



ParkwayLife REIT

("PLife REIT")

10th Annual General Meeting

26 April 2019



FY
18

PARKWAY LIFE REIT – AGM – FY2018

18

DISCLAIMER



This Presentation is focused on comparing actual results for the period from 1 January 2018 to 31 December 2018 ("2018") versus the period from 1 January 2017 to 31 December 2017 ("2017").

This shall be read in conjunction with PLife REIT Annual Report 2018.

This Presentation may contain forward-looking statements that involve assumptions, risks and uncertainties. Actual future performance, outcomes and results may differ materially from those expressed in forward-looking statements as a result of a number of risks, uncertainties and assumptions. Representative examples of these factors include (without limitation) general industry and economic conditions, interest rate trends, cost of capital and capital availability, shifts in expected levels of property rental income, changes in operating expenses, property expenses and governmental and public policy changes and the continued availability of financing in the amounts and the terms necessary to support future business. Investors are cautioned not to place undue reliance on these forward-looking statements, which are based on the Manager's current view of future events.



AGENDA

1. Financial Performance
2. Investment & Asset Management
3. Capital Management
4. Overall Portfolio Review

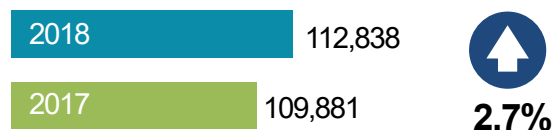
FINANCIAL PERFORMANCE

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18

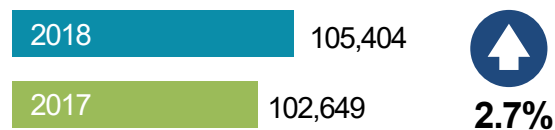
FINANCIAL PERFORMANCE

(S\$'000)

Gross Revenue



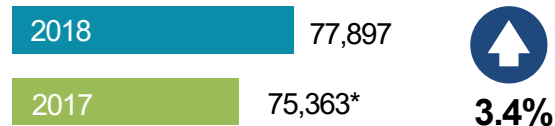
Net Property Income



Distributable Income to Unitholders



Recurring Distributable Income



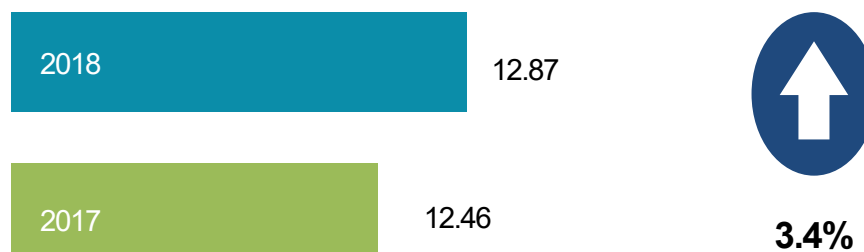
*Excludes one-off divestment gain¹ of \$5.39M

- Key income contributors:
 - Acquired higher yielding properties from asset recycling initiative completed in Feb 2017
 - Acquired the REIT's 50th asset in Feb 2018
 - Attained higher rent from existing Singapore properties under CPI + 1% rent revision formula
 - Achieved finance cost savings from refinancing initiatives completed in 2017 and 2018

¹ In relation to the divestment of four Japan properties as announced on 22 December 2016. Divestment gain (after tax) of S\$5,390,000 (0.89 cents) was fully distributed to Unitholders over four quarters in FY2017

