Vital
Healthcare Property Trust

VITAL THIRD QUARTER UPDATE

31 MARCH 2019

Vital unitholders will receive a third quarter distribution of 2.1875 cpu (cents per unit) with 0.2764 cpu of imputation credits. The record date is 6 June 2019 and payment will be made on 20 June 2019. 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	20 June 2019
Cash distribution per unit	2.1875 cpu
Excluded distribution per unit	1.4767 cpu
Fully imputed distribution per unit	0.7108 cpu
Imputation credits	0.2764 cpu
DRP available	Yes
DRP discount	1%

Consolidated Statement of Comprehensive Income

For the period ended 31 March 2019

	Unaudited 9 months Mar-19 $000s	Unaudited 9 months Mar-18 $000s
Gross property income from rentals	**75,863**	69,089
Gross property income from expense recoveries	**7,763**	7,950
Property expenses	**(10,186)**	(10,190)
Net property income	**73,440**	66,849
Other expenses	**(20,091)**	(19,028)
Strategic transaction costs	**(10,896)**	-
Profit before finance income/(expense) and other gain/(loss)	**42,453**	47,821
Finance income/(expense)		
Finance income	**1,887**	86
Finance expense	**(24,716)**	(16,558)
Fair value gain/(loss) on interest rate derivatives	**(22,343)**	(2,007)
	(45,172)	(18,479)
Other gains/(losses)		
Revaluation gain/(loss) on investment property	**43,007**	52,952
Fair value gain/(loss) on foreign exchange derivatives	**251**	659
Fair value gain/(loss) on strategic transaction derivatives	**7,256**	-
Unrealised gain/(loss) on foreign exchange	**6,162**	3,715
	56,676	57,326
Profit before income tax	**53,957**	86,668
Taxation expense	**(9,285)**	(14,259)
Profit for the period attributable to unitholders of the Trust	**44,672**	72,409
Other comprehensive income		
Items that may be reclassified subsequently to profit and loss:		
Movement in foreign currency translation reserve	**(40,423)**	6,072
Realised foreign exchange gain/(loss) on hedges	**4,633**	1,457
Current taxation (expense)/credit	**(1,297)**	(251)
Unrealised foreign exchange gain/(loss) on hedges	**-**	1,294
Deferred taxation (expense)/credit	**-**	(362)
Fair value gain/(loss) on net investment hedges	**5,845**	(1,185)
Deferred taxation (expense)/credit	**(1,637)**	331
Total other comprehensive income/(loss) after tax	**(32,879)**	7,356
Total comprehensive income after tax	**11,793**	79,765
Earnings per unit		
Basic and diluted earnings per unit (cents)	**10.09**	16.70

Consolidated Statement of Financial Position

For the period ended 31 March 2019

	Unaudited Mar-19 $000s	Audited Jun-18 $000s
Non-current assets		
Investment properties	**1,766,458**	1,731,247
Derivative financial instruments	**-**	856
Other non-current assets	**84,076**	43,984
Total non-current assets	**1,850,534**	1,776,087
Current assets		
Cash and cash equivalents	**9,463**	5,388
Trade and other receivables	**1,350**	1,189
Other current assets	**14,933**	3,801
Derivative financial instruments	**189**	363
Total current assets	**25,935**	10,741
Total assets	**1,876,469**	1,786,828
Unitholders' funds		
Units on issue	**574,371**	556,878
Reserves	**(22,841)**	15,629
Retained earnings	**430,948**	415,469
Total unitholders' funds	**982,478**	987,976
Non-current liabilities		
Borrowings	**744,864**	668,712
Derivative financial instruments	**35,224**	14,444
Deferred tax	**86,817**	86,796
Total non-current liabilities	**866,905**	769,952
Current liabilities		
Trade and other payables	**13,181**	16,965
Income in advance	**1,228**	2,281
Derivative financial instruments	**743**	460
Taxation payable	**11,934**	9,194
Total current liabilities	**27,086**	28,900
Total liabilities	**893,991**	798,852
Total unitholders' funds and liabilities	**1,876,469**	1,786,828

Same property net operating income

For the nine months ended 31 March 2019

	Unaudited Mar-19 $000s	Unaudited Mar-18 $000s	Variance $000s
Same property revenue from investment properties	63,168	62,865	303
Same property operating costs	(8,969)	(9,052)	83
	54,199	**53,814**	**386**
Acquisitions	2,378	1,597	781
Developments	16,863	11,438	5,425

Investment properties

	$000s
Balance - 30 June 2018	**1,731,247**
Acquisitions	23,666
Additions	29,679
Fair value adjustment	43,007
Foreign exchange translation difference	(61,141)
Balance - 31 March 2019	**1,766,458**

