this release.

Distribution

Payment date	19 December 2016
Excluded distribution per unit	1.7856 cpu
Fully imputed distribution per unit	0.3394 cpu
Imputation credits	0.1320 cpu
Cash distribution per unit	2.125 cpu
DRP available	Yes
DRP discount	1%

Proposed distribution payment dates

2nd quarter 2017 financial year	March 2017
3rd quarter 2017 financial year	June 2017

These dates represent the current expectation of Vital (VHP) as at the date of publication, are subject to VHP approval, may change without notice and are not a guarantee or warranty as to the payment of a distribution or the actual payment dates.

Key portfolio metrics

As at 30 September 2016



Consolidated Statement of Comprehensive Income

For the period ended 30 September 2016

	Unaudited 3 months Sep-16 \$000s	Unaudited 3 months Sep-15 \$000s
Gross property income from rentals	18,854	16,510
Gross property income from expense recoveries	1,770	1,822
Property expenses	(2,200)	(2,200)
Net property income	18,424	16,132
Other expenses	4,034	2,067
Profit before finance income/(expense) and other gains/(losses)	14,390	14,065
Finance income/(expense)		
Finance income	58	18
Finance expense	(3,300)	(3,538)
Fair value gain/(loss) on interest rate derivatives	(676)	(2,671)
	(3,918)	(6,192)
Other gains/(losses)		
Revaluation gain/(loss) on investment property	5,551	-
Receipts/(payments) under transaction hedging foreign exchange derivatives	379	-
Fair value gain/(loss) on foreign exchange derivatives	(715)	1,320
Unrealised gain/(loss) on foreign exchange	(546)	707
	4,669	2,026
Profit/(Loss) before income tax	15,141	9,899
Taxation expense	(2,493)	(1,666)
Profit/(Loss) for the year attributable to unitholders of the Trust	12,648	8,233
Other comprehensive income		
Items that may be reclassified subsequently to profit and loss:		
Movement in foreign currency translation reserve	1,992	(12,131)
Realised foreign exchange gains/(losses) on hedges	10,129	(2,150)
– Current taxation (expense)/credit	(2,836)	602
Unrealised foreign exchange gains/(losses) on hedges	(9,032)	7,405
– Deferred taxation (expense)/credit	2,529	(2,073)
Fair value gain on net investment hedges	(356)	2,798
– Deferred taxation (expense)/credit	100	(783)
Total other comprehensive income/(loss) after tax	2,526	(6,332)
Total comprehensive income after tax	15,174	1,901
All amounts are from continuing operations		
Earnings per unit		
Basic and diluted earnings per unit (cents)	3.14	2.40

Consolidated Statement of Financial Position

For the period ended 30 September 2016

	Unaudited Sep-16 \$000s	Audited Jun-16 \$000s
Non-current assets		
Investment properties	1,039,928	951,879
Other non-current assets	353	358
Total non-current assets	1,040,281	952,237
Current assets		
Cash and cash equivalents	3,274	12,980
Trade and other receivables	460	358
Other current assets	2,421	3,113
Derivative financial instruments	633	9,186
Total current assets	6,788	25,937
Total assets	1,047,068	978,174
Unitholders' funds		
Units on issue	533,905	369,220
Reserves	(19,299)	(17,118)
Retained earnings	175,045	171,617
Total unitholders' funds	689,650	523,719
Non-current liabilities		
Borrowings	246,485	344,159
Income in advance	3,123	3,656
Derivative financial instruments	20,440	19,764
Deferred tax	62,079	63,669
Total non-current liabilities	332,127	431,248
Current liabilities		
Trade and other payables	7,965	9,629
Income in advance	3,890	3,569
Derivative financial instruments	935	41
Taxation payable	12,502	9,968
Total current liabilities	25,292	23,207
Total liabilities	357,418	454,455
Total unitholders' funds and liabilities	1,047,068	978,174

Same property net operating income

For the three months ended 30 September 2016

	Unaudited Sep-16 \$000s	Unaudited Sep-15 \$000s	Variance \$000s
Same property revenue from investment properties	18,925	17,997	929
Same property operating costs	(2,035)	(2,200)	165
	16,890	15,796	758
Acquisitions	1,534	335	1,198
Net operating income	18,424	16,132	2,291

Investment properties

	\$000s
Balance - 30 June 2016	\$951,879
Acquisition	72,437
Development spend	7,155
Fair value adjustment	5,549
Foreign exchange translation difference	2,908
Balance - 30 September 2016	\$1,039,928

Development progress

Development	Development work being undertaken	Development cost (A\$m)	Q1 spend (A\$m)	Spend to date (A\$m)	Forecast completion date
South Eastern (VIC)	30 rehabilitation beds, 30 mental health beds and 79 carparks.	14.5	2.9	14.5	Completed
Dubbo (NSW)	A combination of capacity expansion to core services & modernisation.	3.7	1.7	3.3	Oct-16
Sportsmed Consulting (SA)	Stand-alone medical consulting building adjacent to the main hospital.	9.5	0.5	0.5	Oct-17
Maitland (NSW)	2 operating theatres, 28 bed medical ward, 9 bed intensive care unit, 7 chair day chemotherapy unit & an additional 50 car parks.	22.4	1.3	1.3	Dec-17
Toronto (NSW)	10 mental health beds, 10 rehabilitation beds, a gym, group therapy rooms & 36 new car parks.	9.4	0.5	0.5	Mar-18
Lingard (NSW)	3 additional operating theatres, 26 surgical beds, 22 rehabilitation beds & a hydrotherapy pool. 57 car parks will be developed on an adjacent site.	23.6	-	-	Dec-17
Mayo (NSW)	Expand rehabilitation and mental health facilities with a new consulting building, expansion of wards and additional parking.	9.3	-	-	Dec-17
Total		92.4	6.9	20.1	

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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