FINANCIAL PERFORMANCE

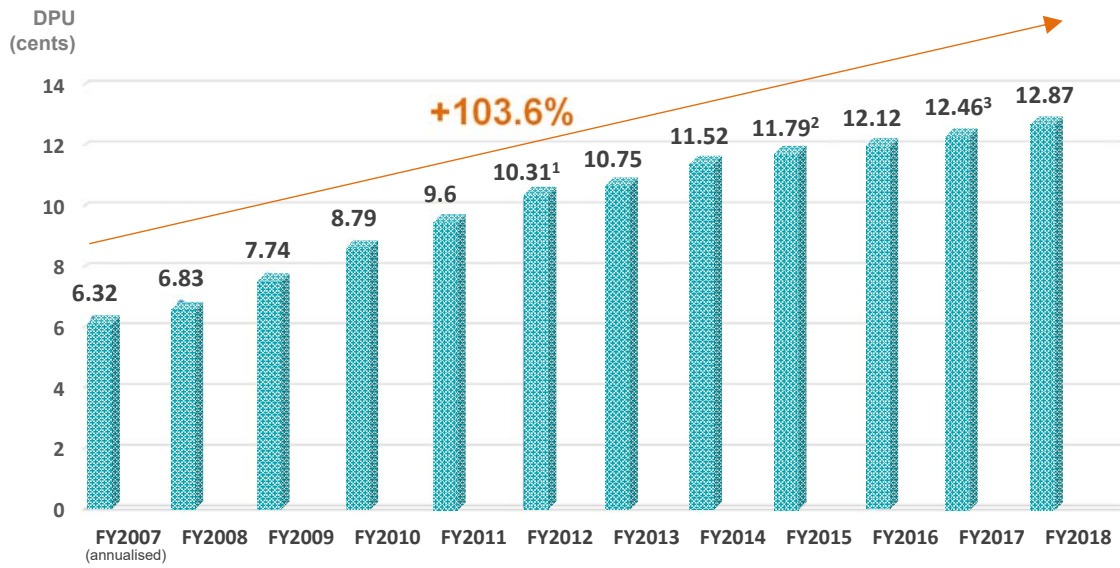
DPU (cents)



*Excludes one-off divestment gain¹ of \$5.39M

¹ In relation to the divestment of four Japan properties as announced on 22 December 2016. Divestment gain (after tax) of S\$5,390,000 (0.89 cents) was fully distributed to Unitholders over four quarters in FY2017

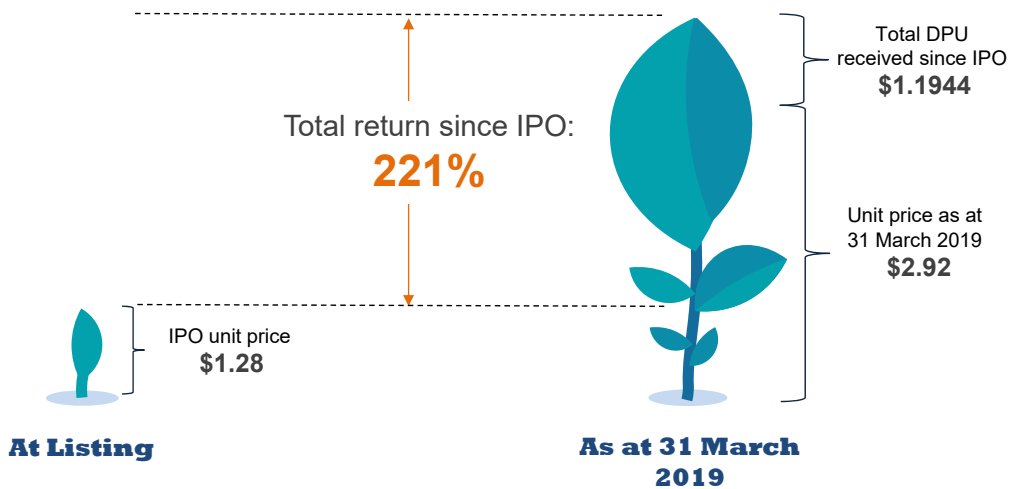
UN-INTERRUPTED RECURRING DPU GROWTH SINCE IPO



- Steady DPU growth of **103.6%** since IPO

1 Since FY12, S\$3.0 million per annum of amount available for distribution has been retained for capital expenditure
 2 Excludes one-off divestment gain of 1.50 cents (S\$9.11 million) that was equally distributed in the four quarters in FY15
 3 Excludes one-off divestment gain of 0.89 cents (S\$5.39 million) that was equally distributed in the four quarters in FY17

STRONG TOTAL RETURN SINCE IPO



The total return of **221%** on invested equity was contributed by:

- appreciation of unit price since IPO; and
- total distribution to Unitholders since IPO

INVESTMENT AND ASSET MANAGEMENT

FY
18

PARKWAY LIFE REIT – AGM – FY2018

DEEPENED FOOTPRINT IN JAPAN (Feb'18)

Acquired a **nursing
rehabilitation facility**
in Japan



JPY **1.5** billion
(approx. S\$17.8 million¹)

