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
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015 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 47 properties located in the Asia-Pacific region, including three hospitals in Singapore, 43 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$1.6 billion as at 31 December 2015.

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 42 high quality nursing home and care facility properties located in various prefectures of Japan (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.

SUMMARY OF PARKWAY LIFE REIT'S RESULTS FOR THE YEAR ENDED 31 DECEMBER 2015

		2015	2014	Increase	
	Notes	S$'000	S$'000	S$'000	%
Gross Revenue		**102,694**	**100,382**	**2,312**	**2.3**
Net Property Income		**95,997**	**93,775**	**2,222**	**2.4**
Total Distributable Income to Unitholders		**80,385**	**69,698**	**10,687**	**15.3**
- from operations		74,275	72,698	1,577	2.2
- from distribution of divestment gains	(a)	9,110	-	9,110	n.m.[1]
- amount retained for capital expenditure	(b)	(3,000)	(3,000)	-	-
Distribution per unit (cents)	(c)	**13.29**	**11.52**	**1.77**	**15.3**
Distribution yield (%), based on - Closing market price of S$2.33 as at 31 December 2015		**5.70**	**4.94**		**15.3**

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 has been fully distributed to unitholders throughout the 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".

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	4Q 2015 S$'000	4Q 2014 S$'000	Inc/ (Dec) %	2015 S$'000	2014 S$'000	Inc/ (Dec) %
Gross revenue		**26,308**	**25,107**	**4.8**	**102,694**	**100,382**	**2.3**
Property expenses		(1,725)	(1,642)	5.1	(6,697)	(6,607)	1.4
Net property income		**24,583**	**23,465**	**4.8**	**95,997**	**93,775**	**2.4**
Management fees	(a)	(2,658)	(2,528)	5.1	(10,412)	(10,051)	3.6
Trust expenses	(b)	(913)	(950)	(3.9)	(2,633)	(2,736)	(3.8)
Net foreign exchange gain		597	442	35.1	3,092	2,313	33.7
Interest income		-	-	-	11	6	83.3
Finance costs	(c)	(2,282)	(1,978)	15.4	(8,778)	(8,255)	6.3
Non-property expenses		**(5,256)**	**(5,014)**	**4.8**	**(18,720)**	**(18,723)**	**(0.0)**
Total return before changes in fair value of financial derivatives and investment properties		**19,327**	**18,451**	**4.7**	**77,277**	**75,052**	**3.0**
Net change in fair value of financial derivatives	(d)	39	736	(94.7)	(4,084)	36	11,444.4
Net change in fair value of investment properties		5,734	45,051	(87.3)	5,734	45,051	(87.3)
Gain on disposal of investment properties	(e)	-	13,674	(100.0)	-	13,674	(100.0)
Total return for the period before tax and distribution		**25,100**	**77,912**	**(67.8)**	**78,927**	**133,813**	**(41.0)**
Income tax expense	(f)	(7,377)	(8,360)	(11.8)	(11,939)	(12,707)	(6.0)
Total return for the period after tax before distribution		**17,723**	**69,552**	**(74.5)**	**66,988**	**121,106**	**(44.7)**

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) This relates to gain arising from the disposal of seven nursing home properties in Japan which was completed on 26 December 2014.

(f) Included in 4Q 2015 income tax expense is the withholding tax of S$1.2 million (4Q 2014: S$6.1 million) and deferred tax expense amounting to S$6.2 million (4Q 2014: S$2.3 million). The deferred tax of $6.2 million in 2015 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.

Comparatively, for 4Q 2014, the withholding tax of S$6.1 million consisted of a one-off S$5.1 million withholding tax imposed on the disposal gains in relation to the disposal of seven nursing home properties in Japan. At the same time, a S$2.5 million of deferred tax previously provided on these divested properties have been reversed, thereby reducing the deferred tax from S$4.8 million to S$2.3 million.

