

**NEWS RELEASE**

**FOR IMMEDIATE RELEASE**

**PARKWAY LIFE REIT REPORTS  
STRONG Y-O-Y DPU GROWTH OF 15.6% IN 2Q 2015**

- Another record high quarterly DPU of 3.35 cents for 2Q 2015
- Completion of asset recycling gave rise to DPU growth of 2.6% from recurring operations
- Pre-emptive refinanced and termed out loan due in 2Q 2016 and some short-term loans with no long-term refinancing needs till FY2017
- Minimum Guaranteed Rent for Singapore Hospitals to increase by 1.05% for the 9<sup>th</sup> year of lease term commencing 23 August 2015

| TOTAL PORTFOLIO   | 2Q 2015<br>S\$'000 | 2Q 2014<br>S\$'000 | Increase<br>%     | 1H 2015<br>S\$'000 | 1H 2014<br>S\$'000 | Increase<br>% |
|---|--------------------|--------------------|-------------------|--------------------|--------------------|---------------|
| <b>Gross revenue</b>  | <b>25,648</b>      | <b>25,339</b>      | <b>1.2</b>        | <b>50,421</b>      | <b>49,943</b>      | <b>1.0</b>    |
| <b>Net property income</b>  | <b>23,987</b>      | <b>23,641</b>      | <b>1.5</b>        | <b>47,152</b>      | <b>46,625</b>      | <b>1.1</b>    |
| <b>Income available for distribution</b>  | <b>20,273</b>      | <b>17,542</b>      | <b>15.6</b>       | <b>39,736</b>      | <b>34,608</b>      | <b>14.8</b>   |
| - from recurring operations <sup>1</sup>  | 17,995             | 17,542             | 2.6               | 35,181             | 34,608             | 1.6           |
| - from distribution of divestment gains   | 2,278              | -                  | n.m. <sup>2</sup> | 4,555              | -                  | n.m.          |
| <b>Available Distribution Per Unit (cents)<sup>3</sup></b>  |                    |                    |                   |                    |                    |               |
| - DPU for the period  | <b>3.35</b>        | <b>2.90</b>        | <b>15.6</b>       | <b>6.56</b>        | <b>5.72</b>        | <b>14.8</b>   |
| - Annualised DPU  | <b>13.40</b>       | <b>11.60</b>       | <b>15.6</b>       | <b>13.12</b>       | <b>11.44</b>       | <b>14.8</b>   |
| <b>Annualised Distribution Yield (%), based on closing market price of S\$2.30 as at 30 June 2015</b> | <b>5.83</b>        | <b>5.04</b>        | <b>15.6</b>       | <b>5.70</b>        | <b>4.97</b>        | <b>14.8</b>   |

**Singapore, 28 July 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, today announced another record high quarterly distribution per unit (“DPU”) of 3.35 cents for the second quarter ended 30 June 2015 (“2Q 2015”), representing a 15.6% increase over the same period of the preceding year (“2Q 2014”),

<sup>1</sup> Net of amount retained for capital expenditure of S\$0.75 million per quarter.

<sup>2</sup> n.m. denotes not meaningful.

<sup>3</sup> The number of units used to calculate the DPU correlates to the number of units in issue as at end of respective periods.

2014”). For six months ended 30 June 2015 (“1H 2015”), DPU growth was 14.8% year-on-year (y-o-y) at 6.56 cents.

Mr Yong Yean Chau, Chief Executive Officer of the Manager, said: “We are pleased to report that the REIT has once again delivered another record high DPU for 2Q 2015. The completion of our maiden asset recycling has boosted our revenue, contributing to our healthy and steadfast DPU growth that has grown at a rate of 82.3% since our IPO in 2007.”

### **Summary of PLife REIT’s Results**

In 2Q 2015, PLife REIT’s gross revenue rose 1.2% to S\$25.6 million, from S\$25.3 million in 2Q 2014. The completion of the asset recycling initiative in March 2015 had resulted in a full quarter rental contribution from the seven new properties in 2Q 2015. The higher rental income was able to offset the loss in income from the divested seven assets that were of less strategic value. Net property income for 2Q 2015 was \$24.0 million, 1.5% higher compared with a year ago.

