



# ParkwayLife REIT

("PLife REIT")



1QFY2008 Results Presentation

06 May 2008



## Disclaimer

- This Presentation is focused on comparing actual results for the period from 1 January 2008 to 31 March 2008 (“1QFY2008”) versus forecasts as stated in the PLife REIT Prospectus of 7 August 2007. This shall be read in conjunction with PLife REIT 1QFY2008 Unaudited Financial Statement and Distribution Announcement in SGXNet.
- 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

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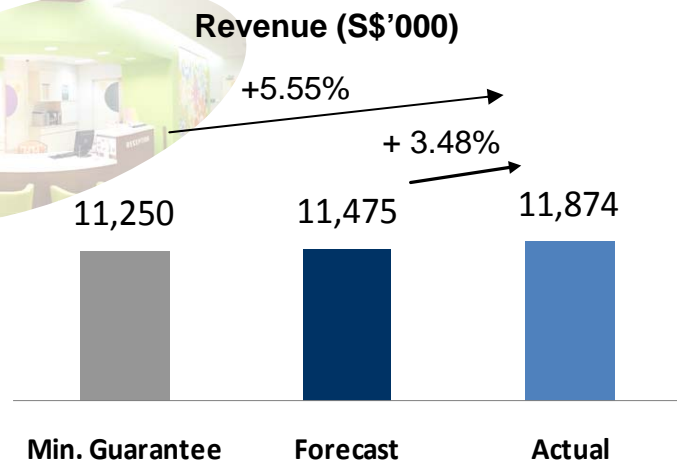
Unit Price Performance Since Listing



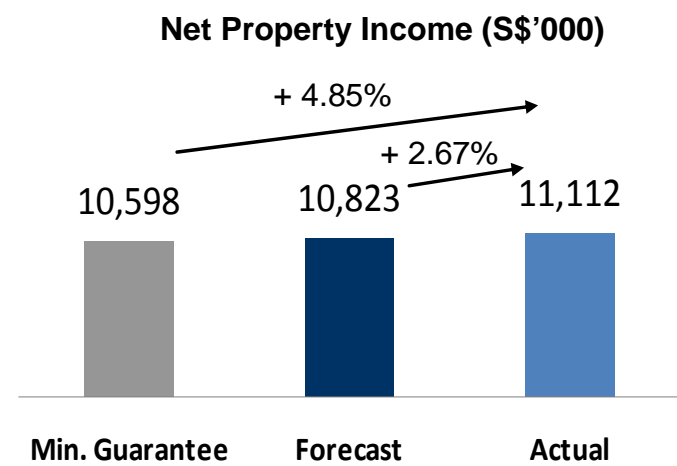


## Financial Results Highlights

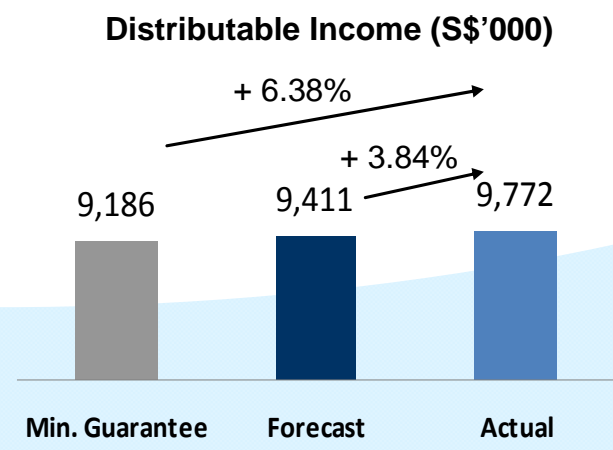
# Summary financial highlights



*Revenue higher than forecast*



*Net Property Income higher than forecast*



*Distribution higher than forecast*

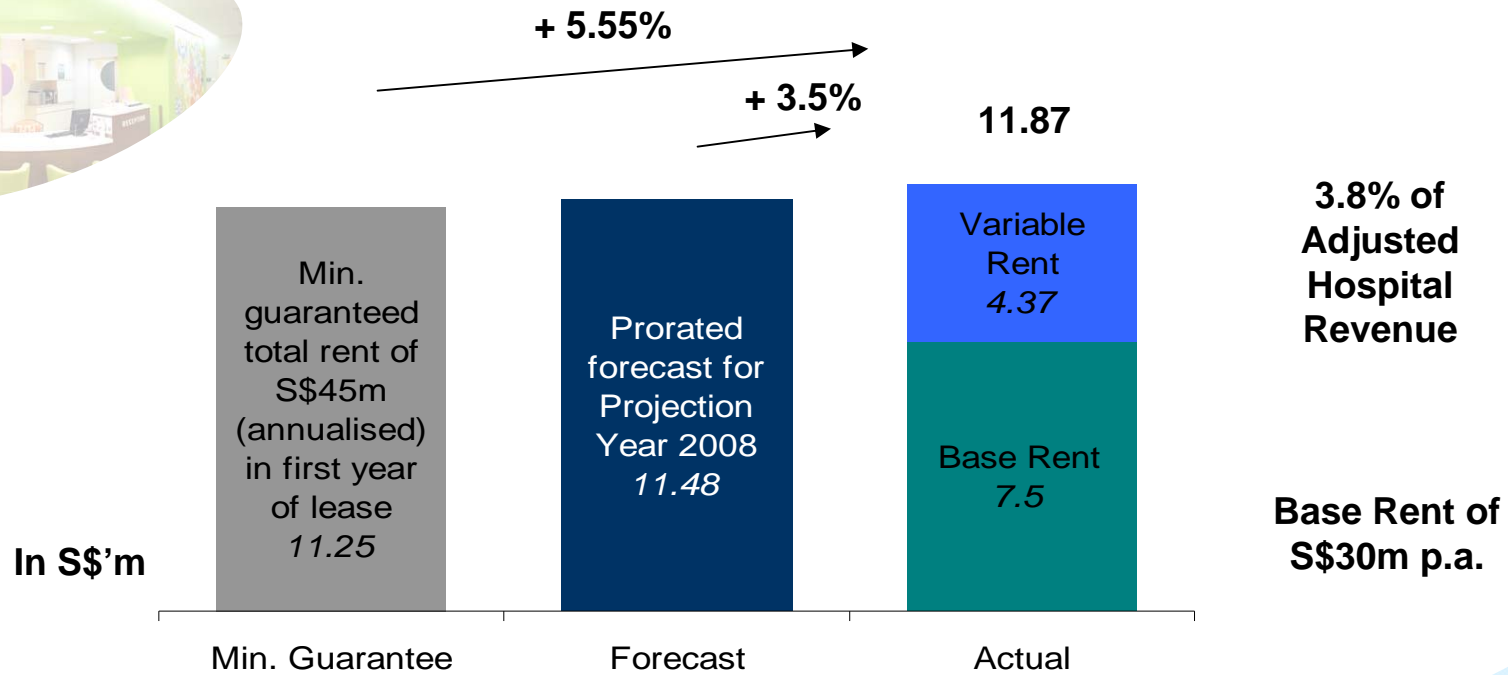
# Actual performance exceeded forecast

(S\$'000)	01 Jan to 31 Mar 2008		Variance	
	Actual	Forecast <sup>1</sup>	S\$'000	%
<b>Gross Rental Revenue</b>	<b>11,874</b>	<b>11,475</b>	<b>399</b>	<b>3.48</b>
Property Expenses	(762)	(652)	110	16.87
<b>Net Property Income</b>	<b>11,112</b>	<b>10,823</b>	<b>289</b>	<b>2.67</b>
Non Property Expenses	(1,782)	(1,739)	43	2.47
<b>Net Income</b>	<b>9,330</b>	<b>9,084</b>	<b>246</b>	<b>2.71</b>
Net Change in Fair Value of financial derivative	(647)	-	647	100.00
Non Tax Deductible Expenses	1,089	327	762	233.03
<b>Income Available for Distribution</b>	<b>9,772</b>	<b>9,411</b>	<b>361</b>	<b>3.84</b>
<b>Available Distribution Per Unit (Cents)<sup>2</sup></b>				
- For the period	<b>1.62</b>	<b>1.56</b>	<b>0.06</b>	<b>3.84</b>
- Annualised	<b>6.49</b>	<b>6.25</b>	<b>0.24</b>	<b>3.84</b>

