



ParkwayLife REIT

(Constituted in the Republic of Singapore pursuant to a Trust Deed dated 12 July 2007 (as amended))

PARKWAY LIFE REAL ESTATE INVESTMENT TRUST 2016 FIRST QUARTER UNAUDITED FINANCIAL STATEMENT & DISTRIBUTION ANNOUNCEMENT

INTRODUCTION

Parkway Life Real Estate Investment Trust (“Parkway Life REIT”) is a real estate investment trust constituted by the Trust Deed entered into on 12 July 2007 (as amended) between Parkway Trust Management Limited as the Manager and HSBC Institutional Trust Services (Singapore) Limited as the Trustee. Parkway Life REIT was listed on the Singapore Exchange Securities Trading Limited (“SGX-ST”) on 23 August 2007 (“Listing Date”).

Parkway Life REIT is one of the largest listed healthcare REITs in Asia by asset size. It was established to invest primarily in income-producing real estate and/or real estate-related assets in the Asia-Pacific region (including Singapore) that are used primarily for healthcare and/or healthcare-related purposes (including but 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), whether wholly or partially owned, and whether directly or indirectly held through the ownership of special purpose vehicles whose primary purpose is to own such real estate.

Parkway Life REIT owns a well-diversified portfolio of 48 properties located in the Asia-Pacific region, including three hospitals in Singapore, 44 healthcare and healthcare-related assets in Japan and strata titled units/lots in Gleneagles Intan Medical Centre, Kuala Lumpur, Malaysia. Its total portfolio size stands at approximately S\$1.7 billion as at 31 March 2016.

In Singapore, Parkway Life REIT owns the largest portfolio of private hospitals comprising Mount Elizabeth Hospital, Gleneagles Hospital, and Parkway East Hospital (collectively, the “Singapore Hospital Properties”).

In Japan, it owns one pharmaceutical product distributing and manufacturing facility in Chiba Prefecture, as well as 43 high quality nursing home and care facility properties located in various prefectures of Japan. This is inclusive of the one nursing home acquired on 31 March 2016 (collectively, the “Japan Properties”).

Parkway Life REIT’s policy is to distribute at least 90% of its taxable income and net overseas income, with the actual level of distribution to be determined by the Manager. Since FY 2012, S\$3.0 million per annum of amount available for distribution has been retained for capital expenditure on existing properties.

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SUMMARY OF PARKWAY LIFE REIT'S RESULTS FOR THE QUARTER ENDED 31 MARCH 2016

		1Q 2016	1Q 2015	Increase/(Decrease)	
	Notes	S\$'000	S\$'000	S\$'000	%
Gross Revenue		26,901	24,773	2,128	8.6
Net Property Income		25,135	23,165	1,970	8.5
Total Distributable Income to Unitholders		18,097	19,463	(1,366)	(7.0)
- from operations		18,847	17,936	911	5.1
- from distribution of divestment gains	(a)	-	2,277	(2,277)	n.m. ¹
- amount retained for capital expenditure	(b)	(750)	(750)	-	-
Distribution per unit (cents)	(c)	2.99	3.21	(0.22)	(7.0)
Annualised distribution per unit (cents)		11.96	12.84	(0.88)	(7.0)
Distribution yield (%), based on - Closing market price of S\$2.39 as at 31 March 2016		5.00	5.37		(7.0)

Note(s):

- (a) In relation to the divestment of seven Japan properties in December 2014 as announced on 26 December 2014. Divestment gains (after tax) of S\$9,110,000 have been fully distributed to Unitholders over four quarters in FY2015.
- (b) Since FY 2012, S\$3.0 million per annum of amount available for distribution has been retained for capital expenditure on existing properties.
- (c) In computing the Distribution per Unit ("DPU"), the number of units in issue as at the end of each period is used.

¹ The term "n.m." used throughout the financial statement and distribution announcement denotes "not meaningful".

