



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 2017 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. 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, Parkway Life REIT owns one pharmaceutical product distributing and manufacturing facility in Chiba Prefecture, as well as 44 high quality nursing home and care facility properties located in various prefectures of Japan. This is inclusive of the four nursing homes and a group home acquired in 1Q 2017 (collectively, the “Japan Properties”).

As at 31 March 2017, Parkway Life REIT owns a well-diversified portfolio of 49 properties located in the Asia-Pacific region, including three hospitals in Singapore, 45 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 2017.

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. An amount of S\$3.0 million is retained for capital expenditure on existing properties each year.

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SUMMARY OF PARKWAY LIFE REIT'S RESULTS FOR THE QUARTER ENDED 31 MARCH 2017

	Notes	1Q	1Q	Increase	
		2017	2016	S\$'000	%
Gross Revenue		26,947	26,901	46	0.2
Net Property Income		25,141	25,135	6	0.0
Total Distributable Income to Unitholders		19,840	18,097	1,743	9.6
- from operations		19,243	18,847	396	2.1
- from distribution of divestment gains	(a)	1,347	-	1,347	n.m. ¹
- amount retained for capital expenditure	(b)	(750)	(750)	-	-
Distribution per unit (cents)	(c)	3.28	2.99	0.29	9.6
Annualised distribution per unit (cents)		13.12	11.96	1.16	9.6
Distribution yield (%), based on - Closing market price of S\$2.52 as at 31 March 2017		5.21	4.75		9.6

Note(s):

- (a) 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.
- (b) An amount of S\$3.0 million is retained for capital expenditure on existing properties each year.
- (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) Statement of Total Return (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 2017 S\$'000	1Q 2016 S\$'000	Inc/ (Dec) %
Gross revenue		26,947	26,901	0.2
Property expenses		(1,806)	(1,766)	2.3
Net property income		25,141	25,135	0.0
Management fees	(a)	(2,752)	(2,697)	2.0
Trust expenses	(b)	(441)	(749)	(41.1)
Net foreign exchange gain		1,041	578	80.1
Interest income		-	2	(100.0)
Finance costs	(c)	(2,298)	(2,495)	(7.9)
Non-property expenses		(4,450)	(5,361)	(17.0)
Total return before changes in fair value of financial derivatives		20,691	19,774	4.6
Net change in fair value of financial derivatives	(d)	(311)	(834)	(62.7)
Total return for the period before tax and distribution		20,380	18,940	7.6
Income tax expense	(e)	(2,171)	(1,709)	27.0
Total return for the period after tax before distribution		18,209	17,231	5.7

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 2017 income tax expense is the withholding tax of S\$1.0 million (1Q 2016: S\$1.2 million) and deferred tax of S\$1.1 million (1Q 2016: S\$0.5 million) in respect of the existing 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 2017 S\$'000	1Q 2016 S\$'000	Inc/ (Dec) %
Total return after tax before distribution		18,209	17,231	5.7
Non-tax deductible/(non-taxable) items:				
Trustee's fees		75	73	2.7
Amortisation of transaction costs relating to debt facilities		275	269	2.2
Net change in fair value of financial derivatives		311	834	(62.7)
Foreign exchange difference		(715)	(186)	284.4
Temporary differences	(a)	1,146	528	117.0
Others		(58)	98	159.2
Net effect of non-tax deductible/(non-taxable) items		1,034	1,616	(36.0)
Amount available for distribution to Unitholders		19,243	18,847	2.1
Distribution of divestment gains	(b)	1,347	-	n.m.
Amount retained for capital expenditure	(c)	(750)	(750)	-
Distributable income to Unitholders	(d)	19,840	18,097	9.6

