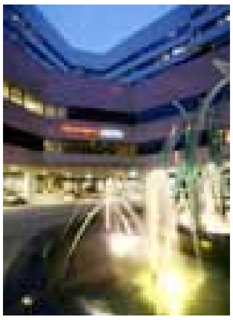
ParkwayLife REIT

CELEBRATING 10 YEARS OF RESILIENCY, STABILITY AND STRENGTH

10 Vibrant Years

ANNUAL REPORT 2017

CELEBRATING A DECADE OF ACHIEVEMENTS



AUGUST 2007
Listed on the Mainboard of the Singapore Stock Exchange with an initial portfolio of three properties in Singapore, at an appraised value of S$775 million.

2007

2008

APRIL 2008
Maiden Japan property acquisition – P-Life Matsudo at Chiba prefecture.

MAY 2008
New asset class – Acquisition of two nursing homes in Kanagawa prefecture and Osaka prefecture.

AUGUST 2008
Establishment of S$500,000,000 Multicurrency Medium Term Note Programme [2].

OCTOBER 2008
Winner of SIAS Investors' Choice Awards 2008 – Most Transparent Company Award (New Issue).

FEBRUARY 2009
Winner of Asiamoney's Best Managed Corporate of the Year - Small Cap.

2009

2010

MARCH 2010
Issuance of a 3-year S$50 million Floating Rate Notes to diversify its funding sources.

CELEBRATING 10 YEARS OF RESILIENCY, STABILITY AND STRENGTH

	2007	2008	2009	2010
Number of Properties	3	13	21	32
Portfolio Value[1] (S$)	0.83 billion	1.05 billion	1.15 billion	1.30 billion

1 Total portfolio value as at 31 December of each year from 2007 to 2017
2 Updated and renamed it as "S$500,000,000 Multicurrency Debt Issuance Programme" in October 2017 providing Parkway Life REIT the flexibility to tap on various types of capital market products, including the issuance of perpetual securities when needed

“In the last decade, Parkway Life REIT has grown from strength to strength, achieving consecutive years of sustained growth. We are immensely thankful for the hard work and dedication of our staff and Board, as well as the support from our valued partners, Unitholders and other stakeholders. We look forward to more achievements in the years ahead.”

— Mr. Yong Yean Chau, Chief Executive Officer and Executive Director

AUGUST 2012

Maiden Malaysia property acquisition – Strata-titled units/lots within Gleneagles Intan Medical Centre, Kuala Lumpur.

MARCH 2016

Issuance of maiden 6-Year JPY3.3 billion senior unsecured Fixed Rate Notes at a competitive rate of 0.58% per annum.

2012

2016

2015

MARCH 2015

Completion of first asset recycling initiative. Net proceeds from the divestment were recycled to acquire seven nursing homes with higher yields.

2017

FEBRUARY 2017

Completion of second asset recycling initiative. Net proceeds from the divestment were recycled to acquire five nursing homes with higher yields.

2011	2012	2013	2014	2015	2016	2017
33	37	44	41	47	44	49
1.38 billion	1.43 billion	1.48 billion	1.50 billion	1.64 billion	1.66 billion	1.73 billion

STANDING THE TEST OF TIME

Parkway Life Real Estate Investment Trust ("PLife REIT" or "the REIT") is one of Asia's largest listed healthcare REITs by asset size.

It invests in income-producing real estate and real estate-related assets that are used primarily for healthcare and healthcare-related purposes (including but are not limited to, hospitals, nursing homes, healthcare facilities and real estate and/or real estate assets used in connection with healthcare research, education, and the manufacture or storage of drugs, medicine and other healthcare goods and devices).

PLife REIT owns a well-diversified portfolio of 49 properties with a total portfolio size of approximately S$1.73 billion as at 31 December 2017. It owns the largest portfolio of strategically-located private hospitals in Singapore comprising Mount Elizabeth Hospital, Gleneagles Hospital and Parkway East Hospital. In addition, it has 45 assets located in Japan, including one pharmaceutical product distributing and manufacturing facility in Chiba Prefecture as well as 44 high quality nursing home and care facility properties in various prefectures of Japan. It also owns strata-titled units/lots at Gleneagles Intan Medical Centre Kuala Lumpur in Malaysia.

Managed by Parkway Trust Management Limited, PLife REIT has been listed on the Mainboard of the Singapore Stock Exchange since August 2007.

OUR MISSION

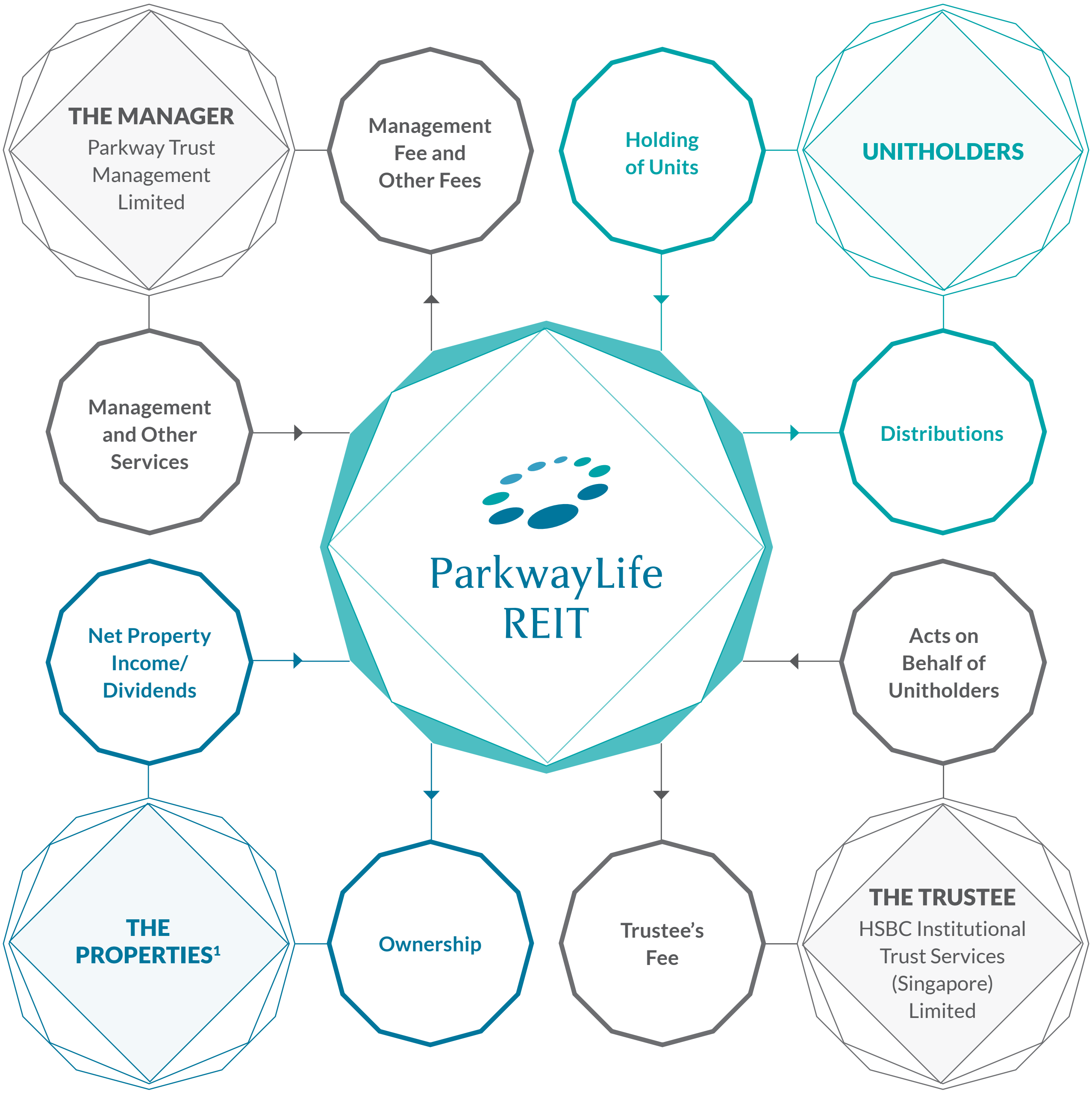
To deliver regular and stable distributions and achieve long-term growth for our Unitholders

OUR VISION

To become the leading healthcare REIT and the Partner of Choice for healthcare expansion

CONTENTS

TRUST STRUCTURE



1 Refers to the properties acquired by the Trust, whether directly or indirectly held through the ownership of special purpose vehicles. In Singapore, the ownership of the properties is held directly by the Trustee. In Malaysia, the ownership of the properties is held indirectly by the Trustee. In Japan, the ownership of the properties is held through the Tokumei Kumiai ("TK") structure. Under the TK structure, the Trustee will, through its wholly-owned subsidiary incorporated under Singapore laws, enter into TK agreement (or silent partnership agreement) as TK investor ("TK investor") with a company incorporated under Japanese laws known as TK operator ("TK operator"). The TK operator is a company similar to a limited liability company in Singapore whereby the TK investor is only liable to the extent of its contribution to the TK operator. Under the TK agreement, the TK investor shall inject funds to the TK operator and the TK operator will acquire and own the property. Further details of the TK structure are set out in the relevant past announcements.

NO. OF ASSET ENHANCEMENT INITIATIVES COMPLETED

13

NO. OF STRATEGIC ASSET RECYCLING INITIATIVES COMPLETED

2

Uncovering Hidden Gems

Identifying an uncapitalised opportunity in Japan, PLife REIT extended its footprint outside Singapore with its maiden entry into the Japanese market in 2008. Being a first-mover in Japan afforded PLife REIT invaluable experience, industry know-how and the competitive edge to capitalise on the unprecedented growth of the Japan healthcare sector.

As PLife REIT grows, it remains committed in uncovering value for its Unitholders – Acting decisively on opportunities, building strong relationship with leading healthcare operators as well as optimising portfolio through asset enhancement and strategic asset recycling initiatives.

MESSAGE TO UNITHOLDERS

DEAR UNITHOLDERS,

2017 marked an important milestone for PLife REIT as it celebrated its 10th year anniversary since listing on the Singapore Exchange on 23 August 2007. Delivering sustained growth and increasing value for its Unitholders have always been the lynchpin of PLife REIT's end in view. Since listing, PLife REIT remained steadfast in building on its fundamentals to ensure sustainable earnings even amidst challenging market conditions. Over the years, with PLife REIT assiduously developing its robust portfolio fundamentals and sound financial metrics, these unique core values successfully navigated the REIT from market volatilities, as it grew from strength to strength.

Having built its ethos on **"Resiliency, Stability and Strength"**, PLife REIT is anchored on stronger footing today. This places the REIT in good stead as it looks to drive growth and continued success in the years ahead.

TEN YEARS OF RESILIENCY, STABILITY AND STRENGTH

Building on its strategies and network developed over the years, PLife REIT successfully delivered another year of sustained growth and value to its Unitholders.

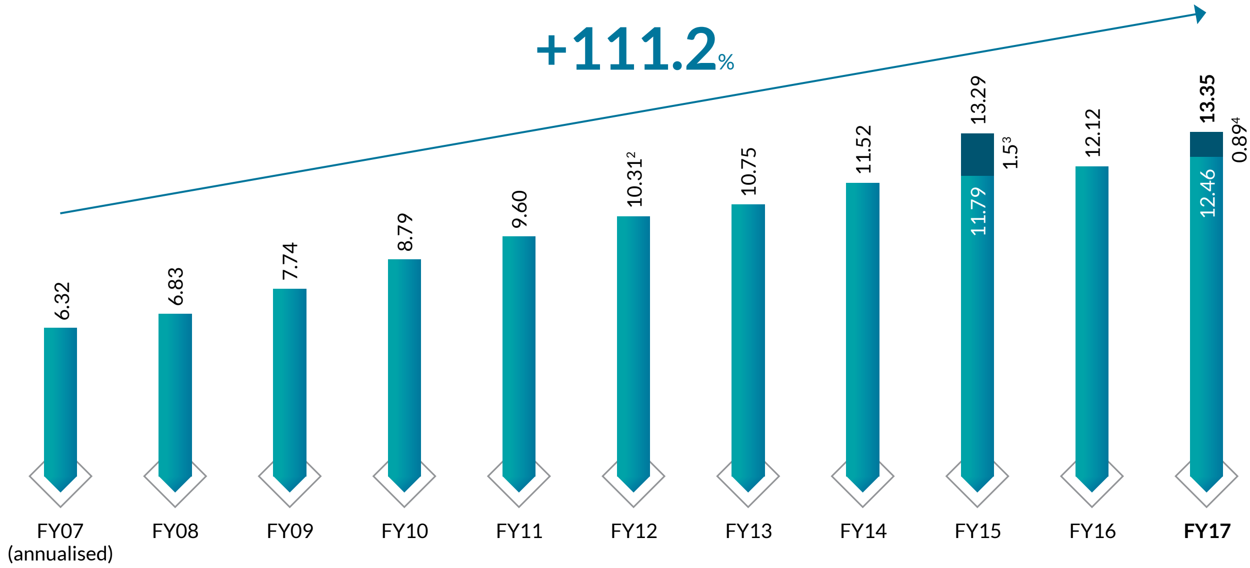
For the financial year ended 31 December 2017 ("FY2017"), PLife REIT achieved a full year Distribution per Unit ("DPU") of 13.35 cents, registering a steady DPU growth of 111.2% since IPO. Excluding the one-off divestment gains, the DPU from recurring operations continued to increase by 2.8% in FY2017 over 2016. Net asset value per Unit increased from S$1.72 a year ago to S$1.76 as at 31 December 2017.

Since PLife REIT's maiden entry into Japan in 2008, it holds a firm belief in the long-term prospects of the Japan elderly healthcare market and the fundamentals of the private nursing home market. Leveraging its clustering and partnering approach to scale up its portfolio growth, PLife REIT gained invaluable experience, securing its first mover advantage in Japan. As its strategic network continues to open

STRONG DPU GROWTH SINCE IPO

DPU has grown steadily by 111.2%[1] since listing

(cents)



1 Since IPO till YTD 4Q 2017
2 Since FY2012, S$3.0 million per annum of amount available for distribution has been retained for capital expenditure
3 One-off divestment gain of 1.50 cents (S$9.11 million) relating to the divestment of seven Japan assets in December 2014 was equally distributed over the four quarters in FY2015
4 One-off divestment gain of 0.89 cents (S$5.39 million) relating to the divestment of four Japan assets in December 2016 was equally distributed over the four quarters in FY2017

Having built its ethos on "Resiliency, Stability and Strength", PLife REIT is anchored on stronger footing today. This places the REIT in good stead as it looks to drive growth and continued success in the years ahead.

— Mr. Ho Kian Guan, Chairman

Hakusho no Sato

DPU GROWTH SINCE IPO
+111.2%

up growth opportunities in this core country, PLife REIT stayed dedicated in cultivating an optimal portfolio for sustained growth.

In the first quarter of 2017, PLife REIT completed its second asset recycling exercise with the acquisition of five properties in Japan for JPY4,759 million (approximately S$59.5 million[1]). With the acquisition coming soon after the December 2016 divestment and yielding an attractive net property yield of 6.9%, PLife REIT's recurring DPU remained well-sustained. Taking steps to enhance the REIT's growth, the positive attributes of the five new properties further strengthen PLife REIT's earnings resiliency, revitalising its Japan portfolio with enhanced tenant and geographical diversification.

Given the specialised nature of healthcare assets, PLife REIT recognises the importance of working with strong credible operators. Fostering strategic partnerships with long-standing operators remained a focal point in 2017 as the REIT continued to devote efforts in building strong landlord-lessee relationships. On the credence that PLife REIT can deliver value for the Unitholders as its operators grow, PLife REIT embarked on three more asset enhancement initiatives ("AEI") at its Japan properties - Sawayaka Niihamakan, Sanko and Kikuya Warakuen. To-date,

1 Based on the exchange rate of S$1.00:JPY80.00 as stated in the announcement released on 17 February 2017

MESSAGE TO UNITHOLDERS

Hakusho no Sato

PLife REIT successfully executed 12 collaborative AEIs for its Japan portfolio, keeping up with the evolving needs of its tenants' operations as the REIT extracts further value from its existing assets.

Throughout 2017, proactive financial and capital management continued to work in unison to enhance the stability of distributions to Unitholders. With global interest rates set to rise, PLife REIT took proactive steps to manage its costs of debt and stagger the debt maturity profile. Following the pre-emptive refinancing exercise in the early part of 2017, PLife REIT issued a 5.5-year JPY5 billion (approximately S$60.0 million[2]) senior unsecured Fixed Rate Notes due 2023 in December 2017 (the "Notes Issue"). At a competitive fixed rate of 0.57% per annum, the Notes Issue was fully subscribed by Japanese institutional investors, reflecting a vote of confidence in PLife REIT's investment strategy in Japan. In addition, with the Notes Issue denominated in JPY, it served as a natural hedge for the REIT's Japanese assets, mitigating the JPY foreign exchange risk. With an enlarged portfolio of 45 assets in Japan, PLife REIT remains grounded on the need to proactively manage the risks associated with its portfolio. During the year, the JPY net income hedges were extended for another two years from 2020, providing 100% shield against JPY currency volatility till 1Q 2022.

On an overall basis, PLife REIT ended the year with a reinforced position. With diversified funding sources at a low all-in effective cost of debt of 1.0%[3], PLife REIT will have no near-term refinancing needs till 2019. As at 31 December 2017, PLife REIT's interest cover ratio stood healthy at 11.3 times with its interest rate exposure largely hedged. Armed with a well staggered debt maturity profile, its weighted average debt maturity had also been lengthened to 3.1 years. Owing to the strategic dedication to build growth and value over the last decade, PLife REIT remains as one of Asia's largest listed healthcare REIT. With a diversified portfolio of 49 properties worth S$1.73 billion and the weighted average lease expiry at 7.91 years supported by favourable lease structures, PLife REIT holds one of the strongest earnings visibility profile among S-REITs.

2 Based on the exchange rate of S$1.00:JPY83.26 as stated in the announcement released on 6 December 2017
3 As at 31 December 2017

LOOKING AHEAD

With the long-term outlook of the healthcare industry continuing to be driven by favourable patient demographics and demand for better quality healthcare and aged care services, PLife REIT remains well positioned to ride on the growth.

As PLife REIT charts its direction for the next 10 years and beyond, PLife REIT recognises the importance to stay vigilant and nimble in the face of market volatilities as well as evolving needs and trends of the global market.

APPRECIATION

As we sow our seeds of success, we are proud to celebrate PLife REIT's 10 years of Resiliency, Stability and Strength with our valued stakeholders, partners and Unitholders.

We wish to extend our sincere appreciation to our Board members for their invaluable guidance and contributions. We would especially like to express our gratitude to our former Chairman and Independent Director, Mr. Lim Kok Hoong, who retired from the Board with effect from 24 April 2017.

We are also pleased to welcome our new Independent Director, Ms. Cheah Sui Ling, who is currently Operating Partner at Wavemaker Partners, a Silicon Valley-affiliated venture capital fund. With more than 20 years of experience in the investment banking industry, her expertise will undoubtedly be an asset to the team.

We would also like to take this opportunity to thank our dedicated staff for their commitment and efforts in delivering the sustained success of PLife REIT.

Lastly, we want to express our sincerest gratitude to our Unitholders, business partners and lessees for their lasting support and confidence.

[Chairman] I would also like to add a personal note to say that I am indeed honoured and privileged to serve as your Chairman during this very special time. I look forward to working closely with the Board, the Management team and staff, as well as our partners, Unitholders and other stakeholders, as we embark on our next stage of growth and journey ahead.

HO KIAN GUAN
Chairman

YONG YEAN CHAU
Chief Executive Officer
and Executive Director

GROWTH SINCE IPO

As at 31 December 2017

23 August 2007 marked the birth of PLife REIT when it was listed on the Mainboard of the Singapore Stock Exchange. PLife REIT's initial portfolio comprised three properties in Singapore with a total appraised value of S$775 million.

In 2008, PLife REIT extended its regional reach outside Singapore with its maiden entry into Japan. PLife REIT's first mover advantage allowed it to foster strategic partnerships with long-standing operators and alongside, capitalise on acquisition opportunities even as competition intensifies. Since then, PLife REIT has grown its Japan portfolio to 45 properties.

Today, PLife REIT is one of Asia's largest listed healthcare REITs by asset size. Its portfolio size has more than doubled to reach S$1.73 billion, comprising 49 diversified assets across three countries – Singapore, Malaysia and Japan. The REIT has become widely recognised for its resilience and defensiveness, while offering Unitholders a sustainable growth story.

STATISTICS

	At IPO	As at 31 December 2017
PORTFOLIO		
No. of properties	3	49
Floor area (sq m)	118,135	301,061
No. of lessees	1	27
Portfolio value (S$'m)	775	1,731
CAPITAL MANAGEMENT		
NAV per unit (S$)	1.25	1.76
Gearing (%)	4.3	36.4
TRADING PERFORMANCE		
Unit price (S$)	1.28	2.99
Market capitalisation (S$'m)	769.8	1,809.0

CORPORATE DEVELOPMENT

Through the disciplined interplay of its key growth strategies – "Targeted Investment", "Proactive Asset Management", "Dynamic Capital and Financial Management" and "Strategic Asset Recycling" – PLife REIT continued to drive value in 2017 as it celebrated its tenth year of "Resiliency, Stability and Strength".


Group Home Hakusho

BUILDING STABILITY AND STRENGTH

2017 started on a strong note with the completion of the Group's second strategic asset recycling initiative. Following the divestment of four Japan nursing homes in the fourth quarter of 2016[1], PLife REIT re-deployed the proceeds from the divestment to acquire five Japan properties in February 2017[2] for a total consideration of JPY4,759 million (approximately S$59.5 million[3]):

- Wakaba no Oka, located in Chiba City, Chiba Prefecture
- Hakusho no Sato, located in Yachimata City, Chiba Prefecture
- Group Home Hakusho, located in Yachimata City, Chiba Prefecture
- Kikuya Warakuen, located in Kudamatsu City, Yamaguchi Prefecture
- Sanko, located in Kudamatsu City, Yamaguchi Prefecture

Continuing on its disciplined acquisition approach, the properties were acquired at a 9.1% discount to valuation, generating a net property yield of 6.9%.

Akin to its first strategic asset recycling initiative, PLife REIT sought to enhance the attributes and resiliency of the Japan Portfolio through its second asset recycling initiative. With the five new properties on master lease arrangements with long balance lease terms of between 20 to 30 years, the lease expiry profile of PLife REIT's portfolio has been further enhanced. Through this second round of strategic asset recycling, the Japan portfolio is rebalanced with enhanced tenant and geographical diversification as PLife REIT made its foray into Yamaguchi Prefecture and added three more established operators to its tenant base.

Maintaining a strong focus in cultivating good landlord-lessee relationships, PLife REIT continued to work cohesively with operators in 2017 to drive the performance of the existing assets. For the year, three asset enhancement initiatives ("AEI") were rolled out at its Japan properties, bringing the overall tally to 13 to-date[4]. The AEI at Sawayaka Niihamakan was completed in April 2017, where the under-utilised ground floor space was converted to an after-school day service area for handicapped children. Rent for Sawayaka Niihamakan increased by 0.27% for the remaining lease term of 16.4 years effective 1 May 2017.

In July 2017, PLife REIT rolled out two further AEIs at the newly acquired Japan nursing home properties – Sanko and Kikuya Warakuen. The AEIs, which involved the replacement of existing lightings at the properties with energy-efficient systems, align well with PLife REIT's robust asset enhancement strategy to drive sustainability, both in terms of value and business growth for our tenants. Rent for Sanko and Kikuya Warakuen increased by 0.63% and 1.07% respectively for the remaining lease term of 29.2 years effective 1 August 2017.