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1(a) Income statement (for the group), together with a comparative statement for the corresponding period of the immediately preceding financial year

Consolidated Statement of Total Return

	Notes	1Q 2016 S\$'000	1Q 2015 S\$'000	Inc/ (Dec) %
Gross revenue		26,901	24,773	8.6
Property expenses		(1,766)	(1,608)	9.8
Net property income		25,135	23,165	8.5
Management fees	(a)	(2,697)	(2,534)	6.4
Trust expenses	(b)	(749)	(586)	27.8
Net foreign exchange gain		578	1,560	(62.9)
Interest income		2	7	(71.4)
Finance costs	(c)	(2,495)	(2,092)	19.3
Non-property expenses		(5,361)	(3,645)	47.1
Total return before changes in fair value of financial derivatives		19,774	19,520	1.3
Net change in fair value of financial derivatives	(d)	(834)	(1,533)	(45.6)
Total return for the period before tax and distribution		18,940	17,987	5.3
Income tax expense	(e)	(1,709)	(1,612)	6.0
Total return for the period after tax before distribution		17,231	16,375	5.2

Note(s):

- (a) Management fees comprise of the Manager's management fees and asset management fees payable to the asset managers of the Japan Properties.
- (b) Trust expenses comprise mainly of Trustee's fees, professional fees and travelling expenses.
- (c) Finance costs largely comprise of interest expense on loans, settlement on interest rate swaps that provide fixed rate funding on loans and amortisation of transaction costs of establishing debt facilities.
- (d) The Group entered into foreign currency forward contracts to hedge its net foreign income from Japan. The changes in fair value of the foreign currency forward contracts were recognised in Statement of Total Return.
- (e) Included in 1Q 2016 income tax expense is the withholding tax of S\$1.2 million (1Q 2015: S\$1.2 million) and deferred tax expense amounting to S\$0.5 million (1Q 2015: S\$0.4 million). The deferred tax was recognised in respect of the Japan investment properties for the temporary differences between the fair value and the tax written down value at the applicable tax rate.

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Distribution Statement

	Notes	1Q 2016 S\$'000	1Q 2015 S\$'000	Inc/ (Dec) %
Total return after tax before distribution		17,231	16,375	5.2
Non-tax deductible/(non-taxable) items:				
Trustee's fees		73	72	1.4
Amortisation of transaction costs relating to debt facilities		269	180	49.4
Net change in fair value of financial derivatives		834	1,533	(45.6)
Foreign exchange difference		(186)	(884)	(79.0)
Temporary differences	(a)	528	443	19.2
Others		98	217	(54.8)
Net effect of non-tax deductible/(non-taxable) items		1,616	1,561	3.5
Amount available for distribution to Unitholders		18,847	17,936	5.1
Distribution of divestment gains	(b)	-	2,277	n.m.
Amount retained for capital expenditure	(c)	(750)	(750)	-
Distributable income to Unitholders	(d)	18,097	19,463	(7.0)

Note(s):

- (a) This relates to deferred tax expense provided on the temporary differences between the fair value and the tax written down value at the applicable income tax rate in respect of the Japan investment properties.
- (b) This refers to the partial distribution of the gains arising from the divestment of seven Japan properties in December 2014 as announced on 26 December 2014. The gain is classified as capital distribution from a tax perspective. The divestment gains, after deducting all relevant taxes, of S\$9,110,000 has been fully distributed to Unitholders over four quarters in FY2015.
- (c) Since FY 2012, S\$3.0 million per annum of amount available for distribution has been retained for capital expenditure on existing properties (S\$0.75 million per quarter).
- (d) Parkway Life REIT's distribution policy is to distribute at least 90% of its taxable income and net overseas income, with the actual level of distribution to be determined at the Manager's discretion.