Distribution Statement

	Notes	4Q 2015 S$'000	4Q 2014 S$'000	Inc/ (Dec) %	2015 S$'000	2014 S$'000	Inc/ (Dec) %
Total return after tax before distribution		**17,723**	**69,552**	**(74.5)**	**66,988**	**121,106**	**(44.7)**
Non-tax deductible/(non-taxable) items:							
Trustee's fees		73	72	1.4	290	280	3.6
Amortisation of transaction costs relating to debt facilities		168	168	-	867	897	(3.3)
Net change in fair value of financial derivatives		(39)	(736)	(94.7)	4,084	(36)	11,444.4
Net fair value gain on investment properties (net of deferred tax impact)		482	(42,803)	101.1	1,718	(41,616)	104.1
Foreign exchange difference		(39)	278	114.0	(395)	222	277.9
Gain on disposal of investment properties (net of withholding tax)		-	(8,598)	(100.0)	203	(8,598)	102.4
Others		421	347	(21.3)	483	443	9.0
Net effect of non-tax deductible/(non-taxable) items		**1,066**	**(51,272)**	**102.1**	**7,250**	**(48,408)**	**115.0**
Rollover adjustment	(a)	35	-	n.m.	37	-	n.m.
Amount available for distribution to Unitholders		**18,824**	**18,280**	**3.0**	**74,275**	**72,698**	**2.2**
Distribution of divestment gains	(b)	2,277	-	n.m.	9,110	-	n.m.
Amount retained for capital expenditure	(c)	(750)	(750)	-	(3,000)	(3,000)	-
Distributable income to Unitholders	(d)	**20,351**	**17,530**	**16.1**	**80,385**	**69,698**	**15.3**

Note(s):

(a) The rollover adjustment in 2015 represented the difference between the taxable income previously distributed and the quantum finally agreed with the Inland Revenue Authority of Singapore ("IRAS") for the Year of Assessment 2013 and 2014 and had been adjusted under the rollover mechanism agreed with the IRAS.

(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 throughout the 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.

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 31/12/15 S$'000	Group 31/12/14 S$'000	Trust 31/12/15 S$'000	Trust 31/12/14 S$'000
Current assets					
Trade and other receivables		10,385	10,360	9,398	29,606
Financial derivatives		-	398	-	398
Cash and cash equivalents	(a)	20,358	146,406	427	889
		30,743	**157,164**	**9,825**	**30,893**
Non-current assets					
Investment properties	(b)	1,635,308	1,500,610	1,037,400	1,053,600
Interests in subsidiaries		-	-	557,907	587,718
Security deposit receivable		706	662	-	-
Financial derivatives		2,647	10,515	2,647	10,515
Total assets		**1,669,404**	**1,668,951**	**1,607,779**	**1,682,726**
Current liabilities					
Financial derivatives		-	193	-	193
Trade and other payables		15,729	21,477	9,191	9,258
Current portion of security deposits		1,724	1,064	3	-
Loans and borrowings	(c)	1,000	80,864	1,000	80,864
Provision for taxation		1	1	-	-
		18,454	**103,599**	**10,194**	**90,315**
Non-current liabilities					
Financial derivatives		3,457	2,436	3,457	2,436
Non-current portion of security deposits		18,368	12,447	-	36
Loans and borrowings	(d)	586,188	503,347	586,188	503,347
Deferred tax liabilities		19,750	11,773	-	-
Total liabilities		**646,217**	**633,602**	**599,839**	**596,134**
Net assets		**1,023,187**	**1,035,349**	**1,007,940**	**1,086,592**
Represented by:					
Unitholders' funds		1,023,187	1,035,349	1,007,940	1,086,592
Total equity		**1,023,187**	**1,035,349**	**1,007,940**	**1,086,592**

Note(s):

(a) The decrease in cash and cash equivalents was mainly due to the repatriation of divestment proceeds from Japan in March 2015. The divestment proceeds were subsequently redeployed to fund the acquisition of 5 Japan properties and to repay short term loans in the same month.

(b) Investment properties are stated at valuation performed by independent valuers as at 31 December 2015. The increase in investment properties was mainly due to gain on revaluation, the acquisition of one nursing home on 6 January 2015 as well as another four nursing homes and a group home on 23 March 2015, and appreciation of the Japanese Yen. A revaluation surplus of S$5.7 million was recognised in the Statement of Total Return.