Notes:

1. As stated in Prospectus dated 7 August 2007. No comparisons against a corresponding period in the previous year can be made as no pro forma financials are available. SGX-ST had granted PLife REIT a waiver from the requirement to prepare historical pro forma statements of total return, cash flow statements and balance sheets for the purpose of its initial public offering. The forecast figures are derived by prorating the forecast figures from the Projection Year 2008 (from 1 January 2008 to 31 December 2008) based on full exercise of the Over-allotment Units as disclosed in the Prospectus.
2. The number of units used to calculate the Distribution per Unit ("DPU") comprise 601,690,558 units issued at 31 March 2008, and units to be issued as partial satisfaction of Parkway Life REIT Manager's management fees .

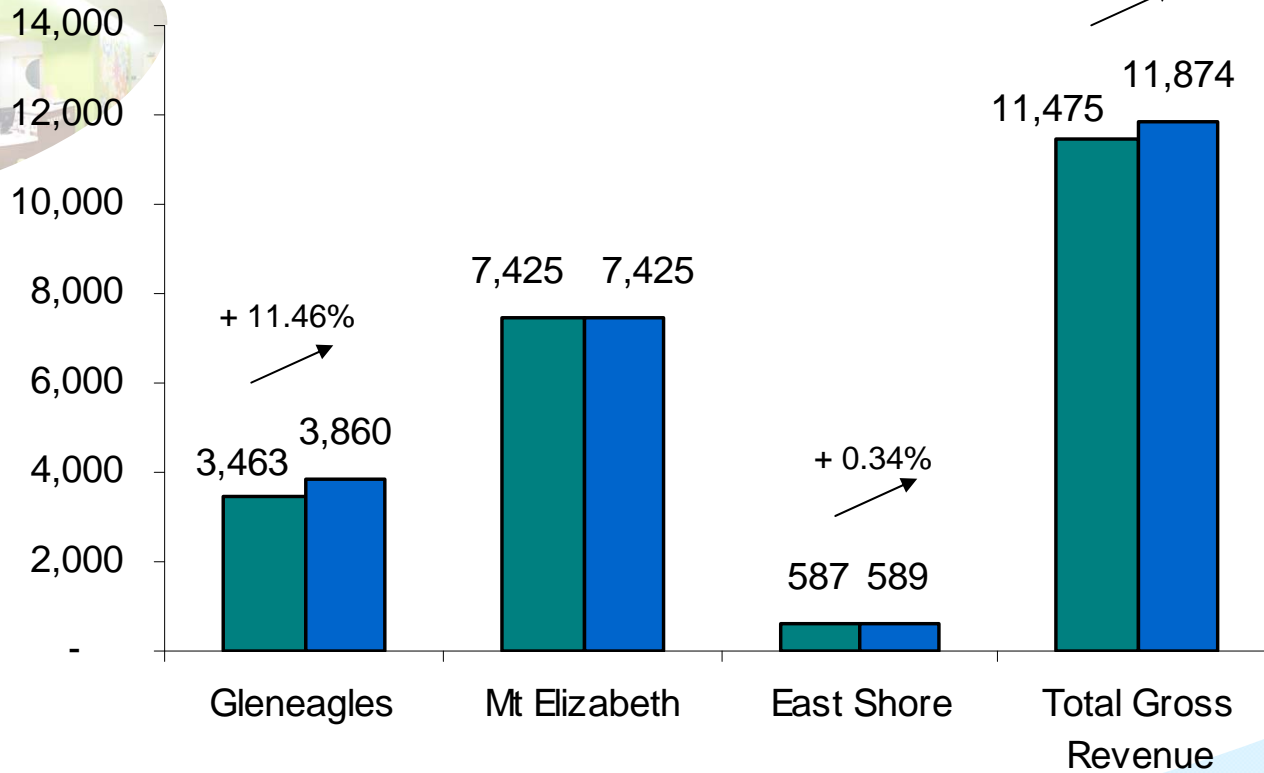
# Gross revenue was 5.6% and 3.5% higher than minimum guaranteed rent and forecast respectively



- Gross revenue was higher than prorated forecast for Projection Year 2008
  - We benefited from the strong performance of the Adjusted Hospital Revenue
  - Aggregate base and variable rent was higher than the annualised minimum guaranteed rent
- Gross revenue was higher than minimum guaranteed rent by 5.55%

# Gross Revenue – Breakdown by 3 Hospitals

S\$'000



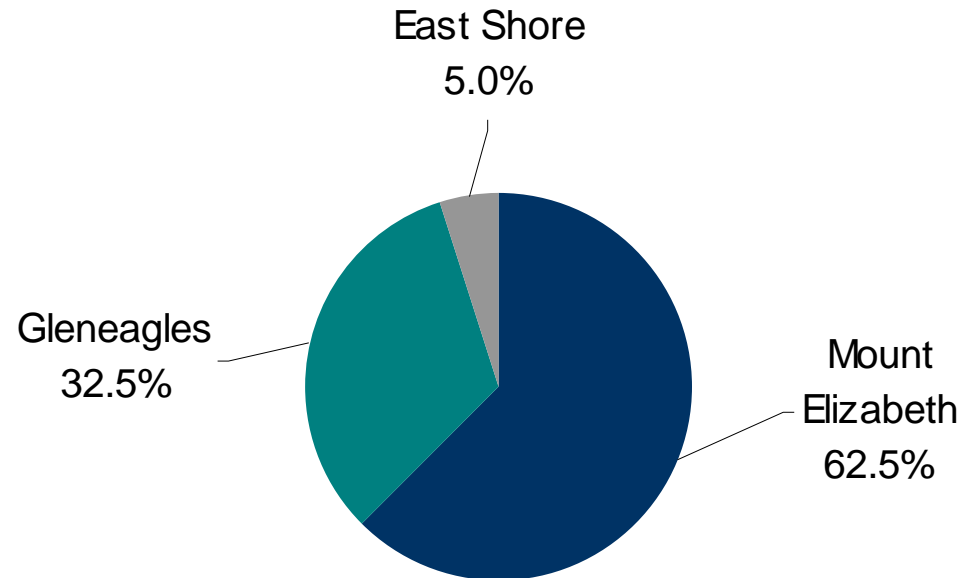
■ Forecast Total Gross Revenue

■ Actual Total Gross Revenue

- Gross revenue for the period was S\$11.9 million or 3.48% higher compared to forecast. The higher revenue was primarily driven by the higher variable rent component that is linked to the Adjusted Hospital Revenue of the Master Lessee.