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1(b)(i) Statement of financial position (for the issuer and group), together with a comparative statement as at the end of the immediately preceding financial year

	Notes	Group 31/03/16 S\$'000	Group 31/12/15 S\$'000	Trust 31/03/16 S\$'000	Trust 31/12/15 S\$'000
Current assets					
Trade and other receivables		10,138	10,385	9,405	9,398
Financial derivatives		1,448	-	1,448	-
Cash and cash equivalents		24,524	20,358	626	427
		36,110	30,743	11,479	9,825
Non-current assets					
Investment properties	(a)	1,664,123	1,635,308	1,039,117	1,037,400
Interests in subsidiaries		-	-	572,752	557,907
Security deposit receivable		722	706	-	-
Financial derivatives		584	2,647	584	2,647
Total assets		1,701,539	1,669,404	1,623,932	1,607,779
Current liabilities					
Financial derivatives		739	-	739	-
Trade and other payables		17,024	15,729	10,261	9,191
Current portion of security deposits		1,765	1,724	3	3
Loans and borrowings	(b)	7,100	1,000	7,100	1,000
Provision for taxation		1	1	-	-
		26,629	18,454	18,103	10,194
Non-current liabilities					
Financial derivatives		8,285	3,457	8,285	3,457
Non-current portion of security deposits		19,059	18,368	-	-
Loans and borrowings	(c)	610,657	586,188	610,657	586,188
Deferred tax liabilities		20,726	19,750	-	-
Total liabilities		685,356	646,217	637,045	599,839
Net assets		1,016,183	1,023,187	986,887	1,007,940
Represented by:					
Unitholders' funds		1,016,183	1,023,187	986,887	1,007,940
Total equity		1,016,183	1,023,187	986,887	1,007,940

Note(s):

- (a) The increase in investment properties was mainly due to the acquisition of a nursing home on 31 March 2016, and appreciation of the Japanese Yen.
- (b) The increase in current term borrowings was mainly due to the drawdown of short term loan facility for working capital purposes.
- (c) The increase in long term borrowings was mainly due to the issuance of fixed rate notes to finance the property acquisition on 31 March 2016, and appreciation of the Japanese Yen.

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1(b)(ii) Aggregate amount of borrowings

	Group 31/03/16 S\$'000	Group 31/12/15 S\$'000	Trust 31/03/16 S\$'000	Trust 31/12/15 S\$'000
Unsecured gross borrowings				
Amount repayable within one year	7,100	1,000	7,100	1,000
Amount repayable after one year	612,598	588,398	612,598	588,398
Less: Transaction costs in relation to the term loan and revolving credit facilities	(1,941)	(2,210)	(1,941)	(2,210)
	617,757	587,188	617,757	587,188

Moody's affirmed Parkway Life REIT's Baa2 issuer rating, as well as a provisional (P)Baa2 senior unsecured rating to the S\$500 million multicurrency Medium Term Note Programme (the "MTN Programme"), with Stable Outlook.

As at 31 March 2016, Parkway Life REIT's gearing was 36.4%, within the 45% limit allowed under the Monetary Authority of Singapore's Property Fund Appendix.

(a) **Details of borrowings and collateral**

Unsecured Borrowings

Parkway Life REIT has several JPY unsecured term loans and revolving credit facility amounting to JPY35,137 million (approximately S\$422.7 million²).

On 30 March 2016, the Group had re-financed and termed out an existing JPY2,077 million (approximately S\$25.0 million²) loan facility due in 1Q 2017 using part of the proceeds from the 6-year JPY fixed rate notes issuance (please refer to the details of the Notes Issuance under "Unsecured Medium Term Notes" section below).

As at 31 March 2016, post terming out of the JPY2,077 million loan facility, the total remaining facilities drawn of JPY33,060 million (approximately S\$397.7 million²) and S\$175.2 million credit facilities (the "**Long Term Facilities**") were committed, unsecured and rank *pari passu* with all the other present and future unsecured debt obligations of Parkway Life REIT.

Interest on the above Long Term Facilities is based on floating rate plus a margin.

In addition, Parkway Life REIT has two unsecured and uncommitted short term multi-currency facilities of S\$75 million each (the "**Short Term Facilities**") for the Group's general working capital purposes. As at 31 March 2016, the Group has drawn down S\$7.1 million of the Short Term Facilities for 1 month, at the bank's cost of fund.

