

VITAL FIRST QUARTER UPDATE

09 NOVEMBER 2017

Vital unitholders will receive a first quarter distribution of 2.125 cpu (cents per unit) with 0.1566 cpu of imputation credits. The record date is 4 December 2017 and payment will be made on 18 December 2017. 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	18 December 2017
Cash distribution per unit	2.125 cpu
Excluded distribution per unit	1.7223 cpu
Fully imputed distribution per unit	0.4027 cpu
Imputation credits	0.1566 cpu
DRP available	Yes
DRP discount	1%

> The Hills Clinic, NSW, Australia



Consolidated Statement of Comprehensive Income

For the period ended 30 September 2017

	Unaudited 3 months Sep-17 \$000s	Unaudited 3 months Sep-16 \$000s
Gross property income from rentals	22,060	18,854
Gross property income from expense recoveries	2,468	1,770
Property expenses	(3,687)	(2,200)
Net property income	20,841	18,424
Other expenses	6,026	4,034
Profit before finance income/(expense) and other gains/(losses)	14,815	14,390
Finance income/(expense)		
Finance income	24	58
Finance expense	(4,772)	(3,300)
Fair value gain/(loss) on interest rate derivatives	1,927	(676)
	(2,821)	(3,918)
Other gains/(losses)		
Revaluation gain/(loss) on investment property	8,739	5,551
Receipts under transaction hedging foreign exchange contracts	-	379
Fair value gain/(loss) on foreign exchange derivatives	(2,397)	(715)
Unrealised gain/(loss) on foreign exchange	(1,373)	(546)
	4,969	4,669
Profit before income tax	16,963	15,141
Taxation expense	(2,928)	(2,493)
Profit for the year attributable to unitholders of the Trust	14,035	12,648
Other comprehensive income		
Items that may be reclassified subsequently to profit and loss:		
Movement in foreign currency translation reserve	25,793	1,992
Realised foreign exchange gains/(losses) on hedges	1,638	10,129
Current taxation (expense)/credit	(459)	(2,836)
Unrealised foreign exchange gains/(losses) on hedges	(1,866)	(9,032)
Deferred taxation (expense)/credit	522	2,529
Fair value gain/(loss) on net investment hedges	(3,306)	(356)
Deferred taxation (expense)/credit	926	100
Total other comprehensive income/(loss) after tax	23,248	2,526
Total comprehensive income after tax	37,283	15,174
Earnings per unit		
Basic and diluted earnings per unit (cents)	3.26	3.14

Consolidated Statement of Financial Position

For the period ended 30 September 2017

	Unaudited Sep-17 \$000s	Audited Jun-17 \$000s
Non-current assets		
Investment properties	1,468,645	1,376,243
Derivative financial instruments	2,203	1,499
Other non-current assets	330	327
Total non-current assets	1,471,178	1,378,069
Current assets		
Cash and cash equivalents	4,787	3,352
Trade and other receivables	3,320	367
Other current assets	7,066	7,886
Derivative financial instruments	455	2,554
Total current assets	15,628	14,159
Total assets	1,486,806	1,392,228
Unitholders' funds		
Units on issue	552,368	538,469
Reserves	2,231	(11,295)
Retained earnings	357,428	352,647
Total unitholders' funds	912,027	879,821
Non-current liabilities		
Borrowings	459,506	401,879
Income in advance	1,008	1,541
Derivative financial instruments	10,966	12,142
Deferred tax	73,822	71,719
Total non-current liabilities	545,302	487,281
Current liabilities		
Trade and other payables	10,191	11,537
Income in advance	2,487	2,407
Derivative financial instruments	2,214	97
Taxation payable	14,585	11,085
Total current liabilities	29,477	25,126
Total liabilities	574,779	512,407
Total unitholders' funds and liabilities	1,486,806	1,392,228

Same property net operating income

For the nine months ended 30 September 2017

	Unaudited Sep-17 \$000s	Unaudited Sep-16 \$000s	Variance \$000s
Same property revenue from investment properties	21,284	20,624	660
Same property operating costs	(3,007)	(2,200)	(807)
	18,277	18,424	(147)
Acquisitions	2,564	0	2,564
Net operating income	20,841	18,424	2,417

Investment properties

	\$000s
Balance - 30 June 2017	1,376,243
Acquisitions	37,259
Development spend	6,829
Fair value adjustment	8,739
Foreign exchange translation difference	39,575
Balance - 30 September 2017	1,468,645