## Rent contribution was the highest from Mount Elizabeth Hospital Property



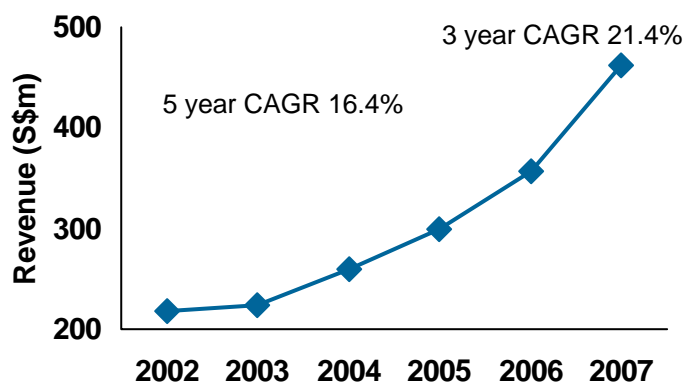
- Of the three Hospital Properties, Mount Elizabeth Hospital is the largest (in terms of number of operational beds and contribution to Adjusted Hospital Revenue)
  - Rent collected from Mount Elizabeth Hospital accounts for two-thirds of total gross revenue

# Stable and Consistent Distributions

*The minimum total rent ratchets upwards, capturing the compounding effect of Parkway's turnover growth*



## Singapore hospitals' revenue



Source: Parkway Annual Reports

## Sensitivity of DPU Yield to adjusted hospital revenue growth

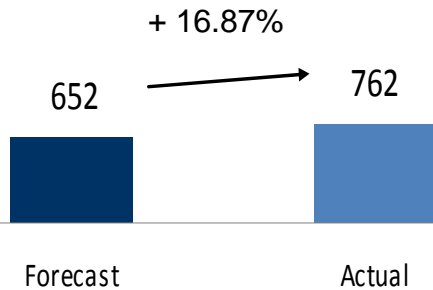
Adjusted hospital revenue growth	FY07E	FY08E	FY09E
0.0%	5.02%	5.17%	5.28%
5.0%	5.08%	5.24%	5.35%
10.0%	5.18%	5.43%	5.65%
15.0%	5.28%	5.65%	6.02%
20.0%	5.37%	5.87%	6.42%

Notes:

- 1 Based on the closing unit price of S\$1.21 on 23 April 2008
- 2 FY07E (annualised)
- 3 Adjusted hospital revenue grew by 10.1% in FY2008, hence DPU yield of 5.37% is consistent with the sensitivity analysis above.

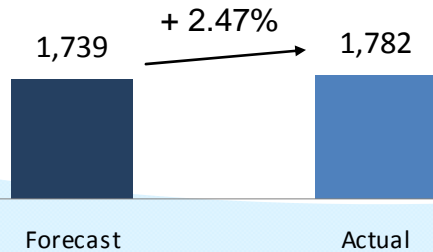
# Total Expenses were 6.4% higher than forecast

## Property Expenses (\$\$'000)



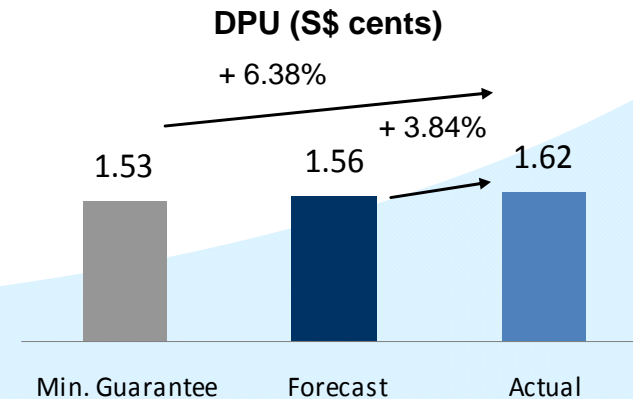
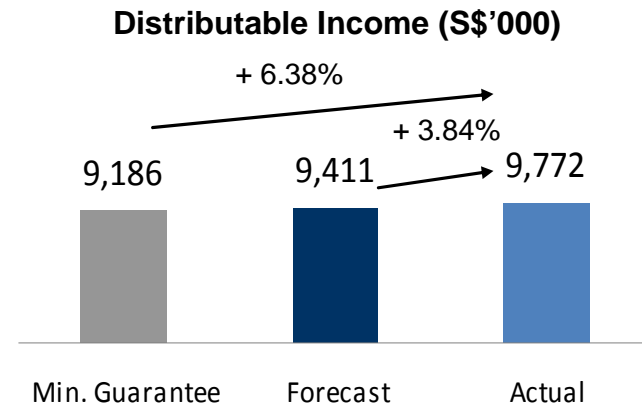
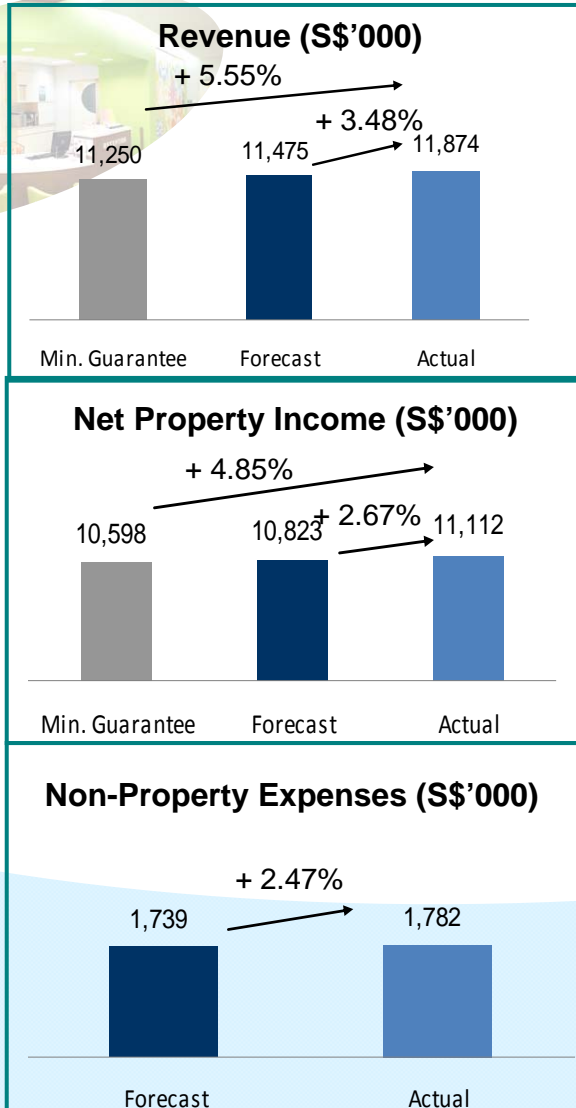
- Actual property level expenses were higher than forecast
  - Increase in contributions to management and sinking fund for Mount Elizabeth Hospital
  - The impact of the increase to DPU is not expected to be significant

## Non-Property Expenses (\$\$'000)



- Actual non-property expenses were marginally higher than forecast
  - Trust level expenses were generally in line with forecast

# Distributable Income exceeds minimum guaranteed rent and forecast by 6.38% and 3.84% respectively



## Strong Balance Sheet

Balance Sheet (in S\$'000)	As at 31 March 2008	As at 31 December 2007	Variance Commentary
Investment Properties	831,570	831,570	Unchanged
Current Assets	23,505	26,654	Decrease is mainly due to payment of S\$13.6m as distribution in March 2008, offset by cash flows from operations in 1QFY08.
<b>Total Assets</b>	<b>855,075</b>	<b>858,224</b>	
Current liabilities	6,348	4,920	Increase is mainly due to fair value adjustment on IRS
Interest-bearing borrowings	33,447	33,276	Relatively unchanged
<b>Net assets attributable to Unitholders</b>	<b>815,280</b>	<b>820,028</b>	Decrease due to payment of S\$13.6m distribution in March 2008, offset by net income in 1QFY08.
<b>Units in Issue ('000 units)<sup>1</sup></b>	<b>601,691</b>	<b>601,418</b>	
<b>Net Asset Value per unit (S\$)</b>	<b>1.35</b>	<b>1.36</b>	
<b>Premium/(Discount) to NAV<sup>2</sup> (%)</b>	<b>(10.37)</b>	<b>(11.03)</b>	
<b>Adjusted Net Asset Value per unit<sup>3</sup> (S\$)</b>	<b>1.34</b>	<b>1.34</b>	
<b>Gearing<sup>4</sup> (%)</b>	<b>3.98</b>	<b>3.96</b>	