Development progress

Development	Development work being undertaken	Development cost (A$m)	Spend to date (A$m)	Forecast completion date
Maitland ICU (NSW)	New ICU and 7 chair day chemotherapy unit	3.1	2.3	Practically complete
Epworth Eastern (VIC)	New 14 storey tower incorporating 60 beds	126.2	10.4	Late-2021
Total Australian Projects		**129.3**	**12.7**	
		(NZ$m)	**(NZ$m)**	
Wakefield (Wgtn)	Staged demolition and redevelopment of entire hospital.	88.0	6.1	Staged 20-23
Royston (HB)	Expansion including two new theatres, recovery and admission areas and consulting space.	13.0	2.1	Mid-20
Bowen (Wgtn)	New build to create radiotherapy suite including two bunkers for linear accelerators, and associated consulting space.	4.0	3.8	Complete
Total New Zealand Projects		**105.0**	**12.0**	
Total Projects in $NZD*		**239.9**	**25.2**	

** A$ converted at 31 March 2019 spot rate 0.9587*

Strategic Transaction Costs

	Unaudited 9 months Mar-19 $000s
Dividend income received	(7,363)
Expenses	18,259
Strategic transaction costs	10,896
(Deduct) / Add:	
Interest income on related party loan	(1,828)
FV (gain)/loss on strategic transaction derivatives	(7,256)
Realised and unrealised strategic transaction costs	1,812

PORTFOLIO METRICS

As at 31 March 2019

PORTFOLIO VALUE

$1.77 BN

WALE

17.85 YEARS

NUMBER OF PROPERTIES

42

OCCUPANCY

99.3%

FY19 DISTRIBUTION GUIDANCE

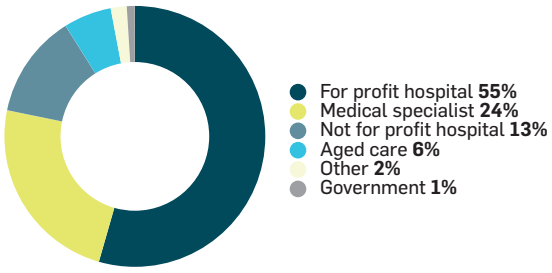
8.75 CENTS PER UNIT

NET TANGIBLE ASSETS

$2.21 PER UNIT

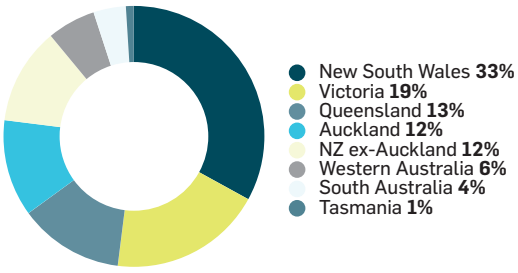
Tenant composition

For profit hospitals anchor the portfolio



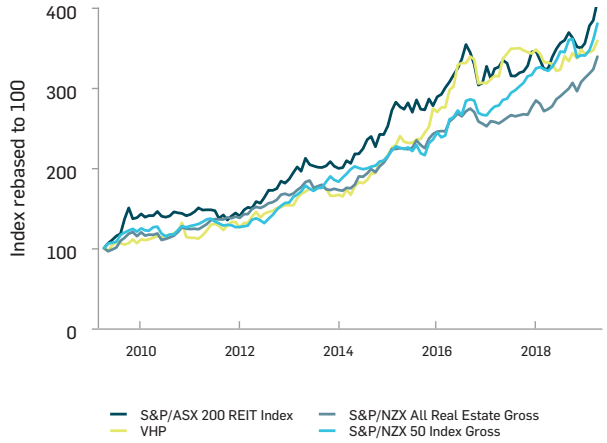
Portfolio geographic composition

Well diversified by geography



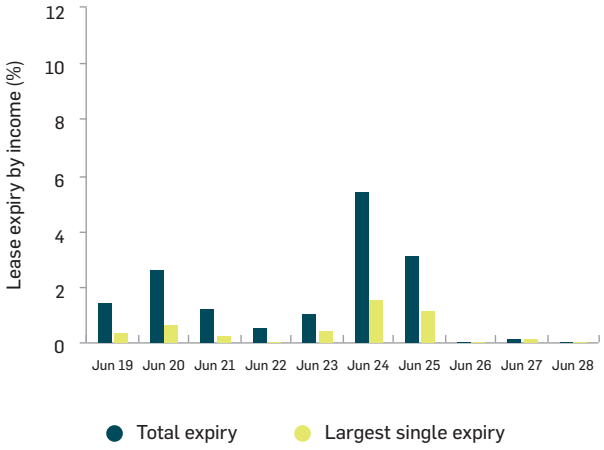
Ten-year total return performance

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 1.6%



Source: Craigs Investment Partners as at 31 March 2019