(c) The decrease in short term borrowings was largely due to the terming out of short term loans ("**STL**") drawn down in December 2014 to partially bridge finance the 2 Japanese new property acquisitions in December 2014 and January 2015. These Japanese Yen STL were repaid using part of the repatriated divestment proceeds and a 5-year term loan drawn down in March 2015. In addition, the SGD short term loans have been fully termed out via a long term credit facility that had been put in place in June 2015.

(d) The increase in long term borrowings was mainly due to the drawdown of long term loan facilities to term out the Japanese Yen STL and SGD short term loans, and appreciation of the Japanese Yen.

1(b)(ii) Aggregate amount of borrowings

	Group 31/12/15 S$'000	**Group 31/12/14 S$'000**	**Trust 31/12/15 S$'000**	**Trust 31/12/14 S$'000**
Unsecured gross borrowings				
Amount repayable within one year	1,000	80,864	1,000	80,864
Amount repayable after one year	588,398	505,818	588,398	505,818
Less: Transaction costs in relation to the term loan and revolving credit facilities	(2,210)	(2,471)	(2,210)	(2,471)
	587,188	**584,211**	**587,188**	**584,211**

On 12 March 2015, 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 December 2015, Parkway Life REIT's gearing was 35.3%.

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

Unsecured Borrowings

Parkway Life REIT has several JPY unsecured term loans and revolving credit facility amounting to JPY35,698 million (approximately S$419.8 million[2]).

On 22 December 2015, the Group had repaid part of the long term facility amounting to JPY561 million (approximately S$6.6 million[2]).

As at 31 December 2015, the total facilities drawn of JPY35,137 million (approximately S$413.2 million[2]) and S$175.2 million credit facilities (the "**Long Term Facilities**") were committed, unsecured and ranked *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 December 2015, the Group has drawn down S$1.0 million of the Short Term Facilities for 1 month, at the bank's cost of fund.

[2] Based on exchange rate of S$1.176 per JPY100 as at 31 December 2015.

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.

As at 31 December 2015, there were no outstanding notes issued under the MTN Programme.

(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 Group has also entered into foreign currency forward contracts to hedge the net foreign income from Japan.

In addition, the Group had, on 15 December 2015, 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. With that, approximately 95% of the Group's interest rate exposures are hedged.

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

As of 31 December 2015, the Group has in place Japan net income hedge till 1Q 2020. This enhances the stability of distribution to Unitholders.

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	4Q 2015 S$'000	4Q 2014 S$'000	2015 S$'000	2014 S$'000
Operating activities					
Total return before tax and distribution		**25,100**	**77,912**	**78,927**	**133,813**
Adjustments for					
Unrealised foreign exchange differences		(219)	-	-	-
Interest income		-	-	(11)	(6)
Finance costs		2,282	1,978	8,778	8,255
Net change in fair value of financial derivative		(39)	(736)	4,084	(36)
Net change in fair value of investment properties		(5,734)	(45,051)	(5,734)	(45,051)
Gain on disposal of investment properties		-	(13,674)	-	(13,674)
Operating income before working capital changes		**21,390**	**20,429**	**86,044**	**83,301**
Changes in working capital					
Trade and other receivables		127	(2)	64	(900)
Trade and other payables		801	709	(194)	2,041
Security deposits		50	(1,385)	5,586	(630)
Cash generated from operations		22,368	19,751	91,500	83,812
Income tax paid		(1,128)	(1,081)	(9,487)	(4,161)
Cash flows generated from operating activities	**(a)**	**21,240**	**18,670**	**82,013**	**79,651**
Investing activities					
Interest received		-	-	11	6
Capital expenditure on investment properties		(2,078)	(858)	(5,716)	(4,191)
Cash outflow on purchase of investment properties (including acquisition related costs)	**(b)**	(489)	(41,193)	(97,583)	(82,665)
Net proceeds from sale of investment properties		-	91,487	-	91,487
Divestment related costs paid		-	-	(1,712)	-
Cash flows (used in)/generated from investing activities	**(c)**	**(2,567)**	**49,436**	**(105,000)**	**4,637**
Financing activities					
Interest paid		(2,098)	(1,861)	(7,845)	(7,401)
Distribution to Unitholders		(20,328)	(17,545)	(77,561)	(69,212)
Proceeds from borrowings		79,222	76,758	374,244	234,730
Repayment of borrowings		(83,885)	(11,400)	(397,985)	(117,978)
Borrowing costs paid		-	(264)	(606)	(1,122)
Cash flows (used in)/generated from financing activities	**(d)**	**(27,089)**	**45,688**	**(109,753)**	**39,017**
Net (decrease)/increase in cash and cash equivalents		**(8,416)**	**113,794**	**(132,740)**	**123,305**
Cash and cash equivalents at beginning of the period/year		**27,117**	**32,721**	**144,702**	**25,613**
Effects of exchange differences on cash balances		(158)	(1,813)	6,581	(4,216)
Cash and cash equivalents at end of the period/year[3]		**18,543**	**144,702**	**18,543**	**144,702**