Notes:

1. Represent the number of units in issue as at respective period end
2. Based on price of S\$1.21 as at 23 April 2008
3. Net of distribution
4. Total Gross Borrowings before transaction costs ÷ Total Assets



# Distribution Details

Stock Counter	Distribution Period	Distribution per unit (Cents)
PLife REIT	01 January 2008 to 31 March 2008	1.62

## Distribution Timetable

Ex-Date: 12 May 2008, 9.00am

**(Units will be traded ex-date)**

Books Closure Date: 14 May 2008 at 5pm

Distribution payment Date: 09 June 2008



## Portfolio Highlights

# Our Initial Portfolio



**Mount Elizabeth Hospital**



**Gleneagles Hospital**



**East Shore Hospital**



**Portfolio total**

<b>Gross floor area <sup>1</sup></b>	<b>58,139 sq m</b>	<b>49,003 sq m</b>	<b>10,993 sq m</b>	<b>118,135 sq m</b>
<b>Licensed beds<sup>2</sup></b>	<b>505</b>	<b>380</b>	<b>154</b>	<b>1,039</b>
<b>Operational beds<sup>2</sup></b>	<b>339</b>	<b>280</b>	<b>154</b>	<b>773</b>
<b>Operating theatres<sup>2</sup></b>	<b>13</b>	<b>12</b>	<b>4</b>	<b>29</b>
<b>Reversionary lease</b>	<b>67 years</b>	<b>75 years</b>	<b>75 years</b>	<b>Average 72 years</b>
<b>Medical office / retail units and car park lots<sup>2</sup></b>	<b>30 medical office / retail units and 363 car park lots</b>	<b>10 medical office / retail units and 121 car park lots</b>	<b>28 medical offices and 75 car park lots</b>	<b>68 medical office / retail units and 559 car park lots</b>
<b>Appraised value ( 17 July 2007)</b>	<b>S\$524.4 m</b>	<b>S\$216.0 m</b>	<b>S\$34.2 m</b>	<b>S\$774.6 m</b>
<b>Appraised value (31 December 2007)</b>	<b>S\$571.8m</b>	<b>S\$225.3 m</b>	<b>S\$34.5 m</b>	<b>S\$831.6 m</b>

**Notes:**

1 Aggregate strata area

2 As at 31 March 2007

3 Appraised value by independent valuer (DTZ Debenham Tie Leung (SEA) Pte Ltd "DTZ")





# Competitive Strengths of the Properties

## Singapore's largest and premier portfolio of strategically located private hospitals

- Total portfolio value of S\$832m
- Mount Elizabeth Hospital - Largest private hospital in Singapore
- Located at the heart of Orchard Road Shopping Belt

## Comprehensive hospital facilities and services

- Over 40 specialties
- Supported by ~1,500 world-class physicians
- State-of-the-art medical equipment & facilities

## Highly regulated sector

- High barriers to entry
- Compliance with Government regulations
- High initial cost of capital investment

## Operational synergies with Parkway

- Leverage on sponsor's healthcare expertise, networks and platforms
- First right of refusal over sponsor's existing & future assets

# Portfolio Highlights – Mount Elizabeth Hospital (“MEH”)

## Mount Elizabeth



- Tenure: 67 Years from 23 August 2007
- Occupancy: 100% (Master Lease Agreement with Parkway Hospitals Singapore Pte Ltd)
- Lease Term: 15 years with an option to renew for a further term of 15 years
- Revenue from 1 Jan-31 Mar 08: S\$7.4 million
- 505 bed private tertiary acute care hospital
- Largest private hospital in Singapore, MEH provides a wide range of medical and surgical services and has an established reputation in Asia in private healthcare
- Performs the largest number of cardiac surgeries and neurosurgeries in the private sector in Asia
- Accredited with the Joint Commission International (JCI)
- First private hospital in Asia to win the Asian Management Award for exceptional people development and management



# Portfolio Highlights – Gleneagles Hospital (“GEH”)

## Gleneagles



- Tenure: 75 Years from 23 August 2007
- Occupancy: 100% (Master Lease Agreement with Parkway Hospitals Singapore Pte Ltd)
- Lease Term: 15 years with an option to renew for a further term of 15 years
- Revenue from 1 Jan-31 Mar 08: S\$3.9 million
- 380 bed private tertiary acute care hospital
- Gleneagles Hospital has the leading Living Donor Liver Transplant Program in Singapore
- First hospital in Southeast Asia to use the state of the art Robotic SurgiScope for neurosurgery, ENT and spinal surgeries
- Accredited with the Joint Commission International (JCI)
- Asian Hospital Management Award 2004 “Best Customer Service” Category

# Portfolio Highlights – East Shore Hospital (“ESH”)



East Shore



- Tenure: 75 Years from 23 August 2007
- Occupancy: 100% (Master Lease Agreement with Parkway Hospitals Singapore Pte Ltd)
- Lease Term: 15 years with an option to renew for a further term of 15 years
- Revenue from 1 Jan-31 Mar 08: S\$0.6 million
- 154 bed private general acute care hospital
- Outreach specialist centre in Eastern Singapore providing a wide range of medical and surgical facilities, including a 31-bed nursing home
- Built a loyal niche among residents in Eastern Singapore for its personalised care approach, convenient location and user friendly services



## Our Achievements

## Our Achievements in 1QFY2008

- Driving organic growth by constant asset enhancement initiatives to increase revenue intensity. Hence, there is an increase in adjusted hospital revenue largely driven by increased foreign patient revenue, higher consumption of diagnostic outpatient services, and contribution from Parkway Cancer Centre
- On 16 April 2008, Parkway Life REIT announced its first investment of a pharmaceutical products manufacturing facility in Japan, which is one of the core market for Parkway Life REIT. The demand for good quality healthcare real estate assets in Japan is expected to grow. By the year 2050, it is expected that one in three Japanese will be over 65 years of age .

- Higher revenue rental income, driven by higher variable rent from increase in adjusted hospital revenue
- Higher income available for distribution and increased DPU
- Parkway Life REIT will fund the investment in Japan via debt which will increase the REIT's gearing from 4% to 8%. Parkway Life REIT's newly assigned "BBB+" credit rating increases its efficiency of debt financing. According to the Property Fund Guidelines, Parkway Life REIT have approximately S\$1.2 billion worth of additional debt capacity (up to 60% of the total leverage).

## Recent Acquisition of Matsudo II, A Pharmaceutical factory/ Distribution Property



**Matsudo II was a built-to-suit property for Inveness Medical Japan Co. Ltd. The property is used to manufacture medical test kits for chronic diseases.**



## Acquisition of Matsudo II

- On 16 April 2008, Parkway Trust Management Limited, as manager of Parkway Life Real Estate Investment Trust (“Parkway Life REIT”), announced that Parkway Life REIT, through its wholly owned-subsiary, Matsudo Investment Pte. Ltd, executed an agreement to participate as an investor in the acquisition of a pharmaceutical products facility, Matsudo II, for a cash consideration of JPY2.59 billion (approximately SGD35 million) at a net initial yield of 5.3%, after deduction of property taxes and insurance.
- The property is a light industrial property located in Chiba Prefecture, Matsudo City, Japan. The property details of the building can be found in the following slide.
- This investment marks Parkway Life REIT’s first venture overseas and comes just seven months after Parkway Life REIT was listed on the Singapore Exchange Securities Trading Limited (“SGX-ST”) on 23 August 2007.
- The Matsudo II property was a built-to-suit property for Inverness Medical Japan Co Ltd, designed specifically for them to both manufacture, sell and distribute professional medical test kit devices at the property. Due to their relationship with Nippon Express Co Ltd from which they are provided with logistics and distribution support, Nippon Express took a master lease at the property and simultaneously agreed a back to back lease with Inverness Medical Japan Co Ltd. The benefit is that the lease agreement is underwritten by a master tenant with an A2 credit rating and the long term use of the property as a specialized pharmaceutical production factory is ensured.
- Parkway Life REIT will fund the investment via debt which will increase the REIT’s gearing from 4% to 8%. Parkway Life REIT’s newly assigned “BBB+” credit rating increases its efficiency of debt financing. According to the Property Fund Guidelines, Parkway Life REIT have approximately S\$1.2 billion worth of additional debt capacity (up to 60% of the total leverage).
- The investment is yield-accretive to Parkway Life REIT.



