

**NEWS RELEASE**
**FOR IMMEDIATE RELEASE**
**PARKWAY LIFE REIT REPORTS DPU OF 3.06 CENTS FOR 4Q 2016**

- Excluding the one-off divestment gain<sup>1</sup>, recurring DPU increased by 2.3% y-o-y for 4Q2016 and 2.8% y-o-y for FY2016
- Divested 4 Japan properties in December 2016<sup>2</sup>
- Divestment gains (after tax) of approximately S\$5.3 million to be distributed in FY2017
- Achieved a portfolio revaluation surplus of S\$18.2 million
- No long-term debt refinancing needs till FY2019<sup>3</sup>
- Gearing remains at a healthy level of 36.3%

<b>Total Portfolio</b>	<b>4Q 2016 S\$'000</b>	<b>4Q 2015 S\$'000</b>	<b>Inc / (Dec) %</b>	<b>FY2016 S\$'000</b>	<b>FY2015 S\$'000</b>	<b>Inc / (Dec) %</b>
<b>Gross revenue</b>	<b>27,731</b>	<b>26,308</b>	<b>5.4</b>	<b>110,123</b>	<b>102,694</b>	<b>7.2</b>
<b>Net property income</b>	<b>25,559</b>	<b>24,583</b>	<b>4.0</b>	<b>102,426</b>	<b>95,997</b>	<b>6.7</b>
<b>Total distributable income to Unitholders</b>	<b>18,486</b>	<b>20,351</b>	<b>(9.2)</b>	<b>73,306</b>	<b>80,385</b>	<b>(8.8)</b>
- from recurring operations <sup>4</sup>	18,486	18,074	2.3	73,306	71,275	2.8
- from distribution of divestment gains <sup>1</sup>	-	2,277	n.m. <sup>5</sup>	-	9,110	n.m. <sup>5</sup>
<b>Available Distribution Per Unit ("DPU") (in cents)</b>						
- DPU for the period	<b>3.06</b>	<b>3.37</b>	<b>(9.2)</b>	<b>12.12</b>	<b>13.29</b>	<b>(8.8)</b>
- Annualised DPU	<b>12.24</b>	<b>13.48</b>	<b>(9.2)</b>	<b>12.12</b>	<b>13.29</b>	<b>(8.8)</b>
<b>Annualised distribution yield (%), based on closing market price of S\$2.36 as at 30 December 2016</b>	<b>5.19</b>	<b>5.71</b>	<b>(9.2)</b>	<b>5.14</b>	<b>5.63</b>	<b>(8.8)</b>

<sup>1</sup> In relation to PLife REIT's maiden divestment of seven Japan nursing homes in December 2014 as announced on 26 December 2014. Divestment gain of 1.5 cents (S\$9.11 million) was equally distributed in the four quarters in FY2015.

<sup>2</sup> In relation to the recent divestment of four Japan nursing homes in December 2016 as announced on 22 December 2016.

<sup>3</sup> Post latest refinancing exercise to term out the remaining loan due in 2H FY2018 on 4 January 2017.

<sup>4</sup> Net of amount retained for capital expenditure of S\$0.75 million per quarter.

<sup>5</sup> The term "n.m." denotes "not meaningful".

**Singapore, 25 January 2017** – 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 a Distribution per Unit (“DPU”) of 3.06 Singapore cents and 12.12 Singapore cents for the fourth quarter (“4Q 2016”) and full year ended 31 December 2016 (“FY2016”). Excluding the one-off distribution of divestment gains arising from PLife REIT’s maiden divestment of seven Japan properties in December 2014, the DPU from recurring operations continued to grow 2.3% year-on-year (“y-o-y”) for 4Q 2016 and 2.8% y-o-y for FY2016.

Overall, gross revenue was higher at S\$27.7 million for 4Q 2016 and S\$110.1 million for FY2016, driven primarily by contribution from the acquisition of a property in March 2016<sup>6</sup>, higher rent from the Singapore properties and appreciation of the Japanese Yen as compared to the same period last year.

Correspondingly, net property income registered a 4.0% increase at S\$25.6 million for 4Q 2016 and an increase of 6.7% for FY2016 at S\$102.4 million.

The net income hedges put in place for PLife REIT’s Japan portfolio continue to serve as an effective shield against the JPY currency fluctuations, underpinning the sustainability of its stable distributions to Unitholders. During the year under review, the Group had registered a realised foreign exchange gain amounting to S\$1.0 million from the delivery of Japanese Yen forward contracts.

In addition, independent valuations were performed for all properties in the portfolio as at 31 December 2016. For FY2016, PLife REIT registered a portfolio revaluation gain of S\$18.2 million and its total portfolio size stands at approximately S\$1.7 billion as at 31 December 2016.

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<sup>6</sup> In relation to the acquisition of a nursing home property in the Hokkaido prefecture announced on 24 March 2016, Silver Heights Hitsujigaoka Ichiban-kan & Nibankan (the “Property”), from Kabushiki Kaisha Silver Heights Sapporo (the “Vendor”).

### **Robust capital structure, prudent financial and risk management**

As part of its continuous efforts to strengthen the balance sheet, PLife REIT pre-emptively termed out all existing long-term debts, with no immediate refinancing need till the financial year ending 31 December 2019 (“FY2019”)<sup>3</sup>. The weighted average debt term to maturity had accordingly been improved to 3.6 years, from 3.2 years post refinancing exercise on 4 January 2017.

As at 31 December 2016, gearing remains healthy at 36.3% with an effective all-in cost of debt of 1.4%. With 99% of its interest rate exposure hedged, PLife REIT remains well insulated from the interest rate vulnerabilities.

### **Enhancing resiliency of Japan portfolio**

On 22 December 2016, PLife REIT successfully completed the divestment of four nursing home properties in Japan (the “Divestment”).

Capitalising on the opportunity to divest the properties at a good price while strengthening the Japan portfolio mix, PLife REIT will register a divestment gain (after tax) of approximately S\$5.3 million (“Divestment Gain”). The Divestment Gain will be equally distributed throughout the four quarters in FY2017.

Mr. Yong Yean Chau, Chief Executive Officer of the Manager said: “For the year, the Group had remained steadfast in ensuring well insulated earnings for the Unitholders as we proactively engaged in prudent financial and risk management and strengthened the portfolio mix, amidst the macro economic uncertainties. Building on our sound fundamentals and defensive position, we remain vigilant in screening for compelling investment opportunities in the new year and beyond.”

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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 44 properties with a total portfolio size of approximately S\$1.7 billion<sup>7</sup> as at 31 December 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 40 assets located in Japan, including one pharmaceutical product distributing and manufacturing facility in Chiba Prefecture as well as 39 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>7</sup> Based on latest appraised values