

VITAL THIRD QUARTER UPDATE

11 May 2018

Vital unitholders will receive a third quarter distribution of 2.125 cpu (cents per unit) with 0.1688 cpu of imputation credits. The record date is 7 June 2018 and payment will be made on 21 June 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 | 21 June 2018 |
| Cash distribution per unit | 2.125 cpu |
| Excluded distribution per unit | 1.6909 cpu |
| Fully imputed distribution per unit | 0.4341 cpu |
| Imputation credits | 0.1688 cpu |
| DRP available | Yes |
| DRP discount | 1% |

> Bowen Hospital, Wellington.



Consolidated Statement of Comprehensive Income

For the period ended 31 March 2018

| | Unaudited 9 months Mar-18 \$000s | Unaudited 9 months Mar-17 \$000s |
|--|---|---|
| Gross property income from rentals | 69,089 | 71,278 |
| Gross property income from expense recoveries | 7,950 | 5,755 |
| Property expenses | (10,190) | (7,230) |
| Net property income | 66,849 | 69,803 |
| Other expenses | 19,015 | 14,351 |
| Profit before finance income/(expense) and other gains/(losses) | 47,834 | 55,452 |
| Finance income/(expense) | | |
| Finance income | 86 | 81 |
| Finance expense | (16,558) | (10,364) |
| Fair value gain/(loss) on interest rate derivatives | (2,007) | 7,218 |
| | (18,479) | (3,065) |
| Other gains/(losses) | | |
| Revaluation gain/(loss) on investment property | 52,952 | 45,392 |
| Receipts/(payments) under transaction hedging foreign exchange contracts | (13) | 978 |
| Fair value gain/(loss) on foreign exchange derivatives | 659 | (2,176) |
| Unrealised gain/(loss) on foreign exchange | 3,715 | 3,691 |
| | 57,313 | 47,885 |
| Profit before income tax | 86,668 | 100,272 |
| Taxation expense | (14,259) | (16,823) |
| Profit for the year attributable to unitholders of the Trust | 72,409 | 83,449 |
| Other comprehensive income | | |
| Items that may be reclassified subsequently to profit and loss: | | |
| Movement in foreign currency translation reserve | 6,072 | 21,720 |
| Realised foreign exchange gains/(losses) on hedges | 1,457 | 9,692 |
| Current taxation (expense)/credit | (251) | (2,714) |
| Unrealised foreign exchange gains/(losses) on hedges | 1,294 | (11,368) |
| Deferred taxation (expense)/credit | (362) | 3,183 |
| Fair value gain/(loss) on net investment hedges | (1,185) | (4,172) |
| Deferred taxation (expense)/credit | 331 | 1,168 |
| Total other comprehensive income/(loss) after tax | 7,356 | 17,509 |
| Total comprehensive income after tax | 79,765 | 100,958 |
| Earnings per unit | | |
| Basic and diluted earnings per unit (cents) | 16.70 | 19.92 |

Consolidated Statement of Financial Position

For the period ended 31 March 2018

| | Unaudited Mar-18 \$000s | Audited Jun-17 \$000s |
|---|-------------------------------|-----------------------------|
| Non-current assets | | |
| Investment properties | 1,655,245 | 1,376,243 |
| Derivative financial instruments | 744 | 1,499 |
| Other non-current assets | 310 | 327 |
| Total non-current assets | 1,656,299 | 1,378,069 |
| Current assets | | |
| Cash and cash equivalents | 6,622 | 3,352 |
| Trade and other receivables | 1,673 | 367 |
| Other current assets | 2,254 | 7,886 |
| Derivative financial instruments | 4,944 | 2,554 |
| Total current assets | 15,493 | 14,159 |
| Total assets | 1,671,792 | 1,392,228 |
| Unitholders' funds | | |
| Units on issue | 555,349 | 538,469 |
| Reserves | (7,730) | (11,295) |
| Retained earnings | 397,108 | 352,647 |
| Total unitholders' funds | 944,727 | 879,821 |
| Non-current liabilities | | |
| Borrowings | 360,052 | 401,879 |
| Income in advance | - | 1,541 |
| Derivative financial instruments | 13,430 | 12,142 |
| Deferred tax | 79,272 | 71,719 |
| Total non-current liabilities | 452,754 | 487,281 |
| Current liabilities | | |
| Borrowings | 239,184 | - |
| Trade and other payables | 13,039 | 11,537 |
| Income in advance | 2,695 | 2,407 |
| Derivative financial instruments | 498 | 97 |
| Taxation payable | 18,895 | 11,085 |
| Total current liabilities | 274,311 | 25,126 |
| Total liabilities | 727,065 | 512,407 |
| Total unitholders' funds and liabilities | 1,671,792 | 1,392,228 |

Same property net operating income

For the nine months ended 31 March 2018

| | Unaudited Mar-18 \$000s | Unaudited Mar-17 \$000s | Variance \$000s |
|--|-------------------------------|-------------------------------|--------------------|
| Same property revenue from investment properties | 61,196 | 72,951 | (11,755) |
| Same property operating costs | (7,515) | (6,514) | (1,001) |
| | 53,681 | 66,437 | (12,756) |
| Acquisitions | 13,168 | 3,366 | 9,802 |
| Net operating income | 66,849 | 69,803 | (2,954) |