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1 On 22 December 2016, PLife REIT divested four of its Japan nursing home properties to Fortress Japan Investment Holdings LLC at JPY3.72 billion. Divestment gains (after tax) of S$5.39 million was equally distributed to Unitholders over four quarters in FY2017
2 On 24 February 2017, PLife REIT acquired Wakaba no Oka from Marubeni Corporation, Hakusho no Sato and the Group Home Hakusho from UBI Capital K.K., and Kikuya Warakuen and Sanko from UBI K.K..
3 Based on the exchange rate of S$1.00:JPY80.00 as stated in the announcement released on 17 February 2017
4 Twelve AEIs in Japan and one in Malaysia

Wakaba no Oka

PRESERVING RESILIENCY

PLife REIT's proven financial and risk management strategy has underpinned its sustainable returns over the years. In 2017, PLife REIT continued to monitor capital markets closely and proactively review its capital structure to ensure that it remains well placed to cope with the continued unpredictability.

In the face of rising interest rate environment and changing monetary policies across markets, PLife REIT maintained its conservative and proactive approach in managing the interest rate and foreign exchange risks during the year. Cognisant of its Japan exposure, the JPY net income hedges were extended for another two years from 2020, thereby providing 100% shield against JPY currency volatility till 1Q 2022.

During the year, PLife REIT strengthened its balance sheet as it pre-emptively termed out the maturing loans to eliminate near-term refinancing and interest rate risks. Following the pre-emptive refinancing exercise completed in the first quarter of 2017, PLife REIT issued a 5.5-year JPY5 billion (approximately S$60.0 million[3]) senior unsecured Fixed Rate Notes due 2023 (the "Notes Issue") in the fourth quarter of 2017. Fully subscribed by Japanese institutional investors, the Notes Issue, at a competitive fixed rate of 0.57% per annum, further reduced PLife REIT's effective all-in cost of debt and diversified its funding sources. With the Notes Issue, denominated in JPY, it served as a natural hedge for PLife REIT's Japanese assets, mitigating JPY foreign exchange risks for the REIT. The proceeds from the Notes Issue were fully used to refinance approximately 32% of PLife REIT's loans due in 2019.

On an overall basis, capitalising on the various key initiatives, PLife REIT ended the year in a stronger financial position. As at 31 December 2017, PLife REIT's gearing remains optimal at 36.4% with a low effective all-in cost of debt of 1.0%. With no near term refinancing risk till 2019, the weighted average debt to maturity had improved to 3.1 years. The interest rate exposure remained largely hedged with PLife REIT's interest cover ratio healthy at 11.3 times. With the resilient performance and healthy liquidity position, Moody's maintained its investment grade rating of 'Baa2' with stable outlook for PLife REIT[4].

Hakusho no Sato

3 Based on the exchange rate of S$1.00:JPY83.26 as stated in the announcement released on 6 December 2017
4 As at 22 May 2017

MARKET REVIEW AND OUTLOOK

A CAUTIOUS MARKET REVIVAL

2017 saw a fragile recovery in the global economy even as geopolitical environment remained uncertain[1]. While underlying sentiment remained cautious, the world economy outperformed consensus expectations for the first time since 2010. Amidst the uncertainties, PLife REIT maintained its growth momentum and achieved another year of sustainable returns, setting itself in a strong position as it embarks on its second decade.

As 2018 approached, economists made broad-based upward revisions across many of the European economies, Japan, emerging Asia and Russia, offsetting the downward revisions for the United States and the United Kingdom[2].

Equity markets began the year delivering robust gains in the context of an uptick in global economic data, while bond markets remained mixed.

On the whole, Asian markets performed solidly in 2017, with China demonstrating growth momentum and the US Fed signalling a more upbeat sentiment for the Chinese economy. The IMF expects Japan's growth to be slower in 2018, relative to that of 2017. In 2017, GDP is expected to expand at 1.5%[3], supported by short-term fiscal stimulus and external demand. Growth is expected to lose some momentum to 0.7%[4] in 2018 with the expiration of fiscal stimulus and weaker private consumption though partially offset by an expected rise in Olympic-related investment.

BUOYANT HEALTHCARE SECTOR IN JAPAN

Despite slower growth, Japan's healthcare sector remains buoyant, which bodes well for PLife REIT's continued focus in this market.

According to the Organization for Economic Co-operation and Development's (OECD) health policy review in 2017, Japan spent approximately 11.4%[5] of GDP on health, making it one of the largest health spender as a share of GDP in the OECD. Japan's population is now ageing faster than any other countries and the proportion of people over the age of 65 is expected to reach around 30 percent by 2021[6]. As part of Prime Minister Shinzo Abe's economic reform

1 World Bank Group (2018, January). Global Economic Prospects
2 IMF (2017, October). World Economic Outlook
3 IMF (2017, October 13). Making the Most of the Upswing
4 IMF (2017, October 13). Making the Most of the Upswing
5 OECD (2017, March). Health Policy In Japan
6 Deloitte (2018). 2018 Global Health Care Outlook: The evolution of smart health care

MARKET REVIEW AND OUTLOOK

plan, Japan aims to revitalize and spur growth in the nation healthcare industry by further deregulating the industry so as to attract private sector players. The initiatives include sanctioning the establishment of dedicated REITs to encourage the private sector to invest in the healthcare industry. Since Q4 2014, investors have witnessed the listing of three Japanese healthcare REITs.

IN THE PINK OF HEALTH IN SINGAPORE

Projection for the healthcare industry in Singapore remains upbeat. As Singapore continues to age at a faster pace than a decade ago, Singapore's total healthcare spending is estimated to rise 8.9% annually, from $11.6 billion in 2013 to $17.8 billion in 2018[7]. In 2018, the number of people above 65 is expected to equal those under 15[8], for the first time.

State-run insurance funds (e.g. MediShield Life) account for a bulk of the healthcare expenditure in Singapore. MediShield Life[9] replaced MediShield from 1 November 2015, and will offer a wide array of benefits. Alongside MediShield Life, the ElderShield[10] complements MediShield Life to provide a more comprehensive healthcare package for Singaporeans and Permanent Residents aged 40 and above.

Singapore has become Asia's leading destination for medical care with international patients traveling to Singapore each year for a range of quality treatment. The medical tourism sector is one of the key drivers of the local healthcare industry. Medical tourism in Singapore amounted to approximately S$1 billion in 2013 and is expected to double by the end of 2020[11]. This has heightened the attractiveness of Singapore as a medical hub for international exchange of medical expertise and technologies from medical professionals and companies. With the rising demand for high-end medical services, the nation's medical tourism is expected to grow further, particularly in a region of rising affluence.

HEALTHY PROSPECTS IN MALAYSIA

Vying to also be the region's medical tourism hub, Malaysia's healthcare spending is projected to rise by an average of 10.5% a year, to an estimated $22.9 billion by 2018[12]. For the past three consecutive years[13], Malaysia has won the Health and Medical Tourism Destination of the Year award. Malaysia has been gaining popularity as a destination for medical tourism due to the lower cost of healthcare. The country is also becoming the new healthcare investor destination as proactive government and burgeoning ageing population fuel the demand for healthcare services.

7 Deloitte (2015). 2015 Health Care Outlook: Southeast Asia
8 Singapore's ageing population a ticking 'time bomb'. (2017, December 7). Retrieved 2018, March 13, from The Business Times: http://www.businesstimes.com.sg/government-economy/singapores-ageing-population-a-ticking-time-bomb
9 Ministry of Heath Singapore. What is MediShield Life. Retrieved 2018, March 13, from Ministry of Health Singapore: https://www.moh.gov.sg/content/moh_web/medishield-life/about-medishield-life/what-is-medishield-life.html
10 Ministry of Heath Singapore. About ElderShield. Retrieved 2018, March 13, from Ministry of Health Singapore: https://www.moh.gov.sg/content/moh_web/eldershield/about-eldershield.html
11 Parkway Life REIT Annual Report 2014
12 Deloitte (2015). 2015 Health Care Outlook: Southeast Asia
13 Malaysia wins best medical travel award, three years in a row. (2017, April 28). Retrieved 2018, March 13, from MHTC Malaysia: https://www.mhtc.org.my/malaysia-wins-best-medical-travel-award-three-years-in-a-row/

Amidst the uncertainties, PLife REIT maintained its growth momentum and achieved another year of sustainable returns, setting itself in a strong position as it embarks on its second decade.

With ageing population expected to reach 15% of the total population by 2035, healthcare is expected to be a major driver for investments in Malaysia, hence spurring greater collaboration between public and private players. Budget 2017 sets an allocation of RM25 billion towards boosting the health of people and the quality of healthcare.

To summarise, healthcare remains a top priority for governments. Access to healthcare, the increase of chronic diseases amid ageing populations and the rising number of patients are key issues for governments to address across the world. As such, global health care spending is projected to increase at an annual rate of 4.1% in 2017-2021, up from just 1.3% in 2012-2016[14].

Underpinned by strong market fundamentals, PLife REIT maintained its focus on providing access to quality healthcare assets across a well-diversified portfolio in Japan, Singapore and Malaysia.

STRONG SUPPORT FOR S-REITS

PLife REIT stands in good stead as REITs continue to be one of the most resilient asset classes in 2017, providing consistency in an uncertain world. The global stock market performed relatively well in 2017 with the Dow Jones Equity REIT Index up by 4.5%.

With the improving economic outlook for Singapore and valuations being realised, S-REITs enjoyed improved popularity in 2017. Despite fluctuations in the market, S-REITs outperformed the benchmark Straits Times Index; over the last five years, with an annualised total return of 8.4%, nearly doubling the 4.4% return of the STI.

S-REITs are generally well regarded by investors due to good corporate governance, the quality assets they hold and strong sponsors, making them ideal investment for yield-seeking investors. After Japan, Singapore is the second-largest REIT market in Asia, well-supported by favourable tax policies and robust regulatory frameworks. The third quarter of 2017 also saw the launch of Singapore's first exchange-traded fund fully dedicated to S-REITs on SGX, a reflection of the strong investor support for REITs in Singapore.

14 Deloitte (2018). 2018 Global Health Care Outlook: The evolution of smart health care

Laying the foundations for stability

PLife REIT maintains a strong focus in ensuring well insulated earnings for its Unitholders as it conscientiously rejuvenates its strategy to lay sound foundations for sustainable growth, amidst the macroeconomic uncertainties.

2017 marked its tenth consecutive year of growth, demonstrating the success of PLife REIT's resilient management model.

GROWTH
IN MARKET
CAPITALISATION
135.0%
SINCE IPO

BOARD OF DIRECTORS

MR. HO KIAN GUAN
Independent Director,
Chairman of the Board of Directors

Mr. Ho is the Executive Chairman of Keck Seng (Malaysia) Berhad since 1970 and also of Keck Seng Investments (Hong Kong) Limited since 1979. He is also a Non-Executive Director of Shangri-la Asia Limited since 1993 and is a member of the Shangri-la Audit Committee. He was previously the Director of Parkway Holdings Limited/Parkway Pantai Limited from 1985 to 2013 and was the Chairman of the Tender Committee.

Mr. Ho graduated with a Bachelor's degree in Business Administration and Commerce from Nanyang University, Singapore in 1965.

DR. JENNIFER LEE GEK CHOO
Independent Director and Chairman of the
Nominating and Remuneration Committee

Dr. Jennifer Lee is Chairman of the Agency for Integrated Care, and of the Advisory Board of the Lien Centre for Palliative Care, and serves on the boards of Ministry of Health Holdings and The Esplanade Company Ltd.

Dr. Lee was the Chief Executive Officer (CEO) of KK Women's and Children's Hospital from 1991 to 2004. Before joining KK Hospital, Dr. Lee was the Chief Operating Officer (COO) of Singapore General Hospital from 1988 to 1991 during the period of its corporatisation, and prior to that had served in the Ministry of Health in various portfolios. Her most recent work has been in development of the ageing sector, as Senior Consultant with the Ministry of Health's Ageing Planning Office from 2007 to 2015.

Dr. Lee graduated with a medical degree in 1976 from the University of Singapore, and obtained her Masters in Business Administration from the National University of Singapore in 1986.

MS. CHEAH SUI LING
Independent Director and
Chairman of the Audit Committee

Ms. Cheah is currently Operating Partner at Wavemaker Partners, a Silicon Valley-affiliated venture capital fund. She is responsible for helping portfolio companies with business development, capital raising and eventual exits.

Ms. Cheah previously spent more than 20 years in the investment banking industry. She started her career with Merrill Lynch New York, followed by stints in Singapore and London. Subsequently she became Executive Director of Investment Banking at JP Morgan Singapore and later served as Co-head of Corporate Finance SEA at BNP Paribas.

Ms. Cheah holds a B.A. in Economics and French from Wellesley College.

DR. TAN SEE LENG
Non-Executive Director

Dr. Tan See Leng is the Managing Director and Chief Executive Officer of IHH Healthcare Berhad (IHH). He provides strategic direction and leadership for overall operations within IHH and its largest operating subsidiary, Parkway Pantai. Under his stewardship, IHH has grown its footprint to more than 50 hospitals in 10 countries worldwide.

He has over 27 years of experience in the healthcare industry. As a young entrepreneur, he founded a private primary health group at 27 and subsequently developed it to the second largest primary healthcare group in Singapore before selling the stake to one of the leading global health-plan providers.

A passionate supporter of improving healthcare provision through innovations and private-public collaboration, Dr. Tan has guest lectured at the Harvard Business School's healthcare management seminar series. He also provided advisory inputs to Singapore Ministry of Health on the Medishield Life Review Committee and other government agencies such as Department of Health, National Health Services (United Kingdom).

Dr. Tan maintains active involvement in academia through board memberships and appointments such as Adjunct Assistant Professor of Duke-NUS Graduate Medical School Singapore, Office of Education and Advisory Board of Lee Kong Chian School of Business at Singapore Management University.

BOARD OF DIRECTORS

DR. LIM SUET WUN
Non-Executive Director

Dr. Lim is the Group Chief Operating Officer of IHH Healthcare Berhad.

Dr. Lim has more than 30 years of experience in healthcare management. Before joining Parkway in 2011, he was the CEO of the National Healthcare Group and Tan Tock Seng Hospital (TTSH). In this role, he was substantively involved with the Nanyang Technological University (NTU) and Imperial College (London) collaboration, to form the NTU Lee Kong Chian School of Medicine. Dr. Lim led the TTSH team through the SARS crisis, when it was designated as the SARS hospital for the whole of Singapore. For his leadership, he was awarded the Public Service Star by the President of Singapore. Before this, Dr. Lim held the positions of CEO of the National University of Hospital and COO of KK Women's Hospital.

Dr. Lim was past Chairman to the Board of Joint Commission International (JCI), the world's leading international healthcare accreditation organization. Dr. Lim was also previous Chairman of Johns Hopkins International Medical Center (Singapore), and served on the Boards of the Ministry of Health Holdings Pte Ltd, National University Health System Pte Ltd and Singapore's Nursing Board. He headed several Ministry of Health committees including the review of the country's Medishield Insurance scheme in 2005.

Dr. Lim is currently a Honorary Secretary in the Council of the Singapore National Employers Federation.

A doctor by training, Dr. Lim also has Masters in Business Administration and Masters in Public Health from the University of California, Los Angeles (UCLA).

MS. ROSSANA ANNIZAH BINTI AHMAD RASHID
Non-Executive Director

Ms. Rossana is a Non-Executive Director of IHH Healthcare Berhad (IHH). She also serves on certain Board Committees of IHH and the Board and Board Committees of its subsidiaries, namely Parkway Pantai Limited and Acibadem Saglik Yatirimlari Holding A.S. Group.

Ms. Rossana concurrently serves as a member of the Investment Panel and the Investment Panel Risk Committee of Malaysia's Employees Provident Fund. In 2016, she was appointed Country Chairman of the Jardine Matheson Group of Companies in Malaysia. Subsequently she joined the Board of Cycle & Carriage Bintang Berhad, a member of the Jardine Matheson Group, as Non-Independent Non-Executive Director. In May 2017, she was appointed Independent Non-Executive Director of Celcom Axiata Berhad.

Prior to her current roles, Ms. Rossana was a career professional holding leadership positions in the telecommunication and banking sectors. She previously served in various senior management roles with TIME dotcom Berhad, Maxis Berhad and RHB Bank Berhad, after beginning her banking career with Citibank Malaysia. With a combined 30 years of experience, Ms. Rossana has broad experience in business strategy, identifying sustainable monetisation models, understanding customers and competition, as well as the need for reviewing monetisation models focusing on both revenue management and cost management.

Ms. Rossana graduated in Bachelor of Arts in Banking and Finance from Canberra College of Advanced Education, Australia (now known as University of Canberra).

MR. LOW SOON TECK
Non-Executive Director

Mr. Low Soon Teck, practised as a solicitor in Singapore at a boutique firm from 1991 to 1993, focusing on corporate and banking laws. Mr. Low then joined the Kuok/Kerry Group in 1994, based in Hong Kong holding various senior positions in different businesses within the Kuok/Kerry Group including as the Director of China Operations at SCMP Group, publisher of the South China Morning Post, where he was responsible for business development, newspaper publishing and circulation operations, and managing a chain of retail convenience stores.

Mr. Low relocated to Singapore in 2005, as the Group Financial Controller of Kuok Oils and Grain Pte Ltd, which was subsequently merged with Wilmar International Limited in 2006. At Wilmar International Limited, he held the position of Group Treasurer until 2009. He was then appointed Chief Financial Officer (CFO) of PACC Offshore Services Holdings Group, the offshore marine arm of the Kuok/ Kerry Group. In 2013, he joined RCMA Group, a commodities supply chain management company as CFO, a position that he held until 2015. He has over 20 years of experience in finance, legal and general management at leadership roles.

Mr. Low assumed the position of Group CFO of IHH Healthcare Berhad on 10 January 2016.

Mr. Low graduated from the National University of Singapore and is admitted to the Singapore Bar. Mr. Low obtained his Masters in Business Administration from the University of Chicago, Booth School of Business. He is also a member of Law Society of England and Wales.

MR. YONG YEAN CHAU
Chief Executive Officer and Executive Director

Mr. Yong joined Parkway Trust Management Limited as CFO in February 2008 and was promoted to CEO in December 2008. Mr. Yong was previously the CFO of the Singapore Tourism Board, overseeing its finance and corporate services functions. Prior to that, he was the CFO of Ascendas Pte Ltd (Ascendas). During his tenure with Ascendas, he was seconded to China-Singapore Suzhou Development Ltd and Singapore-Suzhou Township Development Pte Ltd as the CFO in Suzhou, China. Before joining Ascendas, Mr. Yong held other finance and audit positions in Beijing ISS International School, Housing and Development Board and Arthur Andersen.

Mr. Yong graduated from the National University of Singapore with a Bachelor of Accountancy (Honours) and was conferred a Fellow Chartered Accountant of Singapore by the Institute of Singapore Chartered Accountants (ISCA). He has also completed the Advanced Management Programme with Harvard Business School.

BOARD OF DIRECTORS SUMMARY

Name of Director	Function(s)	Academic and professional qualifications	Directorship or chairmanship both present and those held over the preceding three years in other listed companies and other major appointments
HO KIAN GUAN Age: 72 Appointed on: 21/10/2016	Non-Executive/ Independent Director, Chairman of Board of Directors and Member of Audit Committee	Business Administration and Commerce	Executive Chairman of Keck Seng Investments (Hong Kong) Limited Executive Chairman of Keck Seng (Malaysia) Berhad Non-Executive Director of Shangri-la Asia Limited
DR. JENNIFER LEE GEK CHOO Age: 65 Appointed on: 30/06/2016	Non-Executive/ Independent Director, Chairman of Nominating and Remuneration Committee and Member of Audit Committee	MBBS, National University of Singapore MBA, National University of Singapore	Director of The Esplanade Co Ltd Director of Ministry of Health Holdings Chairman of Agency for Integrated Care Pte Ltd Director of The Gentle Warriors Trust Ltd (resigned on 31 December 2017) Director of Bumrungrad International Ltd (dissolved on 28 December 2017)
CHEAH SUI LING Age: 46 Appointed on: 24/04/2017	Non-Executive/ Independent Director, Chairman of Audit Committee and Member of Nominating and Remuneration Committee	BA, Economics and French (Magna Cum Laude), Wellesley College, Massachusetts, USA	Operating Partner of Wavemaker Partners Independent Non-Executive Director of M&C REIT Management Limited Independent Non-Executive Director of M&C Business Trust Management Limited Non-Executive Director of Leap201
DR. TAN SEE LENG Age: 53 Appointed on: 21/06/2011	Non-Executive Director, Member of Nominating and Remuneration Committee	MBBS, MMed, FCFPS, MBA (ChicagoBooth), Fellow of Academy of Medicine, Singapore	Managing Director and Chief Executive Officer of IHH Healthcare Berhad Group Chief Executive Officer and Managing Director of Parkway Pantai Limited Executive Director of Parkway Holdings Limited Member of the Advisory Board of Lee Kong Chian School of Business, Singapore Management University Adjunct Assistant Professor, Duke-NUS Medical School
DR. LIM SUET WUN Age: 58 Appointed on: 26/02/2014	Non-Executive Director	MBBS, National University of Singapore MPH, UCLA MBA, UCLA	Group Chief Operating Officer of IHH Healthcare Berhad Director of Parkway Pantai Limited (Resigned on 1 March 2018) Honorary Secretary in the Council of the Singapore National Employers Federation
ROSSANA ANNIZAH BINTI AHMAD RASHID Age: 52 Appointed on: 16/11/2015	Non-Executive Director	Bachelor of Arts in Banking and Finance, University of Canberra Australia	Independent Non-Executive Director of IHH Healthcare Berhad Director of Parkway Pantai Limited Member of Investment Panel of the Malaysia Employees Provident Fund (EPF) Member of Investment Panel Risk Committee of EPF Director and Group Country Chairman of Jardine Matheson (Malaysia) Sdn Bhd Alternate Director of Asas Klasik Sdn Bhd Non-Independent, Non-Executive Director, Deputy Chairman of Cycle & Carriage Bintang Berhad Independent Non-Executive Director of edotco Group Sdn Bhd Director of Jardine Lloyd Thompson Sdn Bhd Director of Acibadem Saglik Yatirimlari Holding A.S. Independent Non-Executive Director of Celcom Axiata Berhad
LOW SOON TECK Age: 53 Appointed on: 28/02/2017	Non-Executive Director	MBA, University of Chicago, Booth School of Business Bachelor of Laws, Honors (2nd Upper), National University of Singapore	Group Chief Financial Officer of IHH Healthcare Berhad
YONG YEAN CHAU Age: 52 Appointed on: 29/01/2009	Executive Director/ Chief Executive Officer	B.ACC (Hons), Fellow Chartered Accountant of Singapore	Director of Hiap Tong Corporation Ltd (Retired on 27 July 2016)

MANAGEMENT TEAM

MR. YONG YEAN CHAU
Chief Executive Officer and Executive Director

(Please see biography under Board of Directors)

MR. LOO HOCK LEONG
Chief Financial Officer

Mr. Loo brings with him 22 years of extensive banking and corporate experience. He currently serves as the Chief Financial Officer and Head of Corporate Services and Investor Relations at Parkway Trust Management Limited, the manager of Parkway Life REIT.

He was previously the Senior Vice President, Corporate Advisory of Global Financial Markets with DBS Bank Ltd. He has provided advisory services on corporate treasury management to large corporations in area of corporate finance and mergers & acquisitions. He has extensive experience in financial structuring of interest rate and foreign exchange risk management solutions for these clients.

