

VITAL FIRST QUARTER UPDATE

09 NOVEMBER 2018

Vital unitholders will receive a first quarter distribution of 2.1875 cpu (cents per unit) with 0.0335 cpu of imputation credits. The record date is 29 November 2018 and payment will be made on 13 December 2018. 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.

Distribution

Payment date	13 December 2018
Cash distribution per unit	2.1875 cpu
Excluded distribution per unit	2.1015 cpu
Fully imputed distribution per unit	0.0860 cpu
Imputation credits	0.0335 cpu
DRP available	Yes
DRP discount	1%



Consolidated Statement of Comprehensive Income

For the period ended 30 September 2018

	Unaudited 3 months Sep-18 \$000s	Unaudited 3 months Sep-17 \$000s
Gross property income from rentals	25,292	22,060
Gross property income from expense recoveries	2,605	2,468
Property expenses	(3,399)	(3,687)
Net property income	24,498	20,841
Other expenses	6,689	6,026
Strategic transaction costs	(961)	-
Profit before finance income/(expense) and other gains/(losses)	18,770	14,815
Finance income/(expense)		
Finance income	464	24
Finance expense	(7,599)	(4,772)
Fair value gain/(loss) on interest rate derivatives	545	1,927
	(6,590)	(2,821)
Other gains/(losses)		
Revaluation gain/(loss) on investment property	3,174	8,739
Fair value gain/(loss) on foreign exchange derivatives	(274)	(2,397)
Fair value gain/(loss) on strategic transactions mark-to-market	(9,187)	-
Unrealised gain/(loss) on foreign exchange	84	(1,373)
	(6,203)	4,969
Profit before income tax	5,977	16,963
Taxation expense	(2,073)	(2,928)
Profit for the year attributable to unitholders of the Trust	3,904	14,035
Other comprehensive income		
Items that may be reclassified subsequently to profit and loss:		
Movement in foreign currency translation reserve	(482)	25,793
Realised foreign exchange gains/(losses) on hedges	19	1,638
Current taxation (expense)/credit	(5)	(459)
Unrealised foreign exchange gains/(losses) on hedges	1,007	(1,866)
Deferred taxation (expense)/credit	(282)	522
Fair value gain/(loss) on net investment hedges	71	(3,306)
Deferred taxation (expense)/credit	(20)	926
Total other comprehensive income/(loss) after tax	308	23,248
Total comprehensive income after tax	4,212	37,283
Earnings per unit		
Basic and diluted earnings per unit (cents)	0.89	3.26

Consolidated Statement of Financial Position

For the period ended 30 September 2018

	Unaudited Sep-18 \$000s	Audited Jun-18 \$000s
Non-current assets		
Investment properties	1,756,478	1,731,247
Derivative financial instruments	825	856
Other non-current assets	43,975	43,984
Total non-current assets	1,801,278	1,776,087
Current assets		
Cash and cash equivalents	5,872	5,388
Trade and other receivables	3,305	1,189
Other current assets	9,645	3,801
Derivative financial instruments	1,926	363
Total current assets	20,748	10,741
Total assets	1,822,026	1,786,828
Unitholders' funds		
Units on issue	571,457	556,878
Reserves	5,323	15,629
Retained earnings	409,679	415,469
Total unitholders' funds	986,459	987,976
Non-current liabilities		
Borrowings	695,929	668,712
Derivative financial instruments	13,064	14,444
Deferred tax	87,223	86,796
Total non-current liabilities	796,216	769,952
Current liabilities		
Trade and other payables	27,502	16,965
Income in advance	2,009	2,281
Derivative financial instruments	2,096	460
Taxation payable	7,744	9,194
Total current liabilities	39,351	28,900
Total liabilities	835,567	798,852
Total unitholders' funds and liabilities	1,822,026	1,786,828

Same property net operating income

For the nine months ended 30 September 2018

	Unaudited Sep-18 \$000s	Unaudited Sep-17 \$000s	Variance \$000s
Same property revenue from investment properties	25,139	24,529	610
Same property operating costs	(3,225)	(3,969)	744
	21,914	20,560	1,354
Acquisitions	2,584	281	2,303
Net operating income	24,498	20,841	3,657

Investment properties

	\$000s
Balance - 30 June 2018	1,731,247
Acquisitions	15,234
Development spend	7,579
Fair value adjustment	3,174
Foreign exchange translation difference	(756)
Balance - 30 September 2018	1,756,478