Development progress

Development	Development work being undertaken	Development cost (A\$m)	Spend to date (A\$m)	Forecast completion date
Lingard Private (NSW)	Three additional operating theatres, 26 surgical beds and a hydrotherapy pool. 57 car parks will be developed on an adjacent site.	23.8	4.5	Jun-18
Toronto Private (NSW)	Ten new mental health beds, ten new rehabilitation beds, a new gym, group therapy rooms and 36 new car parks.	9.4	6.2	Apr-18
Palm Beach Currumbin (QLD)	Relocation of consulting to new suites above front carpark and conversion of some double rooms to singles.	6.3	5.9	Oct-17
North West (TAS)	New consulting suites and medical records	1.0	0.3	Nov-17
Total		40.5	16.9	

PORTFOLIO METRICS

As at 30 September 2017

▶ PORTFOLIO VALUE

\$1.47 BN

▶ WALE

17.7 YEARS

▶ NUMBER OF PROPERTIES

38

▶ OCCUPANCY

99.3 %

▶ FY18 DISTRIBUTION GUIDANCE

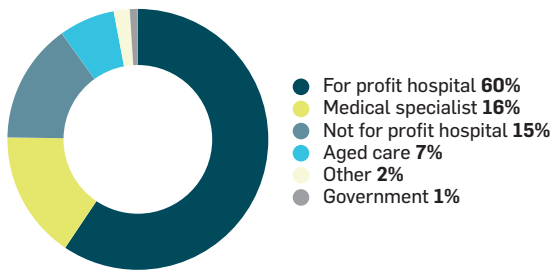
8.5 CENTS PER UNIT

▶ NET TANGIBLE ASSETS

\$2.10 PER UNIT

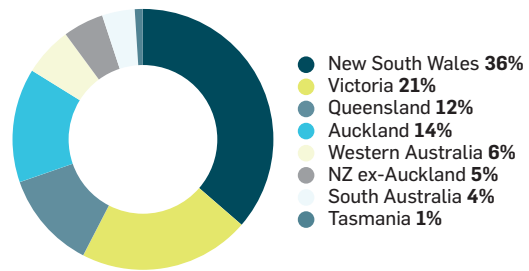
Tenant composition

For profit hospitals anchor the portfolio



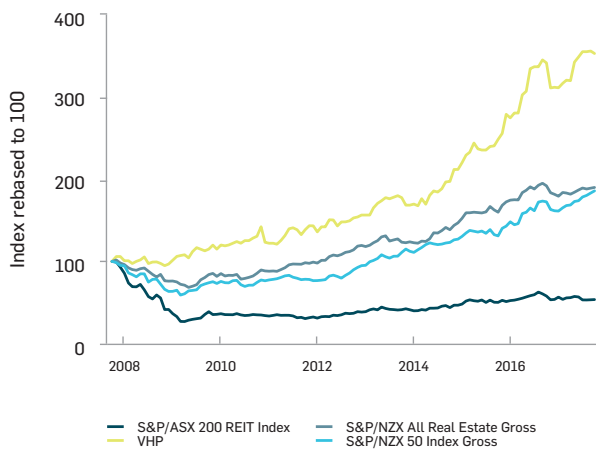
Portfolio geographic composition

Well diversified by geography



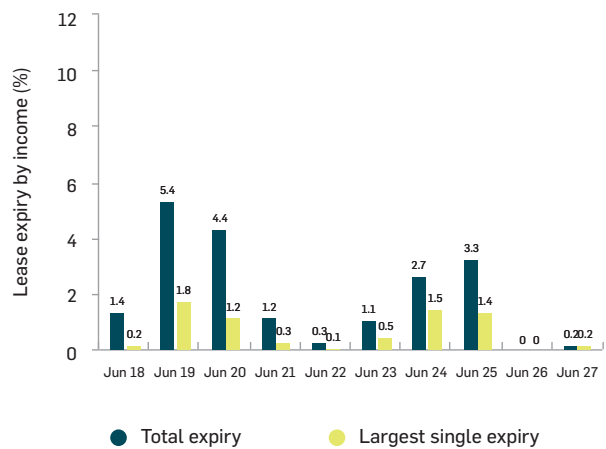
Ten-year total return performance

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 2.0%



Source: Craigs Investment Partners as at 30 September 2017