

NEWS RELEASE

FOR IMMEDIATE RELEASE

**PARKWAY LIFE REIT REPORTS
STRONG DPU GROWTH OF 10.3% IN 2Q 2017**

- Overall DPU of 3.32 cents for 2Q 2017, representing a 10.3% increase over 2Q 2016
- DPU from recurring operations increased steadily year-on-year by 2.9% in 2Q 2017 and 2.5% in 1H 2017
- No long-term debt refinancing needs till 2019, with all-in cost of debt lowered from 1.4%¹ to 1.1%
- Minimum Guaranteed Rent for Singapore Hospitals to increase by 1.27% for the 11th year of lease term commencing 23 August 2017

TOTAL PORTFOLIO	2Q 2017 S\$'000	2Q 2016 S\$'000	Increase %	1H 2017 S\$'000	1H 2016 S\$'000	Increase %
Gross revenue	27,697	27,385	1.1	54,644	54,286	0.7
Net property income	25,879	25,530	1.4	51,020	50,665	0.7
Total distributable income to Unitholders	20,078	18,210	10.3	39,918	36,307	9.9
- from recurring operations ²	18,731	18,210	2.9	37,224	36,307	2.5
- from distribution of divestment gains ³	1,347	-	n.m	2,694	-	n.m
Distribution per Unit (cents)⁴						
- DPU for the period	3.32	3.01	10.3	6.60	6.00	9.9
- annualised DPU	13.28	12.04	10.3	13.20	12.00	9.9
Annualised distribution yield (%), based on closing market price of S\$2.68 as at 30 June 2017	4.96	4.49	10.3	4.93	4.48	9.9

Singapore, 25 July 2017 – Parkway Trust Management Limited (the “Manager”), as manager of **Parkway Life Real Estate Investment Trust** (“PLife REIT” or the “Group”), one

¹ As at 1 January 2017.

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

³ In relation to the divestment of four Japan properties in December 2016 as announced on 22 December 2016. Divestment gains (after tax) of S\$5,390,000 will be equally distributed to Unitholders over four quarters in FY2017.

⁴ In computing the Distribution per Unit (“DPU”), the number of units in issue as at the end of each period is used.

of Asia's largest listed healthcare REITs, announced today its results for the second quarter and first half ended 30 June 2017 ("2Q 2017" and "1H 2017").

Healthy Growth Demonstrates Portfolio's Resilience and Strength

Distribution per Unit ("DPU") stood at 3.32 cents for 2Q 2017, representing an increase of 10.3% over the same period last year ("2Q 2016"). DPU rose by 9.9% year-on-year for 1H 2017, increasing to 6.60 cents as compared to 6.00 cents in 1H 2016.

Benefitting from the asset recycling exercise completed in February 2017, divestment gains of S\$5.39 million are being distributed equally over the four quarters of the financial year ending 31 December 2017 ("FY2017"). Notwithstanding the contribution from the distribution of divestment gains, distributable income from operations grew steadily by 2.9% in 2Q 2017.

Gross revenue for the period under review remained largely consistent with a growth of 1.1% and 0.7% for 2Q 2017 and 1H 2017, respectively. Correspondingly, net property income increased by 1.4% in 2Q 2017 and 0.7% in 1H 2017. The gain in net property income is largely driven by the rent contribution from properties acquired in 1Q 2017 and the upward minimum guaranteed rent revision of the Singapore hospital properties.

Minimum Guaranteed Rent for Singapore Hospitals to increase by 1.27%

Under the CPI⁵ + 1% rental revision formula, income stream from the Singapore properties are assured of annual rental increments in tandem with Singapore's prevailing inflation rate. With CPI picking up, the Singapore properties are set to enjoy a 1.27% increase in Minimum Guaranteed Rent for the 11th year of lease term (from 23 August 2017 to 22 August 2018) over the total rent payable for the previous year.

Strong Balance Sheet Shaped by Active Capital and Financial Management

In line with the Group's ongoing efforts to manage risks and sustain a strong capital structure, proactive steps have been undertaken to hedge against foreign exchange and interest rate risks. PLife REIT has fully hedged its Japanese Yen net income till 1Q 2020 and the interest rate exposure is largely hedged, with the Group enjoying a lower effective all-in

⁵ CPI denotes the % increase in the Consumer Price Index announced by the Department of Statistic of Singapore for the relevant year compared to the immediately preceding year, computed on a 12-month average basis from July to June of the following year. When CPI is negative, it is deemed as zero in the computation of the rental increment.

cost of debt of 1.1%, compared to 1.4%⁶. Additionally, PLife REIT has a healthy interest coverage ratio of 10.7 times, with no long-term debt refinancing needs till 2019.

As at 30 June 2017, gearing remains optimal at 37.4%, within the 45% limit allowed for REITs under the Monetary Authority of Singapore's Property Funds Appendix.

Mr. Yong Yean Chau, Chief Executive Officer of the Manager commented: "With global interest rates set to rise, we are taking proactive steps to manage our cost of debt and spread our debt maturity profile. With prudent capital and risk management strategies, our interest rate exposure has been largely hedged, insulating us from any related headwinds. We seek to continue delivering stable, long-term growth for our Unitholders and will continue looking out for suitable opportunities as they come along to strengthen our portfolio."

- End -

⁶ As at 1 January 2017.

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 49 properties with a total portfolio size of approximately S\$1.7 billion⁷ as at 30 June 2017. 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 45 assets located in Japan, including one pharmaceutical product distributing and manufacturing facility in Chiba Prefecture as well as 44 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

⁷ Based on latest appraised values

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.