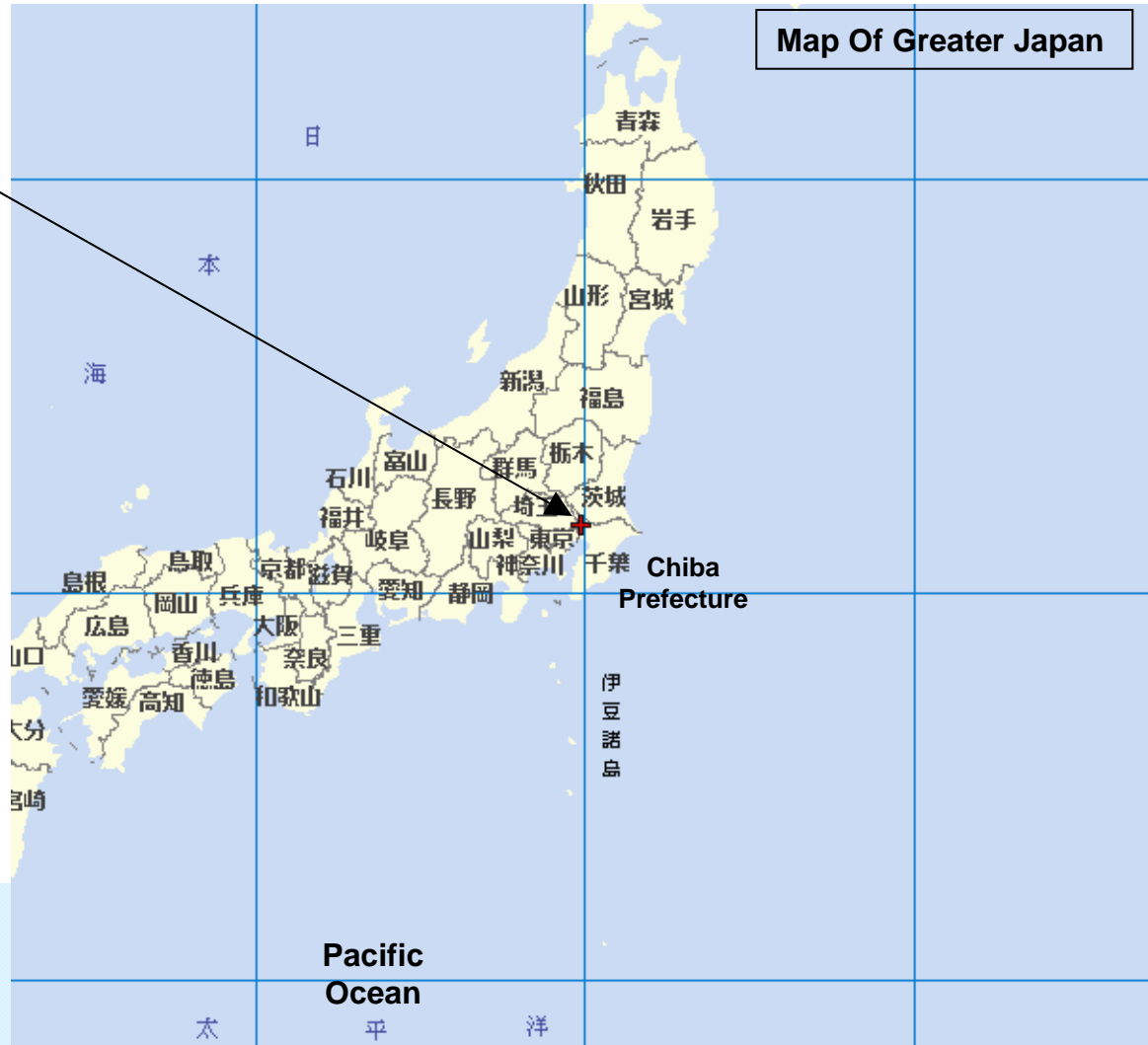
## Property Details – Matsudo II

<u>Items</u>	<u>Description</u>
<i>Property</i>	Matsudo II
<i>Address</i>	369-2 Azanakahara, Matsuhidai, Matsudo City, Chiba Prefecture
<i>Current GFA</i>	Gross: Approximately 3,306.30 sq m (1,000.15 Tsubo) Lettable: Approximately 3,239.5 sq m (979.95 Tsubo)
<i>Tenure</i>	Freehold
<i>Occupier</i>	Inverness Medical Japan Co. Ltd
<i>Lease</i>	13 <sup>th</sup> September 2007 to 13 <sup>th</sup> December 2016
<i>Gross Monthly Rent</i>	JPY 12,249,250 (SGD 163,323) / JPY 3,781psm (SGD 50.41)
<i>Gross Annual Rent</i>	JPY 146,991,000 (SGD 1,959,880)
<i>Gross Annual Rent under Sub-Lease Agreement</i>	JPY 154,340,556 (SGD 2,057,874)
<i>Current Plot Ratio</i>	40% (3,306.3 sq m)
<i>Allowable Plot Ratio</i>	200% (16,898 sq m)
<i>Site Coverage Ratio</i>	60% (15,210 sq m)
<i>Unutilised site provides future scope for development and significant revenue enhancement.</i>	

# Location



**Matsudo II**  
369-2 Azanakahara, Matsuhidai,  
Matsudo City, Chiba Prefecture



Map of Japan (Source: [www.mapion.co.jp](http://www.mapion.co.jp))



## Our Strategy

# Our Strategy

*The Manager plans to undertake the following strategies...*

**Complementary and experienced management team**

## Acquisition growth strategy

- Enhance Unitholders' returns via yield accretive acquisitions
- Improve portfolio diversification and asset quality

## Active asset management strategy

- Pro-active asset management strategy
- Maximise overall performance of PLife REIT's property portfolio

## Capital & financial risk management strategy

- Maintain strong balance sheet
- Diversified funding sources
- Proactive interest rate / foreign exchange management

**Enhance value of properties and maximize risk-adjusted returns to Unitholders**

*...to deliver regular and stable distributions and achieve long-term growth for Unitholders*

# Acquisition Growth Strategy

*PLife REIT will have multiple channels for acquisition growth*

## Third party assets

- Independent operators who require capital or are embarking on asset light strategy
- Complementary real estate sectors

## Sponsor's existing properties

- 5 year Right of First Refusal over Sponsor's existing and future assets
- Existing sponsor's assets are diverse across countries & healthcare sub-sectors