Mr. Loo graduated from the National University of Singapore with a Bachelor of Electrical Engineering (Honours) degree in 1995. In 2000, he obtained a Masters of Applied Finance from the Macquarie University with three distinguished awards: Best Overall Performance, Best in Derivatives Valuation and Best in Legal & Tax Risk in Finance. He also possessed a professional qualification in accounting from ISCA and is a Chartered Accountant with ISCA.

MR. TAN SEAK SZE
Senior Vice President, Investment, Asset Allocation and Strategic Research

Mr. Tan was the Vice President, Investment of CapitaLand Group before joining Parkway Life REIT. He was responsible for the investment activities of CapitaLand's retail business unit in India. Prior to this, he worked for two years in the Philippines as the Chief Operating Officer of a business process outsourcing firm. In 2004, he was seconded by Ascendas Pte Ltd (Ascendas) to the position of Chief Executive Officer of L&T Infocity-Ascendas Ltd, a developer company of IT complexes in Hyderabad, India. In 2003, he was the Finance Manager of Ascendas-MGM Funds Management Limited. Prior to this, he was Assistant Vice President, Corporate Finance of Ascendas and was responsible for the Ascendas Group's domestic and international financing programmes including cross border financing and strategically managed the group's capital structure.

From 1994 to 2000, Mr. Tan was with JTC International Pte Ltd where he joined as a Business Development Officer and eventually assumed the post of Senior Manager, Investment and Planning. During this period, Mr. Tan accumulated regional work experience in areas ranging from project evaluation, financial modelling,

MANAGEMENT TEAM

financial structuring, marketing with extensive exposure to strategic planning. After graduation, Mr. Tan was with the Corporate Banking Department (Real Estate Division) of DBS Bank Ltd from 1991 to 1994. He was responsible for the marketing and credit assessment of the portfolios of the bank's real estate corporate clients.

Mr. Tan holds a Master of Business Administration with High Honours from the University of Chicago, Graduate School of Business and a Bachelor of Arts with Honours in Accounting and Law from the University of Kent at Canterbury, United Kingdom.

MS. LIU CHEN YIN
Vice President, Asset Management, Strategic and Corporate Planning

Ms. Liu brings with her 18 years of experience in the areas of valuation, marketing and leasing, investment, divestment and asset management.

Prior to her appointment with the Manager, she was with CapitaCommercial Trust Management Limited, the manager of CapitaCommercial Trust (CCT). She was involved in the sourcing and evaluating of potential investment opportunities as well as the development and implementation of asset management strategies and plans for CCT's asset portfolio.

From 2002 to 2006, she was with City Developments Limited where she was involved in the marketing and leasing of its office portfolio. From 1999 to 2002, she was a Senior Valuer with CKS Property Consultants Pte Ltd.

Ms. Liu graduated from National University of Singapore in 1999 with a Bachelor of Science (Honours) degree in Real Estate. She is also a registered licensed appraiser.

MS. TEO CHIN PING
Assistant Vice President, Asset Management

Ms. Teo brings with her 22 years of experience in the field of architecture design, master planning, management and administration of projects in Singapore and overseas.

Prior to her current appointment, Ms. Teo was a project manager with Thomson International Health Services Pte Ltd (TIHS). While at TIHS, Ms. Teo worked on the International Women and Children Hospital and a Fertility Centre proposal in Vietnam. She also worked with Singapore General Hospital on an addition and alteration project for the Department of Emergency Medicine, as well as design and renovation for various departments within the hospital.

Ms. Teo was stationed in Kunming, China, briefly while working on a hospital project there. She also has experience with some school and residential projects in Singapore for PMLink Pte Ltd. She was with ACP Construction Pte Ltd prior to her role with PMLink Pte Ltd, where she worked on Biopolis II. Ms. Teo joined ST Architects & Engineers Pte Ltd after graduation, where she worked on master planning in Jordan, an international airport proposal in

Myanmar, factories in China, office towers, conventional and automated warehouses as well as the Changi Naval Base in Singapore.

Ms. Teo graduated from University of Tasmania, Australia in 1995 with a Bachelor of Architecture. She is also a Qualified Architect with the Board of Architects, Singapore.

MS. PATRICIA NG
Assistant Vice President
Head of Finance

Ms. Ng brings with her more than 17 years of accounting and finance practice in several public listed companies.

Prior to her appointment with the Manager, Ms. Ng has worked in Serial Microelectronics Pte Ltd (a wholly owned subsidiary of Serial System Limited), Raffles Medical Group, Stratech Systems Limited and Watsons Personal Care Stores Pte Ltd. Her experience encompasses financial and management reporting, consolidation, taxation, cash management, budgeting, compliance and risk management functions.

Ms. Ng graduated with the professional qualification from the Association of Chartered Certified Accountants and is a Chartered Accountant with ISCA. She also holds an Executive Master of Business Administration from The University of Hull Business School, United Kingdom.

MR. SHAWN YAP
Assistant Vice President,
Asset Management

Mr. Yap brings with him 15 years of experience in the real estate sector, mainly in the areas of real estate asset management, marketing and leasing.

Prior to his appointment at Parkway Trust Management Limited, he was the manager of CapitaLand Commercial Limited. His responsibilities included managing commercial and industrial assets, monitoring and evaluating financial performance of assets, developing and implementing of asset management strategies as well as conducting studies to maximise asset yields. He was also involved in the divestment of CapitaLand's commercial assets, mainly Temasek Tower, Hitachi Tower and Chevron House.

From 2002 to 2004, he was with Singapore Land Authority where he gained considerable experience in marketing, managing and leasing of State properties. He was also involved in the formulation of policy papers.

Mr. Yap graduated from National University of Singapore in 2001 with a Bachelor of Business Administration (Honours) degree, majoring in Finance.

PORTFOLIO GROWTH SINCE LISTING

123.3%

(appraised value)

ONE OF THE LARGEST LISTED HEALTHCARE REITS IN ASIA

49

PROPERTIES

A Bright Future Ahead

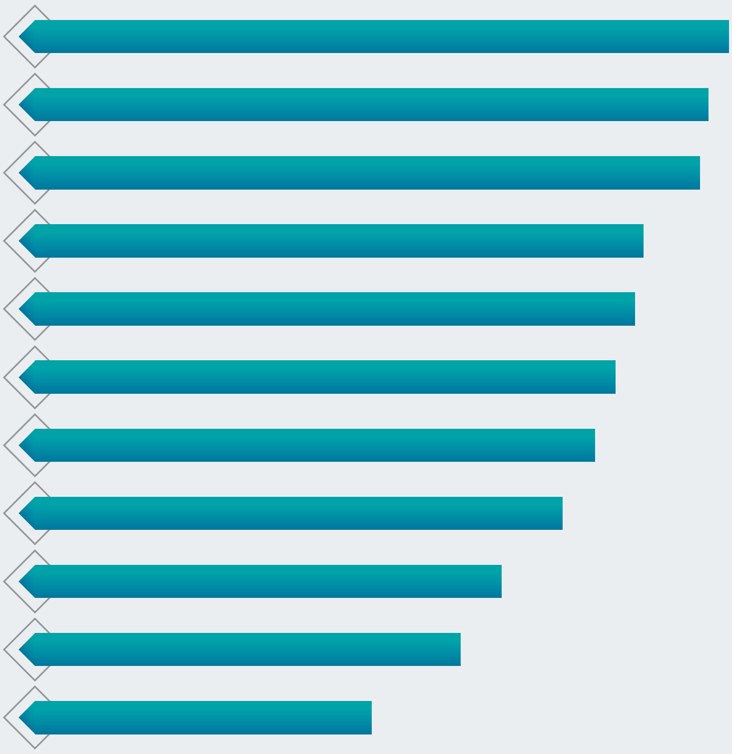
As PLife REIT enters its second decade, it moves forward from a position of strength and endeavours to continue building on its sound fundamentals to deliver sustained returns for its Unitholders.

Pursuing its vision of becoming the leading healthcare REIT and the Partner of Choice for healthcare expansion, PLife REIT remains well-positioned to capitalise on the growing healthcare industry trends. Building on its successful strategies, PLife REIT seeks to be nimble to market changes as it keeps an eye for compelling opportunities and foster strategic partnerships.

FINANCIAL HIGHLIGHTS

STEADY GROWTH SINCE IPO

PLife REIT has delivered 10 years of regular and stable returns for its Unitholders, with the Manager proactively engaging in prudent financial and risk management and strengthening the portfolio mix, amidst macroeconomic uncertainties. Strong fundamentals, coupled with sound management, has led to the REIT owning a diversified and well-performing portfolio of 49 properties valued at approximately S$1.73 billion as at 31 December 2017.

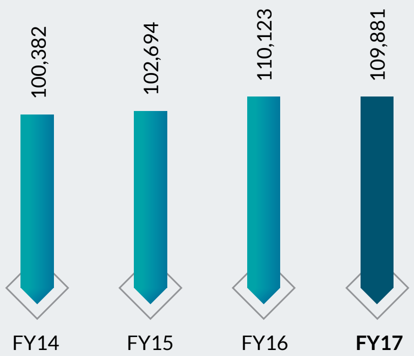


	Number of Properties	Portfolio Value (S$) [1]	Number of Lessees
FY17	49	1.73b	27
FY16	44	1.66b	23
FY15	47	1.64b	25
FY14	41	1.50b	21
FY13	44	1.48b	21
FY12	37	1.43b	21
FY11	33	1.38b	18
FY10	32	1.30b	18
FY09	21	1.15b	14
FY08	13	1.05b	8
FY07	3	0.83b	1

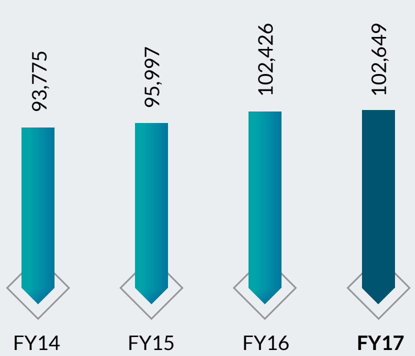
1 Total portfolio value as at 31 December of each year

FINANCIAL PERFORMANCE AT A GLANCE

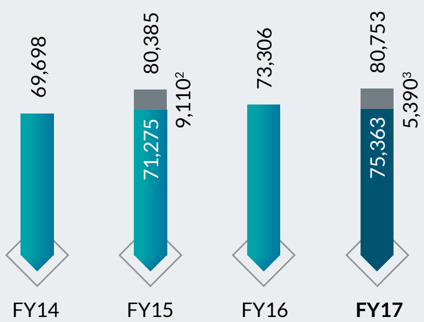
Gross Revenue
(S$'000)



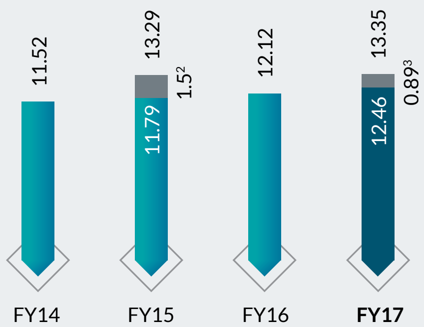
Net Property Income
(S$'000)



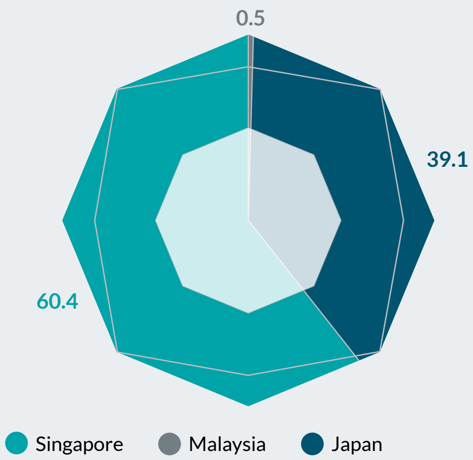
Distributable Income
(S$'000)



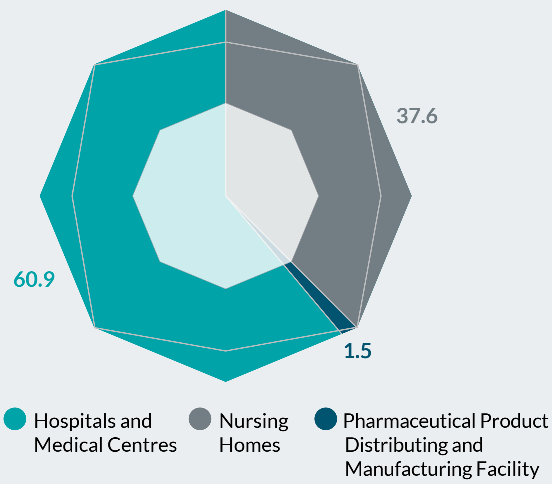
Distribution Per Unit
(Singapore Cents)[4]



FY2017 Gross Revenue Breakdown by Geography (%)



FY2017 Gross Revenue Breakdown by Asset Class (%)

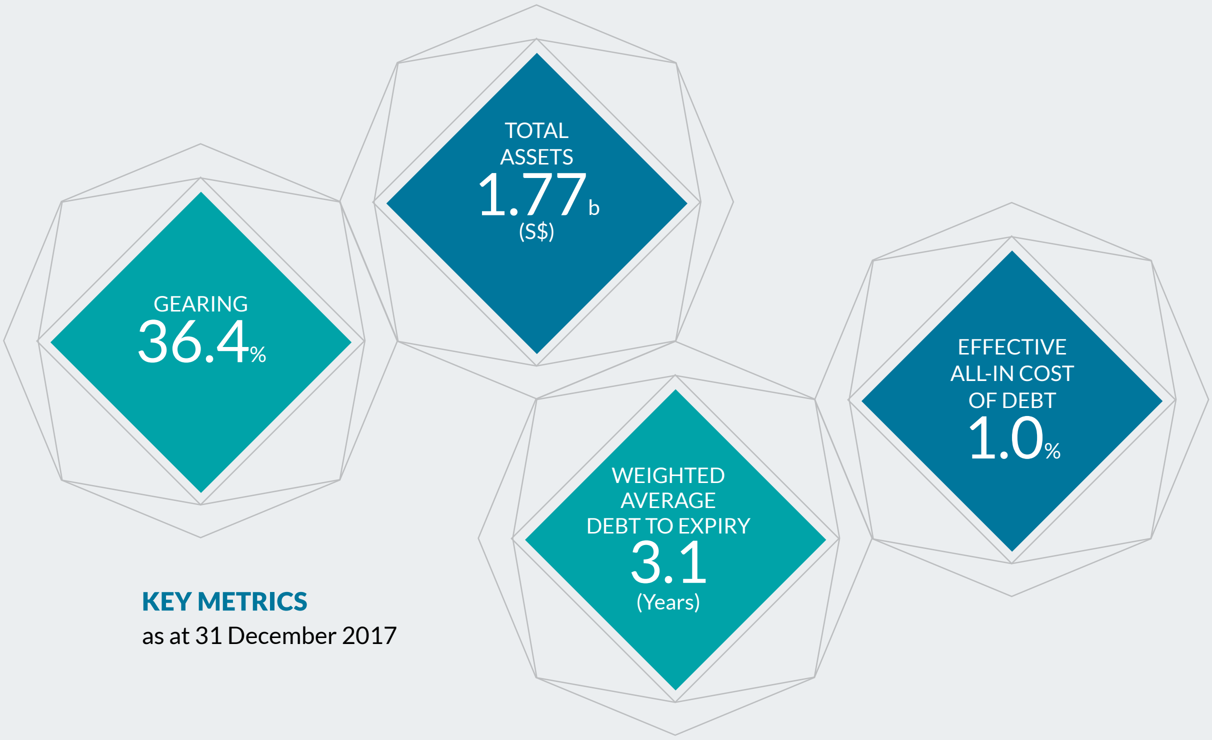


2 Refers to distribution of divestment gains (after tax) of S$9,110,000 in relation to the divestment of seven Japan properties in December 2014
3 Refers to distribution of divestment gains (after tax) of S$5,390,000 in relation to the divestment of four Japan properties in December 2016
4 The number of units used to calculate the DPU comprise units in issue and issuable as at 31 December of each year

FINANCIAL HIGHLIGHTS

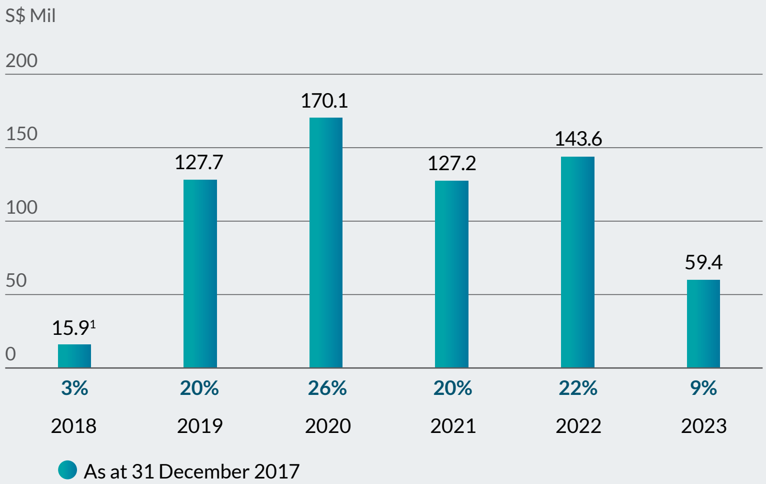
SOUND FINANCIAL METRICS

A robust balance sheet provides the REIT with financial flexibility to explore compelling investment opportunities in line with its mission to deliver regular and stable returns for its Unitholders.



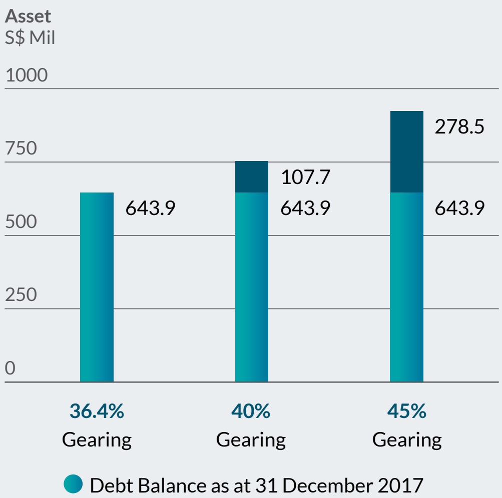
KEY METRICS
as at 31 December 2017

Debt Maturity Profile



Ample Debt Headroom

Debt headroom of $107.7 million and $278.5 million before reaching 40% and 45% gearing respectively



1 As at 31 December 2017, S$15.9 million short-term loan was drawn down for general working capital purposes

SIGNIFICANT EVENTS

2017

24 FEB

Announced the completion of the acquisition of five properties located in Japan. The properties are Wakaba no Oka, Hakusho no Sato, Group Home Hakusho, Kikuya Warakuen and Sanko.

25 APR

Announced 1Q 2017 results: Gross revenue increased by 0.2% year-on-year to S$26.9 million. Distributable income from recurring operations continued to grow by 2.2% 1Q year-on-year. On an overall basis, total distributable income increased by 9.6% 1Q year-on-year to S$19.8 million. DPU of 3.28 Singapore cents for the period declared.

All long-term loans due FY2018 termed out, with no long-term refinancing need till FY2019.

25 JUL

Announced 2Q 2017 results: Gross revenue increased by 1.1% year-on-year to S$27.7 million. Distributable income from recurring operations continued to grow by 2.9% 2Q year-on-year. On an overall basis, total distributable income increased by 10.3% 2Q year-on-year to S$20.1 million. DPU of 3.32 Singapore cents for the period declared.

Announced that Minimum Guaranteed Rent for the Singapore Hospitals would increase by 1.27% for the 11th year of lease term commencing 23 August 2017 under the CPI + 1% rent revision formula.

9 NOV

Announced 3Q 2017 results: Gross revenue saw a slight decline by 1.4% year-on-year to S$27.7 million, on the back of the weakened Japanese Yen exchange rate[1]. Distributable income from recurring operations continued to grow by 2.8% 3Q year-on-year. On an overall basis, total distributable income increased by 10.1% 3Q year-on-year to S$20.4 million. DPU of 3.37 Singapore cents for the period declared.

Announced the completion of two Asset Enhancement Initiatives at a total cost outlay of JPY11 million (approximately S$0.13 million[2]) at the Sanko and Kikuya Warakuen properties. Rent for Sanko and Kikuya Warakuen increased by 0.63% and 1.07% respectively for the remaining lease term of 29.2 years effective 1 August 2017.

Further extended JPY net income hedge for another 2 years till 1Q 2022.

6 DEC

Issuance of 5.5-year JPY5 billion (approximately S$60.0 million[3]) senior unsecured Fixed Rate Notes due 2023 at a competitive rate of 0.57% per annum to pre-emptively refinance about 32% of its long-term loans due in 2019.

2018

26 JAN

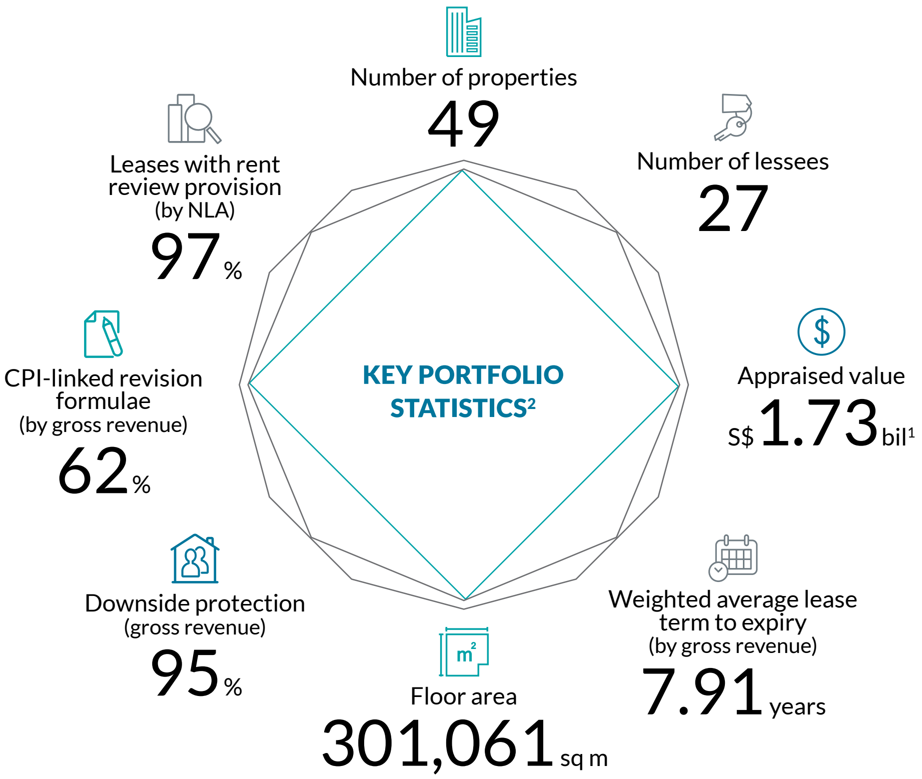
Announced 4Q 2017 results: Gross revenue declined slightly by 0.7% year-on-year to S$27.5 million due to the impact of depreciation of the Japanese Yen[1]. Distributable income from recurring operations continued to grow by 3.3% 4Q year-on-year. On an overall basis, total distributable income increased by 10.6% 4Q year-on-year to S$20.5 million. DPU of 3.38 Singapore cents for the period declared.