Unsecured Medium Term Notes

Parkway Life REIT, through its wholly owned subsidiary, Parkway Life MTN Pte Ltd (the "MTN Issuer"), has established a S\$500 million Multicurrency Medium Term Note Programme (the "MTN Programme") in 2008. Under the MTN Programme, the MTN Issuer may, subject to the compliance with all relevant laws, regulations and directives, from time to time issue notes in series or in tranches in Singapore dollars, United States dollars or any other currency (the "Notes").

The Notes shall constitute direct, unconditional, unsecured and unsubordinated obligations of the MTN Issuer ranking *pari passu*, without any preference or priority among themselves, and *pari passu* with all other present and future unsecured obligations (other than subordinated obligations and priorities created by law) of the MTN Issuer. All sums payable in respect of the Notes will be unconditionally and irrevocably guaranteed by Parkway Life REIT.

² Based on exchange rate of S\$1.203 per JPY100 as at 31 March 2016.

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On 29 March 2016, the MTN Issuer issued a JPY3,300 million (approximately S\$39.7 million²) 6-year senior unsecured fixed rate notes bearing a fixed interest rate per annum of 0.58 per cent payable semi-annually in arrears, which will mature on 29 March 2022 (“Notes Issuance”).

The MTN Issuer has on-lent the proceeds from the Notes Issuance to the Trust, who in turn used part of the proceeds to repay an existing loan facility of JPY2,077 million (approximately S\$25.0 million²) due in 1Q 2017. The balance of the proceeds was used to fund the recent announced acquisition of a nursing home facility in Japan³ on 31 March 2016.

As at 31 March 2016, the outstanding notes issued under the MTN Programme was JPY3,300 million (approximately S\$39.7 million²).

(b) Interest Rate Swaps and Foreign Currency Forwards

For the financing facilities put in place for the acquisitions of investment properties in Japan, the Group has entered into various interest rate swaps and fixed rate cross currency swap to hedge the floating rate loans. In addition, the Group had entered into an S\$100 million interest rate swap to hedge the interest cost for the existing S\$100 million long term credit facilities till March 2017.

The appropriate hedge accounting treatment is applied to the interest rate swaps and fixed rate cross currency swap whereby the effective portion of changes in the fair value are recognised directly in Unitholders’ funds.

The Group has also entered into foreign currency forward contracts to hedge the net foreign income from Japan. As of 31 March 2016, the Group has in place Japan net income hedge till 1Q 2020. This enhances the stability of distribution to Unitholders.

The changes in fair value of the foreign currency forward contracts were recognised in the Statement of Total Return.

³ For further information on the acquisition, please refer to the acquisition announcements and accompanying press release dated 24 March 2016 and 31 March 2016.

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1(c) Statement of cash flows (for the group), together with a comparative statement for the corresponding period of the immediately preceding financial year

	Notes	1Q 2016 S\$'000	1Q 2015 S\$'000
Operating activities			
Total return before tax and distribution		18,940	17,987
Adjustments for			
Interest income		(2)	(7)
Finance costs		2,495	2,092
Net change in fair value of financial derivative		834	1,533
Operating income before working capital changes		22,267	21,605
Changes in working capital			
Trade and other receivables		302	228
Trade and other payables		(54)	(2,346)
Security deposits		267	5,523
Cash generated from operations		22,782	25,010
Income tax paid		(1,179)	(6,333)
Cash flows generated from operating activities	(a)	21,603	18,677
Investing activities			
Interest received		2	7
Capital expenditure on investment properties		(997)	(575)
Cash outflow on purchase of investment properties (including acquisition related costs)	(b)	(14,774)	(96,024)
Divestment related costs paid		-	(1,712)
Cash flows used in investing activities	(c)	(15,769)	(98,304)
Financing activities			
Interest paid		(2,242)	(1,905)
Distribution to Unitholders		(20,389)	(17,545)
Proceeds from Notes Issuance		39,699	-
Proceeds from borrowings		16,500	60,160
Repayment of borrowings		(35,386)	(93,822)
Borrowing costs paid		-	(29)
Cash flows used in financing activities	(d)	(1,818)	(53,141)
Net increase/(decrease) in cash and cash equivalents		4,016	(132,768)
Cash and cash equivalents at beginning of the period		18,543	144,702
Effects of exchange differences on cash balances		108	6,593
Cash and cash equivalents at end of the period⁴		22,667	18,527

