

**NEWS RELEASE**
**FOR IMMEDIATE RELEASE**
**PARKWAY LIFE REIT REPORTS DPU OF 3.01 CENTS FOR 2Q 2016**

- Recurrent DPU for the quarter rose 1.2% year-on-year despite overall DPU decline due to absence of one-off divestment gain<sup>1</sup>
- Strong capital structure with no long-term debt refinancing needs till 2H FY2018
- Minimum Guaranteed Rent for Singapore Hospitals to increase by 1.0% for the 10<sup>th</sup> year of lease term commencing 23 August 2016

| TOTAL PORTFOLIO   | 2Q 2016<br>S\$'000 | 2Q 2015<br>S\$'000 | Inc /<br>(Dec)<br>% | 1H 2016<br>S\$'000 | 1H 2015<br>S\$'000 | Inc /<br>(Dec)<br>% |
|---|--------------------|--------------------|---------------------|--------------------|--------------------|---------------------|
| <b>Gross revenue</b>  | <b>27,385</b>      | <b>25,648</b>      | <b>6.8</b>          | <b>54,286</b>      | <b>50,421</b>      | <b>7.7</b>          |
| <b>Net property income</b>  | <b>25,530</b>      | <b>23,987</b>      | <b>6.4</b>          | <b>50,665</b>      | <b>47,152</b>      | <b>7.5</b>          |
| <b>Total distributable income to Unitholders</b>  | <b>18,210</b>      | <b>20,273</b>      | <b>(10.2)</b>       | <b>36,307</b>      | <b>39,736</b>      | <b>(8.6)</b>        |
| - from recurring operations <sup>2</sup>  | 18,210             | 17,995             | 1.2                 | 36,307             | 35,181             | 3.2                 |
| - from distribution of divestment gains <sup>1</sup>  | -                  | 2,278              | n.m. <sup>3</sup>   | -                  | 4,555              | n.m                 |
| <b>Available Distribution Per Unit (cents)<sup>4</sup></b>  |                    |                    |                     |                    |                    |                     |
| - DPU for the period  | <b>3.01</b>        | <b>3.35</b>        | <b>(10.2)</b>       | <b>6.00</b>        | <b>6.56</b>        | <b>(8.6)</b>        |
| - Annualised DPU  | <b>12.04</b>       | <b>13.40</b>       | <b>(10.2)</b>       | <b>12.00</b>       | <b>13.12</b>       | <b>(8.6)</b>        |
| <b>Annualised Distribution Yield (%), based on closing market price of S\$2.42 as at 30 June 2016</b> | <b>4.98</b>        | <b>5.54</b>        | <b>(10.2)</b>       | <b>4.96</b>        | <b>5.42</b>        | <b>(8.6)</b>        |

**Singapore, 26 July 2016** – 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 its results for the second quarter (“2Q 2016”) and first six months (“1H 2016”) ended 30 June 2016.

Distribution per Unit (“DPU”) was at 3.01 and 6.00 Singapore cents for 2Q 2016 and 1H 2016 respectively. The DPU from recurring operations continued to grow 1.2% 2Q year-on-

<sup>1</sup> Divestment gains of 1.5 cents (S\$9.11 million) have been equally distributed over four quarters in FY2015.

<sup>2</sup> Net of amount retained for capital expenditure of S\$0.75 million per quarter.

<sup>3</sup> The term “n.m.” denotes “not meaningful”.

<sup>4</sup> The number of units used to calculate the DPU correlates to the number of units in issue as at end of respective periods.

year (“y-o-y”) and 3.2% 1H y-o-y. On an overall basis, there was a 10.2% (2Q y-o-y ) and 8.6% (1H y-o-y) decline, due to the absence of one-off distribution of divestment gain.

PLife REIT’s gross revenue increased 6.8% to S\$27.4 million (2Q 2016) and 7.7% to S\$54.3 million (1H 2016). This was primarily driven by a full quarter rental contribution from acquisition completed in 1Q 2016, better-yielding properties acquired from the asset recycling initiative in 1Q 2015, higher rent from Singapore properties and appreciation of the Japanese Yen. Correspondingly, net property income increased 6.4% to S\$25.5 million in 2Q 2016 and 7.5% to S\$50.7 million in 1H 2016.

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\$0.3 million in 2Q 2016 and S\$0.7 million in 1H 2016 respectively. PLife REIT is further protected from exposure to potential foreign currency fluctuations by adopting a natural hedge strategy.

### **No long-term debt financing needs until 2H FY2018**

As part of PLife REIT’s prudent capital and financial management, the REIT has, in June 2016, secured a JPY6,500 million (approximately S\$85.6 million<sup>5</sup>) term loan facility (the “Facility”) to pre-emptively term out the remaining loan due in FY2017 and about 27% of loans due in FY2018 for another 5 years.

With that, PLife REIT achieved a well spread out debt maturity profile, lower all-in cost of debt at 1.4% (from 1.5%), as well as extended average weighted debt term to maturity of 3.7 years, from 3.3 years.

Gearing stood at a healthy 37.8% as at 30 June 2016, within the 45% limit allowed under the Monetary Authority of Singapore’s Property Funds Appendix.

Commenting on the performance for the half-year period, Mr Yong Yean Chau, Chief Executive Officer of the Manager said: “The global economy has recently experienced various shocks in the form of surprise easing from central banks and the Brexit. While the healthcare sector is not immune to industry cyclical ups-and-downs, it is one of the more

---

<sup>5</sup> Based on exchange rate of S\$1.317 per JPY100 as at 30 June 2016.

defensive sectors. PLife REIT's performance has persisted to show its resiliency as we close off the first half of the year."

### **Minimum Guaranteed Rent for Singapore Hospitals to increase by 1.0%**

PLife REIT's Singapore Hospital Properties continued to enjoy growth based on its minimum guaranteed rent for the tenth year of its lease term from 23 August 2016 to 22 August 2017. Under the CPI + 1%<sup>6</sup> rental revision formula, the Singapore properties will continue to register a 1.0% increase in minimum guaranteed rent above the total rent payable for the previous year.

### **Outlook**

"Amidst the challenging macroeconomic environment, S-REITs are viewed as safe haven instruments. Coupled with the fact that we are well-protected against downside revenue movements, we believe this would help bulwark the risks posed by the volatility in the financial markets. However, we remain keenly aware on the challenges and will continue to approach expansion opportunities in a disciplined manner.

We remain committed to staying on track with our proactive financial and capital management strategy in place, we will also sharpen our focus on expansion opportunities with the aim of growing greater value and delivering results to our Unitholders," added Mr. Yong.

**- End -**

---

<sup>6</sup> Where CPI is negative, it is deemed as zero.

## 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 48 properties with a total portfolio size of approximately S\$1.7 billion as at 30 June 2016. 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 44 assets located in Japan, including one pharmaceutical product distributing and manufacturing facility in Chiba Prefecture as well as 43 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.

### For media queries, please contact:

#### **Bell Pottinger**

*Tel: (65) 6333 3449 Fax: (65) 6438 3442*

*Chelsea Phua – [cphua@bellpottinger.com](mailto:cphua@bellpottinger.com) / (65) 8322 6409*

*Tara Wong – [twong@bellpottinger.com](mailto:twong@bellpottinger.com) / (65) 9069 8266*

#### **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.