1 The Group has extended the Japan net income hedge till 1Q 2022. As such, the impact of the depreciating Japanese Yen is offset by the foreign exchange gain from the net income hedge at the distributable income level
2 Based on the exchange rate of S$1.00: JPY82.78 as stated in the announcement released on 9 November 2017
3 Based on the exchange rate of S$1.00: JPY83.26 as stated in the announcement released on 6 December 2017

PORTFOLIO HIGHLIGHTS

PROACTIVE ASSET MANAGEMENT

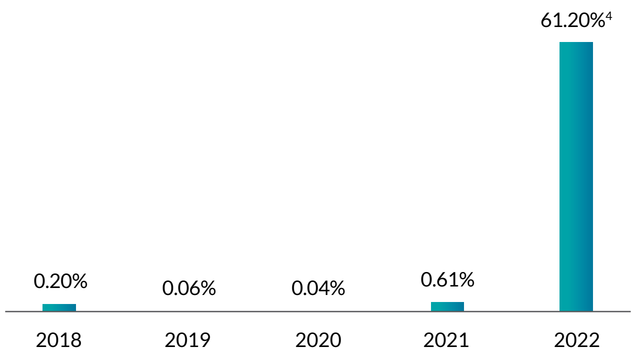
PLife REIT constantly strives to maximise portfolio performance to generate sustainable returns for its Unitholders. Fostering good landlord-lessee relationship remains important as we continually explore value-adding opportunities such as asset enhancement and consolidation. As PLife REIT embarks on its second decade, we are cognisant of the need to diligently review the relevance of each asset. Through our strategic pillar of "Asset Recycling", we seek to build an optimal portfolio of sustained value.



REVENUE STABILITY WITH DEFENSIVE LONG TERM MASTER LEASE STRUCTURES[3]

Lease Expiry Profile for the next 5 years

(By % of Portfolio Revenue)



Top 10 Tenants

S/N	Tenant	%
1	Parkway Hospitals Singapore Pte. Ltd.	61.2%
2	K.K. Sawayaka Club	8.5%
3	K.K. Habitation	5.7%
4	K.K. Asset	3.0%
5	Miyako Enterprise Co., Ltd.	2.6%
6	Riei Co., Ltd	2.2%
7	Green Life Higashi Nihon	1.5%
8	Alere Medical Co., Ltd	1.4%
9	K.K. Oueikikaku	1.4%
10	K.K. Taijyu	1.4%

1 Based on latest appraised values as at 31 December 2017
2 As at 31 December 2017
3 Based on Gross Revenue as at 31 December 2017
4 Corresponds to the expiry of initial 15-year term of the master lease agreement ("MLA") of the 3 Singapore hospitals, subject to an option to extend the term for another 15 years based on the terms and conditions of the MLA

PORTFOLIO DIVERSIFICATION[3]

By Asset Class

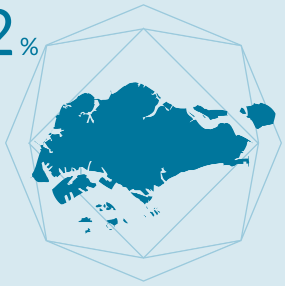
Hospitals and Medical Centres
61.6%

Nursing Homes
37.0%

Pharmaceutical Product Distributing and Manufacturing Facility
1.4%

By Geography

SINGAPORE
61.2%



Portfolio of 3 strategically-located world-class local private hospitals worth S$1.09 billion[1]

DISTINCT FEATURES OF OUR SINGAPORE HOSPITAL PROPERTIES

Long-term Master Leases with Parkway Hospitals Singapore Pte. Ltd

- 15 + 15 years with effect from 23 August 2007
- 100% committed occupancy

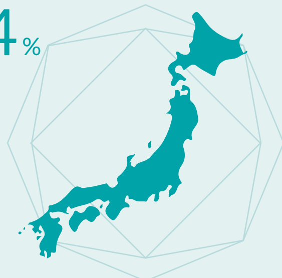
Triple Net Lease Arrangement

- PLife REIT does not bear these costs: property tax, property insurance[5], property operating expenses
- Minimal exposure to escalating operating expenses

Favourable Lease Structure

- CPI + 1% rent review formula for Singapore Hospital Properties guarantees minimum 1% growth annually (CPI deemed as zero if it is negative)

JAPAN
38.4%



Portfolio of 45 high quality healthcare properties worth S$635.6 million[1]

DISTINCT FEATURES OF OUR JAPAN PROPERTIES

Favourable Lease Structure

- Long-term lease structure with weighted average lease term to expiry of 13.17 years
- "Up-only" Rental Review Provision for most of our nursing homes

Master Tenanted

- Signifies 100% committed occupancy
- Backed-up operator arrangements for all our nursing homes provide further rental security

MALAYSIA
0.4%

Portfolio of high quality healthcare assets worth S$7.3 million[1]

DISTINCT FEATURES OF OUR MALAYSIA PROPERTIES

Gleneagles Intan Medical Centre, Kuala Lumpur is well known in Kuala Lumpur for providing quality medical care.

Parkway Life REIT owns approximately 23.1% of total share value of the freehold building.

The portfolio enjoys 94% occupancy[6] with Gleneagles Kuala Lumpur (A branch of Pantai Medical Centre Sdn. Bhd.), Choizes Concept Store Sdn. Bhd. and KL Stroke & Neuro Clinic Sdn. Bhd. as lessees.

5 Except property damage insurance for Parkway East Hospital
6 Excluding car park

FINANCIAL REVIEW

ANOTHER YEAR OF STRONG PERFORMANCE

Despite the uncertain geopolitical landscape, the global economy experienced a strong recovery in 2017, with equity prices hitting new highs across markets. PLife REIT's unit price grew by 25.1%[1] in 2017, outpacing both the STI and the S-REIT Index over the past year. Underpinned by its robust fundamentals and compelling growth drivers, PLife REIT has proved its resilience during times of both turbulence and exuberance.

Overall, gross revenue was registered at S$109.9 million for FY2017, a marginal decrease of 0.2% from the previous year ("FY2016"). The slight decline in revenue was largely attributed to the depreciation of the Japanese Yen ("JPY") as compared to the same period last year. It was offset by higher rents received from the upward rent revision of the three Singapore properties, full year contribution of the property acquired in 2016 and higher yielding properties acquired from the asset recycling exercise completed in February 2017.

Property expenses were 6.0% lower in 2017. This was largely attributed to JPY depreciation and absence of a one-off marketing commission paid to the Manager. Consequently, PLife REIT experienced a 0.2% growth in net property income from FY2016, recording a full year net property income of S$102.6 million for FY2017.

Continuing with our proactive capital and financial management, PLife REIT has leveraged on the ample liquidity environment to lower its finance costs significantly for the year under review. Despite the growth of the portfolio, finance costs[2] declined by 19.8% in FY2017 mainly due to the finance cost savings arising from the refinancing initiatives completed in 2016 and 1Q 2017.

Notwithstanding the volatile JPY exchange rate, the foreign income hedge strategy adopted by PLife REIT for JPY income continued to deliver positive impact. During the year under review, the Group registered a realised foreign exchange gain of S$0.6 million from the delivery of JPY net income hedges. The net income hedges put in place for PLife REIT's Japan portfolio serve as an effective shield against JPY currency fluctuations, reinforcing the sustainability of its stable distributions to Unitholders. The Group also recognised a realised foreign exchange gain of S$0.9 million arising from the capital repatriation of cash trap in Japan via capital reduction, which unlocked the foreign exchange gain in the foreign currency translation reserve for PLife REIT's earlier acquisitions in Japan. Furthermore, PLife REIT was also protected from foreign currency fluctuations for its Japan investments by adopting a natural hedge strategy.

Total operating expenses[3] for the year were S$29.4 million, which represented 2.8% of PLife REIT's net asset value as at the end of the financial year. Tax incurred for the year was S$8.5 million.

Arising from the divestment of four Japan properties in December 2016, the divestment gain (after tax) of S$5.39 million was distributed equally over the four quarters of FY2017.

Distributable income increased by 10.2% to S$80.8 million for FY2017 due to the above one-off distribution of divestment gain. Stripping the one-off divestment gain, the distributable income for the recurring operations would have increased by 2.8% as compared to the previous year. Distribution per Unit ("DPU") for the year stood at 13.35 Singapore cents, having grown steadily by 111.2% since IPO.

HEALTHY BALANCE SHEET

Through proactive and pre-emptive financial and capital management, the Group maintained a robust financial position in FY2017.

In October 2017, PLife REIT successfully updated its S$500 million Multicurrency Medium Term Note Programme and renamed it as the "S$500 million Multicurrency Debt Issuance Programme" (the "Programme"), providing PLife REIT the flexibility to tap on various types of capital market products including issuance of perpetual securities when needed.

1 Source: Bloomberg; calculated using the share price of S$2.39 as at 3 January 2017 and S$2.99 as at 29 December 2017
2 Finance costs largely consist of interest expense on loans and notes, settlement on interest rate swaps that provide fixed rate funding on loans and amortisation of transaction costs of establishing debt facilities
3 Made up of property expenses, management fees, trust expenses and finance costs

Leverage and Borrowings

With improving and supportive liquidity conditions in Japan's capital markets, there are increasing number of reverse enquiries with attractive pricing from the Japanese bond investors. Leveraging on the favourable environment, PLife REIT had diversified its funding base by the Group's second issuance of JPY-denominated Fixed Rate Notes under the Programme in 2017.

In December 2017, PLife REIT issued the JPY5 billion (approximately S$60.0 million[4]) 5.5-year senior unsecured Fixed Rate Notes ("the Notes Issue") due 2023. The notes were issued at a competitive rate of 0.57% per annum thereby lowering the overall interest cost.

As part of its proactive efforts to strengthen the Group's debt profile, the proceeds from the Notes Issue have been used to pre-emptively refinance about 32% of loans due in 2019. Furthermore, the Notes Issue, denominated in JPY, serves as a natural hedge for PLife REIT's Japanese assets and mitigates any foreign exchange risk. As a result, the Group achieved a well-staggered debt maturity profile with no refinancing needs till 2019. Following the Notes Issue, all-in cost of debt was lowered from 1.4%[5] to 1.0%[6] and PLife REIT's interest cover improved from 8.7 times to 11.3 times as compared to the previous year.

In July 2017, the Group has further extended the JPY net income hedge for another 2 years until 1Q 2022, ensuring stability of distributions to Unitholders.

PLife REIT's gearing remained healthy at 36.4% as at 31 December 2017, within the 45% limit allowed under the Monetary Authority of Singapore's Property Funds Appendix. This leaves the Group with ample debt headroom of S$278.5 million before reaching the 45% gearing limit. With a healthy gearing level and sufficient debt headroom, PLife REIT has the financial flexibility to capitalise on potential growth opportunities.

Cash Position

PLife REIT was in a net cash position with cash and cash equivalents[7] for the year ended 31 December 2017 at S$25.5 million, compared to S$69.2 million in the preceding year end. The decrease in cash and cash equivalents was mainly due to the redeployment of divestment proceeds to fund the acquisition of five Japan properties and to repay short term loans in 1Q 2017.

Cash inflow from operating activities for FY2017 reduced to S$80.7 million from S$87.5 million in FY2016, mainly due to the 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.

The cash outflow in investing activities during FY2017 was mainly due to payment of capital expenditure on existing properties, and the acquisition of five Japan properties in 1Q 2017.

Cash used in financing activities was mainly due to distributions to Unitholders and repayment of Japanese Yen long term loans, offset by the proceeds received from the Notes Issue.

Asset Valuation

PLife REIT's property portfolio comprised 49 high quality healthcare assets, valued approximately at S$1.73 billion as at 31 December 2017, up by S$73.9 million from previous year. The increase in investment properties was mainly due to the acquisition of the five properties in Japan in February 2017 and revaluation gain of S$26.0 million for its existing properties, which was offset by the depreciation of the JPY.

Net Asset Value as at 31 December 2017 was S$1.76 per unit, an increase from S$1.72 in 2016.

4 At an exchange rate of S$1.00: JPY83.26, as per announcement on 6 December 2017
5 As at 31 December 2016
6 As at 31 December 2017
7 Cash and cash equivalents at the respective period end exclude a cash deposit of JPY21.7 million (approximately S$0.3 million) and JPY154.4 million (approximately S$1.9 million) as at 31 December 2017 and 31 December 2016 respectively placed with the Group by a vendor, for the purpose of Rental Income Guarantee

PORTFOLIO
OUR PROPERTIES

As at 31 December 2017, PLife REIT's well-diversified portfolio comprises 49 high quality, healthcare and healthcare related properties located in Singapore, Japan and Malaysia.

Proactive asset management remains a core focus for the REIT in sustaining an optimal portfolio mix.

As PLife REIT enters its second decade, it moves forward from a position of strength and will continue to evaluate investment opportunities to expand its foothold in the region in a disciplined manner.

SINGAPORE

1 Mount Elizabeth Hospital
2 Gleneagles Hospital
3 Parkway East Hospital

MALAYSIA

4 Gleneagles Intan Medical Centre
Kuala Lumpur

OUR PROPERTIES

	Mount Elizabeth Hospital	Gleneagles Hospital	Parkway East Hospital	Gleneagles Intan Medical Centre, Kuala Lumpur
Land Tenure	Leasehold of 67 years from 23 August 2007	Leasehold of 75 years from 23 August 2007	Leasehold of 75 years from 23 August 2007	Freehold
Floor Area (sq m)[1]	58,139	49,003	10,994	2,444
Number of Beds	345	258	106	-
Number of Strata Units	232, of which 30 are owned by PLife REIT	164, of which 10 are owned by PLife REIT	-	-
Number of Car Park Lots	363	402, of which 121 are owned by PLife REIT	75	69
Number of Storeys	**Hospital Building:** 10-storey block and a 5-storey block **Medical Centre:** 17-storey medical and retail block (All blocks are linked by a common podium with basement car park)	**Hospital Building:** 10-storey block with 2 basements and a 5-storey annex block **Medical Centre:** 10-storey block with 3 basements	**Hospital Building:** 4-storey block **Medical Centre:** 5-storey block (1st and 5th storey of the medical centre are linked to the 1st and 4th storey of the hospital block)	**Medical Centre:** 8-storey block (PLife REIT owns approximately 23.1% of total share value of the building comprising three ground floor units, three medical consulting suites units at 2nd and 7th floors, the entire 8th floor and 69 car park lots)
Year of Completion	**Hospital Building:** 1979 **Medical Centre:** 1979 and 1992	**Hospital Building:** 1991 and 1993 **Annex Block:** 1979 **Medical Centre:** 1991 and 1993	**Hospital Building:** 1982 **Medical Centre:** 1987	1999
Name of Lessee (s)	Parkway Hospitals Singapore Pte Ltd	Parkway Hospitals Singapore Pte Ltd	Parkway Hospitals Singapore Pte Ltd	- Choizes Concept Store Sdn. Bhd. - Gleneagles Kuala Lumpur (A branch of Pantai Medical Centre Sdn. Bhd.) - KL Stroke & Neuro Clinic Sdn. Bhd.
Committed Occupancy[2]	100%	100%	100%	As at 31 Dec 2017: 94% (excluding car park); As at 31 Dec 2016: 95% (excluding car park)
Gross Revenue (2017)	S$41,285,579	S$21,516,750	S$3,562,657	RM1,563,153
Gross Revenue (2016)	S$40,837,532	S$21,283,242	S$3,374,185	RM1,507,544
Purchase Price	S$524.43 million	S$216.0 million	S$34.19 million	RM16.0 million (S$6.38 million)[3]
Year of Purchase	2007	2007	2007	2012
Appraised Value (as at 31 December 2017)	S$675.5 million	S$355.8 million	S$56.9 million	RM22.2 million (S$7.31 million)[4]
Name of Appraiser(s)	CBRE Pte Ltd	CBRE Pte Ltd	CBRE Pte Ltd	Knight Frank Malaysia Sdn. Bhd.

1 Based on gross floor area for Parkway East Hospital; Strata areas owned by PLife REIT for Mount Elizabeth Hospital, Gleneagles Hospital and Gleneagles Intan Medical Centre, Kuala Lumpur
2 Committed occupancy of each property for Year 2016 and 2017 remains unchanged except for Gleneagles Intan Medical Centre, Kuala Lumpur
3 Based on the exchange rate at point of acquisition
4 At an exchange rate of S$1.00 : RM3.04

PORTFOLIO
OUR PROPERTIES

JAPAN

1. FUKUOKA
- Hapine Fukuoka Noke
- Sawayaka Obatake Ichibankan
- Sawayaka Obatake Nibankan
- Sawayaka Shinmojikan
- Sawayaka Nogatakan
- Sawayaka Fukufukukan
- Sawayaka Mekari Nibankan
- Sawayaka Kiyotakan
- Habitation Jyosui
- Habitation Hakata I, II, III

2. YAMAGUCHI
- Kikuya Warakuen
- Sanko

3. EHIME
- Sawayaka Niihamakan

4. OKAYAMA
- Sompo no Ie Nakasyo[1]

5. HYOGO
- Palmary Inn Akashi
- Palmary Inn Suma
- Palmary Inn Shin-Kobe

6. OSAKA
- Fiore Senior Residence Hirakata
- Maison des Centenaire Ishizugawa
- Maison des Centenaire Haruki
- Iyashi no Takatsuki Kan
- Happy Life Toyonaka
- Maison des Centenaire Hannan
- Maison des Centenaire Ohhama
- Sunhill Miyako

7. MIE
- Sawayaka Seaside Toba

8. AICHI
- Excellent Tenpaku Garden Hills

9. KANAGAWA
- Bon Sejour Shin-Yamashita
- Fureai no Sono Musashi Nakahara
- Ocean View Shonan Arasaki

10. SAITAMA
- Smiling Home Medis Musashi Urawa
- Smiling Home Medis Koshigaya Gamo
- As Heim Nakaurawa

11. CHIBA
- Senior Chonaikai Makuhari Kan
- P-Life Matsudo
- Wakaba no Oka
- Hakusho no Sato
- Group Home Hakusho

12. NIIGATA
- Sawayaka Minatokan

13. AKITA
- Sawayaka Sakurakan

14. HOKKAIDO
- Sawayaka Higashikagurakan
- Liverari Shiroishi Hana Ichigo-kan
- Liverari Shiroishi Hana Nigo-kan
- Liverari Misono
- Silver Heights Hitsujigaoka (Ichibankan & Nibankan)

1 Formerly known as Amille Nakasyo

OUR PROPERTIES

	Bon Sejour Shin-Yamashita	Palmary Inn Akashi	Palmary Inn Suma
Land Tenure	Freehold	Freehold	Freehold
Land Area (sq m)	1,653	5,891	2,676
Floor Area (sq m)	3,273	6,562	4,539
Number of Units (Rooms)	74	96	59
Number of Storeys	5	6	5/6
Year of Completion	2006	1987; Conversion works were completed in 2003	1989
Name of Lessee (s)	Benesse Style Care Co., Ltd [1]	Asset Co., Ltd	Asset Co., Ltd
Committed Occupancy [2]	100%	100%	100%
Gross Revenue (2017)	¥98,972,315	¥113,400,000	¥68,089,440
Gross Revenue (2016)	¥98,736,577	¥113,400,000	¥68,028,000
Purchase Price [3]	¥1,394 million (S$18.36 million)	¥1,456 million (S$19.62 million)	¥844 million (S$11.37 million)
Year of Purchase	2008	2008	2008
Appraised Value [4] (as at 31 December 2017)	¥1,590 million (S$18.87 million)	¥1,740 million (S$20.65 million)	¥1,030 million (S$12.23 million)
Name of Appraiser(s)	K.K. Halifax Associates	K.K. Halifax Associates	K.K. Halifax Associates

1 On 1 April 2012, Benesse Style Care Co., Ltd merged as the surviving company with Bon Sejour Corporation
2 Committed occupancy of each property for year 2016 and 2017 remains unchanged
3 Based on the exchange rate at point of acquisition
4 At an exchange rate of S$1.00 : JPY84.25

PORTFOLIO
OUR PROPERTIES

OUR PROPERTIES

	Senior Chonaikai Makuhari Kan	Smiling Home Medis Musashi Urawa	Smiling Home Medis Koshigaya Gamo
Land Tenure	Freehold	Freehold	Freehold
Land Area (sq m)	2,853	802	1,993
Floor Area (sq m)	4,361	1,603	3,834
Number of Units (Rooms)	108	44	100
Number of Storeys	5	3	6
Year of Completion	1992; Conversion works were completed in 2004	1991; Conversion works were completed in 2004	1989; Conversion works were completed in 2005
Name of Lessee (s)	Riei Co., Ltd	Green Life Higashi Nihon[4]	Green Life Higashi Nihon[4]
Committed Occupancy [1]	100%	100%	100%
Gross Revenue (2017)	¥101,496,000	¥44,820,000	¥91,260,000
Gross Revenue (2016)	¥101,496,000	¥44,820,000	¥91,260,000
Purchase Price [2]	¥1,403 million (S$18.9 million)	¥612 million (S$8.24 million)	¥1,289 million (S$17.37 million)
Year of Purchase	2008	2008	2008
Appraised Value [3] (as at 31 December 2017)	¥1,790 million (S$21.25 million)	¥787 million (S$9.34 million)	¥1,610 million (S$19.11 million)
Name of Appraiser(s)	K.K. Halifax Associates	K.K. Halifax Associates	K.K. Halifax Associates

1 Committed occupancy of each property for year 2016 and 2017 remains unchanged
2 Based on the exchange rate at point of acquisition
3 At an exchange rate of S$1.00 : JPY84.25
4 Change of name with effect from 1 May 2013 due to organisational restructuring by GreenLife Co., Ltd, parent company of Medis Corporation




Sompo no Ie Nakasyo[5]	Hapine Fukuoka Noke	Fiore Senior Residence Hirakata	Maison de Centenaire Ishizugawa
Freehold	Freehold	Freehold	Freehold
2,901	1,396	727	1,111
3,231	2,912	1,155	2,129
75	64	40	52
3	5	3	5
2001	2006	2007	1988; Conversion works were completed in 2003
Sompo Care Message Inc.[6]; Shakai Fukushi Houjin Keiyu-Kai	Green Life Co. Ltd[7]	K.K. Vivac	Miyako Kenkokai Medical Corporation
100%	100%	100%	100%
¥48,980,400	¥57,996,000	¥33,600,000	¥61,601,616
¥48,600,000	¥57,996,000	¥33,600,000	¥61,275,254
¥555 million (S$8.56 million)	¥723 million (S$11.15 million)	¥420 million (S$6.48 million)	¥671 million (S$10.35 million)
2009	2009	2009	2009
¥715 million (S$8.49 million)	¥913 million (S$10.84 million)	¥541 million (S$6.42 million)	¥937 million (S$11.12 million)
K.K. Halifax Associates	K.K. Halifax Associates	K.K. Halifax Associates	K.K. Halifax Associates

5 Formerly known as Amille Nakasyo
6 Change of name with effect from 7 March 2016 due to acquisition of Message Co. Ltd by Sompo Holdings, Inc.
7 Change of name with effect from 1 May 2013 due to organisational restructuring by GreenLife Co., Ltd, parent company of Care Link Co., Ltd

PORTFOLIO
OUR PROPERTIES

OUR PROPERTIES



	Maison de Centenaire Haruki	Iyashi no Takatsuki Kan	Sawayaka Obatake Ichibankan
Land Tenure	Freehold	Freehold	Freehold
Land Area (sq m)	801	2,023	1,769
Floor Area (sq m)	1,263	3,956	3,491
Number of Units (Rooms)	36	87	78
Number of Storeys	4	6	5
Year of Completion	1996; Conversion works were completed in 2006	1997; Conversion works were completed in 2005	2007
Name of Lessee (s)	Miyako Kenkokai Medical Corporation	Riei Co., Ltd	K.K. Sawayaka Club
Committed Occupancy [1]	100%	100%	100%
Gross Revenue (2017)	¥47,124,000	¥101,351,496	¥57,079,992
Gross Revenue (2016)	¥47,124,000	¥101,351,496	¥57,079,992
Purchase Price [2]	¥485 million (S$7.48 million)	¥1,107 million (S$17.07 million)	¥660 million (S$10.07 million)
Year of Purchase	2009	2009	2010
Appraised Value [3] (as at 31 December 2017)	¥705 million (S$8.37 million)	¥1,680 million (S$19.94 million)	¥823 million (S9.77 million)
Name of Appraiser(s)	K.K. Halifax Associates	K.K. Halifax Associates	International Appraisals Incorporated