⁴ Cash and cash equivalents at the respective period end exclude a cash deposit of JPY154.4 million (S\$1.9 million and S\$1.8 million as at 31 March 2016 and 31 March 2015 respectively) placed with the Group by a vendor, for the purpose of Rental Income Guarantee. For more information on the Rental Income Guarantee, please refer to our announcement dated 13 July 2010 on the acquisition of five Japan properties.

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Note(s):

- (a) The increase in cash flows from operating activities in 1Q 2016 is mainly due to additional operating cash flows from the existing properties and from the completion of the asset recycling initiative on 23 March 2015.
- (b) Net cash outflow on purchase of investment properties (including acquisition related costs) is as follows:

	1Q 2016	1Q 2015
	S\$'000	S\$'000
Investment properties	13,944	92,810
Acquisition related costs	830	3,214
Net cash outflow/Cash consideration paid	14,774	96,024

- (c) The cash outflows in investing activities in 1Q 2016 is mainly due to acquisition of a nursing home on 31 March 2016 and payment of capital expenditure on existing properties.
- (d) The cash flows in financing activities in 1Q 2016 primarily arose from the payment of 4Q 2015 distribution to Unitholders and repayment of a Japanese Yen loan term facility, offset by the proceeds received from the Notes Issuance.

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1(d)(i) Statement of changes in Unitholders' funds

	Notes	Group 1Q 2016 S\$'000	Group 1Q 2015 S\$'000
Unitholders' funds at beginning of period		1,023,187	1,035,349
Operations			
Total return after tax		17,231	16,375
Translation transactions			
Net movement in foreign currency translation reserve	(a)	1,462	(546)
Hedging reserve			
Net movement in hedging reserve	(b)	(5,308)	1,018
Unitholders' transactions			
Distribution to Unitholders		(20,389)	(17,545)
Unitholders' funds at end of period		1,016,183	1,034,651

	Notes	Trust 1Q 2016 S\$'000	Trust 1Q 2015 S\$'000
Unitholders' funds at beginning of period		1,007,940	1,086,592
Operations			
Total return after tax		4,644	(5,925)
Hedging reserve			
Net movement in hedging reserve	(b)	(5,308)	1,018
Unitholders' transactions			
Distribution to Unitholders		(20,389)	(17,545)
Unitholders' funds at end of period		986,887	1,064,140

Note(s):

- (a) Foreign currency translation reserve encompass the exchange differences arising on the translation of foreign controlled entities that form part of the Group's investment in the foreign entities and the gains or losses on instruments used to hedge the Group's net investment in foreign operations that are determined to be effective hedges.
- (b) Hedging reserve comprises the effective portion of the cumulative net change in the fair value of cash flow hedging instruments used to hedge against cash flow variability arising from interest payments on floating rate loans.

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1(d)(ii) Details of any changes in the units

	1Q 2016 '000	1Q 2015 '000
Units in issue at beginning and at end of period	605,002	605,002

2 Whether the figures have been audited or reviewed, and in accordance with which auditing standard or practice.

The figures have not been audited or reviewed by our auditors.

3 Where the figures have been audited or reviewed, the auditors' report (including any qualifications or emphasis of matter).

Not Applicable.

4 Whether the same accounting policies and methods of computation as in the issuer's most recently audited annual financial statements have been applied.

The accounting policies and methods of computation applied in the financial statements for the current reporting period are consistent with those disclosed in the audited financial statements for the year ended 31 December 2015.