6.7%

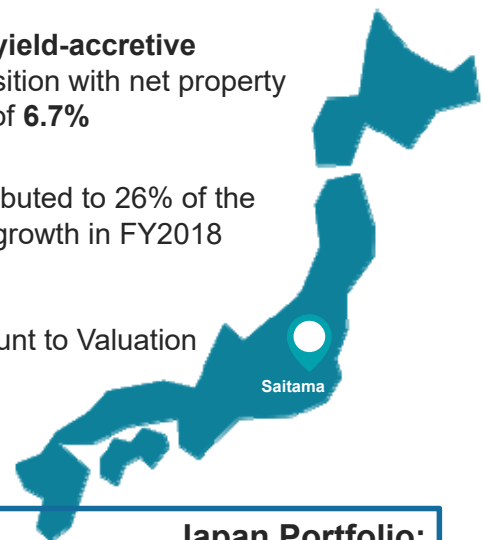
DPU yield-accretive
acquisition with net property
yield of **6.7%**

26%

Contributed to 26% of the
DPU growth in FY2018

7.4%

Discount to Valuation



Japan Portfolio:
46 properties valued at **S\$693** million;
about **37%** of total AUM

¹ At an exchange rate of S\$1.00 to JPY84.25 as announced on 7 February 2018

PROACTIVE ASSET MANAGEMENT (Feb'18)

Completed **2 AEIs**
(Asset Enhancement Initiative)



Ocean View Shonan Arasaki

Delivering value for Unitholders while helping our operators to grow via Asset Enhancement Initiatives



Conversion of existing lighting system to a full energy efficient LED system



Replacement of an existing air conditioning system to energy efficient multi-split packaged air conditioning units



Rent increased by 1.6% for remaining lease term of approx. 16.86 years effective 1 March 2018

Overall, a total of **14 AEIs** were rolled out for **Japan** portfolio and **1 AEI** for **Malaysia** portfolio

ORGANIC GROWTH IN SINGAPORE PORTFOLIO

Rent Increase for Singapore Properties

 **1.38%**

12th year minimum guaranteed rent for the Singapore Properties to increase by **1.38%**



Commencing 23 August 2018 to 22 August 2019 under CPI + 1% rent revision formula

Parkway East Hospital



Gleneagles Hospital



Mount Elizabeth Hospital



ANNUAL PORTFOLIO REVALUATION

(as at 31 December 2018)



3 Hospitals

- Cap rates 5.25% to 5.75%
- Discount rate 7.25%
- Terminal yield 5.5% to 6.0%

Adjustment on annual rent review assumptions and compression in both cap rate and discount rate by 25bps

Valued
S\$1,160.4m
 (+6.63% / S\$72.2m)



45 nursing homes &
1 pharmaceutical facility

- Cap rates 4.7% to 6.8%
- Discount rates 4.7% to 6.6%
- Terminal yield 5.0% to 6.9%

Compression in cap rates for most of the properties, ranging from 10bps to 40bps

Valued
S\$692.7m
 (+1.28% / S\$8.7m)



Strata-titled units in GMCKL

- Cap rates 5.5% to 6.0%
- Terminal yield 5.5% to 6.0%

Reflective of new contractual leasing arrangements

Valued
S\$7.4m
 (+0.81% / S\$59,000)

Total valuation

50

properties

S\$1.86b (+4.4% / S\$77.9m¹ gain)

¹ Based on the portfolio appraised values as of 31 December 2018, the valuation gains added up to S\$81.0m. After deducting the capitalized costs for new acquisition and capital expenditure for existing properties, the REIT registered a net change in fair value of investment properties of S\$77.9m for FY2018.

CAPITAL MANAGEMENT

FY
18

STRENGTHENED FINANCIAL MANAGEMENT

Achieved diversified funding sources and well-spread out debt maturity stretching up to 2024



- Further expanded funding source by tapping the capital markets with issuance of 3rd series of JPY notes
- Pre-emptively termed out debts maturing in 2019
- Well-staggered debt profile with no refinancing need till 2020