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 four Japan properties in December 2016 as announced on 22 December 2016. The gain is classified as capital distribution from a tax perspective. The entire divestment gains, after deducting all relevant taxes, of S\$5,390,000 will be equally distributed to Unitholders over four quarters in FY2017.
- (c) An amount of S\$3.0 million is retained for capital expenditure on existing properties each year.
- (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 31/03/17 S\$'000	Group 31/12/16 S\$'000	Trust 31/03/17 S\$'000	Trust 31/12/16 S\$'000
Current assets					
Trade and other receivables		10,333	10,504	9,618	9,603
Financial derivatives		-	335	-	335
Cash and cash equivalents	(a)	28,069	71,096	1,422	924
		38,402	81,935	11,040	10,862
Non-current assets					
Investment properties	(b)	1,727,527	1,657,209	1,057,597	1,057,200
Interests in subsidiaries		-	-	588,767	560,962
Financial derivatives		193	210	193	210
Total assets		1,766,122	1,739,354	1,657,597	1,629,234
Current liabilities					
Financial derivatives		72	336	72	336
Trade and other payables		15,474	23,482	8,563	12,914
Current portion of security deposits		2,669	2,676	-	-
Loans and borrowings	(c)	11,170	16,246	11,170	16,246
		29,385	42,740	19,805	29,496
Non-current liabilities					
Financial derivatives		7,365	8,002	7,365	8,002
Non-current portion of security deposits		18,986	17,704	-	-
Loans and borrowings	(d)	650,250	612,539	650,250	612,539
Deferred tax liabilities		22,080	20,733	-	-
Total liabilities		728,066	701,718	677,420	650,037
Net assets		1,038,056	1,037,636	980,177	979,197
Represented by:					
Unitholders' funds		1,038,056	1,037,636	980,177	979,197
Total equity		1,038,056	1,037,636	980,177	979,197

Note(s):

- (a) The decrease in cash and cash equivalents was mainly due to the repatriation of divestment proceeds from Japan in March 2017. The divestment proceeds were subsequently redeployed to fund the acquisition of five Japan properties and to repay short term loans in the same month.
- (b) The increase in investment properties was mainly due to the acquisition of four nursing homes and a group home on 24 February 2017 and appreciation of the Japanese Yen.
- (c) The decrease in current term borrowings was mainly due to the repayment of short term loan facility for working capital purposes.
- (d) The increase in long term borrowings was mainly due to additional funding required for the property acquisition on 24 February 2017 and appreciation of the Japanese Yen.

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1(b)(ii) Aggregate amount of borrowings

	Group 31/03/17 S\$'000	Group 31/12/16 S\$'000	Trust 31/03/17 S\$'000	Trust 31/12/16 S\$'000
Unsecured gross borrowings				
Amount repayable within one year	11,170	16,246	11,170	16,246
Amount repayable after one year	652,381	614,921	652,381	614,921
Less: Transaction costs in relation to the term loan and revolving credit facilities	(2,131)	(2,382)	(2,131)	(2,382)
	661,420	628,785	661,420	628,785

Parkway Life REIT has 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") by Moody's, with Stable Outlook.

As at 31 March 2017, Parkway Life REIT's gearing was 37.6%, within the 45% limit allowed under the Monetary Authority of Singapore's Property Funds Appendix.

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

Unsecured Borrowings

In December 2016, the Group has entered into a JPY8,800 million (approximately S\$110.1 million²) 5-year committed and unsecured term loan facility ("**5-year TLF**").

In 1Q 2017, the Group has drawn down JPY5,961 million (approximately S\$74.6 million²) from the 5-year TLF to refinance and term out the remaining loan due in FY2018.

The Group has further drawn down JPY2,654 million (approximately S\$33.2 million²) in 1Q 2017. This amount drawn, coupled with a portion of the repatriated divestment proceeds, was used to fund the acquisition of four nursing homes and one group home in Japan.

As at 31 March 2017, the total facilities drawn of JPY34,845 million (approximately S\$435.9 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 2017, the Group has drawn down S\$11.1 million and JPY9.6 million (approximately S\$0.1 million²) over 1 month to 3 months period via the Short Term Facilities, 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*

² Based on exchange rate of S\$1.251 per JPY100 as at 31 March 2017.

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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.

As at 31 March 2017, the outstanding notes issued under the MTN Programme was JPY3,300 million (approximately S\$41.3 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.

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. To the extent that the hedge is ineffective, such differences are recognised in the Statement of Total Return.

The Group has also entered into foreign currency forward contracts to hedge the net foreign income from Japan. As of 31 March 2017, the Group has in place Japanese Yen forward contracts 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.

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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 2017 S\$'000	1Q 2016 S\$'000
Operating activities			
Total return before tax and distribution		20,380	18,940
Adjustments for			
Unrealised foreign exchange difference		1	-
Interest income		-	(2)
Finance costs		2,298	2,495
Net change in fair value of financial derivatives		311	834
Operating income before working capital changes		22,990	22,267
Changes in working capital			
Trade and other receivables		178	302
Trade and other payables		(4,645)	(54)
Security deposits		1,085	267
Cash generated from operations		19,608	22,782
Income tax paid		(4,676)	(1,179)
Cash flows generated from operating activities	(a)	14,932	21,603
Investing activities			
Interest received		-	2
Capital expenditure on investment properties		(253)	(997)
Cash outflow on purchase of investment properties (including acquisition related costs)	(b)	(64,645)	(14,774)
Divestment related costs paid		(720)	-
Cash flows used in investing activities	(c)	(65,618)	(15,769)
Financing activities			
Interest paid		(2,176)	(2,242)
Distribution to Unitholders		(18,513)	(20,389)
Proceeds from Notes Issuance		-	39,699
Proceeds from borrowings		151,219	16,500
Repayment of borrowings		(122,904)	(35,386)
Borrowing costs paid		(24)	-
Cash flows generated from/(used in) financing activities	(d)	7,602	(1,818)
Net (decrease)/increase in cash and cash equivalents		(43,084)	4,016
Cash and cash equivalents at beginning of the period		69,184	18,543
Effects of exchange differences on cash balances		(38)	108
Cash and cash equivalents at end of the period³		26,138	22,667