5 If there are any changes in the accounting policies and methods of computation, including any required by an accounting standard, what has changed, as well as the reasons for, and the effect of, the change.

Not Applicable.

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6 Earnings per unit (“EPU”) and distribution per unit (“DPU”) for the period

	Notes	1Q 2016 '000	1Q 2015 '000
Number of units in issue at end of period		605,002	605,002
Weighted average number of units for the period		605,002	605,002
Earnings per unit in cents (basic and diluted) (EPU)	(a)	2.85	2.71
Applicable number of units for calculation of DPU		605,002	605,002
Distribution per unit in cents (DPU)	(b)	2.99	3.21

Note(s):

(a) In calculating EPU, the total return for the period after tax, and the weighted average number of units issued as at the end of each period is used. The diluted EPU is the same as the basic EPU as there are no dilutive instruments in issue during the period.

(b) In computing DPU, the number of units in issue as at the end of each period is used.

7 Net asset value per unit and net tangible asset per unit based on units issued at the end of the period

	Notes	Group 31/03/16 S\$	Group 31/12/15 S\$	Trust 31/03/16 S\$	Trust 31/12/15 S\$
Net asset value (“NAV”) per unit	(a)	1.68	1.69	1.63	1.67
Adjusted NAV per unit (excluding the distributable income)		1.65	1.66	1.60	1.63
Net tangible asset per unit	(a)	1.68	1.69	1.63	1.67

Note(s):

(a) Net asset value per unit and net tangible asset per unit is calculated based on the number of units in issue as at the respective period end.

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8 Review of the performance

	1Q 2016 S\$'000	1Q 2015 S\$'000	Inc/ (Dec) %
Gross revenue	26,901	24,773	8.6
Property expenses	(1,766)	(1,608)	9.8
Net property income	25,135	23,165	8.5
Management fees	(2,697)	(2,534)	6.4
Trust expenses	(749)	(586)	27.8
Net foreign exchange gain	578	1,560	(62.9)
Interest income	2	7	(71.4)
Finance costs	(2,495)	(2,092)	19.3
Non-property expenses	(5,361)	(3,645)	47.1
Total return before changes in fair value of financial derivatives	19,774	19,520	1.3
Net change in fair value of financial derivatives	(834)	(1,533)	(45.6)
Total return for the period before tax and distribution	18,940	17,987	5.3
Income tax expense	(1,709)	(1,612)	6.0
Total return for the period after tax before distribution	17,231	16,375	5.2
Net effect of non-tax deductible/(non-taxable) items	1,616	1,561	3.5
Amount available for distribution to Unitholders	18,847	17,936	5.1
Distribution of divestment gains	-	2,277	n.m.
Amount retained for capital expenditure	(750)	(750)	-
Distributable income to Unitholders	18,097	19,463	(7.0)
Distribution per Unit (cents)	2.99	3.21	(7.0)
Annualised Distribution per Unit (cents)	11.96	12.84	(7.0)

1Q 2016 Vs 1Q 2015

Gross revenue for 1Q 2016 was higher than 1Q 2015 by S\$2.1 million driven primarily by contribution from higher yielding properties acquired from the asset recycling initiative completed in March 2015, higher rent from the Singapore properties and appreciation of the Japanese Yen as compared to the same period last year. The Japan property acquired on 31 March 2016 has contributed 1 day of rental which was not significant.

After deducting property expenses, we have achieved a net property income of S\$25.1 million for 1Q 2016, which was S\$2.0 million higher than 1Q 2015.

The increase in management fees were mainly due to higher deposited property value and higher net property income from the properties acquired in 1Q 2015, as well as valuation gains on the existing property portfolio, which led to a corresponding increase in deposited property.

The increase in trust expense was due to higher professional fees incurred for 1Q 2016. In the same period, the Group has recognised a realised foreign exchange gain of S\$0.4 million from the delivery of quarterly Japan net income hedge. The higher FX gain in 1Q 2015 arose from the capital repatriation for the cash trap in Japan, which unlocked the FX gains in the foreign currency translation reserve from its earlier Japan acquisitions.