[3] Cash and cash equivalents at the respective period end exclude a cash deposit of JPY154.4 million (S$1.8 million and S$1.7 million as at 31 December 2015 and 31 December 2014 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.

Note(s):

(a) The increase in cash flows from operating activities in 4Q 2015 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. The higher cash flows in 2015 is made up of additional contribution from existing properties and from the completion of the asset recycling, receipt of security deposits for the new properties acquired in 1Q 2015, offset by the payment of Japanese withholding tax on the divestment gains.

(b) Net cash outflow on purchase of investment properties (including acquisition related costs) is as follows:

	4Q 2015 S$'000	4Q 2014 S$'000	2015 S$'000	2014 S$'000
Investment properties	-	40,260	92,810	78,442
Acquisition related costs	489	933	4,773	4,223
Net cash outflow/Cash consideration paid	**489**	**41,193**	**97,583**	**82,665**

(c) The cash outflows in investing activities in 4Q 2015 is mainly due to payment of capital expenditure on existing properties and acquisition-related costs for the properties acquired in 1Q 2015. The cash outflows in full year 2015 had included the acquisition of properties in 1Q 2015, payment of acquisition-related costs for the property acquired in December 2014 and capital expenditure on existing properties.

(d) The cash flows in financing activities in 4Q 2015 primarily arose from the payment of 3Q 2015 distribution to Unitholders. And full year 2015 cash flows included the payment of quarterly distributions to Unitholders and repayment of the Japanese Yen STL, offset by long term loans drawdown to partial finance the new acquisition of four nursing home and one group home on 23 March 2015.

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

	Notes	Group 4Q 2015 S$'000	Group 4Q 2014 S$'000	Group 2015 S$'000	Group 2014 S$'000
Unitholders' funds at beginning of period/year		**1,026,062**	**984,326**	**1,035,349**	**985,798**
Operations					
Total return after tax		**17,723**	**69,552**	**66,988**	**121,106**
Translation transactions					
Net movement in foreign currency translation reserve	(a)	**(391)**	**(678)**	**(2,730)**	**(1,383)**
Hedging reserve					
Net movement in hedging reserve	(b)	**121**	**(306)**	**1,141**	**(960)**
Unitholders' transactions					
Distribution to Unitholders		**(20,328)**	**(17,545)**	**(77,561)**	**(69,212)**
Unitholders' funds at end of period/year		**1,023,187**	**1,035,349**	**1,023,187**	**1,035,349**

	Notes	Trust 4Q 2015 S$'000	Trust 4Q 2014 S$'000	Trust 2015 S$'000	Trust 2014 S$'000
Unitholders' funds at beginning of period/year		**1,029,083**	**1,037,653**	**1,086,592**	**1,030,760**
Operations					
Total return after tax		**(936)**	**66,790**	**(2,232)**	**126,004**
Hedging reserve					
Net movement in hedging reserve	(b)	**121**	**(306)**	**1,141**	**(960)**
Unitholders' transactions					
Distribution to Unitholders		**(20,328)**	**(17,545)**	**(77,561)**	**(69,212)**
Unitholders' funds at end of period/year		**1,007,940**	**1,086,592**	**1,007,940**	**1,086,592**

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.