1 Committed occupancy of each property for year 2016 and 2017 remains unchanged
2 Based on the exchange rate at point of acquisition
3 At an exchange rate of S$1.00 : JPY84.25

Sawayaka Obatake Nibankan	Sawayaka Shinmojikan	Sawayaka Nogatakan	Sawayaka Sakurakan
Freehold	Freehold	Freehold	Freehold
1,047	2,395	2,702	6,276
1,538	5,088	3,147	5,044
26	112	78	110
3	6	3	4
2007	2007	2005	2006
K.K. Sawayaka Club	K.K. Sawayaka Club	K.K. Sawayaka Club	K.K. Sawayaka Club
100%	100%	100%	100%
¥28,593,388	¥75,639,996	¥57,639,996	¥77,175,731
¥28,468,769	¥75,639,996	¥57,639,996	¥85,068,586
¥276 million (S$4.21 million)	¥848 million (S$12.93 million)	¥631 million (S$9.62 million)	¥725 million (S$11.06 million)
2010	2010	2010	2010
¥390 million (S$4.63 million)	¥1,036 million (S$12.30 million)	¥779 million (S$9.25 million)	¥887 million (S$10.53 million)
International Appraisals Incorporated	International Appraisals Incorporated	International Appraisals Incorporated	International Appraisals Incorporated

PORTFOLIO
OUR PROPERTIES

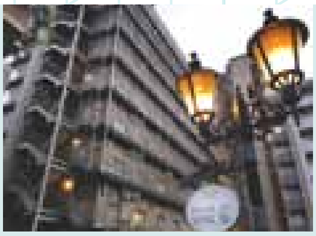
OUR PROPERTIES



	As Heim Nakaurawa	Fureai no Sono Musashi Nakahara	Sawayaka Fukufukukan
Land Tenure	Freehold	Freehold	Freehold
Land Area (sq m)	1,762	935	1,842
Floor Area (sq m)	2,712	1,847	3,074
Number of Units (Rooms)	64	47	72
Number of Storeys	4 + 1 (basement)	4	4 + 1
Year of Completion	2006	2006	2008
Name of Lessee (s)	As Partners Co., Ltd	Y.K. Shonan Fureai no Sono	K.K. Sawayaka Club
Committed Occupancy [1]	100%	100%	100%
Gross Revenue (2017)	¥67,200,000	¥52,800,000	¥50,240,004
Gross Revenue (2016)	¥67,200,000	¥52,800,000	¥50,000,004
Purchase Price [2]	¥812 million (S$12.72 million)	¥628 million (S$9.83 million)	¥564 million (S$8.74 million)
Year of Purchase	2010	2010	2011
Appraised Value [3] **(as at 31 December 2017)**	¥1,160 million (S$13.77 million)	¥900 million (S$10.68 million)	¥739 million (S$8.77 million)
Name of Appraiser(s)	K.K. Halifax Associates	K.K. Halifax Associates	International Appraisals Incorporated

1 Committed occupancy of each property for year 2016 and 2017 remains unchanged
2 Based on the exchange rate at point of acquisition
3 At an exchange rate of S$1.00 : JPY84.25






Sawayaka Higashikagurakan	Happy Life Toyonaka	Palmary Inn Shin-Kobe	Sawayaka Seaside Toba
Freehold	Freehold	Freehold	Freehold
4,813	628	1,034	2,803
5,335	1,254	3,964	7,360
110	42	71	129
4	4	10	7
2010	2007	1992; Conversion works were completed in 2003	2012
K.K. Sawayaka Club	K.K. Nihon Kaigo Iryo Center	Asset Co., Ltd	K.K. Sawayaka Club
100%	100%	100%	100%
¥81,210,396	¥35,280,000	¥99,729,600	¥110,643,648
¥81,090,396	¥35,280,000	¥99,729,600	¥110,643,648
¥866 million (S$13.36 million)	¥445 million (S$5.67 million)	¥1,310 million (S$16.70 million)	¥1,380 million (S$17.66 million)
2012	2013	2013	2013
¥1,034 million (S$12.27 million)	¥534 million (S$6.34 million)	¥1,590 million (S$18.87 million)	¥1,556 million (S$18.47 million)
International Appraisals Incorporated	K.K. Halifax Associates	K.K. Halifax Associates	International Appraisals Incorporated

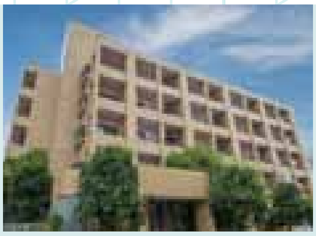
PORTFOLIO
OUR PROPERTIES

OUR PROPERTIES



	Sawayaka Niihamakan	Sawayaka Minatokan	Sawayaka Mekari Nibankan
Land Tenure	Freehold	Freehold	Freehold
Land Area (sq m)	4,197	3,551	1,354
Floor Area (sq m)	7,382	2,246	2,133
Number of Units (Rooms)	135	50	61
Number of Storeys	7	3	3
Year of Completion	2012	2012	2012
Name of Lessee (s)	K.K. Sawayaka Club	K.K. Sawayaka Club	K.K. Sawayaka Club
Committed Occupancy [1]	100%	100%	100%
Gross Revenue (2017)	¥104,387,872	¥52,061,460	¥24,799,992
Gross Revenue (2016)	¥104,186,688	¥52,061,460	¥24,799,992
Purchase Price [2]	¥1,300 million (S$16.64 million)	¥650 million (S$8.32 million)	¥310 million (S$3.97 million)
Year of Purchase	2013	2013	2013
Appraised Value [3] **(as at 31 December 2017)**	¥1,509 million (S$17.91 million)	¥737 million (S$8.75 million)	¥352 million (S$4.18 million)
Name of Appraiser(s)	International Appraisals Incorporated	International Appraisals Incorporated	International Appraisals Incorporated

1 Committed occupancy of each property for year 2016 and 2017 remains unchanged
2 Based on the exchange rate at point of acquisition
3 At an exchange rate of S$1.00 : JPY84.25



Sawayaka Kiyotakan	Maison des Centenaire Hannan	Maison des Centenaire Ohhama	Sunhill Miyako
Freehold	Freehold	Freehold	Freehold
2,597	7,827	1,281	10,867
5,661	4,331	1,717	4,299
108	95	47	34
8	3	5	4
2013	2010	1990	1996
K.K. Sawayaka Club	Miyako Enterprise Co., Ltd	Miyako Enterprise Co., Ltd	Miyako Enterprise Co., Ltd
100%	100%	100%	100%
¥72,466,632	¥124,000,008	¥48,999,996	¥67,000,115
¥70,619,817	¥124,004,508	¥48,999,996	¥67,022,596
¥860 million (S$11.01 million)	¥1,600 million (S$19.82 million)	¥600 million (S$7.43 million)	¥800 million (S$9.91 million)
2013	2014	2014	2014
¥996 million (S$11.82 million)	¥1,900 million (S$22.55 million)	¥757 million (S$8.99 million)	¥939 million (S$11.15 million)
International Appraisals Incorporated	International Appraisals Incorporated	International Appraisals Incorporated	International Appraisals Incorporated

PORTFOLIO
OUR PROPERTIES

OUR PROPERTIES



	Habitation Jyosui	Ocean View Shonan Arasaki	Habitation Hakata I, II, III
Land Tenure	Freehold	Freehold	Freehold
Land Area (sq m)	3,259[4]	3,067	15,336
Floor Area (sq m)	6,076[5]	5,304	21,415
Number of Units (Rooms)	87	79	318
Number of Storeys	11	6	3 to 8[6]
Year of Completion	2005	2013	Hakata I: 1984 Hakata II: 1995 Hakata III: 2003
Name of Lessee (s)	K.K. Habitation	K.K. Oueikikaku	K.K. Habitation
Committed Occupancy [1]	100%	100%	100%
Gross Revenue (2017)	¥245,000,004	¥132,470,968	¥275,996,320
Gross Revenue (2016)	¥245,000,004	¥131,799,825	¥276,499,092
Purchase Price [2]	¥3,535 million (S$39.17 million)	¥1,700 million (S$18.72 million)	¥3,705 million (S$42.61 million))
Year of Purchase	2014	2015	2015
Appraised Value [3] (as at 31 December 2017)	¥3,697 million (S$43.88 million)	¥1,995 million (S$23.68 million)	¥3,900 million (S$46.29 million)
Name of Appraiser(s)	International Appraisals Incorporated	International Appraisals Incorporated	International Appraisals Incorporated

1 Committed occupancy of each property for year 2016 and 2017 remains unchanged
2 Based on the exchange rate at point of acquisition
3 At an exchange rate of S$1.00 : JPY84.25
4 Total land area of the integrated development
5 Strata area of the Property owned by PLife REIT
6 5-storey for Hakata I, 8-storey for Hakata II, 3-storey for Hakata III




Excellent Tenpaku Garden Hills	Liverari Shiroishi Hana Ichigo-kan[7]	Liverari Shiroishi Hana Nigo-kan[8]	Liverari Misono[9]
Freehold	Freehold	Freehold	Freehold
6,593	628	436	429
4,000	1,056	747	724
94	48	24	18
4	3	3	3
2013	2011	1990	1993
K.K. Kokanomori	Living Platform, Ltd.	Living Platform, Ltd.	Living Platform, Ltd.[10]
100%	100%	100%	100%
¥107,996,320	¥23,996,320	¥12,255,520	¥14,597,920
¥108,000,000	¥24,000,000	¥12,259,200	¥14,601,600
¥1,645 million (S$18.92 million)	¥298 million (S$3.43 million)	¥152 million (S$1.75 million)	¥177 million (S$2.04 million)
2015	2015	2015	2015
¥1,837 million (S$21.81 million)	¥349 million (S$4.14 million)	¥169 million (S$2.01 million)	¥194 million (S$2.30 million)
International Appraisals Incorporated	International Appraisals Incorporated	International Appraisals Incorporated	International Appraisals Incorporated

7 Formerly known as Hana Kitago
8 Formerly known as Hana Kita 13 Jyo
9 Formerly known as Ajisai Misono
10 On 1 April 2017, K.K. Living Platform merged as the surviving company with K.K. Care Products

PORTFOLIO
OUR PROPERTIES

OUR PROPERTIES

	Silver Heights Hitsujigaoka (Ichibankan & Nibankan)	Wakaba no Oka	Hakusho no Sato
Land Tenure	Freehold	Freehold	Freehold
Land Area (sq m)	5,694	6,574	15,706
Floor Area (sq m)	9,013	5,431	6,959
Number of Units (Rooms)	123	135	124
Number of Storeys	5 to 6	3	3
Year of Completion	Ichibankan : 1987 Nibankan : 1991	1993	1986
Name of Lessee (s)	K.K. Silver Heights Sapporo	K.K. Taijyu	K.K. Hakusho
Committed Occupancy [1]	100%	100%	100%
Gross Revenue (2017)	¥88,770,000	¥110,021,487	¥101,560,195
Gross Revenue (2016)	¥66,816,129	NA	NA
Purchase Price [2]	¥1,100 million (S$13.23 million)	¥1,766 million (S$22.06 million)	¥1,607 million (S$20.07 million)
Year of Purchase	2016	2017	2017
Appraised Value [3] (as at 31 December 2017)	¥1,160 million (S$13.77 million)	¥2,090 million (S$24.81 million)	¥1,660 million (S$19.70 million)
Name of Appraiser(s)	K.K. Halifax Associates	K.K. Halifax Associates	K.K. Halifax Associates

1 Committed occupancy of each property for year 2016 and 2017 remains unchanged
2 Based on the exchange rate at point of acquisition
3 At an exchange rate of S$1.00 : JPY84.25




Group Home Hakusho	Kikuya Warakuen	Sanko	P-Life Matsudo
Freehold	Freehold	Freehold	Freehold
2,859	4,905	1,680	8,450
416	3,641	2,018	3,240
9	70	53	NA
2	2 to 4	3	2
2004	Main Building 1 : 1964 Main Building 2 : 2004	2011	2005; Additional works were completed in 2007
K.K. Hakusho	K.K. M.C.S.	K.K. M.C.S.	Alere Medical Co., Ltd
100%	100%	100%	100%
¥6,827,518	¥51,217,256	¥32,713,229	¥133,174,053
NA	NA	NA	¥176,876,890
¥105 million (S$1.31 million)	¥781 million (S$9.75 million)	¥500 million (S$6.25 million)	¥2,590 million (S$34.19 million)
2017	2017	2017	2008
¥106 million (S$1.26 million)	¥849 million (S$10.08 million)	¥541 million (S$6.42 million)	¥2,340 million (S$27.78 million)
K.K. Halifax Associates	K.K. Halifax Associates	K.K. Halifax Associates	K.K. Halifax Associates

INVESTOR RELATIONS

PROACTIVE AND TRANSPARENT COMMUNICATION

The Manager is committed to fostering strong relationships with all Unitholders and the financial and investment communities by engaging them in regular and transparent communications in a timely manner. It proactively seeks to communicate with the investing community, allowing them to make informed decisions on its fair value.

The Manager regularly reaches out to existing and potential investors, analysts, media and Unitholders through various communications channels and programmes such as the corporate website, corporate announcements, general meetings and outreach activities, throughout the financial year to enhance stakeholders' understanding of its business and strategy.

MULTIPLE CHANNELS OF COMMUNICATIONS

Corporate Website

The REIT's corporate website(www.plifereit.com) allows easy access to comprehensive information on the REIT. Information like stock data, SGXnet announcements, financial statements, press releases, presentation slides, annual reports and other corporate development is regularly updated to keep Unitholders and the investing community abreast of the REIT's performance on a timely basis. Through the information made available on the corporate website, the Manager also provides insights into the REIT's growth strategy and latest developments. The Manager also actively seeks investors' feedback by encouraging Unitholders to provide feedback or submit their enquiries to the Manager via the corporate website.

Corporate Literature

The REIT regularly publishes updates on its financials and operations in a clear, concise and factual manner.

All new announcements, such as presentation slides, press releases, corporate developments and financial statements are posted on the corporate website immediately following its release to the SGX to ensure prompt dissemination of information to Unitholders.

Annual General Meeting

Each year, the REIT holds its Annual General Meeting ("AGM") in April in Singapore. Extraordinary General Meetings ("EGM") may also be held, if necessary, to discuss specific issues.

AGMs and EGMs serve as platforms for all Unitholders to interact with the Board of Directors and management of the REIT Manager, as well as to decide on the proposed resolutions. These platforms also allow the Manager to share with the Unitholders the strategic direction of the REIT and for the Board of Directors and management to address Unitholders' questions or concerns.

Investor Outreach Programme

The Manager is committed to engaging institutional investors and analysts on a regular basis as part of its outreach programme with the investment community. Through media platforms, the Manager also seeks to inform and articulate its strategies and plans to the investing community. News releases on its corporate developments and financial results are regularly picked up by regional and local press, effectively allowing the REIT to reach out and engage with the wider community.

Periodically, the Manager would arrange site visits to the REIT's key properties to help investors, analysts and the media better understand the REIT's portfolio.

It also holds regular face-to-face meetings with key investors, participates in investment or industry conferences, analyst briefings and organises non-deal roadshows in key financial centres. Some of the key investor relations activities conducted in year 2017 are listed below:

KEY EVENTS/IR ACTIVITIES IN FY2017

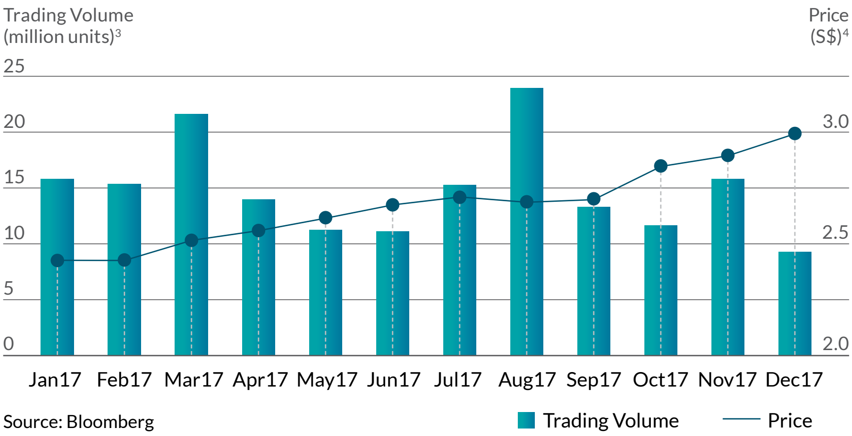
1st Quarter	- One-on-one Investors' Meetings - Post Results Investors Luncheon hosted by Macquarie Capital Securities in Singapore
2nd Quarter	- One-on-one Investors' Meetings - Annual General Meeting - Non Deal Road show with DBS Equity Research in Korea - Citi Asia Property Conference 2017 in Hong Kong
3rd Quarter	- One-on-one Investors' Meetings - SGX-Maybank Singapore Corporate Day in Bangkok, Thailand
4th Quarter	- One-on-one Investors' Meetings - UBS Global Real Estate CEO/CFO Conference 2017 in London

PLife REIT Unit Price Performance in FY2017

	FY2016	FY2017
Opening Price (S$)	2.30	2.39
Closing Price (S$)	2.36	2.99
High (S$)	2.64	2.99
Low (S$)	2.12	2.37
Trading volume (million units)[1]	175.06	178.18
% of S-REIT Trading Volume	0.82%	0.71%
Market Capitalisation (S$'million)[2]	1,427.80	1,808.96

Source: Bloomberg

PLife REIT Monthly Trading Performance in FY2017



Source: Bloomberg

ANALYST COVERAGE

The following brokerage houses provide research coverage on PLife REIT as of 31 December 2017:

- CIMB Research
- Citi Investment Research
- DBS Vickers Research
- UBS Investment Research
- UOB Kay Hian Research

1 Total trading volume for the respective financial year
2 Based on last trading price of financial year 2017
3 Sum of trading volume in the respective months
4 Based on the closing price at the end of the month

SUSTAINABILITY REPORT

For the year ended 31 December 2017

BOARD STATEMENT

The Board of Directors ("Board") of Parkway Trust Management Limited, the Manager of Parkway Life Real Estate Investment Trust ("PLife REIT"), is pleased to present the first Sustainability Report of PLife REIT.

The sustainability of PLife REIT's operations is of utmost importance to its Unitholders. For this reason, we aim to continuously monitor and manage any potential risks or opportunities in the areas of Environmental, Social and Governance ("ESG"). Charged with the responsibility of overseeing the REIT's sustainability efforts and performance, we have consciously ensured that sustainability is taken into consideration when charting our strategic direction.

The Board has been intimately involved in developing the content of the Sustainability Report. This includes selection of the material ESG factors and setting of performance targets. The sustainability report is aligned to the Singapore Exchange Securities Trading Limited ("SGX-ST"); SGX-ST Listing Rules 711A and 711B and with references to the internationally recognised Global Reporting Initiative ("GRI") Standards (2016).

SUSTAINABILITY AND PARKWAY LIFE REIT

PLife REIT is one of Asia's largest listed healthcare REITs by asset size. PLife REIT invests in income-producing real estate and real estate-related assets that are used primarily for healthcare and healthcare-related purposes. The Board and management of the Manager believe that sustainability considerations have the potential to significantly affect the performance of the REIT. Consistent with its prudent risk management procedures, the Manager strives to identify and manage ESG risks which may impact PLife REIT, in addition to potential opportunities.

The Manager holds itself to high standards when managing the activities of the REIT and its employees.

In terms of managing the REIT's portfolio of 49 properties, we work closely with the master lessees of the properties ("Operators"). PLife REIT's Singapore-based private hospitals are leased out on master lease arrangements to the subsidiary of IHH Healthcare Berhad ("IHH"), wherein IHH is the ultimate holding company of the Manager; and assets in Japan are leased out on master lease arrangements to a number of registered care home operators. To achieve sustainability at the property level, we work closely with various Operators to encourage and contribute to an elevated level of sustainability performance.

Given the skills and experience possessed by the workforce of the Manager, we view human capital as a key contributing factor towards sustainable growth of the REIT. Accordingly, time and effort are dedicated to foster relationships with the employees, ensuring attention to well-being and appreciation of the value employees create as part of the Manager's team.

Operating ethically and thoughtfully is not new to PLife REIT, however, this year we have embarked on formalising the REIT's sustainability activities through the establishment of sustainability governance structures and monitoring processes. Through the development of the Sustainability Report, the Board and management of the Manager have identified various areas for improvement and focus.

"As an established REIT in the healthcare sector, we recognise the weight of expectation in adhering to ethical behaviour to ensure the longevity of PLife REIT. PLife REIT strives to uphold the highest standards of ethical business practice. Our commitment covers all aspects of our operations, from those whom we choose to do business with, to the community we live in and the way our employees learn, work and prosper.

This year we are delighted to issue the REIT's first Sustainability Report, marking the culmination of our sustainability efforts over the last ten years and setting the path for a more sustainable future. The report identifies the primary ESG risks facing PLife REIT, including setting targets of sustainability and how we intend to achieve them.

We also hope that this Report will demonstrate our ongoing commitment by accounting for our actions through transparent reporting. Formally identifying the key areas of sustainability focus represents a new chapter for PLife REIT, one in which we actively contribute to society, for the betterment of the community, those we work with and to our Unitholders." said Mr. Yong Yean Chau, Chief Executive Officer of the Manager.

ABOUT THIS REPORT

PLife REIT's inaugural Sustainability Report addresses our approach to sustainability and how we practise sustainability through the operations of PLife REIT and the Manager as well as how we work with various partners in this area. The publication of this Report is a commitment to transparent and accountable actions on our part. This Report covers the period from 1 January to 31 December 2017, and, starting from now, we will report on PLife REIT's sustainability performance annually.

The Sustainability Report is aligned with the requirements of SGX-ST Listing Rules 711A and 711B, and is with reference to the GRI Standards (2016).

REPORTING SCOPE

PLife REIT owns a well-diversified portfolio of 49 properties with a total portfolio size of approximately S$1.73 billion as at 31 December 2017. It owns the largest portfolio of strategically-located private hospitals in Singapore comprising Mount Elizabeth Hospital, Gleneagles Hospital and Parkway East Hospital. In addition, it has 45 assets located in Japan, including a pharmaceutical product distributing facility in Chiba Prefecture as well as 44 high quality nursing home and care facility properties in various prefectures of Japan. It also owns strata-titled units/lots at Gleneagles Intan Medical Centre, Kuala Lumpur in Malaysia.

This Sustainability Report focuses primarily on the activities of PLife REIT and the Manager. As PLife REIT is not a property operator, the focus is on creating a positive influence for tenants / operators in the areas of ESG rather than the operations at the properties themselves.

Your feedback is crucial to the betterment of our sustainability performance. We look forward to receiving any enquires, comments or feedback on both our sustainability performance and inaugural sustainability report at contact@plifereit.com.

SUSTAINBILITY GOVERNANCE

The Manager began the process of developing the REIT's first Sustainability Report by establishing a Sustainability Steering Committee ("SSC"), comprising the senior management of the Manager as well as a Sustainability Task Force ("STF") which includes representatives from Investment, Asset Management, Compliance and Legal, and Finance.

The role of the SSC and STF are set out below:

- SSC provides an oversight in terms of the direction and management of sustainability. It is also responsible for communicating sustainability performance directly to the Board.
- STF is responsible for developing, implementing and maintaining sustainability related practices and initiatives and monitoring the REIT's sustainability performance.