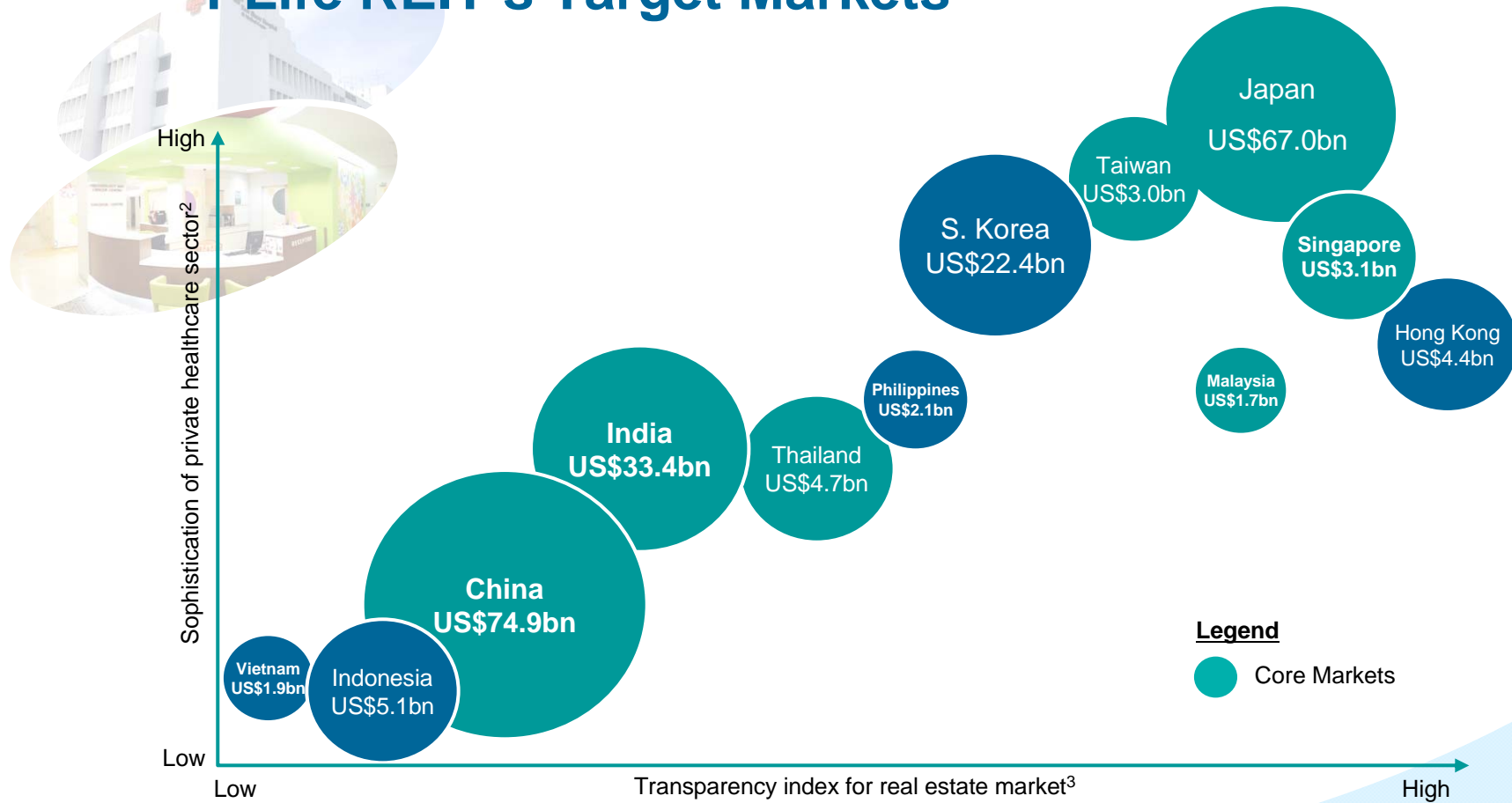
## Future properties to be developed by Sponsor

- Comprising greenfield developments
- Repositioning and redevelopment of existing brownfield developments

*Yield accretive acquisitions*

*Synergistic combination with Sponsor in pursuing joint acquisitions and investments in Asia*

# PLife REIT's Target Markets



Source: Frost & Sullivan as of 2005

Notes:

- 1 Size of bubble denotes the market size in terms of private healthcare expenditure.
- 2 Sophistication of private healthcare sector as measured by: (1) ratio of private vs. public hospitals; (2) private healthcare spending per capita; (3) number of specialists per capita; and (4) number of nurses per capita.
- 3 Sources: Jones Lang LaSalle, LaSalle Investment Management

***PLife REIT's Core Markets represent c.84.0% of the total Asian private healthcare expenditure of c.US\$224 billion***

# Acquisition Targets

*By end of 2009*

## Portfolio Size

- Projected to double the current asset base to S\$1.6bn

## Portfolio Mix

- Currently 80.7%\* hospitals; 19.3% medical offices
- Expect further diversification with representation from
  - Hospitals
  - Nursing Homes
  - Medical Offices
  - R&D / Warehouse / Manufacturing Facilities#

## Geographical Mix

- Expect Singapore to remain the dominant country
  - Asset values typically higher than rest of Asia
  - 75% of portfolio

\* Including the medical center in East Shore Hospital

# For, inter alia, the medical, biomedical, pharmaceutical and biotech sectors



# Active Asset Management Initiatives

## East Shore



Repositioning with ESH's specialty focus for women and children (e.g. Setting up of new Women Centre)

## Gleneagles



Conversion of non-revenue generating space (e.g. setting up Parkway Heart Centre at existing admin office)

## Mount Elizabeth



Reconfiguration of low revenue generating areas (e.g. setting up Parkway Cancer Centre at existing Rehabilitation Centre)

- Pipeline of asset enhancement initiatives ongoing and planned for each hospital
- Continuous upgrading of wards at all hospitals, including increasing number of single rooms to enhance revenue intensity
- ALL capital expenditures borne by Sponsor until 31 December 2009