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

	4Q 2015 '000	4Q 2014 '000	2015 '000	2014 '000
Units in issue at beginning and at end of period/year	**605,002**	**605,002**	**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 2014.

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.

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

	Notes	4Q 2015 '000	4Q 2014 '000	2015 '000	2014 '000
Number of units in issue at end of period/year		**605,002**	**605,002**	**605,002**	**605,002**
Weighted average number of units for the period		**605,002**	**605,002**	**605,002**	**605,002**
Earnings per unit in cents (basic and diluted) (EPU)	(a)	**2.93**	**11.50**	**11.07**	**20.02**
Applicable number of units for calculation of DPU		**605,002**	**605,002**	**605,002**	**605,002**
Distribution per unit in cents (DPU)	(b)	**3.37**	**2.90**	**13.29**	**11.52**

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 based on units issued at the end of the period

	Notes	Group 31/12/15 S$	Group 31/12/14 S$	Trust 31/12/15 S$	Trust 31/12/14 S$
Net asset value ("NAV") per unit	(a)	**1.69**	**1.71**	**1.67**	**1.80**
Adjusted NAV per unit (excluding the distributable income)		**1.66**	**1.68**	**1.63**	**1.77**

Note(s):

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

8 Review of the performance

	4Q 2015 S$'000	4Q 2014 S$'000	Inc/ (Dec) %	2015 S$'000	2014 S$'000	Inc/ (Dec) %
Gross revenue	**26,308**	**25,107**	**4.8**	**102,694**	**100,382**	**2.3**
Property expenses	(1,725)	(1,642)	5.1	(6,697)	(6,607)	1.4
Net property income	**24,583**	**23,465**	**4.8**	**95,997**	**93,775**	**2.4**
Management fees	(2,658)	(2,528)	5.1	(10,412)	(10,051)	3.6
Trust expenses	(913)	(950)	(3.9)	(2,633)	(2,736)	(3.8)
Net foreign exchange gain	597	442	35.1	3,092	2,313	33.7
Interest income	-	-	-	11	6	83.3
Finance costs	(2,282)	(1,978)	15.4	(8,778)	(8,255)	6.3
Non-property expenses	**(5,256)**	**(5,014)**	**4.8**	**(18,720)**	**(18,723)**	**(0.0)**
Total return before changes in fair value of financial derivatives and investment properties	**19,327**	**18,451**	**4.7**	**77,277**	**75,052**	**3.0**
Net change in fair value of financial derivatives	39	736	(94.7)	(4,084)	36	11,444.4
Net change in fair value of investment properties	5,734	45,051	(87.3)	5,734	45,051	(87.3)
Gain on disposal of investment properties	-	13,674	(100.0)	-	13,674	(100.0)
Total return for the period before tax and distribution	**25,100**	**77,912**	**(67.8)**	**78,927**	**133,813**	**(41.0)**
Income tax expense	(7,377)	(8,360)	(11.8)	(11,939)	(12,707)	(6.0)
Total return for the period after tax before distribution	**17,723**	**69,552**	**(74.5)**	**66,988**	**121,106**	**(44.7)**
Net effect of non-tax deductible/(non-taxable) items	1,066	(51,272)	102.1	7,250	(48,408)	115.0
Rollover adjustment[4]	35	-	n.m.	37	-	n.m.
Amount available for distribution to Unitholders	**18,824**	**18,280**	**3.0**	**74,275**	**72,698**	**2.2**
Distribution of divestment gains	2,277	-	n.m.	9,110	-	n.m.
Amount retained for capital expenditure	(750)	(750)	-	(3,000)	(3,000)	-
Distributable income to Unitholders	**20,351**	**17,530**	**16.1**	**80,385**	**69,698**	**15.3**
Distribution per Unit (cents)	**3.37**	**2.90**	**16.1**	**13.29**	**11.52**	**15.3**
Annualised Distribution per Unit (cents)	**13.48**	**11.60**	**16.1**	**13.29**	**11.52**	**15.3**

4Q 2015 Vs 4Q 2014

Gross revenue for 4Q 2015 was higher than 4Q 2014 by S$1.2 million driven primarily by contribution from higher yielding properties acquired from the asset recycling initiative, higher rent from the Singapore properties and appreciation of the Japanese Yen as compared to the same period last year.