During the year, the SSC and STF met regularly to execute their responsibilities.

ASSESSMENT OF MATERIAL ESG FACTORS

In preparation for the REIT's first sustainability report, the Manager carried out a materiality assessment following the principles of the GRI. An external consultant was engaged to support it in carrying out the review.

In terms of materiality assessment, we focused on REIT management; PLife REIT's primary activity. Sustainability related risks and opportunities were mapped against their impact on the REIT's operations. We also made reference to fellow S-REITs reporting on sustainability and best practices, and considered PLife REIT's position in the healthcare and real estate industries and our role in tackling local, regional and international ESG issues. In addition, we engaged our stakeholders, both internal and external, and identified issues that most concerned them. During the development of this Report, reviewing PLife REIT's sustainability approach and conducting our materiality assessment, the GRI Reporting Principles were considered and followed.

Following the assessment, the SSC and STF met to learn from the results of the research and to prioritise ESG factors that are material to PLife REIT. Once completed, the assessment was presented to the Board who collectively agreed on the material ESG factors pertinent to PLife REIT.

Stakeholder Engagement

The concerns and opinions of our stakeholders are important considerations in all decision making. The Manager regularly interacts with key stakeholders to ensure that our actions and activities are relevant and have incorporated insights from the interactions in our materiality assessment. These interactions are described below:

Stakeholders	Engagement methods
Unitholders and prospective investors	• Corporate website • Corporate literature • Annual General Meeting • Investor outreach programme • News and media
Employees	• Performance appraisal • Employee bonding • Corporate retreat
Tenants / Operators	• Regular site visit • Established channels of communication on property-related issues, such as dedicated asset manager to each property. • Tenant / operator satisfaction survey
Community	• Corporate social responsibility event • Donation to charity event

From the stakeholder interactions, material sustainability factors were determined to be:

Category	Material Factors
Economic	1. Economic Performance
Social	2. Talent Retention
Governance	Investment & Asset Management 3. Operator Sustainability (Social) Performance 4. Active Ownership/Capital Expenditure Investments
	5. Regulatory Compliance

The material factors are outlined in this Sustainability Report, except for Economic Performance. Economic Performance is key to the success of the REIT and our practices and performance in this area are detailed in the financial statements. Please refer to pages 95 to 166 for more details.

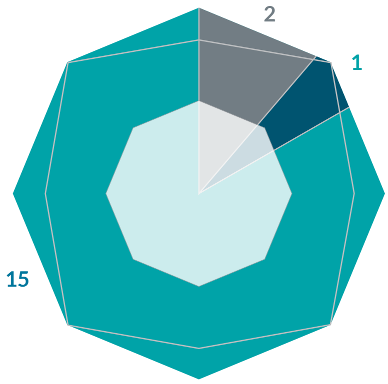
TALENT RETENTION

Our employees possess a great deal of specialised skills, knowledge and experience. We invest in building employee satisfaction, wellbeing and loyalty in order to retain valuable talent. We achieve this in a variety of ways including investing in training and personal development. Equipping employees with the relevant skills allows them to provide quality work that contributes to the success of PLife REIT. We believe an employee's journey involves personal motivation and accountability from both the employee and the employer.

We will continue to develop existing succession planning and career development frameworks and, setting clear and established career pathways, while establishing robust business continuity plans to ensure the sustainability of PLife REIT.

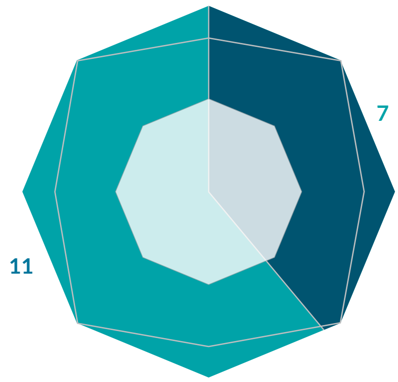
We had an employee base of 19 in 2016 with one employee leaving in December 2017, leaving a total of 18 employees as of 31 December 2017. The departing employee was replaced in early 2018. Most employees are aged between 30 – 50 years-old, of which about 60% are females and 40% are males. As we do not have overseas office, all employees are permanent and based locally in Singapore.

Employee Diversity - by Age



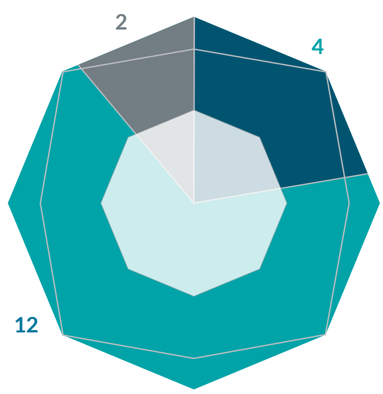
< 30 years old
30-50 years old
> 50 years old

Employee Diversity - by Gender



Male
Female

Employee Diversity - by Type



Senior Management level
Middle Management level
Executive level

Policies and guides

Employee handbook with details on Manager's human resource policies

Performance

100% of employees met all mandatory training requirements for their role

Target

Employees continue to meet all mandatory training requirements for their role

Employee Well-being

The Manager strives to ensure the wellbeing of employees by encouraging participation in employee orientation and providing access to the Employee Handbook. The employment letter and handbook clearly states the expectations of employees in various policies and practices such as the Code of Conduct and Collective Agreements and Grievance procedures. It also details employees' welfare entitlements, including leave, health benefits, insurance and etc. To encourage employee bonding, the Manager also organises several events ranging from department activities to larger scale corporate activities.

The Manager has established the PLifeCARES Committee to organise quarterly employee bonding activities including educational talks, sports activities and festive celebrations. It also organises corporate retreats to encourage further employee interaction outside office environment as well as an avenue for the employees to recharge themselves.

Learning and Development

All new employees are required to attend the New Employee Orientation programme. The programme allows all new employees to familiarise themselves with the organisation's Mission, Vision and Values. An overview of the Hospital/Corporate Structure, Employee Self-Service System and Human Resource ("HR") processes are introduced by the respective HR Business Partners. As part of the orientation, employees are also introduced to the Employee Handbook that details the various learning and development policies, procedures and entitlements for each employee.

All permanent employees undergo an annual performance review. During the sessions, employees discuss with their supervisor their performance over the prior 12 months as well as their learning and development needs. Performance appraisals are two-way and employees are encouraged to provide feedback to management.

The majority of the employees are appointed representatives of the Manager in pursuant to the Capital Markets Services ("CMS") Licence issued by the Monetary Authority of Singapore. Each of these appointed representatives is expected to keep abreast of developments in the industry and acquire new skills and knowledge relevant to REIT management. A policy on training requirements for appointed CMS representatives of the Manager and a training register are put in place to keep track of the trainings and seminars attended by appointed representatives. All other employees are also encouraged to attend training relevant to their area of work.

During the year, employees have attended trainings and/or seminars ranging from updates in healthcare, real estate and capital and financial markets, to sustainability, accountancy and regulation updates.

In order to ensure talent retention, the Manager:

- Has implemented an evaluation system to conduct annual performance review and career progression opportunities.
- Conducts regular benchmarking exercise to ensure that employees are paid-to-market.
- Ensures that salary adjustments are based on performance.
- Promotes a conducive family-like working environment.
- Puts in place long-term incentive plan for the retention of key personnel.
- Sets aside sufficient training budget and encourages employees to attend training to keep abreast of the latest changes in the industry and acquire new skills and knowledge relevant to REIT management.

Community Outreach

The Manager has put in place a Corporate Social Responsibility ("CSR") Committee to plan and execute community events on a regular basis. For example, during the earthquake and tsunami disaster that struck Japan in 2011, a team of employees was sent over to Japan to extend a helping hand at four of PLife REIT's nursing homes in Fukuoka, Japan. Delivering hand-made cards and souvenirs, the team conveyed our regards to the elderly residents and operators in the nursing homes.

In Singapore, the Manager has arranged several events such as a befriending session at the Society for the Aged Sick, lending a helping hand at Willing Hearts as well as participating in Cook, Bake & Serve and lunch treat for elderly at Dignity Kitchen. During 2017, the Manager has partnered with the Movement for the Intellectually Disabled of Singapore ("MINDS") to arrange an event for the beneficiaries in MINDS Yishun Training & Development Centre. The beneficiaries were brought on a day excursion to the Trick Eye Museum at Resorts World Sentosa in December.

CSR Event with MINDS (2017)

INVESTMENT & ASSET MANAGEMENT

PLife REIT's primary activities of investment and asset management are of upmost importance to PLife REIT's Unitholders. Consequently, how we choose to invest, maintain and manage investments is key to the REIT's success in achieving sustainable returns. To this end, the Manager has numerous policies and practices in place to ensure that acquisitions, divestments and ongoing asset management are carried out in accordance with PLife REIT's strategic direction and with the proper level of due diligence.

We work with a number of different operators for our hospitals and care homes and we are mindful that inappropriate delivery of medical/care services, for example ill-treatment of the hospital patient or nursing home resident by the operator, could cause reputational damage to PLife REIT through association and may also lead to disruption in operations of the hospitals and care homes. Most importantly, this would go against the set of established ethical business practice guiding PLife REIT in its day-to-day operations.

When determining a new investment, we consider the appropriateness of the investment in view of the PLife REIT's investment criteria. The key considerations and evaluation procedure are governed by the internal investment guidelines and process set up in the Manager's Operating Policy on Investment / Divestment. This policy ensures the acquisition and divestment are in compliance with the relevant regulatory requirements and in line with the investment guidelines of PLife REIT. During the year under review, PLife REIT acquired five assets in Japan, all of which is in compliance with this policy.

Material factor	Policies and guides	Performance	Target
• Operator sustainability (social) performance	• Operating Policy on Investment / Divestment • Building Lease Agreement	• 100% of acquisitions in the last 12 months were screened following the Operating Policy on Investment / Divestment	• 100% of new acquisitions screened following the Operating Policy on Investment / Divestment
• Active ownership/ capital expenditure ("CAPEX") investments	• Operating Policy on Asset Management	• 100% of assets have a 10-year CAPEX projection in place • 100% of assets were checked for enhancement opportunities in the year under review	• 100% of assets to have a 10-year CAPEX projection • 100% of assets to be regularly checked for enhancement opportunities

OPERATOR SUSTAINABILITY (SOCIAL) PERFORMANCE

On assessing acquisitions, particularly aged care properties acquisitions in Japan, our due diligence process includes a rigorous assessment of the operator. A covenant of non-related to or non-engagement in anti-social forces that may disturb the peace and safety of the residents of aged care properties is provided by the operators in all newly signed operator lease agreements, to ensure that the aged care properties are not being used for the benefit of, or occupied by, any anti-social forces.

Additionally, a credit and financial assessment on profitability and business scale are carried out. Checks are carried out to ensure that all licenses required for operating the aged care homes by the operator are up-to-date and that licenses are in compliance with local regulations. The operator's operational history and management background are also cross-checked and feedback from consultants and vendors is gathered to assess financial, regulatory and social performance before acquisition. Once the asset is acquired, the Manager continues to work closely with the operator to ensure performance is sustained through regular reports which record progress on items such as occupancy and financials, in addition to ongoing monitoring of social and general issues.

ACTIVE OWNERSHIP/CAPITAL EXPENDITURE INVESTMENTS

Through asset enhancement initiatives, the Manager seeks to increase asset value as well as operational efficiency of PLife REIT's properties. In order to sustain the use and value of the properties in the long run, the Manager develops a 10-year CAPEX projection for all properties with reforecasts completed every 5 years or earlier. In addition to developing, reviewing and maintaining CAPEX projections, asset enhancement assessments are carried out on a regular basis.

Recent asset enhancement projects carried out on PLife REIT's properties include:

- The conversion of under-utilised space meeting the needs of operators and the environment.
- Refurbishing older properties to enhance the image and performance of the properties where existing lighting systems were replaced with energy efficient systems.
- CAPEX investments to enhance the safety, reliability and environmental sustainability of properties, such as upgrading of lift systems and replacement of chillers/ boilers which enhanced the energy efficiency.

Sawayaka Niihamakan AEI (2017)
Conversion of under-utilised ground floor area to provide after-school day services for handicapped children. With the new service, the Niihamakan property was able to expand and provide more services to cater to the needs of the community.

Kikuya Warakuen and Sanko AEI (2017)
Conversion of the entire building's existing lighting system to energy efficient LED system. As a Green and Sustainable initiative, the LED system will reduce the long run maintenance costs given the longer lifespan of the LEDs and result in overall cost savings with reduced energy consumption.

REGULATORY COMPLIANCE

REITs are highly regulated structures, and the Manager prides itself on being fully committed to good corporate governance and regulatory compliance. Compliance generally covers four areas, compliance with Capital Markets Services License for Real Estate Investment Trust Management administered under the Securities and Futures Act, compliance with Anti-corruption and Anti-Money Laundering regulation, compliance with Data Protection and compliance with health and safety regulations of PLife REIT's properties.

Any incidents of non-compliance may lead to costly fines and reputational damage and will cause stakeholders such as the Board of Directors, Unitholders, regulators and employees to lose trust in the Manager and PLife REIT. A breach of any law or regulation may significantly inhibit the REIT's ability to operate.

In regards to the REIT's properties, issues in health and safety management may attract negative media interest which in turn inhibit the normal operations of the properties. The Manager commits to the values of integrity and ethical behaviour by helping to foster and maintain an environment where employees can act appropriately, without fear of retaliation.

Corporate Policies

The Manager has an established set of corporate policies to put in place necessary policies and procedures for compliance with the applicable laws. These include:

Corporate policies	Objective of policy
Conflict of Interest Policy	To establish guidelines on avoidance and prohibition of relationship of vested interest between chief executive officer, executive director or employees and the concerned party where conflict of interest may arise.
Regulatory and Compliance Breach Policy	To provide guidance to all employees with regards to the policies and procedures in relation to management and reporting of regulatory and compliance breaches.
Compliance Manual and Policies for appointed representatives of the Manager	To provide summary of legal and regulatory obligations applicable to the Manager.
Gift & Entertainment Policy	To provide guidelines to employees on the proper manner and procedure to process, approve or reject offers of gifts (including sponsorships and entertainment) from external parties, so as to safeguard the interests of employees and the Manager. To provide guidance to employees to address any conflict and to act in the Unitholder's best interests.
PDPA Policy	The Manager is required to comply with the Personal Data Protection Act 2012 ("PDPA"). The objective of this policy is to provide guidance to the employees of the Manager on the application of the PDPA.
Fraud & Whistle Blowing Policy	To provide a channel for stakeholders to report concerns on improprieties in financial reporting, professional misconduct, irregularities or non-compliance with laws and regulations applicable to the Manager.
Policy on Dealing in Securities	To provide guidance on dealings in PLife REIT units by the Manager's directors, officers and employees.

Performance	Target
• Zero incident of significant fines[1] and non-monetary sanctions against PLife REIT and the Manager	• Zero incident of significant[1] fines and non-monetary sanctions against PLife REIT and the Manager

The Manager's employees are well versed in the regulatory environment and a combination of briefings and self-declarations keep them updated on changes and developments. The new employee orientation includes a briefing on internal policies and training on Anti-Money Laundering is provided for employees once every 2 years and Regulatory Compliance Training is provided for Appointed Representatives once a year.

In addition to its internal policies, the Manager shall also ensure compliance with the laws and regulations applicable to REIT management, which includes the Code on Collective Investment Schemes issued by Monetary Authority of Singapore, the listing manual of the SGX-ST, the CMS licence issued by MAS, the tax ruling issued by the Inland Revenue Authority of Singapore on taxation of the REIT and its Unitholders, and the Singapore Code of Corporate Governance (please see page 61 for more details on the Manager's Corporate Governance Statement).

At Our Properties

PLife REIT places strong emphasis on the safety features of its properties. There is regular maintenance and repairs of facilities and equipment, for which PLife REIT (as Lessor) is responsible for. In addition, initial and regular confirmation of the validity of operators' licenses and JCI accreditation for hospitals as well as the submission of property reports by care home operators to ensure that regular maintenance and inspections as required by regulatory agencies are being carried out by the tenants / operators for their respective properties. These include health, building and fire safety.

1 Significant shall mean more than 1% of the Profit Before Tax of PLife REIT and the Manager respectively

CORPORATE GOVERNANCE

Parkway Trust Management Limited, in its capacity as the Manager of PLife REIT recognises that an effective corporate governance culture is critical to the performance of the Manager and consequently, the success of PLife REIT. The Manager is firmly committed to good corporate governance and has adopted a comprehensive corporate governance framework that meets best practice principles. In particular, the Manager has an obligation to act with due care and diligence, and in the best interests of Unitholders.

The following sections describe the Manager's main corporate governance policies and practices with reference to the Code of Corporate Governance 2012 (the "**CG Code**"). They encompass proactive measures for avoiding situations of conflict and potential conflicts of interest and ensuring that applicable laws and regulations such as the Securities and Futures Act, Chapter 289 of Singapore ("**SFA**"), the listing manual (the "**Listing Manual**") of the Singapore Exchange Securities Trading Limited ("**SGX-ST**"), the Code on Collective Investment Schemes (the "**CIS Code**") issued by the Monetary Authority of Singapore ("**MAS**") including the Property Funds Appendix in Appendix 6 of the CIS Code (the "**Property Funds Appendix**"), the CMS Licence (as defined below), the tax ruling issued by the Inland Revenue Authority of Singapore on the taxation of PLife REIT and its Unitholders are complied with, and that the Manager's obligations under PLife REIT's Trust Deed (as defined below) are properly and efficiently carried out. The Manager confirms that it has adhered to the principles and guidelines as set out in the CG Code where applicable. Any deviations from the CG Code are explained in this section.

THE MANAGER OF PLIFE REIT

The Manager has general powers of management over the assets of PLife REIT. The Manager's main responsibility is to manage PLife REIT's assets and liabilities for the benefit of Unitholders.

The Manager sets the strategic direction of PLife REIT and makes recommendations to the Trustee on the acquisition, divestment and enhancement of assets of PLife REIT in accordance with its stated investment strategy.

Other main functions and responsibilities of the Manager are as follows:

1. Using its best endeavours to carry on and conduct its business in a proper and efficient manner, to ensure that the business of PLife REIT is carried on and conducted in a proper and efficient manner and to conduct all transactions with or on behalf of PLife REIT at arm's length and on normal commercial terms;

2. Preparing property plans on an annual basis for review by the directors of the Manager, which may contain proposals and forecasts on net income, capital expenditure, sales and valuations, explanations of major variances to previous forecasts, written commentary on key issues and underlying assumptions on inflation, annual turnover, rental rates, occupancy costs and any other relevant assumptions. The purpose of these plans is to explain the performance of PLife REIT's assets;

3. Ensuring compliance with the applicable provisions of the SFA and all other relevant laws and regulations, the Listing Manual, the CIS Code (including the Property Funds Appendix), the CMS Licence, the Trust Deed, the tax ruling issued by the Inland Revenue Authority of Singapore on the taxation of PLife REIT and its Unitholders and all relevant contracts;

4. Attending to all regular communications with Unitholders; and

5. Provision of project management services including co-ordination of pre-qualification and tender exercises as well as project meetings, recommendation of project budget and appointment of project consultants as well as monitoring and supervising any third parties engaged to provide such services.

PLife REIT, constituted as a trust, is externally managed by the Manager and accordingly, has no personnel of its own. The Manager appoints experienced and well-qualified management personnel to handle its day-to-day operations. All directors and employees of the Manager are remunerated by the Manager, and not PLife REIT.

CORPORATE GOVERNANCE

Parkway Trust Management Limited has been appointed as the Manager of PLife REIT in accordance with the terms of the trust deed constituting PLife REIT dated 12 July 2007 (as amended, the "**Trust Deed**"). The Trust Deed outlines certain circumstances under which the Manager can be retired in favour of a corporation approved by the Trustee or be removed by notice given in writing from the Trustee upon the occurrence of certain events.

On 1 August 2008, a licensing regime for managers of real estate investment trusts ("**REITs**") was implemented under the SFA. A person conducting REIT management activities is required to hold a capital markets services licence ("**CMS Licence**") pursuant to the SFA. On 11 August 2009, the Manager obtained a CMS Licence from MAS to conduct REIT management. As a holder of a CMS Licence, the Manager is required to comply with various laws and regulations applicable to CMS Licence holders which include, among others, the SFA, the Securities and Futures (Licensing and Conduct of Business) Regulations, the Securities and Futures (Financial and Margin Requirements for Holders of Capital Markets Services Licences) Regulations and the Securities and Futures (Disclosures of Interests) Regulations.

BOARD MATTERS

The Board's Conduct of Affairs

Principle 1: <u>Every company should be headed by an effective Board to lead and control the company. The Board is collectively responsible for the long-term success of the company. The Board works with management to achieve this objective and management remains accountable to the Board.</u>

The board of directors of the Manager (the "**Board**") is responsible for the overall management and corporate governance of the Manager including establishing strategic objectives, providing entrepreneurial leadership, establishing goals for management and monitoring the achievement of these goals. All Board members participate in matters relating to corporate governance, business operations and risks, financial performance and the nomination and review of directors. The Board has established a framework for the management of the Manager including a system of internal controls and a business risk management process which enables risks to be assessed and managed.

The Board meets regularly, at least once every quarter, to deliberate the strategic objectives and policies of PLife REIT. Matters requiring the Board's decision and approval include matters relating to investments, acquisitions and disposals, leasing, assets enhancement initiatives, operating/capital expenditure, loan or debt financing or refinancing taking into consideration PLife REIT's commitment in terms of capital and other resources, the annual budget, the release of the quarterly and full year results, the appointment of directors and other material transactions. The Board also reviews the financial performance of PLife REIT against a previously approved budget, assesses the risks to the assets of PLife REIT, examines liability management, and acts upon any comments from the auditors of PLife REIT. Where necessary, additional Board meetings are held to address significant transactions or issues.

In the discharge of its functions, the Board is supported by an Audit Committee ("**AC**") that provides independent oversight of the Manager. The Board is also supported by a Nominating and Remuneration Committee ("**NRC**") which oversees the remuneration matters of the directors and key management personnel of the Manager, nomination of directors and the effectiveness of the Board. Each of these Board committees operates under delegated authority of the Board and is governed by its respective terms of reference which have been approved by the Board.

The Board has adopted a set of internal controls which it believes is adequate in safeguarding Unitholders' interests and PLife REIT's assets. Appropriate delegation of authority has been provided to management to facilitate operational efficiency.

The number of Board and Board committee meetings during the financial year ended 31 December 2017 ("**FY2017**"), as well as the attendance of each Board member at these meetings, are set out below.

Director	Board Meetings	Audit Committee Meetings	Nominating and Remuneration Committee Meetings
Mr. Lim Kok Hoong[1]	1	1	–
Mr. Ho Kian Guan[2]	4	4	1
Dr. Jennifer Lee Gek Choo	4	4	2
Ms. Cheah Sui Ling[3]	3	3	1
Dr. Tan See Leng	4	–	2
Dr. Lim Suet Wun	4	–	–
Mr. Tan See Haw[4]	1	–	–
Ms. Rossana Annizah Binti Ahmad Rashid	4	–	–
Mr. Low Soon Teck[5]	3	–	–
Mr. Yong Yean Chau	4	–	–
No. of Meetings held in FY2017	4	4	2

1 Resigned on 24 April 2017
2 Stepped down as a member of Nominating and Remuneration Committee on 24 April 2017
3 Appointed on 24 April 2017
4 Resigned on 28 February 2017
5 Appointed on 28 February 2017

Changes to laws, regulations, accounting standards and commercial risks are monitored closely. To keep pace with such changes where these changes have an important bearing on the Manager's or directors' obligations, the directors will be briefed either during Board meetings or at specially-convened sessions involving the relevant professionals. The Board may also participate in seminars and/or discussion group to keep abreast of the latest developments which are relevant to the Manager and PLife REIT. In FY2017, the newly appointed directors are briefed on the business activities and plans of the Manager and PLife REIT, the regulatory environment in which PLife REIT operates, the Manager's corporate governance practices and the director's statutory duties and responsibilities. The Board was updated on the SGX Sustainability Reporting and the AC was updated on the changes in financial reporting standards which will be effective within the next two financial years.