*Increase in revenue intensity, capacity and operating efficiencies*



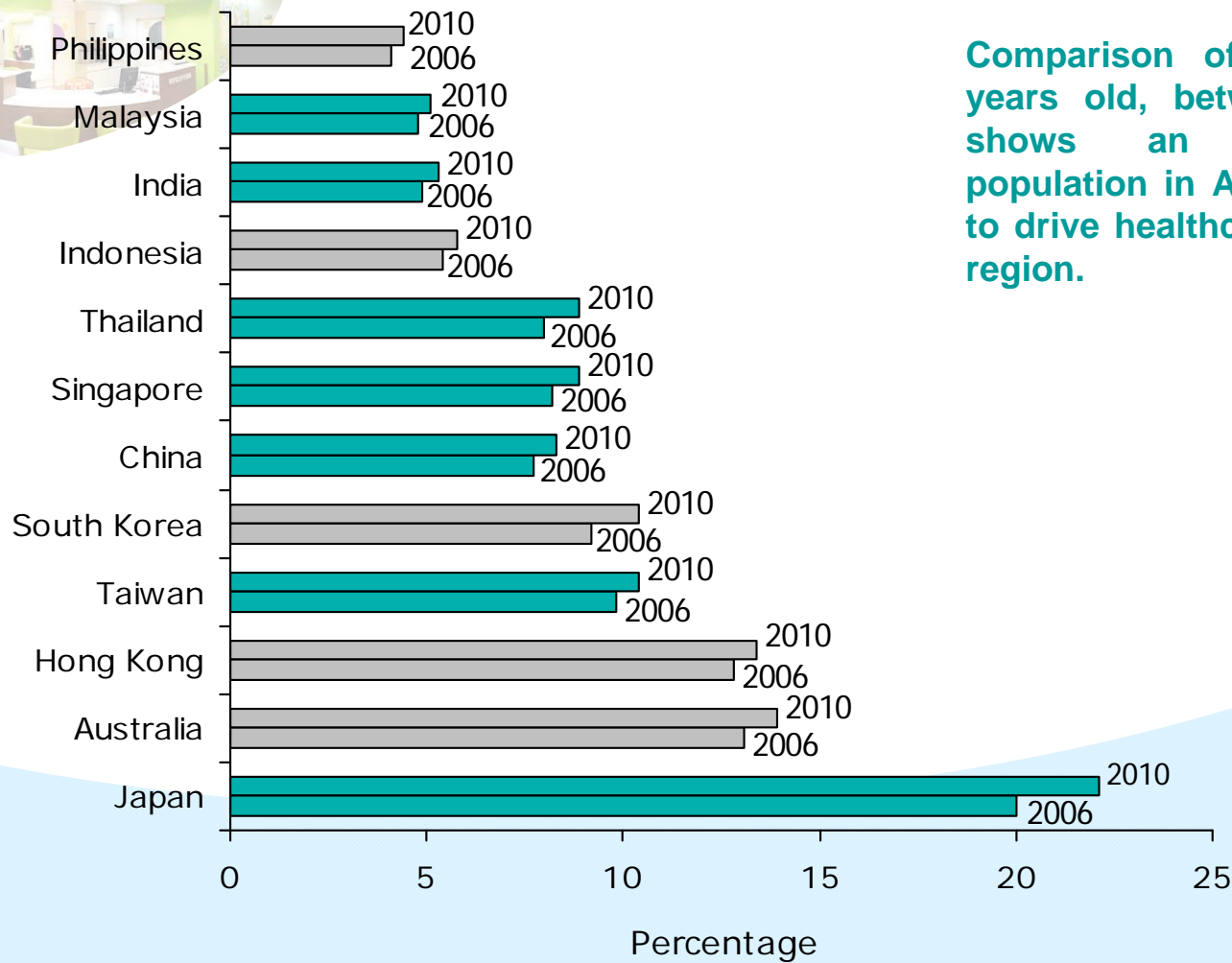


## Key Drivers of Growth

1

# Significant Growth in Healthcare Expenditures

Percentage of Population Over 65 Year Old in Asia



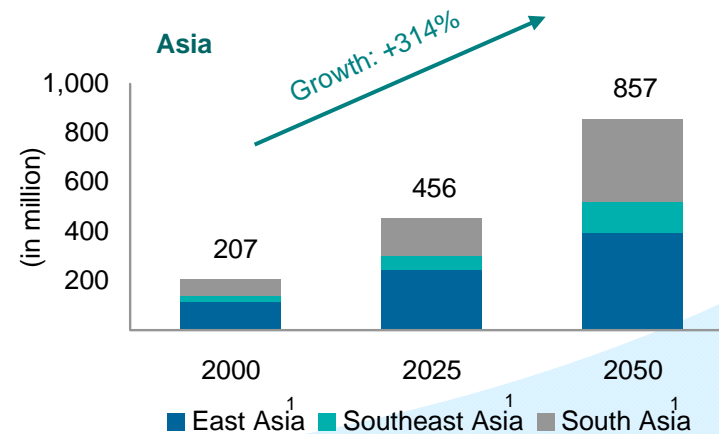
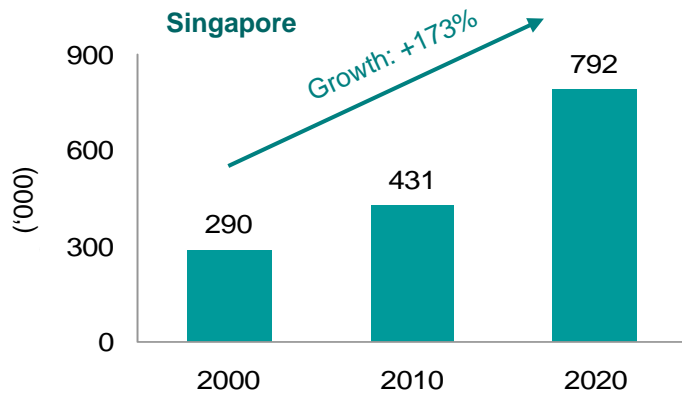
Comparison of population over 65 years old, between 2006 and 2010, shows an increasing ageing population in Asia. This will continue to drive healthcare expenditure in the region.

■ ParkwayLife REIT Countries of focus

2

# The Ageing Population will Continue to be a Key Driver, Underpinning the Requirement for Healthcare Real Estate Assets

## Above-65-year-old population in Singapore and Asia



Notes:

<sup>1</sup> East Asia comprises China, Japan, South Korea. Southeast Asia comprises Singapore, Malaysia, Indonesia, Thailand, Vietnam, Philippines and South Asia comprises India.

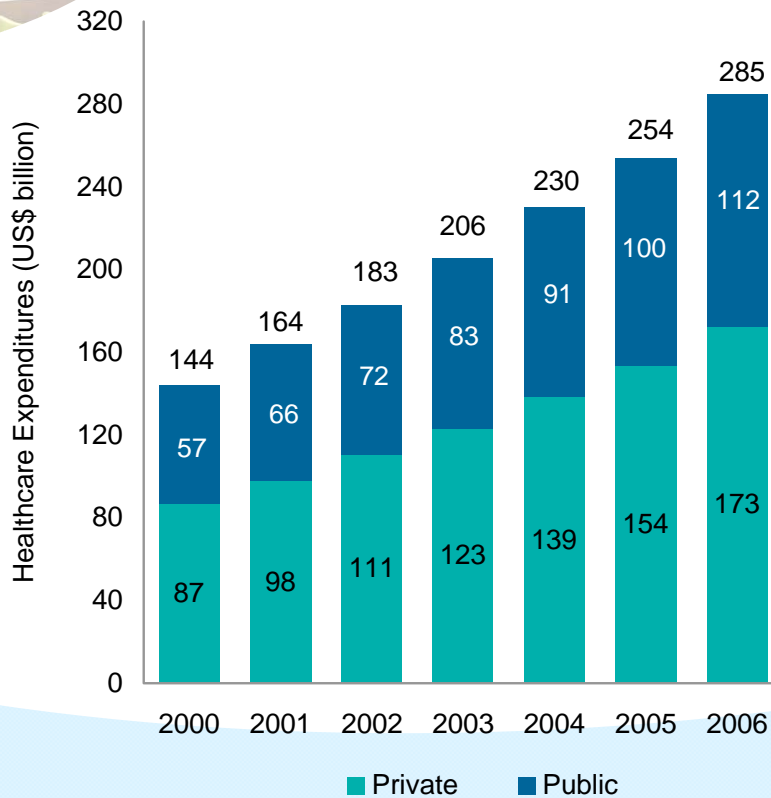
Source: Euromonitor, the United Nations

3

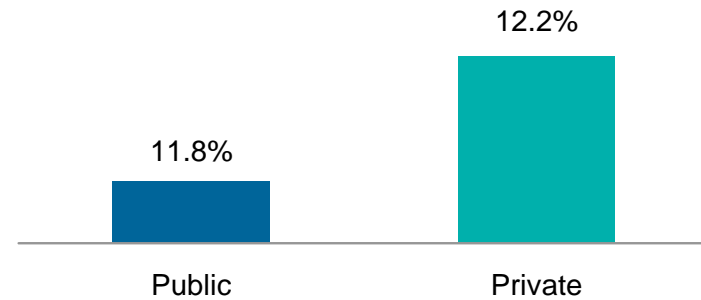
# Rising Importance of Private Healthcare Services

*An increasing percentage of the Asian population is turning to private healthcare...*