After deducting property expenses, we have achieved a net property income of S$24.6 million for 4Q 2015, which was S$1.1 million higher than 4Q 2014.

The increase in management fees were mainly due to higher deposited property value and higher net property income from the properties acquired in 2014 and 1Q 2015, as well as valuation gains on the existing property portfolio, which led to a corresponding increase in deposited property.

Higher finance costs in 4Q 2015 was mainly due to additional financing costs incurred to finance the property acquisitions in 1Q 2015 and rising interest costs for the existing SGD loan facilities.

[4] The rollover adjustment in 2015 represented the difference between the taxable income previously distributed and the quantum finally agreed with the Inland Revenue Authority of Singapore ("IRAS") for the Year of Assessment 2013 and 2014 and had been adjusted under the rollover mechanism agreed with the IRAS.

In 4Q 2015, the Group has recognised a realised foreign exchange gain of S$0.6 million from the delivery of quarterly Japan net income hedge.

Overall, annualised distribution per unit (DPU) of 13.48 cents for 4Q 2015 had outperformed 4Q 2014's annualised DPU of 11.60 cents by 16.1% or 1.88 cents, mainly due to distribution of S$2.3 million being partial distribution of the gains arising from the divestment of seven Japan properties in December 2014 and higher rent from existing properties.

2015 Vs 2014

Gross revenue for 2015 was S$102.7 million compared with S$100.4 million for 2014, an increase of S$2.3 million or 2.3%. This was mainly due to revenue contribution from the properties acquired in 1Q 2014 and net effect from the asset recycling initiative which was completed in March 2015, and higher rent from the existing properties offset by the depreciation of the Japanese Yen.

Correspondingly, property expenses for 2015 were S$6.7 million, an increase of S$0.1 million or 1.4% as compared to 2014. The result was a net property income of S$96.0 million for 2015, which was S$2.2 million higher than 2014.

The Manager's management fees for 2015 were S$10.4 million, an increase of S$0.3 million or 3.6% higher than 2014. This was due to higher deposited property value and higher net property income as explained earlier offset by the depreciation of the Japanese Yen.

Finance costs have increased mainly due to the additional financing costs incurred to finance the properties acquired in 1Q 2014 and 1Q 2015 and rising interest costs for the existing SGD loan facilities, offset by depreciation of the Japanese Yen. Furthermore, there was lesser Trust expenses incurred in 2015.

During 2015, the Group had registered a realised foreign exchange gain amounting to S$2.7 million from the delivery of Japan net income hedges. In March 2015, the Group has also recognised a realised foreign exchange gain arising from the capital repatriation for the cash trap in Japan, which unlocked the FX gains in the foreign currency translation reserve for its earlier Japan acquisitions.

Overall, annualised DPU for 2015 of 13.29 cents outperformed 2014's DPU of 11.52 cents by 15.3% or 1.77 cents, mainly due to distribution of S$9.1 million being distribution of the gains arising from the divestment of seven Japan properties in December 2014, additional contributions from the property acquisition in 1Q 2014 and the asset recycling initiative, as well as higher rent from existing properties.

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 is expected 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 further uncertainties given the market volatility. We remain cautiously optimistic about its prospects in the medium to longer term.

Parkway Life REIT's enlarged portfolio of 47 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 93% of its Singapore and Japan portfolios have downside revenue protection and 64% 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: Fourth quarter distribution for the period from 1 October 2015 to 31 December 2015

Distribution Type	Distribution Rate (cents per unit)
Taxable Income	2.21
Exempt Income	0.28
Capital Distribution	0.50
Other Gains Distribution	0.38
Total	**3.37**

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.