³ Cash and cash equivalents at the respective period end exclude a cash deposit of JPY154.4 million (S\$1.9 million and S\$1.9 million as at 31 March 2017 and 31 March 2016 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 lower cash flows from operating activities in 1Q 2017 is mainly due to lesser operating cash flows arising from the divestment of four Japan properties in December 2016, payment of Manager's performance fee for FY2016 and Japanese withholding tax on the divestment gains, offset by the receipt of security deposits for the new properties acquired in 1Q 2017 and the rental income from the five Japan properties acquired on 24 February 2017.
- (b) Net cash outflow on purchase of investment properties (including acquisition related costs) is as follows:

	1Q 2017 S\$'000	1Q 2016 S\$'000
Investment properties	62,662	13,944
Acquisition related costs	1,983	830
Net cash outflow/Cash consideration paid	64,645	14,774

- (c) The cash flows in investing activities in 1Q 2017 is mainly due to acquisition of five Japan properties in 1Q 2017 and payment of capital expenditure on existing properties.
- (d) The cash flows in financing activities in 1Q 2017 comprise payment of 4Q 2016 distribution to Unitholders and drawdown of long term loan to finance the acquisition in 1Q 2017.

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

	Notes	Group 1Q 2017 S\$'000	Group 1Q 2016 S\$'000
Unitholders' funds at beginning of period		1,037,636	1,023,187
Operations			
Total return after tax		18,209	17,231
Translation transactions			
Net movement in foreign currency translation reserve	(a)	576	1,462
Hedging reserve			
Net movement in hedging reserve	(b)	148	(5,308)
Unitholders' transactions			
Distribution to Unitholders		(18,513)	(20,389)
Unitholders' funds at end of period		1,038,056	1,016,183

	Notes	Trust 1Q 2017 S\$'000	Trust 1Q 2016 S\$'000
Unitholders' funds at beginning of period		979,197	1,007,940
Operations			
Total return after tax		19,345	4,644
Hedging reserve			
Net movement in hedging reserve	(b)	148	(5,308)
Unitholders' transactions			
Distribution to Unitholders		(18,513)	(20,389)
Unitholders' funds at end of period		980,177	986,887

Note(s):

- (a) Foreign currency translation reserve encompass the exchange differences arising from the translation of the financial statements of the foreign operations, as well as the effective portion of any currency differences arising from hedges of net investments in foreign operations.
- (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 2017 '000	1Q 2016 '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 2016.

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 2017 '000	1Q 2016 '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)	3.01	2.85
Applicable number of units for calculation of DPU		605,002	605,002
Distribution per unit in cents (DPU)	(b)	3.28	2.99

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 31/03/17 S\$	Group 31/12/16 S\$	Trust 31/03/17 S\$	Trust 31/12/16 S\$
Net asset value (“NAV”) per unit	(a)	1.72	1.72	1.62	1.62
Adjusted NAV per unit (excluding the distributable income)		1.68	1.68	1.59	1.59
Net tangible asset per unit	(a)	1.72	1.72	1.62	1.62

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 2017 S\$'000	1Q 2016 S\$'000	Inc/ (Dec) %
Gross revenue	26,947	26,901	0.2
Property expenses	(1,806)	(1,766)	2.3
Net property income	25,141	25,135	0.0
Management fees	(2,752)	(2,697)	2.0
Trust expenses	(441)	(749)	(41.1)
Net foreign exchange gain	1,041	578	80.1
Interest income	-	2	(100.0)
Finance costs	(2,298)	(2,495)	(7.9)
Non-property expenses	(4,450)	(5,361)	(17.0)
Total return before changes in fair value of financial derivatives	20,691	19,774	4.6
Net change in fair value of financial derivatives	(311)	(834)	(62.7)
Total return for the period before tax and distribution	20,380	18,940	7.6
Income tax expense	(2,171)	(1,709)	27.0
Total return for the period after tax before distribution	18,209	17,231	5.7
Net effect of non-tax deductible/(non-taxable) items	1,034	1,616	(36.0)
Amount available for distribution to Unitholders	19,243	18,847	2.1
Distribution of divestment gains	1,347	-	n.m.
Amount retained for capital expenditure	(750)	(750)	-
Distributable income to Unitholders	19,840	18,097	9.6
Distribution per Unit (cents)	3.28	2.99	9.6
Annualised Distribution per Unit (cents)	13.12	11.96	9.6