Investment properties

| | \$000s |
|---|------------------|
| Balance - 30 June 2017 | 1,376,243 |
| Acquisitions | 195,473 |
| Development spend | 20,147 |
| Fair value adjustment | 52,952 |
| Foreign exchange translation difference | 10,430 |
| Balance - 31 March 2018 | 1,655,245 |

Development progress

| Development | Development work being undertaken | Development cost (A\$m) | Spend to date (A\$m) | Forecast completion date |
|-----------------------------------|--|----------------------------|-------------------------|--------------------------|
| 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 | 8.3 | Apr-18 |
| 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 | 12.6 | Jun-18 |
| NorthWest (TAS) | New consulting suites and storage rooms. | 1.0 | 0.3 | May-18 |
| Total Australian Projects | | 34.2 | 21.2 | |
| | | (NZ\$m) | (NZ\$m) | |
| Wakefield (Wgtn) | Staged demolition and redevelopment of entire hospital. | 82.0 | 0.9 | Mid-21 |
| Royston (HB) | Expansion including two new theatres, recovery and admission areas and consulting space. | 13.0 | 0.5 | Mid-19 |
| Bowen (Wgtn) | New build to create radio-therapy suite including two bunkers for linear accelerometers, and associated consulting space. | 11.5 | 0.0 | Mid-19 |
| Total New Zealand Projects | | 106.5 | 1.4 | |
| Total Projects in \$NZD* | | 142.9 | 23.9 | |

* A\$ converted at 31 March 2018 spot rate 0.9407

PORTFOLIO METRICS

As at 31 March 2018

▶ PORTFOLIO VALUE

\$1.66_{BN}

▶ WALE

18.4_{YEARS}

▶ NUMBER OF PROPERTIES

42

▶ OCCUPANCY

99.2_%

▶ FY18 DISTRIBUTION GUIDANCE

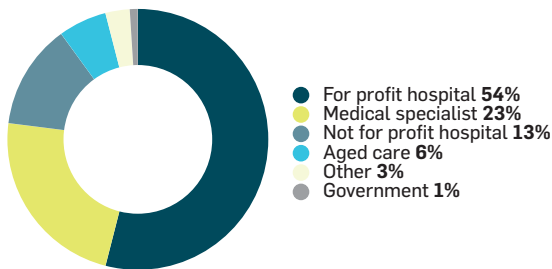
8.5_{CENTS PER UNIT}

▶ NET TANGIBLE ASSETS

\$2.17_{PER UNIT}

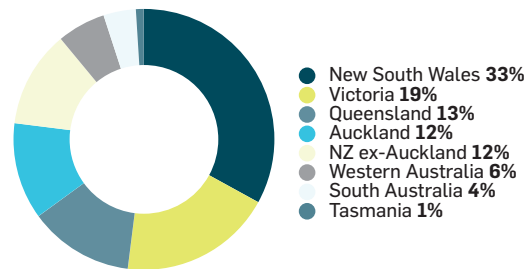
Tenant composition

For profit hospitals anchor the portfolio



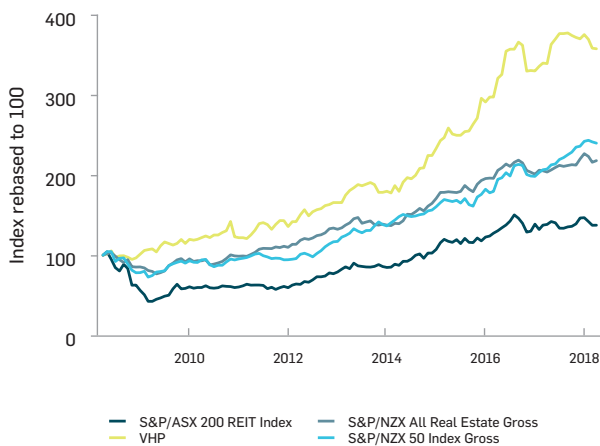
Portfolio geographic composition

Well diversified by geography



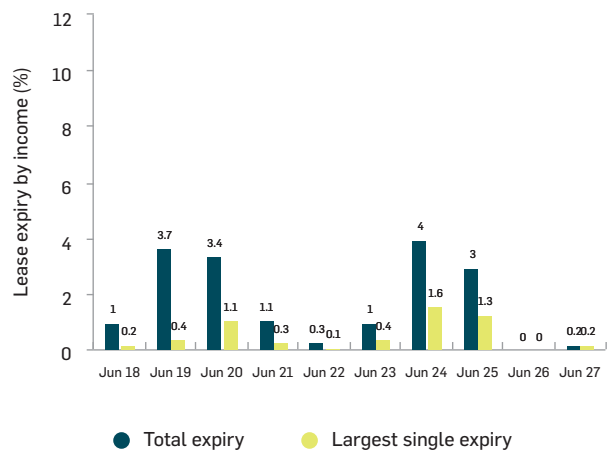
Ten-year total return performance

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 1.8%



Source: Craigs Investment Partners as at 31 March 2018