On a half-year comparison, PLife REIT’s gross revenue rose 1.0% to S\$50.4 million, from S\$49.9 million in 1H 2014. Net property income for 1H 2015 rose correspondingly to S\$47.2 million, a 1.1% y-o-y increase from the same period in 2014. This was mainly due to revenue contribution from the properties acquired in 1Q 2014 and from the asset recycling initiative, and higher rent from the existing properties offset by the depreciation of the Japanese Yen.

Overall, annualised DPU for 1H 2015 outperformed 1H 2014’s DPU by 14.8%, mainly due to the partial capital distribution of the gains arising from the divestment of seven properties in December 2014 and higher rent from existing properties.

### **No long-term debt refinancing needs till FY2017**

As part of PLife REIT’s prudent capital and financial management to maintain a robust balance sheet, the REIT has also taken pre-emptive steps to refinance and term out the SGD long term loan due in 2Q 2016 and some short term loans via a combination of four and six years committed loans. This ensures the REIT maintains a well spread out debt maturity profile with the weighted average term to maturity extended to 4.0 years, from 3.6 years<sup>4</sup>, with current effective all-in cost of debt of 1.5%.

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<sup>4</sup> As at 31 March 2015.

Gearing remained healthy at 34.1% as at 30 June 2015, with ample debt headroom for growth.

### **Minimum Guaranteed Rent for Singapore Hospitals to increase by 1.05%**

PLife REIT's Singapore Hospital Properties are poised to continue enjoying growth based on its minimum guaranteed rent for the ninth year of its lease term from 23 August 2015 to 22 August 2016. Under the CPI + 1% rental revision formula, the Singapore properties will continue to register at least a 1.0% increase in minimum guaranteed rent above the total rent payable for the previous year even as inflation eases.

### **Outlook of the healthcare industry and future plans**

Bolstered by robust demand for nursing homes in Japan and growing healthcare industry in the region, the healthcare sector remains resilient. Mr Yong commented: "As a first mover and entrenched player in the Japan market, we plan to consolidate our assets in Japan to generate operating synergies and achieve greater cost savings. Our enlarged portfolio of 47 high-quality healthcare and healthcare related assets also puts us in a favourable position as we continue to optimise our portfolio."

The healthcare industry has also been witnessing unprecedented growth and total healthcare spending is expected to rise as demand for quality healthcare grows globally.

"As one of the largest healthcare REITs in Asia, we are actively seeking new opportunities in other regional market to meet the growing demand. We aim to continue with our proactive asset management to improve performance, enhance competitiveness and deliver greater value for our unitholders" added Mr Yong.

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## 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 47 properties with a total portfolio size of approximately S\$1.6 billion as at 30 June 2015. 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 43 assets located in Japan, including one pharmaceutical product distributing and manufacturing facility in Chiba Prefecture as well as 42 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.

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## Important Notice

This press release is for information only and does not constitute an invitation or offer to acquire, purchase or subscribe for units in Parkway Life Real Estate Investment Trust (“PLife REIT” and the units in PLife REIT, the “Units”).

The value of the Units and the income derived from them may fall as well as rise. The Units are not obligations of, deposits in, or guaranteed by, Parkway Trust Management Limited, as Manager of PLife REIT, or any of its affiliates. Investors have no right to request the Manager to redeem their Units while the Units are listed. It is intended that Unitholders of PLife REIT may only deal in their Units through trading on Singapore Exchange Securities Trading Limited (the “SGX-ST”). Listing of the Units on the SGX-ST does not guarantee a liquid market for the Units. The past performance of PLife REIT or the Manager is not necessarily indicative of the future performance of PLife REIT or the Manager. An investment in Units is subject to investment risks, including the possible loss of the principal amount invested.