

**NEWS RELEASE**
**FOR IMMEDIATE RELEASE**
**PARKWAY LIFE REIT REPORTS DPU OF 3.06 CENTS FOR 3Q 2016**

- Recurring DPU for the quarter increases 2.7% for 3Q 2016 despite overall DPU decline due to absence of one-off divestment gain<sup>1</sup>
- Completion of Sawayaka Kiyotakan AEI with rent increase by 4.7%
- No long-term debt refinancing needs till 2H FY2018

Total Portfolio	3Q 2016 S\$'000	3Q 2015 S\$'000	Inc / (Dec) %	YTD 3Q 2016 S\$'000	YTD 3Q 2015 S\$'000	Inc / (Dec) %
<b>Gross revenue</b>	<b>28,106</b>	<b>25,965</b>	<b>8.2</b>	<b>82,392</b>	<b>76,386</b>	<b>7.9</b>
<b>Net property income</b>	<b>26,202</b>	<b>24,262</b>	<b>8.0</b>	<b>79,867</b>	<b>71,414</b>	<b>7.6</b>
<b>Total distributable income to Unitholders</b>	<b>18,513</b>	<b>20,298</b>	<b>(8.8)</b>	<b>54,820</b>	<b>60,034</b>	<b>(8.7)</b>
- from recurring operations <sup>2</sup>	18,513	18,020	2.7	54,820	53,201	3.0
- from distribution of divestment gains <sup>1</sup>	-	2,278	n.m <sup>3</sup>	-	6,833	n.m <sup>3</sup>
<b>Available Distribution Per Unit ("DPU") (in cents)</b>						
- DPU for the period	<b>3.06</b>	<b>3.36</b>	<b>(8.8)</b>	<b>9.06</b>	<b>9.92</b>	<b>(8.7)</b>
- Annualised DPU	<b>12.24</b>	<b>13.44</b>	<b>(8.8)</b>	<b>12.08</b>	<b>13.23</b>	<b>(8.7)</b>
<b>Annualised distribution yield (%), based on closing market price of S\$2.60 as at 30 September 2016</b>	<b>4.71</b>	<b>5.17</b>	<b>(8.8)</b>	<b>4.64</b>	<b>5.09</b>	<b>(8.7)</b>

**Singapore, 27 October 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 third quarter ("3Q 2016") and nine months ended 30 September 2016 ("YTD 3Q 2016").

DPU was at 3.06 and 9.06 Singapore cents for 3Q 2016 and YTD 3Q 2016 respectively. The DPU from recurring operations continued to grow 2.7% 3Q year-on-year ("y-o-y") and 3.0% YTD 3Q y-o-y. On an overall basis, there was an 8.8% (3Q y-o-y) and 8.7% (YTD 3Q y-o-y) decline, due to the absence of one-off distribution of divestment gain<sup>1</sup>.

<sup>1</sup> Divestment gain of 1.5 cents (S\$9.11 million) was equally distributed in the 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".

For the period under review, PLife REIT saw a gross revenue increase of 8.2% to S\$28.1 million (3Q y-o-y) and 7.9% to S\$82.4 million (YTD 3Q y-o-y). This S\$2.1 million increase was primarily driven by contribution from one nursing home acquired on 31 March 2016, higher rent from the properties in Singapore and the appreciation of the Japanese Yen. In particular, Parkway East Hospital's adjusted hospital revenue for the ninth year lease (23 August 2015 – 22 August 2016) has outperformed its minimum guarantee rent<sup>4</sup>, contributing to the increase in revenue for the Singapore portfolio.

Correspondingly, the Company reported net property income of S\$26.2 million for 3Q 2016, an 8.0% increase as compared to S\$24.3 million in 3Q 2015.

### **Robust Asset Enhancement Strategy**

Following the completion of the Asset Enhancement Initiative ("AEI") of Sawayaka Kiyotakan in Japan, rent is expected to increase by 4.7% (JPY41.0 million / S\$0.5 million<sup>5</sup>) for the remaining lease term of approximately 17 years with effect from 26 July 2016. This is the ninth AEI for the Group's Japan portfolio and fourth AEI with PLife REIT's largest nursing home operator, K.K. Sawayaka Club.

Mr Yong Yean Chau, Chief Executive Officer of the Manager said: "We are committed to improving the performance of the Group through a robust asset enhancement strategy. Since listing, we have devoted substantial effort to implementing asset enhancement initiatives with the aim of unlocking the value of our properties and developing them to their full potential."

### **Strengthening of Balance Sheet**

As part of ongoing efforts to strengthen its balance sheet, PLife REIT has termed out all loans due in FY2017 and about 27% of loans due in FY2018. With that, there is no long-term debt refinancing needs till 2H FY2018. The current effective all-in cost of debt stands at 1.4%.

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<sup>4</sup> 9th year Minimum Guaranteed Rent was set to increase by at least 1% above total rent payable for 8th year of lease term based on CPI + 1% formula where CPI was 0.05%

<sup>5</sup> Based on an exchange rate of S\$1 to ¥74.13

Gearing remains healthy at 38.2% as at 30 September 2016, within the 45% limit allowed under the Monetary Authority of Singapore's Property Funds Appendix.

## **Outlook**

Commenting on PLife REIT's outlook, Mr Yong said: "This has been a tough year for the economy as investors are faced with uncertain market conditions and increased volatility. While we do expect some challenges in acquisition opportunities in the short to medium term, we continue to remain optimistic about PLife REIT's prospects in the medium to longer term.

REITs have been viewed as safe and stable investments in this risk-off environment and we are further boosted by the resilience and defensiveness of the healthcare sector. We are always striving to build on our strong fundamentals and robust growth drivers, and these factors have allowed us to continue delivering healthy returns for our Unitholders."

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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 48 properties with a total portfolio size of approximately S\$1.6 billion<sup>6</sup> as at 30 September 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.

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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.

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<sup>6</sup> Based on latest appraised values