Higher finance costs in 1Q 2016 was mainly due to additional financing costs incurred to finance the property acquisitions in 1Q 2015, rising interest costs for the existing SGD loan facilities and appreciation of the Japanese Yen. In addition, there was higher amortisation of transaction costs due to one-off expense of the remaining un-amortised costs for the debt facility that was refinanced in 1Q 2016.

Overall, annualised distribution per unit (DPU) of 11.96 cents for 1Q 2016 has declined by 7.0% or 0.88 cents, mainly due to the absence of one-off distribution of divestment gains, arising from the divestment of seven Japan properties in December 2014, which have been fully distributed to Unitholders over four

quarters in FY2015. Excluding the one-off gain, DPU from recurring operations has grown by 5.1% year-on-year.

9 Review of the performance against Forecast/Prospect Statement

Not Applicable.

10 Commentary on the significant trends and competitive conditions of the industry in which the group operates and any known factors or events that may affect the group in the next reporting period and the next 12 months.

The long-term prospects of the regional healthcare industry continue to be driven by rising demand for better quality private healthcare services given the fast-ageing populations. However, in the short to medium term, Parkway Life REIT expects challenges in acquisition opportunities given the market volatility. We remain cautiously optimistic about its prospects in the medium to longer term.

Parkway Life REIT's enlarged portfolio of 48 high-quality healthcare and healthcare-related assets places it in a good position to benefit from the resilient growth of the healthcare industry in the Asia Pacific region. The recent acquisition in March 2016 will start to contribute to the Group's results from 2Q 2016 onwards.

In addition, Parkway Life REIT is supported by favourable rental lease structures, where at least 93% of its Singapore and Japan portfolios have downside revenue protection and 63% of the total portfolio is pegged to CPI-linked revision formulae, ensuring steady future rental growth whilst protecting revenue stability amid uncertain market conditions.

11 Distributions

(a) Current financial period

Any distributions declared for the current financial period: Yes

Name of distribution: First quarter distribution for the period from 1 January 2016 to 31 March 2016

Distribution Type	Distribution Rate (cents per unit)
Taxable Income	2.17
Exempt Income	0.38
Capital Distribution	0.44
Total	2.99

Par value of units: Not meaningful

Tax rate : Taxable Income Distribution

Qualifying investors and individuals (other than those who hold their units through a partnership) will generally receive pre-tax distributions. These distributions are exempt from tax in the hands of individuals unless such distributions are derived through a Singapore partnership or from the carrying on of a trade, business or profession.

Qualifying foreign non-individual investors will receive their distributions after deduction of tax at the rate of 10%.

All other investors will receive their distributions after deduction of tax at the rate of 17%.

Exempt Income Distribution

Tax-exempt income distribution is exempt from Singapore income tax in the hands of all Unitholders.

Capital Distribution

Capital distribution represents a return of capital to Unitholders for tax purposes and is therefore not subject to income tax. For Unitholders who hold the Units as trading assets, the amount of capital distribution will be applied to reduce the cost base of their Units for the purpose of calculating the amount of taxable trading gains arising from the disposal of the Units.

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(b) Corresponding period of the immediately preceding year

Any distributions declared for the previous corresponding financial period: Yes

Name of distribution: First quarter distribution for the period from 1 January 2015 to 31 March 2015

Distribution Type	Distribution Rate (cents per unit)
Taxable Income	2.20
Exempt Income	0.35
Capital Distribution	0.66
Total	3.21

Par value of units: Not meaningful

Tax Rate: Taxable Income Distribution

Qualifying investors and individuals (other than those who hold their units through a partnership) will generally receive pre-tax distributions. These distributions are exempt from tax in the hands of individuals unless such distributions are derived through a Singapore partnership or from the carrying on of a trade, business or profession.

Qualifying foreign non-individual investors will receive their distributions after deduction of tax at the rate of 10%.

