

Issuer: Parkway Trust Management Limited

Security: Parkway Life Real Estate Investment Trust

Meeting details:

Date: 30 April 2018

Time: 9.30 a.m.

Venue: Gleneagles Hospital, Lecture Theatre, Level 3, 6A Napier Road, Singapore 258500

Company Description

Parkway Life Real Estate Investment Trust ("PLife REIT") is one of Asia's largest listed healthcare REITs by asset size. It invests in income-producing real estate and real estate related assets that are used primarily for healthcare and healthcare-related purposes (including but are not limited to, hospitals, healthcare facilities and real estate and/or real estate assets used in connection with healthcare research, education, and the manufacture or storage of drugs, medicine and other healthcare goods and devices). PLife REIT owns a well-diversified portfolio of 49 properties with a total portfolio size of approximately S\$1.7 billion as at 31 December 2017. It owns the largest portfolio of strategically-located private hospitals in Singapore comprising Mount Elizabeth Hospital, Gleneagles Hospital and Parkway East Hospital. In addition, it has 45 assets located in Japan, including one pharmaceutical product distributing and manufacturing facility in Chiba Prefecture as well as 44 high quality nursing home and care facility properties in various prefectures of Japan. It also owns strata-titled units/lots at Gleneagles Intan Medical Centre Kuala Lumpur in Malaysia.

(Source: http://www.sgx.com/wps/portal/sgxweb/home/company_disclosure/stockfacts?code=C2PU)

1. As mentioned in the Message to Unitholders, PLife REIT as it celebrated its 10th year anniversary since listing on the Singapore Exchange on 23 August 2007. In the ten years since, the number of properties has increased from 3 to 49 and the portfolio value has more than doubled from \$775 million to \$1.73 billion.

NAV per unit increased from \$1.25 to \$1.76 with the market capitalisation hitting \$1.81 billion.

- (i) **To help unitholders understand the REIT’s track record in the past 10 years, would the REIT be able to show the total unitholder return for an investor who has invested and held on to the REIT from the very first day?**
- (ii) **As the board and the manager chart the REIT’s direction for the next 10 years and beyond, what are the likely sources of growth for the REIT?**
- (iii) **How much more growth does the manager see in the Japan nursing home sector?**
- (iv) **Is the REIT looking to expand its geographical footprint? If so, which other countries or cities are actively being evaluated?**

2. In December 2014, the REIT started its first asset recycling initiative to rebalance and enhance the portfolio with the divestment of seven nursing homes. In December 2016, four more nursing homes were divested in the second asset recycling initiative.

Could the REIT manager help unitholders understand how are its assets evaluated for the “asset recycling initiative”? What are some of the financial and non-financial factors?

In addition, the REIT has a single Pharmaceutical Product Distributing and Manufacturing Facility in Japan that accounted for 1.4% of the REIT’s portfolio. **How synergistic is a distribution and manufacturing facility to the REIT’s other operations? Are there plans to grow this into a more substantial scale or to divest this asset?**

3. In the financial year, the REIT embarked on three more asset enhancement initiatives (AEIs) at its Japan properties, leveraging on the experience it acquired from the previous 12 completed AEIs for its Japanese assets.

- (i) **At the planning stage, what were the projected returns on investment for the REIT’s AEIs?**
- (ii) **What were the averaged realised returns on investment for the completed AEIs?**
- (iii) **Are there opportunities for the REIT to carry out a major AEI, such as the building of a new wing to increase the number of beds/floor area?**