Development progress

Development	Development work being undertaken	Development cost (A\$m)	Spend to date (A\$m)	Forecast completion date
North West (TAS)	New consulting suites and medical records	1.0	0.4	Q4-18
Total Australian Projects		1.0	0.4	
		(NZ\$m)	(NZ\$m)	
Wakefield (Wgtn)	Staged demolition and redevelopment of entire hospital.	88.0	3.6	Staged 21-22
Royston (HB)	Expansion including two new theatres, recovery and admission areas and consulting space.	13.0	1.2	Mid-20
Bowen (Wgtn)	New build to create radio-therapy suite including two bunkers for linear accelerometers, and associated consulting space.	4.0	0.3	Early-19
Total New Zealand Projects		105.0	5.1	
Total Projects in \$NZD*		106.1	5.5	

* A\$ converted at 30 September 2018 spot rate 0.9164

Strategic Transaction Costs

	Unaudited Sep-18 \$000s
Income received	(3,323)
Expenses (interest and other)	2,362
Strategic transaction costs	(961)
Fair value (gain)/loss on strategic transactions mark-to-market	9,187
Total transaction costs	8,226

PORTFOLIO METRICS

As at 30 September 2018

▶ PORTFOLIO VALUE

\$1.76_{BN}

▶ WALE

18.1_{YEARS}

▶ NUMBER OF PROPERTIES

42

▶ OCCUPANCY

99.3%

▶ FY19 DISTRIBUTION GUIDANCE

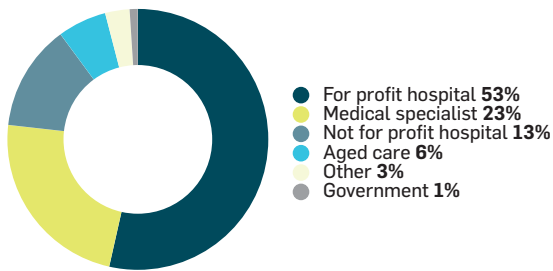
8.75_{CENTS PER UNIT}

▶ NET TANGIBLE ASSETS

\$2.22_{PER UNIT}

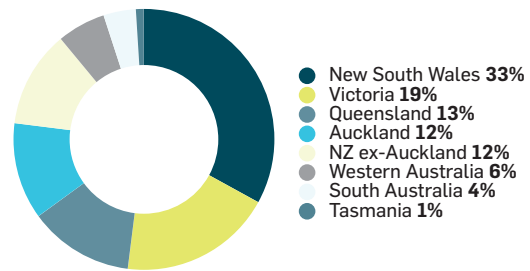
Tenant composition

For profit hospitals anchor the portfolio



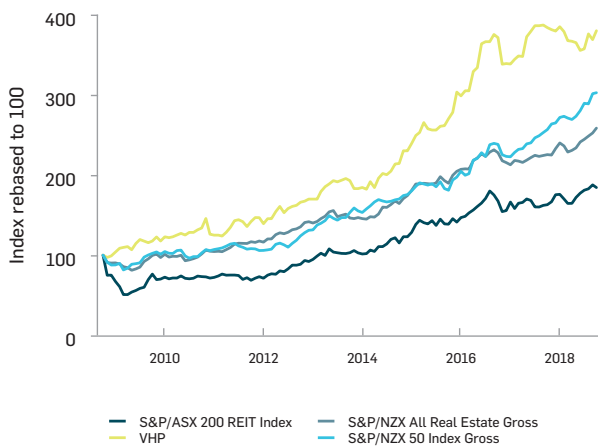
Portfolio geographic composition

Well diversified by geography



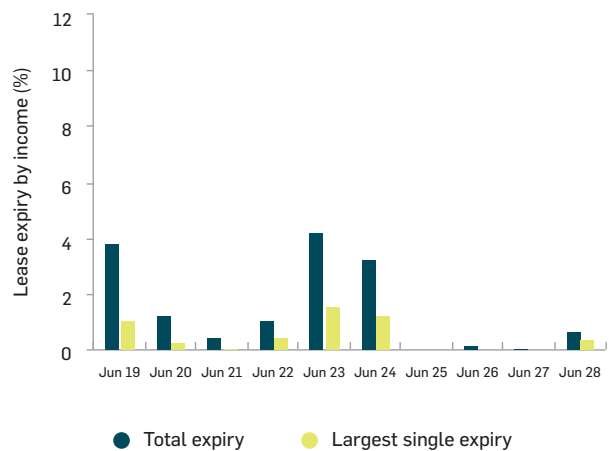
Ten-year total return performance

Well-executed strategy providing long-term value for investors



Ten-year lease expiry profile

Average lease expiry per annum over the next ten years of 1.7%



Source: Craigs Investment Partners as at 30 September 2018