

NEWS RELEASE
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PARKWAY LIFE REIT REPORTS CONTINUED GROWTH IN 1Q 2018

- DPU from recurring operations increased 3.6% Y-O-Y despite overall DPU decline due to absence of one-off divestment gain¹
- Strengthened the REIT's Japan portfolio with asset acquisition and completion of 2 AElS
- Further bolstered capital structure with successful refinancing of all JPY loans due in 2019

Total Portfolio	1Q 2018 S\$'000	1Q 2017 S\$'000	Inc / (Dec) %
Gross revenue	27,815	26,947	3.2
Net property income	25,961	25,141	3.3
Total distributable income to Unitholders	19,167	19,840	(3.4)
- from recurring operations ²	19,167	18,493	3.6
- from distribution of divestment gains	-	1,347	n.m.
Distribution Per Unit (cents)³			
- DPU for the period	3.17	3.28	(3.4)
- Annualised DPU	12.68	13.12	(3.4)
Annualised distribution yield (%), based on closing market price of S\$2.80 as at 29 March 2018	4.53	4.69	(3.4)

Singapore, 30 April 2018 – 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 its results for the first quarter ended 31 March 2018 (“1Q 2018”).

The Distribution per Unit (“DPU”) from the Group’s recurring operations grew by 3.6% to 3.17 Singapore cents in 1Q 2018, from 3.06 Singapore cents declared in the corresponding

¹ In relation to the divestment of four Japan properties as announced on 22 December 2016. Divestment gains (after tax) of S\$5,390,000 (0.89 cents) was fully distributed to Unitholders over four quarters in FY2017.

² Net of amount retained for capital expenditure on existing properties.

³ In computing the Distribution per Unit, the number of units in issue as at the end of each period is used.

period a year ago (“1Q 2017”). On an overall basis, DPU declined by 3.4% due to absence of one-off distribution of divestment gain that was recorded in 1Q 2017.

Gross revenue for 1Q 2018 increased by 3.2% year-on-year (“Y-O-Y”) to S\$27.8 million. The growth was largely attributable to additional rental contributions from properties acquired in 1Q 2017 and 1Q 2018 and upward minimum guarantee rent revision of Singapore hospitals by 1.27%⁴. Correspondingly, net property income for the period increased by 3.3% Y-O-Y to S\$26.0 million.

During the quarter, the Group continued to strengthen its Japan portfolio by acquiring an elderly nursing rehabilitation facility⁵, Konosu Nursing Home Kyoseien (the “Property”), becoming the PLife REIT’s 50th property. Acquired for a negotiated consideration of JPY1.5 billion (approx. S\$17.8 million), the purchase price was approximately 7.4% below valuation⁶. With its strong attributes including strategic location and fresh 20-year master lease, the Property is expected to generate a net property yield of 6.7%, thereby delivering immediate growth to the Group.

PLife REIT further enhanced its Japan portfolio with the completion of two Asset Enhancement Initiatives (“AEI”) at Ocean View Shonan Arasaki. Totalling JPY26.0 million (approx. S\$0.32 million), the enhanced properties contributed a rental increase to the Group from 1 March 2018.

During the quarter, the Group successfully refinanced and termed out the remaining Japanese Yen (“JPY”) loan due in 2019 using the proceeds from a 6-year JPY3.5 billion (approx. S\$43.3 million) fixed rate notes as well as a 6-year JPY4.4 billion (approx. S\$54.4 million) term loan facility. Having diversified its funding sources through proactive debt management, the Group extended its average debt term to maturity from 2.7 years to 3.4 years and also lowered its effective all-in cost of debt from 1.03% to 0.99%.

With interest rate exposure largely hedged, PLife REIT’s interest cover ratio stood at 13.2 times. As at 31 March 2018, gearing remained optimal at 38.0%.

Commenting on the results, Mr. Yong Yean Chau, Chief Executive Officer of the Manager, said: “This has been a positive start for the year for PLife REIT. Recurrent DPU has continued to grow, on the back of favourable rental lease structures, which ensures steady rental growth whilst protecting revenue downside, amid uncertain market conditions.

⁴ In 11th year of lease commencing 23 August 2017 to 22 August 2018.

⁵ A facility providing long-term elderly care with nursing care and functional training under the supervision of medical experts.

⁶ K.K. Halifax Associates has independently valued the Property as at 31 December 2017 at JPY1.62 billion (approx. S\$19.2 million).



On the risk management front, we have adopted prudent financial risk management strategies to manage the exposure to interest rate risk and foreign currency risk. This further strengthens the stability of the REIT's net asset value and cash flows. With our enlarged portfolio of 50 high-quality healthcare and healthcare-related assets, PLife REIT is well-positioned to benefit from the resilient growth of the healthcare industry. ”

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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 50 properties with a total portfolio size of approximately S\$1.75 billion⁷ as at 31 March 2018. 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 46 assets located in Japan, including one pharmaceutical product distributing and manufacturing facility in Chiba Prefecture as well as 45 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:

Klareco Communications

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

Chelsea Phua – cphua@klarecocomms.com / (65) 8322 6409

Lucy Stewart – lstewart@klarecocomms.com / (65) 9851 3403

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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

⁷ Based on latest appraised values.



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.