All other investors will receive their distributions after deduction of tax at the rate of 17%.

Exempt Income Distribution

Tax-exempt income distribution is exempt from Singapore income tax in the hands of all Unitholders.

Capital Distribution

Capital distribution represents a return of capital to Unitholders for tax purposes and is therefore not subject to income tax. For Unitholders who hold the Units as trading assets, the amount of capital distribution will be applied to reduce the cost base of their Units for the purpose of calculating the amount of taxable trading gains arising from the disposal of the Units.

(c) Book closure date: 5 May 2016

(d) Date payable: 26 May 2016

12 If no distribution has been declared/recommended, a statement to that effect.

Not Applicable.

13 If the group has obtained a general mandate from shareholders for IPTs, the aggregate value of such transactions as required under Rule 920(1)(a)(ii). If no IPT mandate has been obtained, a statement to that effect.

Parkway Life REIT has not obtained a general mandate from Unitholders for interested parties transactions.

14 Certification pursuant to Paragraph 7.3 of the Property Funds Appendix

The Manager hereby certifies that in relation to the distribution to the Unitholders of Parkway Life REIT for the quarter ended 31 March 2016:

1. Parkway Life REIT will declare a distribution ("Distribution") in excess of its profits (defined as the total return for the period after tax before distribution for the purpose of this certification). The excess is mainly a result of differences between, Financial Reporting Standards ("FRS") and income tax rules, applied to certain items reported in the statement of total return;
2. The Manager is satisfied on reasonable grounds that, immediately after making the Distribution, Parkway Life REIT will be able to fulfil from its deposited property, its liabilities as and when they fall due.

Parkway Life REIT's distribution policy is to distribute at least 90% of its taxable income and net overseas income, with the actual level of distribution to be determined at the Manager's discretion.

15 Confirmation pursuant to Rule 720(1) of the Listing Manual

The Manager hereby confirms that it has procured undertakings from all its directors and executive officers under Rule 720(1).

16 Confirmation pursuant to Rule 705(5) of the Listing Manual

CONFIRMATION BY THE BOARD PURSUANT TO RULE 705(5) OF THE LISTING MANUAL

We confirm that, to the best of our knowledge, nothing has come to the attention of the Board of Directors of Parkway Trust Management Limited (as Manager of Parkway Life REIT) which may render these unaudited interim financial results to be false or misleading in any material aspect.

On behalf of the Board of Directors of
Parkway Trust Management Limited
(as Manager of Parkway Life REIT)

Yong Yean Chau
Chief Executive Officer and Executive Director

Lim Kok Hoong
Chairman and Independent Director

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This announcement may contain forward-looking statements that involve assumptions, risks and uncertainties. Actual future performance, outcomes and results may differ materially from those expressed in forward-looking statements as a result of a number of risks, uncertainties and assumptions. Representative examples of these factors include (without limitation) general industry and economic conditions, interest rate trends, cost of capital and capital availability, competition, shifts in expected levels of property rental income, changes in operating expenses, property expenses, governmental and public policy changes and the continued availability of financing in the amounts and the terms necessary to support future business.

You are cautioned not to place undue reliance on these forward-looking statements, which are based on the Manager's current view of future events.

Any discrepancies in the tables included in this announcement between the listed amounts and total thereof are due to rounding.

By Order of the Board
Parkway Trust Management Limited
(as Manager of Parkway Life REIT)
Company Registration No. 200706697Z

Chan Wan Mei
Company Secretary
26 April 2016

This announcement has been prepared and released by Parkway Trust Management Limited, as manager of Parkway Life REIT.

Important Notice

This Announcement 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 ("**Parkway Life REIT**" and the units in Parkway Life 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 Parkway Life REIT (the "**Manager**"), 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 Parkway Life 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 Parkway Life REIT or the Manager is not necessarily indicative of the future performance of Parkway Life REIT or the Manager. An investment in Units is subject to investment risks, including the possible loss of the principal amount invested.