BOARD COMPOSITION AND GUIDANCE

Principle 2: There should be a strong and independent element on the Board, which is able to exercise objective judgement on corporate affairs independently, in particular, from management and 10% shareholders. No individual or small group of individuals should be allowed to dominate the Board's decision making.

The Board presently consists of eight members, seven of whom are non-executive directors (including three independent directors). The Chairman of the Board is Mr. Ho Kian Guan. None of the directors has entered into any service contract directly with PLife REIT.

CORPORATE GOVERNANCE

Current Director's Appointment and Membership on Board Committees

Director	Board membership	Audit Committee	Nominating and Remuneration Committee
Mr. Ho Kian Guan	Chairman and Independent Director	Member	–
Dr. Jennifer Lee Gek Choo	Independent Director	Member	Chairman
Ms. Cheah Sui Ling[1]	Independent Director	Chairman	Member
Dr. Tan See Leng	Non-Executive Director	–	Member
Dr. Lim Suet Wun	Non-Executive Director	–	–
Ms. Rossana Annizah Binti Ahmad Rashid	Non-Executive Director	–	–
Mr. Low Soon Teck[2]	Non-Executive Director	–	–
Mr. Yong Yean Chau	Executive Director	–	–

1 Appointed on 24 April 2017
2 Appointed on 28 February 2017

The composition of the Board is determined using the following principles:

1. the Chairman of the Board and Chief Executive Officer ("**CEO**") should in principle be separate persons;

2. the Board should comprise directors with a broad range of expertise and commercial experience (including expertise in funds management and the property industry), and knowledge of PLife REIT; and

3. at least one-third of the Board should comprise independent directors.

Independent Directors

The Board has three independent directors, namely Mr. Ho Kian Guan, Dr. Jennifer Lee Gek Choo and Ms. Cheah Sui Ling. None of the independent directors has served beyond nine years on the Board.

The criterion of independence is based on the definition given in the CG Code. The Board considers an "independent" director is one who has no relationship with the Manager, its related corporations, its 10% shareholders or its officers or Unitholders of PLife REIT who have an interest of 10% or more in the Units of PLife REIT that could interfere, or be reasonably perceived to interfere, with the exercise of the director's independent business judgment with a view to the best interest of the Manager and PLife REIT. Further, additional independence requirements were implemented by the MAS following its Response to Feedback on Consultation on Enhancements to the Regulatory Regime Governing REITs and REIT Managers issued in July 2015 (the "**MAS Independence Requirements**"). Under the MAS Independence Requirements, an independent director is a director who (i) is independent from any management and business relationship with the Manager and PLife REIT; (ii) is independent from any substantial shareholder of the Manager and any substantial unitholder of PLife REIT; and (iii) has not served on the Board for a continuous period of 9 years or longer. The Chairman of the Board also cannot be an executive director or a person who is a member of the immediate family of the CEO.

The NRC has conducted an annual review of the directors' independence taking into consideration the independence criterion given in the CG Code and the MAS Independence Requirements. The NRC considered that Mr. Ho Kian Guan, Dr. Jennifer Lee Gek Choo and Ms. Cheah Sui Ling are independent as they have each demonstrated independence of view and conduct at both Board meetings and Board committee meetings and has been exercising independent judgment in the best interests of PLife REIT. Based on the review and recommendation of the NRC, the Board concurred that Mr. Ho, Dr. Lee and Ms. Cheah are considered independent.

The Board has not appointed a lead independent director in view that the CG Code requirement to appoint one arises where (a) the Chairman and the CEO is the same person; (b) the Chairman and the CEO are immediate family members; (c) the Chairman is part of the management team; or (d) the Chairman is not an independent director. The Chairman and the CEO of the Manager are separately held by two persons, who are not immediate family members, and the Chairman is an independent director who is not part of the management team, as described under section of "Chairman and CEO" below. In light of the foregoing, the Board is not required to have independent directors to make up at least half of the Board as guided under the CG Code.

Non-executive Directors

Non-executive directors exercise no management functions in the Manager or PLife REIT or any of its subsidiaries. Although all the directors have equal responsibility for the performance of the Manager and PLife REIT, the role of the non-executive directors is particularly important in ensuring that the performance of management in meeting agreed goals and objectives is reviewed and the reporting of performance is monitored; and the strategies proposed by management are fully discussed, rigorously examined and developed, taking into account the long-term interests of PLife REIT's assets and the Unitholders. The non-executive directors meet regularly without the presence of the management.

The Board has reviewed its composition and is satisfied that the existing size and composition is appropriate, taking into account the scope and nature of operations of the Manager and PLife REIT, the requirements of the business and the need to avoid undue disruptions from changes to the composition of the Board and its committees. The majority of the directors are non-executive and/or independent of the management. This enables the management to benefit from their external, diverse and objective perspective on issues that are brought before the Board. It would also enable the Board to interact and work with the management through a robust exchange of ideas and views to help shape the strategic process. This, together with a clear separation of roles of the Chairman and CEO described below, provides a healthy professional relationship between the Board and the management, with clarity of roles and robust oversight as they deliberate the business activities of the Manager. The composition will be reviewed regularly to ensure that the Board has the appropriate mix of expertise and experience and is of the appropriate size.

The profiles of the directors are set out on pages 16 to 20 of this Annual Report.

CHAIRMAN AND CHIEF EXECUTIVE OFFICER

Principle 3: There should be a clear division of responsibilities between the leadership of the Board and the executives responsible for managing the company's business. No one individual should represent a considerable concentration of power.

The positions of Chairman and CEO are separately held by two persons in order to maintain an effective check and balance and ensure increased accountability and greater capacity for the Board for independent decision making. The Chairman of the Board, Mr. Ho Kian Guan is an independent director. The CEO is Mr. Yong Yean Chau who is also an executive director of the Manager. The Chairman and the CEO are not immediate family members and are not related to each other.

There is a clear separation of the roles and responsibilities between the Chairman and the CEO. The Chairman is responsible for the overall management of the Board as well as ensuring that the directors and the management work together with integrity and competency, and that the Board engages the management in constructive debate on strategy, business operations, enterprise risk and other plans. The Chairman also ensures effective communication with the Unitholders and takes a leading role in promoting high standards of corporate governance with support of the Board and the management.

The CEO has full executive responsibilities over the business directions and operational decisions in the day to day management of the Manager and PLife REIT.

CORPORATE GOVERNANCE

BOARD MEMBERSHIP

Principle 4: There should be a formal and transparent process for the appointment and reappointment of directors to the Board.

The appointment of director is a matter reserved for Board approval. The search for candidates is conducted through contacts and recommendations. The NRC will evaluate and assess the candidate based on the directors' criteria approved by the Board, candidate's academic and professional qualifications, expertise, commercial experience and knowledge, taking into account the scope and nature of operations of the Manager and PLife REIT. Suitable candidates are recommended by the NRC to the Board for approval. The Board will deliberate and review the proposed appointment of a new director taking into account the recommendation by the NRC. Such appointment is subject to the approval of MAS. A formal letter setting out the director's duties and responsibilities will be given to the new director upon his/her appointment to the Board. As the Manager is not a listed company, directors of the Manager are not subject to periodic retirement by rotation.

Pursuant to an undertaking given by Parkway Holdings Limited to the Trustee on 16 March 2017 (the "**Undertaking**"), Unitholders are given the right to endorse the appointment of the directors of the Manager by way of ordinary resolution at the annual general meetings ("**AGM**") of Unitholders. Accordingly, one-third of the directors of the Manager were put forth for Unitholders' endorsement of appointment during PLife REIT's AGM held in 2017.

The composition of the Board is reviewed regularly to ensure that the Board has the appropriate mix of expertise and experience and is of the appropriate size. In carrying out this review, the Board looks to achieve a balance in matters such as skill representation, experience, diversity (including gender diversity) and knowledge of the company. The Board has appointed three female directors, each in year 2015, 2016 and 2017, which has since improved the gender diversity of the Board to more than one-third.

The Board has set a general policy that a director should not have more than six listed company board representations to take into account the market practices and the level of commitment required. This helps to ensure that the Board is effective as a whole and that each director is capable of contributing time and attention to the affairs of PLife REIT and the Manager, including attending and contributing at Board meetings. The Board assessed the effectiveness and performance of the Board and its Board Committees on an annual basis.

BOARD PERFORMANCE

Principle 5: There should be a formal annual assessment of the effectiveness of the Board as a whole and its board committees and the contribution by each director to the effectiveness of the Board.

A review of the Board's performance is conducted annually to assess the effectiveness of the Board and the Board committees. The review of the Board's performance includes the Board composition, directors' contribution and commitment at board meetings, access to information, procedures, accountability and standards of conduct, skills and any specific areas where improvement may be made by an individual director and the Board collectively. Attendance at meetings as well as the contributions of each director to the Board are also considered. The Board has not engaged any external facilitator to facilitate the assessment. Each of the directors are required to complete a questionnaire evaluating the Board and the Board committees for the financial year under review. A summary of the feedbacks and recommendations from the directors was prepared and presented to the NRC and the Board respectively. The NRC has reviewed the summary and put forward its comments and recommendations, if any, to the Board for approval. The Board is satisfied with the effectiveness of the Board and that all directors have demonstrated commitment to their roles and contributed effectively to the Board.

ACCESS TO INFORMATION

Principle 6: In order to fulfill their responsibilities, directors should be provided with complete, adequate and timely information prior to board meetings and on an ongoing basis so as to enable them to make informed decisions to discharge their duties and responsibilities.

The management provides the Board with complete and adequate information on the business and the operations of PLife REIT and the Manager, on a regular and quarterly basis, at Board meetings.

The annual calendar of the Board meeting is scheduled in advance. Board papers are dispatched to directors about a week before the scheduled meetings so that directors have sufficient time to review and consider matters being tabled and discussed at the meetings. The senior executives are also requested to attend the Board meetings to provide insights into matters being discussed and to respond to any queries from the directors.

The Board has separate and independent access to management and the company secretary at all times. The Board is entitled to request from management and is provided with such additional information in a timely manner as needed to make informed decisions. The company secretary attends to corporate secretarial administration, ensures that Board procedures are followed and that applicable rules and regulations are complied with. The company secretary also attends all Board meetings. The appointment and removal of the company secretary is a Board reserved matter. The Board also has access to independent professional advice where appropriate, at the Manager's expense.

REMUNERATION MATTERS

Principle 7: There should be a formal and transparent procedure for developing policy on executive remuneration and for fixing remuneration packages of individual directors. No director should be involved in deciding his own remuneration.

Principle 8: The level and structure of remuneration should be aligned with the long-term interest and risk policies of the company, and should be appropriate to attract, retain and motivate (a) the directors to provide good stewardship of the company, and (b) key management personnel to successfully manage the company. However, companies should avoid paying more than is necessary for this purpose.

Principle 9: Every company should provide clear disclosure of its remuneration policies, level and mix of remuneration, and the procedure for setting remuneration, in the company's Annual Report. It should provide disclosure in relation to its remuneration policies to enable investors to understand the link between remuneration paid to directors and key management personnel, and performance.

The directors' fees and remuneration of staff of the Manager are paid in its own capacity using its own funds and fees received from PLife REIT and not from the funds of PLife REIT.

The Manager advocates a performance based remuneration system for the CEO/executive director and key management personnel. The NRC, which has an independent majority, helps to ensure that there is an effective and formal process to establish the remuneration system. The remuneration of the CEO/executive director and the key management personnel is reviewed by the NRC on an annual basis taking into account the financial performance of both PLife REIT and the Manager for the financial year under review and individual performance of each of the CEO/executive director and key management personnel in contribution to the long-term strategic goals of PLife REIT and the Manager.

The remuneration for the CEO/executive director and key management personnel comprises fixed pay and short-term and long-term incentives. The fixed pay component includes fixed salary and allowances. The short-term and long-term incentives are tied to the individual performance and the performance of PLife REIT and the Manager which include measurements such as the distributable income of PLife REIT and net income before tax of the Manager ("**Performance Criteria**"). Under the long-term incentive plan ("**LTI Plan**"), the eligible employee will be awarded with the PLife REIT's units owned by the Manager based on the achievement of the Performance Criteria for the financial year under review.

The LTI Plan is designed to enhance executive performance, encourage talent retention and provide eligible employees with a personal direct interest in PLife REIT, so as to create better alignment of the interest between management and the interest of unitholders of PLife REIT. The LTI Plan will also serve to motivate eligible employees to achieve the performance targets of PLife REIT and the Manager. The Manager believes that the LTI Plan will make the Manager's remuneration package sufficiently competitive to recruit, reward, retain and motivate outstanding employees which are paramount to the Manager's long-term objective of achieving sustainable returns for unitholders of PLife REIT.

The fees received by non-executive directors are at fixed rates and determined by the shareholder of the Manager on an annual basis. In addition to their basic fee, the non-executive directors who hold the position of chairman in the Board and any Board committee will be paid an additional fee. For the avoidance of doubt, the CEO/executive director does not receive any director's fee. None of the directors was involved in any decisions concerning their own remuneration.

The director's remuneration of the following non-executive directors for the FY2017 is as follows:

Name of Director	Director's Fee (%)	Base/ Fixed Salary (%)	Variable/ Performance-Related Income/ Bonuses (%)	Benefits-in-kind (%)	Stock Options granted (%)	Share-based incentives & awards (%)	Other long-term incentives (%)	Total (S$)
Mr. Lim Kok Hoong[2]	100	–	–	–	–	–	–	37,714
Mr. Ho Kian Guan	100	–	–	–	–	–	–	79,872
Dr. Jennifer Lee Gek Choo	100	–	–	–	–	–	–	73,500
Ms. Cheah Sui Ling[3]	100	–	–	–	–	–	–	50,745
Dr. Tan See Leng[1]	100	–	–	–	–	–	–	47,250
Dr. Lim Suet Wun[1]	100	–	–	–	–	–	–	47,250
Mr. Tan See Haw[4]	100	–	–	–	–	–	–	7,638
Ms. Rossana Annizah Binti Ahmad Rashid	100	–	–	–	–	–	–	47,250
Mr. Low Soon Teck[1,5]	100	–	–	–	–	–	–	39,742

1 Director's fees are paid to Parkway Group Healthcare Pte. Ltd.
2 Resigned on 24 April 2017
3 Appointed on 24 April 2017
4 Resigned on 28 February 2017
5 Appointed on 28 February 2017

The remuneration of the CEO/executive director and the key management personnel of the Manager are linked to the financial performance of PLife REIT and the Manager, with a larger percentage being linked to the financial performance of PLife REIT. As the Manager is a dedicated REIT manager whose income is solely derived from management fees payable by PLife REIT in exchange for its services, there is a direct correlation between the financial performance of PLife REIT and the Manager. Accordingly, such form of compensation should incentivise the CEO/executive director and the key management personnel to improve the performance of PLife REIT over the long-term and to increase PLife REIT's asset value and property income. In addition, there is transparency and accountability to Unitholders due to full disclosure of the total amount of fees payable to the Manager, and Unitholders are able to assess the performance of the Manager through the performance of PLife REIT. As such, the Board considers that the remuneration policy will not result in the CEO/executive director and the key management personnel prioritising the interests of the Manager over that of PLife REIT and its Unitholders.

The Board has assessed and decided against the disclosure of (a) the breakdown (in percentage or dollar terms) of the CEO/executive director's remuneration earned through base/fixed salary, variable or performance-related income/bonuses, benefits in kind, stock options granted, share-based incentives and awards, and other long-term incentives, (b) the breakdown (in percentage or dollar terms) of each key management personnel's remuneration earned through base/fixed salary, variable or performance-related income/bonuses, benefits in kind, stock options granted, share-based incentives and awards, and other long-term incentives, and (c) the total remuneration paid to the top five key management personnel (who are not directors or the CEO), on a named basis whether in exact quantum or in bands of S$250,000, for the following reasons:

1. The remuneration of directors and employees of the Manager are not paid out of the deposited property of PLife REIT (which is the listed entity), but is remunerated directly by the Manager from the fees that it receives.

2. The Manager is of the view that disclosure of specific remuneration information may give rise to recruitment and talent retention issues in light of the competitiveness between REIT managers in Singapore because there are relatively few REIT manager companies compared to the number of listed companies in Singapore so there are competitiveness issues in recruiting and retaining competent personnel in this limited space.

3. There is already full disclosure of the total amount of fees payable to the Manager in page 145 of this Annual Report.

The Manager does not consider it prejudicial to unitholders' interests if the remuneration of the CEO/executive director and key management personnel is not specifically disclosed. Instead, the Manager believes that such disclosure would be disadvantageous given the highly competitive conditions in the REIT industry where poaching of executives is commonplace. As the retention of the CEO/executive director and key management personnel is crucial for continuity and a stable management platform for the interest of PLife REIT, the Manager does not wish to disclose such specific remuneration information.

No director or key management personnel of the Manager is paid in the form of shares or interests in the Manager's controlling shareholder or its related entities.

For FY2017, there were no termination, retirement and post-employment benefits granted to directors, the CEO/executive director and the key management personnel other than the payment in lieu of notice in the event of termination in the employment contracts of the CEO/executive director and the key management personnel.

No employee of the Manager was an immediate family member of a director and CEO/executive director and whose remuneration exceeded S$50,000 during the FY2017. "Immediate family member" means the spouse, child, adopted child, step-child, sibling and parent.

NOMINATING AND REMUNERATION COMMITTEE

The NRC of the Manager currently comprises Dr. Jennifer Lee Gek Choo (Chairman of the NRC) and Ms. Cheah Sui Ling, both of whom are non-executive and independent directors, and Dr. Tan See Leng, a non-executive director. The NRC members meet, at least once every year to deliberate the remuneration matters and matters relating to Board members' appointment and succession, Board performance evaluation and directors' independence.

The NRC has a set of terms of reference defining its scope of responsibility and authority, which includes the following:

(a) recommending to the Board a framework of remuneration for key management personnel, and to determine specific remuneration packages for the Board and key management personnel covering all aspects of remuneration including but not limited to director's fees, salaries, allowances, bonuses, options, unit-based incentives, awards and benefits in kind;

(b) reviewing the appropriateness of remuneration awarded to attract, retain and motivate the executive director and key management personnel needed to run the Manager and PLife REIT successfully;

(c) reviewing the pay and employment conditions within the industry and those of the peer companies to ensure that the executive director and key management personnel are adequately remunerated;

(d) reviewing the adequacy and form of remuneration to the directors and key management personnel to ensure that the remuneration realistically commensurate with the responsibilities and risks involved in being an effective member, as well as corporate and individual performance;

(e) considering the eligibility of the executive director and key management personnel for benefits under long-term incentive schemes and the administration thereof;

(f) reviewing the use of long-term incentives, including share schemes, for the executive director and key management personnel;

(g) proposing candidates to the Board and Board committees of the Manager;

(h) overseeing the succession planning for the Board;

(i) assessing the performance and effectiveness of the Board as a whole and the Board committees and assessing the contribution of each director to the effectiveness of the Board;

(j) recommending the training and professional development programs for the Board; and

(k) assessing independence of each director on an annual basis.

The members of the NRC do not participate in any decisions concerning their own remuneration.

The NRC ensures that non-executive directors are not over-compensated to the extent that their independence may be compromised. Further, the NRC shall have the authority to consult experts (inside and/or outside the Manager) on the remuneration of all directors, if it considers necessary.

ACCOUNTABILITY AND AUDIT

Accountability

Principle 10: The Board should present a balanced and understandable assessment of the company's performance, position and prospects.

The Board continually strives to present a clear, balanced and understandable assessment of PLife REIT's financial position, performance and prospects primarily through the audited financial statements, annual report and quarterly announcements of results to the Unitholders through announcements via SGXNet, press releases, the PLife REIT's website and media and analyst briefings.

The management also provides the Board with complete and adequate information in a timely manner and on an on-going basis through regular updates on financial results, market trends and business developments.

RISK MANAGEMENT AND INTERNAL CONTROLS

Principle 11: The Board is responsible for the governance of risk. The Board should ensure that management maintains a sound system of risk management and internal controls to safeguard shareholders' interests and the company's assets, and should determine the nature and extent of the significant risks which the Board is willing to take in achieving its strategic objectives.

The Board acknowledges that it is responsible for the overall internal control framework and the maintenance of a sound system of internal controls. The system includes, *inter alia*, enterprise risk management and internal auditing. However, the Board recognises that no cost effective internal control system and risk management will preclude all errors and irregularities, as a system is designed to manage rather than eliminate the risk of failure to achieve business objectives, and can provide only reasonable and not absolute assurance against material misstatement or loss.

To ensure a robust risk management system is maintained, the Manager, with concurrence of the AC, has put in place an Enterprise Risk Management ("**ERM**") framework and policies and ERM Committee which comprises senior management personnel of the Manager from the operational, financial and technical areas, to identifying and managing the risks that could arise in the course of managing PLife REIT. The responsibilities of the ERM Committee include the oversight of matters relating to the management of risks. The Manager has engaged an external risk consultant to facilitate the ERM process and to validate the sufficiency and adequacy of the internal controls put in place. Any material non-compliance and internal control weakness, together with the recommendations to address them, the mitigating controls or gaps (if any) are also presented to the AC and the Board accordingly.

The system of risk management is embedded in the internal control system of the Manager to address on-going changes and challenges and to reduce uncertainties to PLife REIT. The ERM Committee, assisted by the external risk consultant, will ensure the adequacy and efficiency of the internal controls. As such, the internal control system will also assist the Board and the AC in compliance with the CG Code and the Listing Manual. The AC and the Board will review the adequacy and efficiency of the risk management system and internal controls on an annual basis.

The internal control and risk management functions conducted by the auditors and the external risk consultant respectively are evaluated by the Manager's ERM Committee and executive director, and are reported to the AC for review. Based on the up-to-date evaluation of the controls by the auditors and the external risk consultant, the CEO and the Chief Financial Officer of the Manager have provided an assurance to the Board that the financial records of PLife REIT have been properly maintained and the financial statements give a true and fair view of the operations and finances of PLife REIT, and the Manager's internal controls and risk management systems are effective and adequate for the year under review.

CORPORATE GOVERNANCE

Nonetheless, the AC will:

(a) satisfy itself, by such means as it shall consider appropriate, that adequate counter measures (i.e. mechanisms and processes, such as sound internal control systems) are in place to identify and mitigate any material business risks associated with the Manager and PLife REIT;

(b) ensure that a review of the effectiveness and adequacy of the Manager's internal controls, including financial, operational, compliance and information technology controls, and risk management policies and systems, is conducted at least annually. Such review can be carried out by internal auditors, external auditors and/or the ERM Committee;

(c) ensure that the internal control recommendations made by internal auditors, external auditors and/or the ERM Committee have been implemented by the Manager; and

(d) ensure that the Board is in a position to comment on the adequacy of the internal controls of the Manager.

Taking into account the abovementioned evaluation of the controls by the auditors and the external risk consultant, the review by the Manager's ERM Committee and executive director, and the assurance received from the CEO and the Chief Financial Officer of the Manager, the Board in concurrence with the view of the AC, is of the opinion that taking into account the nature, scale and complexity of the Manager's operations, PLife REIT's financial, operational, compliance and information technology controls, and risk management systems were adequate and effective as at 31 December 2017.

AUDIT COMMITTEE

Principle 12: The Board should establish an AC with written terms of reference which clearly set out its authority and duties.