Other Gains Distribution

Other gains distribution refers to partial distribution from the gain on divestment of seven Japan properties as announced on 26 December 2014. 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: Fourth quarter distribution for the period from 1 October 2014 to 31 December 2014

Distribution Type	Distribution Rate (cents per unit)
Taxable Income	2.20
Exempt Income	0.45
Capital Distribution	0.25
Total	**2.90**

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: 3 February 2016

(d) Date payable: 26 February 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 December 2015:

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 seven properties in Japan in December 2014. The divestment gains (after tax) has been fully distributed to Unitholders throughout the four quarters in FY 2015; 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.

PART II – ADDITIONAL INFORMATION FOR FULL YEAR ANNOUNCEMENT

15 Segmented revenue and results for operating segments (of the group) in the form presented in the issuer's most recently audited annual financial statements, with comparative information for the immediately preceding year.

As at 31 December 2015, the operating segments of the Group comprise the following segments – Hospital Properties, Nursing Homes, Pharmaceutical Product Distributing and Manufacturing Facility and Medical Centre Units.

The Group's operations and its identifiable assets are located in Singapore (consisting of Hospital Properties), Japan (consisting of 42 Nursing Homes and one Pharmaceutical Product Distributing and Manufacturing Facility) and Medical Centre Units in Malaysia. Accordingly, no geographical segmental analysis is separately presented.

	FY 2015 S$'000	FY 2014 S$'000	Change %
Hospital Properties (Singapore) [1]	64,668	63,294	2.2
Nursing Homes (Japan) [2]	35,445	34,389	3.1
Pharmaceutical Product Distributing and Manufacturing Facility (Japan) [3]	2,030	2,144	(5.3)
Medical Centre Units (Malaysia) [4]	551	555	(0.7)
Total gross revenue	102,694	100,382	2.3

	FY 2015 S$'000	FY 2014 S$'000	Change %
Hospital Properties (Singapore) [1]	61,550	60,177	2.3
Nursing Homes (Japan) [2]	32,091	31,151	3.0
Pharmaceutical Product Distributing and Manufacturing Facility (Japan) [3]	1,933	2,041	(5.3)
Medical Centre Units (Malaysia) [4]	423	406	4.2
Total net property income	95,997	93,775	2.4

Footnotes

(1) The higher revenue and net property income was driven by the higher rent under the inflation-linked CPI + 1% rental review mechanism.

(2) The increase in revenue and net property income was mainly due to full year revenue contribution of the properties acquired in 2014, net effect from the asset recycling initiative which was completed in March 2015 offset by the depreciation of the Japanese Yen.

(3) The decline in revenue and net property income was due to the depreciation of the Japanese Yen.

(4) The higher revenue arose from increased rent from lease renewal offset by the depreciation of the Malaysia Ringgit. In 2014, there was a one-off marketing commission paid to the Manager for the renewal of leases, resulting in a lower net property income.

16 In the review of performance, the factors leading to any material changes in contributions to turnover and earnings by the operating segments

Refer to section 8 for the review of actual performance.

17 Breakdown of gross revenue and total return after tax before distribution

	FY 2015 S$'000	FY 2014 S$'000	Change %
Gross revenue reported for first half year	50,421	49,943	1.0
Total return after tax before distribution for first half year	35,439	33,314	6.4
Gross revenue reported for second half year	52,273	50,439	3.6
Total return after tax before distribution for second half year	31,549	87,792	(64.1)

18 Breakdown of the total distribution

In respect of the period:

	FY 2015 S$'000	FY 2014 S$'000
1 October 2013 to 31 December 2013		17,061
1 January 2014 to 31 March 2014		17,061
1 April 2014 to 30 June 2014		17,545
1 July 2014 to 30 September 2014		17,545
1 October 2014 to 31 December 2014	17,545	
1 January 2015 to 31 March 2015	19,420	
1 April 2015 to 30 June 2015	20,268	
1 July 2015 to 30 September 2015	20,328	

19 Disclosure of person occupying a managerial position in the issuer or any of its principal subsidiaries who is a relative of a director or chief executive officer or substantial shareholder of the issuer pursuant to Rule 704(10) in the format below. If there are no such persons, the issuer must make an appropriate negative statement.

Neither Parkway Trust Management Limited nor Parkway Life REIT and any of its principal subsidiaries have any person occupying a managerial position who is related to a director or chief executive officer or substantial shareholder.

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 January 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.