Successful Completion of Refinancing Exercises in 2018

ENHANCED INTEREST AND FX RISKS MANAGEMENT

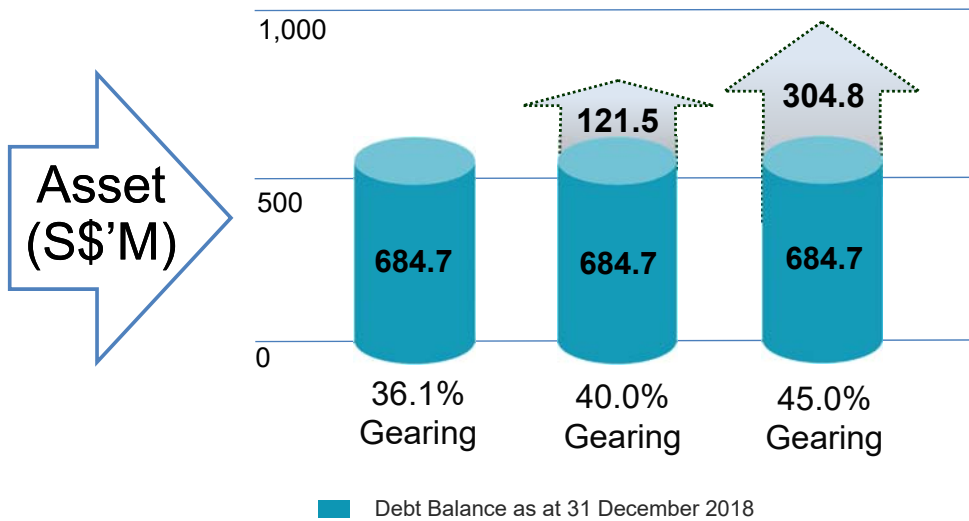
- Adopts natural hedge strategy to match assets and liabilities denominated in JPY
- Extended JPY net income hedges till 1Q 2023 to mitigate against JPY currency volatility
- Interest rate exposure largely hedged for next few years
- Enhances stability of distributions to Unitholders



Mitigates JPY and Interest Rate Volatility

AMPLE DEBT HEADROOM

Debt headroom of \$121.5 million and \$304.8 million before reaching 40.0% and 45.0% gearing respectively



OVERALL PORTFOLIO REVIEW

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18

PERFORMANCE REVIEW OF PLIFE REIT

(as at 31 December 2018)

SUSTAINABLE RETURNS

01 / Diversified Portfolio

Gross revenue by geography¹:

59.8% Singapore

39.8% Japan

0.4% Malaysia

Gross revenue by asset class¹:

60.2% Hospitals and Medical Centres

38.4% Nursing Homes

1.4% Pharmaceutical Product Distributing
and Manufacturing Facility

02 / Strong Balance Sheet

0.97% Low all-in debt cost

36.1% Gearing

13.7 times Interest cover

2.9 years Weighted average debt
term to maturity

¹ Based on gross revenue as at 31 December 2018

19

PERFORMANCE REVIEW OF PLIFE REIT

(as at 31 December 2018)

SUSTAINABLE RETURNS

03 / Quality Assets

100% committed occupancy for
Singapore and Japan assets

Weighted average lease term to
expiry of **7.11** years¹

94.8% downside protection¹

04 / Robust Financial Position

No near term refinancing needs
till FY2020

Prudent hedging strategies

¹ Based on gross revenue as at 31 December 2018

20

STRONG PORTFOLIO GROWTH

Since listing, we remain committed to cultivating an optimal portfolio for sustained growth

| Financial Year | Number of Properties | Portfolio Value (S\$)* |
|----------------|----------------------|------------------------|
| FY18 | 50 | 1.86b |
| FY17 | 49 | 1.73b |
| FY16 | 44 | 1.66b |
| FY15 | 47 | 1.64b |
| FY14 | 41 | 1.50b |
| FY13 | 44 | 1.48b |
| FY12 | 37 | 1.43b |
| FY11 | 33 | 1.38b |
| FY10 | 32 | 1.30b |
| FY09 | 21 | 1.15b |
| FY08 | 13 | 1.05b |
| FY07 | 3 | 0.83b |

* Total portfolio value as at 31 December of each year

One of Asia's largest listed healthcare REITs by asset size

50 diversified assets

Post acquisition in February 2018

S\$1.86 billion

Portfolio size has more than doubled since IPO

The REIT has become widely recognised for its **resilience** and **defensiveness**, while offering Unitholders a **sustainable growth story**.

THANK YOU

FY
18