1Q 2017 Vs 1Q 2016

Notwithstanding the divestment of four Japan properties in December 2016, gross revenue for 1Q 2017 was comparable to 1Q 2016 mainly due to contribution from one nursing home acquired on 31 March 2016, higher rent from the Singapore properties and appreciation of the Japanese Yen as compared to the same period last year. In addition, the five Japan properties acquired on 24 February 2017 have contributed slightly over 1 month of rental income in 1Q 2017.

After deducting property expenses, we have achieved a net property income of S\$25.1 million for 1Q 2017, which was consistent with 1Q 2016.

The increase in management fees were mainly due to higher deposited property value and higher net property income from the properties acquired in February 2017, as well as valuation gains on the existing property portfolio, which led to a corresponding increase in deposited property, fuelled by the appreciation of Japanese Yen as compared with the same period last year.

The decrease in trust expense was due to lower professional fees incurred for 1Q 2017. In the same period, the Group has recognised a realised foreign exchange gain of S\$1.2 million comprised S\$0.3 million from the delivery of quarterly Japanese Yen forward contracts, and S\$0.9 million arose from the capital repatriation for the cash trap in Japan, which unlocked the foreign exchange gain in the foreign currency translation reserve for its earlier Japan acquisitions.

Despite the growth of portfolio and appreciation of the Japanese Yen, finance costs have decreased mainly due to the finance cost savings arising from the refinancing initiatives completed in 2016 and in 1Q 2017.

Overall, annualised distribution per unit (DPU) of 13.12 cents for 1Q 2017 has outperformed 1Q 2016 by 9.6% or 1.16 cents, mainly due to partial distribution of the gains arising from the divestment of four Japan properties in December 2016 of S\$1.3 million. Excluding the one-off gain, DPU from recurring operations (net of amount retained for capital expenditure) for 1Q 2017 has grown by 2.2% 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, while Parkway Life REIT expects challenges in acquisition opportunities given the market volatility, we remain optimistic about its prospects.

Parkway Life REIT's enlarged portfolio of 49 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.

In addition, Parkway Life REIT is supported by favourable rental lease structures, where at least 95% of its Singapore and Japan portfolios have downside revenue protection and 61% 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 2017 to 31 March 2017

Distribution Type	Distribution Rate (cents per unit)
Taxable Income	2.22
Exempt Income	0.40
Capital Distribution	0.44
Other Gains Distribution	0.22
Total	3.28

Par value of units: Not meaningful

Tax rate: **Taxable Income Distribution**

Qualifying Unitholders and individuals (other than those who hold their units through a partnership in Singapore or from the carrying on of a trade, business or profession) will generally receive pre-tax distributions. Individuals who derive any distribution through a partnership in Singapore or from the carrying on of a trade, business or profession will be taxed at the individual's tax rates.

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

All other Unitholders 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 Singapore 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.

Other Gains Distribution

Other gains distribution refers to partial distribution from the gain on divestment of four Japan properties as announced on 22 December 2016. It is not taxable in the hands of all Unitholders.

(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 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 Unitholders and individuals (other than those who hold their units through a partnership in Singapore or from the carrying on of a trade, business or profession) will generally receive pre-tax distributions. Individuals who derive any distribution through a partnership in Singapore or from the carrying on of a trade, business or profession will be taxed at the individual's tax rates.

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

All other Unitholders 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 Singapore 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:** 4 May 2017

(d) **Date payable:** 25 May 2017

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 2017:

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. In addition, PLife REIT will distribute the one-off divestment gains arising from the divestment of four properties in Japan in December 2016. The divestment gains (after tax) will be equally distributed to Unitholders over the four quarters in FY2017; and
3. 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

Ho Kian Guan
Chairman and Independent Director

**PARKWAY LIFE REAL ESTATE INVESTMENT TRUST
2017 FIRST QUARTER UNAUDITED FINANCIAL STATEMENT & DISTRIBUTION ANNOUNCEMENT**

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
25 April 2017

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.