ParkwayLife REIT

NEWS RELEASE

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PARKWAY LIFE REIT'S 4Q 2014 DPU ROSE 2.9% TO 2.90 CENTS

- **Distributable income increases 7.1% and 2.9% for the full year and quarter respectively**
- **Successfully executed the maiden asset recycling initiative**
- **Registered a $13.7 million gain (before tax) on disposal of investment properties**
- **Insulated from volatility in the Japanese Yen by adopting natural hedge strategy**
- **Achieved a revaluation surplus of $45 million; a 3.1% gain for its portfolio**

TOTAL PORTFOLIO	4Q 2014 S$'000	4Q 2013 S$'000	Inc %	FY2014 S$'000	FY2013 S$'000	Inc %
Gross revenue	25,107	24,736	1.5	100,382	93,693	7.1
Net property income	23,465	23,165	1.3	93,775	87,599	7.1
Income available for distribution (after deducting income retained for capital expenditure)	17,530	17,044	2.9	69,698	65,054	7.1
Available Distribution Per Unit (cents) [1] - DPU for the period - Annualised DPU	 2.90 11.60	 2.82 11.28	 2.9 2.9	 11.52 11.52	 10.75 10.75	 7.1 7.1
Annualised Distribution Yield (%), based on closing market price of S$2.38 as at 31 December 2014	4.9	4.7	2.9	4.8	4.5	7.1

Singapore, 27 January 2015 – Parkway Trust Management Limited (the "Manager"), as manager of **Parkway Life Real Estate Investment Trust** ("PLife REIT" or the "Group"), one of Asia's largest listed healthcare REITs, announced today that the Distribution per Unit ("DPU") in the fourth quarter ended 31 December 2014 ("4Q 2014") rose 2.9% to 2.90 Singapore cents, from 2.82 Singapore cents in the corresponding period a year ago ("4Q 2013"). The increase was led mainly by acquisitions and rental growth of existing properties.

PLife REIT maintained its strong DPU performance for the financial year ended 31 December 2014 ("FY2014"), which rose 7.1% year-on-year ("y-o-y") to 11.52 cents.

[1] The number of units used to calculate the DPU comprises the number of units in issue as at end of respective periods.

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Summary of PLife REIT's Financial Performance

PLife REIT reported a 1.5% increase in gross revenue for 4Q 2014 to S$25.1 million, from S$24.7 million in 4Q 2013. For the financial year ended 31 December 2014 ("FY2014"), gross revenue rose by 7.1% to S$100.4 million, compared to S$93.7 million in the previous year ("FY2013"). The higher revenue was mainly from rental income contributions from Japanese properties acquired in second half 2013 and 2014. Additionally, higher rent from the Singapore properties, due mainly to increased growth rate of 2.81% (under the CPI + 1% rent review formula) for Year 8 of lease term commencing 23 August 2014, also contributed to the revenue growth.

As a result, 4Q 2014 net property income rose 1.3% to S$23.5 million and FY2014 net property income increased by 7.1% to S$93.8 million.

The income hedge strategy on the Japanese Yen income continued to deliver positive impact, enhancing the stability of distributions to Unitholders. As a result, the Group registered a realised foreign exchange gain of S$0.7 million in 4Q 2014 and S$2.3 million in FY2014. PLife REIT is further protected from exposure to potential foreign currency fluctuations by adopting a natural hedge strategy.

In addition, independent valuations were performed for all properties in the portfolio as at 31 December 2014. PLife REIT enjoyed a revaluation surplus of S$45 million or a valuation gain of 3.1% for its total portfolio.

Rebalancing and Strengthening the Japan Portfolio

In 4Q 2014, PLife REIT embarked on its maiden divestment of seven nursing homes at S$88.3 million, which was about 28.1% higher than the original purchase price and 8.3% above the latest valuation. This initiative is part of PLife REIT's recycling strategy to rebalance and strengthen the overall quality and growth potential of the Japan Portfolio. The divestment, which resulted in a S$13.7 million gain (before tax) on disposal of investment properties, will further strengthen PLife REIT's balance sheet and provide greater financial flexibility to seize other attractive investment opportunities offering better value. Upon the repatriation of the divestment proceeds from Japan, the divestment gains will be distributed over FY2015.

Embarking on its recycling strategy, the Group had, in the same quarter, acquired two other yield-accretive Japan nursing home properties[2] at S$58.2 million and approximately 2.1% discount to valuation.

Commenting on the performance for 2014, Mr Yong Yean Chau, Chief Executive Officer of the Manager said, "Despite the macroeconomics headwinds the industry had to face, we are pleased to continue delivering strong results for unitholders. We have successfully executed our asset recycling strategy, which sees us unlocking value from less strategic assets and acquiring properties with higher yield. As we remain competitive in making our acquisitions, the divestment proceeds will enable us to acquire other attractive assets that will enhance the overall value and growth potential of PLife REIT."

As part of ongoing efforts to strengthen its balance sheet, PLife REIT has no long-term debt refinancing needs till FY2016, with current effective all-in-cost of debt of 1.4% as at 31 December 2014. Its gearing stood at 35.2% representing ample debt headroom for growth.

Additionally, PLife REIT is supported by favourable rental lease structures, where at least 93% of its portfolios have downside revenue protection and 69% of the total portfolio is pegged to CPI-linked revision formulae, ensuring steady future rental growth whilst protecting revenue stability amid uncertain market conditions.

"Being well-protected against downside revenue movements, we believe 2015 will be a dynamic year. Governments in the region are expected to continue to foster partnership with private sectors to enhance service offerings to patients. We believe the regional healthcare industry will remain positive over the long term. In view of the market environment, we will remain focused on improving our operational efficiency while enhancing the effectiveness of our development strategy in line with the growth curve of the healthcare sector. We remain committed to and grounded in our defensive strategy, while building on it to explore and tap into growth opportunities," Mr Yong concluded.

– End –

[2] Acquisition of 2nd property – Ocean View Shonan Arasaki was completed on 6 January 2015.

About Parkway Life REIT

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 41 properties with a total portfolio size of approximately S$1.5 billion as at 31 December 2014. It owns the largest portfolio of strategically-located private hospitals in Singapore comprising Mount Elizabeth Hospital, Gleneagles Hospital and Parkway East Hospital, covering an aggregate of 721 beds[3]. It also owns strata-titled units/lots at Gleneagles Intan Medical Centre Kuala Lumpur in Malaysia. In addition, it has 37 assets located in Japan, including one pharmaceutical product distributing and manufacturing facility in Chiba Prefecture as well as 36 high quality nursing home and care facility properties in various prefectures of Japan. After financial close date, PLife REIT has in January 2015, further boosted its Japan presence with the purchase of another nursing home, bringing its total Japan portfolio to 38 properties.

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Important Notice

[3] As at 31 December 2014.