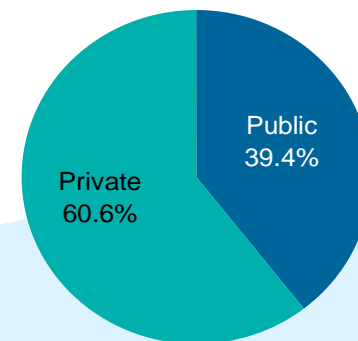
Asia private vs. public healthcare expenditure



Healthcare expenditure CAGR (00-06)



2006 healthcare expenditures



Source: Singapore Ministry of Health, Frost and Sullivan, Taiwan Department of Health, Euromonitor

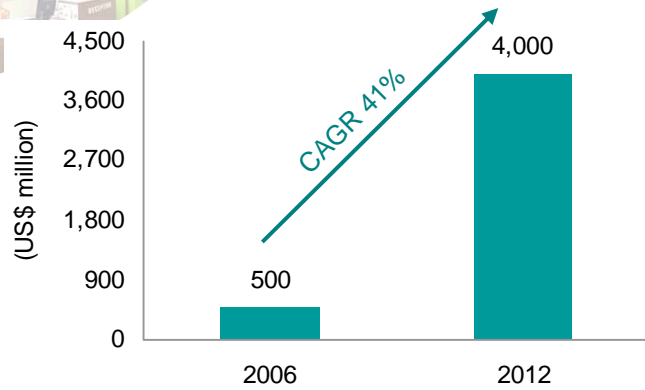
**... driven by increased personal wealth and wider healthcare insurance coverage**

4

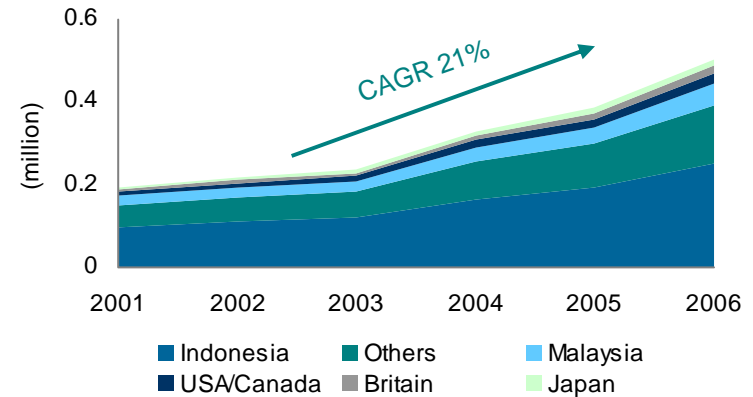
# Growth in Medical Tourism

*World class medical care at competitive rates is attracting increased medical travel to Singapore*

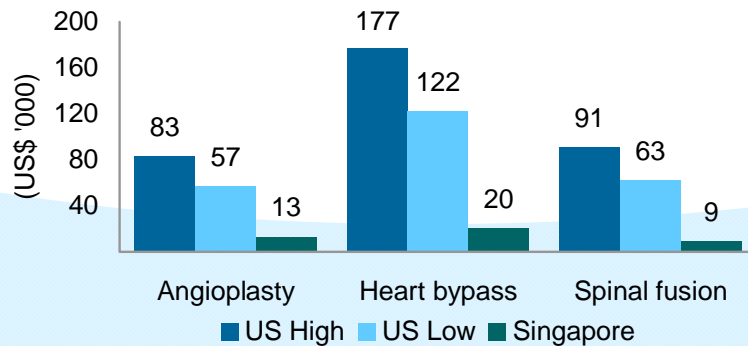
Asia medical tourism industry



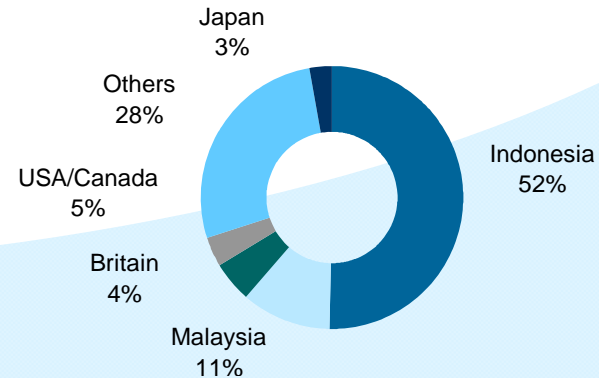
International patients inflow to Singapore



Procedure cost comparison US vs Singapore



Origin of international patients (2005)



Source: Abacus International (Singapore), Frost and Sullivan, Singapore Tourism Board, PlanetHospital, Subimo

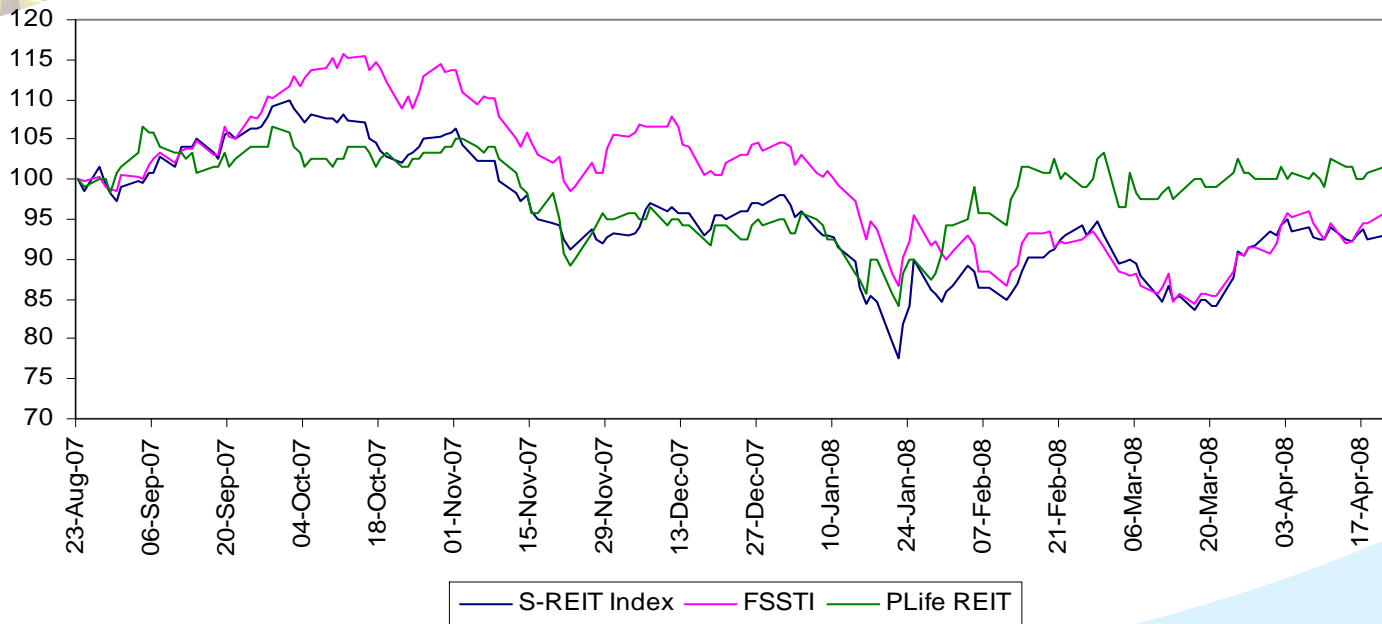
Source: Singapore Ministry of Health, Straits Times - 29 March 2006, Frost & Sullivan



## Unit Price Performance Since Listing

# Unit price relative performance

S-REIT	-6.26%
STI	-3.54%
PLife REIT	+1.68%



- Parkway Life REIT's unit price has outperformed the market, from 23 August 2007 to 23 April 2008, Parkway Life REIT's share price has increased 1.68%, while STI Index and S-REIT prices have decreased.



ParkwayLife REIT