The AC comprises Ms. Cheah Sui Ling (Chairman of the AC), Dr. Jennifer Lee Gek Choo and Mr. Ho Kian Guan, all of whom are independent non-executive directors. The members of the AC collectively have recent and relevant expertise or experience in financial management and are appropriately qualified to discharge their responsibilities.

The role of the AC is to monitor and evaluate the adequacy of the Manager's internal controls and the effectiveness of the Manager's internal audit function. The AC also reviews the fairness and accuracy of information prepared for inclusion in the financial reports and statements, and is responsible for the nomination of external auditors and reviewing the adequacy of external audits in respect of cost, scope and performance. The AC members meet, at least once every quarter to deliberate matters under its responsibility.

The AC has a set of terms of reference defining its scope of responsibility and authority, which includes the following:

(a) monitoring the procedures established to regulate related party transactions, including ensuring compliance with the provisions of the Listing Manual relating to "interested person transactions" and the provisions of the Property Funds Appendix relating to "interested party transactions";

(b) reviewing arrangements by which employees of the Manager may, in confidence, raise concerns about possible improprieties in matters of financial reporting or other matters and ensuring that arrangements are in place for such concerns to be raised, independently investigated, and for appropriate follow-up action to be taken;

(c) reviewing external and internal audit reports to ensure that where deficiencies in internal controls have been identified, appropriate and prompt remedial action is taken by the management;

(d) reviewing internal audit reports at least twice a year to ascertain that the guidelines and procedures established to monitor related party transactions have been complied with;

(e) reviewing, on an annual basis, the internal audit function to ensure that is adequately resourced, is independent of the activities it audits, has appropriate standing within the Manager, is staffed with persons with the relevant qualifications and experience and has unfettered access to all documents, records, properties and personnel, including access to the AC;

(f) monitoring the procedures in place to ensure compliance with applicable legislation, the Listing Manual and the CIS Code including the Property Funds Appendix;

(g) reviewing the nature and extent of non-audit services performed by external auditors;

(h) reviewing the scope and results of the external audit and the independence and objectivity of the external auditors;

(i) meeting with external and internal auditors, without the presence of the executive director and key management personnel at least annually;

(j) examining the effectiveness of financial, operational, compliance and information technology controls at least annually;

(k) reviewing the significant financial reporting issues and judgements so as to ensure the integrity of the financial statements of PLife REIT and any formal announcements relating to PLife REIT's financial performance;

(l) investigating any matters within the AC's terms of reference, whenever it deems necessary;

(m) reporting to the Board on material matters, findings and recommendations; and

(n) making recommendations to the Board on the appointment, re-appointment and removal of the external auditors.

The AC has authority to investigate any matter within its terms of reference. It also has full access to and co-operation by management and full discretion to invite any director or executive officer to attend its meetings.

During the year under review, the AC has reviewed:
- the financial statements of PLife REIT before the announcement of quarterly and full-year results of PLife REIT;
- the reports on audit findings reported by the internal and external auditors;
- the reports on material business risk of PLife REIT reported by the external risk consultant;
- the compliance work plan and updates reported by the compliance officer;
- the related party transactions of PLife REIT.

In addition, the AC has conducted a review of all non-audit services provided by the external auditors and is satisfied that the nature and extent of such services will not prejudice the independence and objectivity of the external auditors. For FY2017, the aggregate amount of fees paid and payable by PLife REIT to the external auditors was S$381,000, comprising non-audit service fees of S$121,000 and audit service fees of S$260,000. In appointing the audit firms for the Group, the AC is satisfied that PLife REIT has complied with the Listing Rules 712 and 715 of the Listing Manual.

The AC meets with the external auditors, without the presence of management, at least once a year.

The AC is briefed regularly on the impact of the new accounting standards on PLife REIT's financial statements by the external auditors.

None of the members of the AC are former partners or directors of the Manager's and PLife REIT's external auditors.

INTERNAL AUDIT

Principle 13: The company should establish an effective internal audit function that is adequately resourced and independent of the activities it audits.

The Manager has put in place a system of internal controls of procedures, including financial, operational, compliance and information technology controls, and risk management systems to safeguard PLife REIT's assets, Unitholders' interests as well as to manage risk.

The internal audit function of the Manager is outsourced to an independent assurance service provider and the AC reviews the adequacy and effectiveness of the internal auditor at least once a year. The AC is satisfied that the internal auditor has the relevant qualifications and experience and has met the standards established by internationally recognised professional bodies including the Standards for the Professional Practice of Internal Auditing set by The Institute of Internal Auditors. The internal auditor reports directly to the AC on audit matters and the AC approves the hiring, removal, evaluation and fees of the internal auditor. The AC also reviews and approves the annual internal audit plan and reviews the internal audit reports and activities. The AC meets with the internal auditor, without the presence of management, at least once a year. The AC is of the view that the internal auditor has adequate resources to perform its functions and has to the best of its ability, maintained its independence from the activities that it audits.

UNITHOLDER RIGHTS AND RESPONSIBILITIES

Principle 14: Companies should treat all shareholders fairly and equitably, and should recognise, protect and facilitate the exercise of shareholders' rights, and continually review and update such governance arrangement.

Principle 15: Companies should actively engage their shareholders and put in place an investor relations policy to promote regular, effective and fair communication with shareholders.

Principle 16: Companies should encourage greater shareholder participation at general meetings of shareholder, and allow shareholders the opportunity to communicate their views on various matters affecting the company.

Communication with Unitholders

The Listing Manual of the SGX-ST requires that a listed entity discloses to the market, among others, matters that would likely have a material effect on the price or value of the entity's securities. The Manager upholds a strong culture of continuous disclosure and transparent communication with Unitholders and the investing community, and has put in place an investor relations policy which sets out the policies and practices which the Manager adopted.

The investor relations function is headed by the CEO and the Chief Financial Officer of the Manager. The Manager adopts a proactive approach in reaching out to the Unitholders, existing and potential investors, analyst and media through various communication channels and programmes such as the corporate website, corporate literature, annual general meeting and investor outreach programmes, throughout the year. In line with the Manager's objective of transparent communication, timely and full disclosure of all material information relating to PLife REIT are disclosed by way of public releases or announcements through the SGX-ST via SGXNET at first instance and then including the release on PLife REIT's website at www.plifereit.com. The Manager ensures that unpublished price sensitive information are not disclosed selectively, and in the event of any inadvertent disclosure of such information, the Manager shall make necessary disclosure to the public via SGXNET and release on PLife REIT's website promptly.

It is the aim of the Board to provide the Unitholders with a balanced and comprehensive assessment of PLife REIT's performance, position and prospects. The Unitholders are encouraged to attend the annual general meeting ("**AGM**") of PLife REIT to ensure a high level of accountability and to stay informed of the strategies and goals of PLife REIT. The chairpersons of the AC and/or the NRC and external auditors should, where possible, also be present to assist the directors in addressing any relevant queries by Unitholders.

The notice of AGM is dispatched to the Unitholders in the manner set out in the Listing Manual. The Board welcomes questions from the Unitholders who have an opportunity to raise issues either informally or formally before or at the AGM.

Each item of special business included in the notice of AGM is accompanied, where appropriate, by an explanation for the proposed resolution and a proxy form with instructions on the appointment of proxies. Separate resolutions are prepared for substantially separate issues at the AGM. The resolutions approved in the AGM will be announced on or after the day AGM is held. Minutes of general meetings are also made available to Unitholders upon request.

As encouraged by SGX-ST and in support of the greater transparency of voting in AGM and good corporate governance, the Manager has employed electronic polling since the AGM held in 2012 whereby all resolutions are voted by poll and detailed results showing the number of votes cast for and against each resolution and the respective percentage are published at the meeting. Prior to voting at the AGM, the voting procedures will be made known to the Unitholders. The votes cast by each Unitholder are in direct proportion to their respective unitholdings in PLife REIT.

Please refer to page 128 of this Annual Report on the distribution policy and "Distribution Statements" on page 97 of this Annual Report for more details.

DEALINGS IN PLIFE REIT'S UNITS

The Trust Deed requires each director to give notice to the Manager of his acquisition of units or of changes in the number of units which he holds or in which he has an interest, within two business days after such acquisition or the occurrence of the event giving rise to changes in the number of units which he holds or in which he has an interest. This is in line with the requirements of the Section 137Y of the SFA (*relating to notification of unitholdings by directors and CEO of the Manager*). The CEO of the Manager is also required to give similar notice under the new section.

All dealings in units by the directors and the CEO will be announced via SGXNET, with the announcement to be posted on the SGX-ST website at http://www.sgx.com.

The directors and employees of the Manager are encouraged, as a matter of internal policy, to hold units but are prohibited from dealing in the units:

(a) in the period commencing one month before the public announcement of PLife REIT's annual results and (where applicable) property valuations and two weeks before the public announcement of PLife REIT's quarterly results, and ending on the date of announcement of the relevant results or as the case may be, property valuations; and

(b) at any time while in possession of unpublished price sensitive information.

The directors and employees of the Manager have been directed to refrain from dealing in units on short-term considerations.

In addition, the Manager has undertaken that it will not deal in the units during the period commencing one month before the public announcement of PLife REIT's annual results and (where applicable) property valuations and two weeks before the public announcement of PLife REIT's quarterly results, and ending on the date of announcement of the relevant results or as the case may be, property valuations.

Further, the Section 137ZC of the SFA (*relating to notification of unitholdings by responsible persons*) requires the Manager to, *inter alia*, announce via SGXNET the particulars of any acquisition or disposal of interest in PLife REIT's units by the Manager no later than the end of the business day following the day on which the Manager became aware of the acquisition or disposal.

CORPORATE GOVERNANCE

RISK ASSESSMENT AND MANAGEMENT OF BUSINESS RISK

Effective risk management is a fundamental part of PLife REIT's business operations. Recognising and managing risk is central to the business and protecting Unitholders' interests and value. PLife REIT operates within overall guidelines and specific parameters set by the Board. Each transaction is comprehensively analysed to understand the risk involved. Responsibility for managing risk lies initially with the business unit concerned, working within the overall strategy outlined by the Board.

The Board meets quarterly (or more often, if necessary) and will review the financial performance of the Manager and PLife REIT against a previously approved budget. The Board will also review the business risks of PLife REIT, examine liability management and will act upon any comments from the auditors of PLife REIT.

As a result of the licensing regime for managers of REITs under the SFA, the Manager, as a holder of a CMS Licence, has established internal procedures to ensure compliance with the relevant laws, regulations and guidelines relating to anti-money laundering and countering the financing of terrorism and has also adopted procedures to ensure compliance with the MAS Guidelines on Outsourcing issued on 27 July 2016.

The Manager has appointed experienced and well-qualified management personnel to handle the day-to-day operations of the Manager and PLife REIT. In assessing business risks, the Board will consider the economic environment and risks relevant to the property and healthcare industry. It reviews management reports and feasibility studies on investment risks prior to approving all investment decisions. The management meets regularly to review the operations of the Manager and discuss any disclosure issues.

WHISTLE-BLOWER PROTECTION POLICY

The Manager has established a whistle-blower policy which reflects the Manager's commitment to conduct its business within a framework that fosters the highest ethical and legal standards. In line with this commitment and PLife REIT's commitment to open communications, the whistle-blower policy aims to provide an avenue for employees to raise concerns and reassurance that they will be protected from reprisals or victimisation for whistle-blowing in good faith. The AC reviewed the whistle-blower policy which provides for mechanisms by which employees may, in confidence, raise their concerns about possible improprieties in financial reporting or other matters and was satisfied that arrangements are in place for the independent investigation of such matters and for appropriate follow-up action. The Chairman of the AC is the first contact for issues raised under this policy.

DEALINGS WITH CONFLICTS OF INTEREST

The Manager has instituted the following procedures to deal with potential conflicts of interest issues:

(a) The Manager will be a dedicated manager to PLife REIT and will not manage any other REIT which invests in the same type of properties as PLife REIT.

(b) All resolutions in writing of the Board in relation to matters concerning PLife REIT must be approved by a majority of the directors, including at least one independent director.

(c) At least one-third of the Board shall comprise independent directors.

(d) All related party transactions are reviewed by the AC. Where a related party transaction is subject to approval by AC, majority approval of AC is required. If a member of the AC has an interest in a transaction, he or she will abstain from voting.

(e) In respect of matters in which Parkway Holdings Limited, the sponsor of PLife REIT (the "**Sponsor**") and/or its subsidiaries have an interest, direct or indirect, any nominees appointed by the Sponsor and/or its subsidiaries to the Board to represent its/their interest will abstain from voting. In such matters, the quorum must comprise a majority of the independent directors and must exclude the nominee directors of the Sponsor and/or its subsidiaries.

(f) In respect of matters in which a director or his associates have an interest, direct or indirect, such interested director will abstain from voting. In such matters, the quorum must comprise a majority of the Board and must exclude such interested director.

(g) Under the Trust Deed, the Manager and its associates are prohibited from being counted in a quorum for or voting at any meeting of Unitholders convened to approve any matter in which the Manager or any of its associates has a material interest. For so long as Parkway Trust Management Limited is the manager of PLife REIT, the controlling shareholders (as defined in the Listing Manual) of the Manager and their respective associates are prohibited from being counted in the quorum for or voting at any meeting of Unitholders convened to consider a matter in respect of which the relevant controlling shareholders of Parkway Trust Management Limited and/or their associates have a material interest.

(h) It is also provided in the Trust Deed that if the Manager is required to decide whether or not to take any action against any person in relation to any breach of any agreement entered into by the Trustee for and on behalf of PLife REIT with a related party of the Manager, the Manager shall be obliged to consult with a reputable law firm (acceptable to the Trustee) which shall provide legal advice on the matter. If the said law firm is of the opinion that the Trustee, on behalf of PLife REIT, has a prima facie case against the party allegedly in breach under such agreement, the Manager shall be obliged to take appropriate action in relation to such agreement. The Board (including its independent directors) will have a duty to ensure that the Manager so complies. Notwithstanding the foregoing, the Manager shall inform the Trustee as soon as it becomes aware of any breach of any agreement entered into by the Trustee for and on behalf of PLife REIT with a related party of the Manager and the Trustee may take such action as it deems necessary to protect the rights of Unitholders and/or which is in the interests of Unitholders. Any decision by the Manager not to take action against a related party of the Manager shall not constitute a waiver of the Trustee's right to take such action as it deems fit against such related party.

PLife REIT's properties are located in Singapore, Japan and Malaysia and its strategy is 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. The Sponsor has interests in several healthcare and/or healthcare-related properties in the Asia-Pacific region such as those located in Malaysia. Potential conflicts of interest between the Sponsor and PLife REIT may arise in respect of acquisition and ownership of healthcare and/or healthcare-related assets in the Asia-Pacific region, including Singapore where PLife REIT's initial properties are located, and where PLife REIT's investment strategy is to invest in healthcare and/or healthcare-related properties located therein.

In order to mitigate any conflict of interest between the Sponsor and PLife REIT in the Asia-Pacific region, the AC will, during the course of its review of transactions to be entered into by PLife REIT in the future, take into account the expiry of the right of first refusal granted by the Sponsor, together with any other relevant factors that may arise during the assessment process and arrive at its view based on all relevant factors. The existing internal control systems on dealings with conflict of interest will be reviewed periodically to ascertain its effectiveness and suitability and further measures will be considered and implemented to fine-tune the internal control procedures to deal with potential conflicts of interest issues.

In addition, the nominee directors appointed by the Sponsor to the Board are committed not to disclose to the Sponsor information concerning offers to PLife REIT in respect of potential acquisition of new properties as well as offers made by

PLife REIT in respect of the potential acquisition of new properties, save for properties which the nominee directors are in a position to confirm that the Sponsor has no intention of acquiring.

The Manager has also established a conflict of interest policy for its employees to ensure that any conflict of interest or potential conflicts of interest are disclosed and approvals are sought where required.

RELATED PARTY TRANSACTIONS

The Manager's Internal Control System

The Manager has established an internal control system to ensure that all future related party transactions (which term includes an "interested person transaction" as defined under the Listing Manual and an "interested party transaction" under the Property Funds Appendix) will be undertaken on normal commercial terms and will not be prejudicial to the interests of PLife REIT or the Unitholders. As a general rule, the Manager must demonstrate to the AC that such transactions satisfy the foregoing criteria, which may entail obtaining (where practicable) quotations from parties unrelated to the Manager, or obtaining one or more valuations from independent professionals valuers (in accordance with the Property Funds Appendix).

The Manager maintains a register to record all related party transactions which are entered into by PLife REIT and the bases, including any quotations from unrelated parties and independent valuations obtained to support such bases, on which they are entered. The Manager also incorporates into its internal audit plan a review of all related party transactions entered into by PLife REIT. The AC reviews the internal audit reports at least twice a year to ascertain that the guidelines and procedures established to monitor related party transactions have been complied with. In addition, the Trustee will also have the right to review such audit report to ascertain that the Property Funds Appendix have been complied with.

Further, the following procedures will be undertaken:

- transactions (either individually or as part of a series or if aggregated with other transactions involving the same related party during the same financial year) below 3.0% of the value of PLife REIT's net tangible assets will be subject to review by the AC at regular intervals;

- transactions (either individually or as part of a series or if aggregated with other transactions involving the same related party during the same financial year) equal to or exceeding 3.0% but below 5.0% of the value of PLife REIT's net tangible assets will be subject to the review and prior approval of the AC. Such approval shall only be given if the transactions are on normal commercial terms and are consistent with similar types of transactions made by the Trustee with third parties which are unrelated to the Manager; and

- transactions (either individually or as part of a series or if aggregated with other transactions involving the same related party during the same financial year) equal to or exceeding 5.0% of the value of PLife REIT's net tangible assets will be reviewed and approved prior to such transactions being entered into, on the basis described in the preceding paragraph, by the AC which may, as it deems fit, request advice on the transaction from independent sources or advisers, including the obtaining of valuations from independent professional valuers. Further, under the Listing Manual and the Property Funds Appendix, such transactions would have to be approved by the Unitholders at a meeting of Unitholders.

Where matters concerning PLife REIT relate to transactions entered into or to be entered into by the Trustee for and on behalf of PLife REIT with a related party of the Manager or PLife REIT, the Trustee is required to consider the terms of such transactions to satisfy itself that such transactions are conducted on an arm's length basis and on normal commercial terms, are not prejudicial to the interests of PLife REIT or the Unitholders, and in accordance with all applicable requirements under the Property Funds Appendix and/or the Listing Manual relating to the transaction in question. Further, the Trustee has the ultimate discretion under the Trust Deed to decide whether or not to enter into a transaction involving a related party of the Manager or PLife REIT. If the Trustee is to sign any contract with a related party of the Manager or PLife REIT, the Trustee will review the contract to ensure that it complies with the requirements relating to interested party transactions in the Property Funds Appendix (as may be amended from time to time) and the provisions of the Listing Manual relating to interested person transactions (as may be amended from time to time) as well as such other guidelines as may from time to time be prescribed by the MAS and the SGX-ST to apply to REITs.

PLife REIT will, in compliance with Rule 905 of the Listing Manual, announce any interested person transaction if such transaction, by itself or when aggregated with other interested person transactions entered into with the same interested person during the same financial year, is 3.0% or more of PLife REIT's latest audited net tangible assets.

The Manager also discloses in the Annual Report the aggregate value of the related party transactions entered during the relevant financial year as required under the Listing Manual and the Property Funds Appendix. See page 167 of this Annual Report for the disclosure.

Role of the Audit Committee for Related Party Transactions

All related party transactions must be reviewed by the AC and where applicable, approved by a majority of the AC to ensure compliance with the Manager's internal control system and with the relevant provisions of the Listing Manual as well as the Property Funds Appendix. The review will include the examination of the nature of the transactions and its supporting documents or such other data deemed necessary to the AC.

CORPORATE GOVERNANCE REPORT DISCLOSURE GUIDE

Guideline	Questions	How has the Company complied?
General	(a) Has the Company complied with all the principles and guidelines of the Code? If not, please state the specific deviations and the alternative corporate governance practices adopted by the Company in lieu of the recommendations in the Code.	(a) Please refer to the disclosures in this table for specific deviations from the Code.
	(b) In what respect do these alternative corporate governance practices achieve the objectives of the principles and conform to the guidelines in the Code?	(b) As Parkway Life Real Estate Investment Trust ("PLife REIT") is externally managed by the Manager which is not a listed entity, alternative corporate governance practices is adopted to the extent applicable to the Manager.
Board Responsibility		
Guideline 1.5	What are the types of material transactions which require approval from the Board?	Yes, please refer to the disclosure in page 62 of the Corporate Governance Statement ("CG Statement").

CORPORATE GOVERNANCE

Guideline	Questions	How has the Company complied?
Members of the Board		
Guideline 2.6	(a) What is the Board's policy with regard to diversity in identifying director nominees?	(a) Yes, please refer to the disclosure in page 64 of the CG Statement.
	(b) Please state whether the current composition of the Board provides diversity on each of the following – skills, experience, gender and knowledge of the Company, and elaborate with numerical data where appropriate.	(b) Yes, please refer to the disclosure in page 65 of the CG Statement.
	(c) What steps has the Board taken to achieve the balance and diversity necessary to maximize its effectiveness?	(c) Yes, please refer to the disclosure in page 65 of the CG Statement.
Guideline 4.6	Please describe the board nomination process for the Company in the last financial year for (i) selecting and appointing new directors and (ii) re-electing incumbent directors.	Yes, please refer to the disclosure in page 66 of the CG Statement.
Guideline 1.6	(a) Are new directors given formal training? If not, please explain why.	Yes, please refer to the disclosure in page 63 of the CG Statement.
	(b) What are the types of information and training provided to (i) new directors and (ii) existing directors to keep them up-to-date?	
Guideline 4.4	(a) What is the maximum number of listed company board representations that the Company has prescribed for its directors? What are the reasons for this number?	(a) Yes, please refer to the disclosure in page 66 of the CG Statement.
	(b) If a maximum number has not been determined, what are the reasons?	(b) Not applicable. Please see response to Guideline 4.4(a) above.
	(c) What are the specific considerations in deciding on the capacity of directors?	(c) Yes, please refer to the disclosure in page 66 of the CG Statement.
Board Evaluation		
Guideline 5.1	(a) What was the process upon which the Board reached the conclusion on its performance for the financial year?	Yes, please refer to the disclosure in page 66 of the CG Statement.
	(b) Has the Board met its performance objectives?	

Guideline	Questions	How has the Company complied?
Independence of Directors		
Guideline 2.1	Does the Company comply with the guideline on the proportion of independent directors on the Board? If not, please state the reasons for the deviation and the remedial action taken by the Company.	Yes, please refer to the disclosure in page 64 of the CG Statement.
Guideline 2.3	(a) Is there any director who is deemed to be independent by the Board, notwithstanding the existence of a relationship as stated in the Code that would otherwise deem him not to be independent? If so, please identify the director and specify the nature of such relationship. (b) What are the Board's reasons for considering him independent? Please provide a detailed explanation.	Not applicable as there is no such director.
Guideline 2.4	Has any independent director served on the Board for more than nine years from the date of his first appointment? If so, please identify the director and set out the Board's reasons for considering him independent.	None of the independent directors has served beyond nine years on the Board. Please refer to the disclosure in page 64 of the CG Statement.
Disclosure on Remuneration		
Guideline 9.2	Has the Company disclosed each director's and the CEO's remuneration as well as a breakdown (in percentage or dollar terms) into base/fixed salary, variable or performance-related income/ bonuses, benefits in kind, stock options granted, share-based incentives and awards, and other long-term incentives? If not, what are the reasons for not disclosing so?	Please refer to the disclosure in page 68 and 69 of the CG Statement.
Guideline 9.3	(a) Has the Company disclosed each key management personnel's remuneration, in bands of S$250,000 or in more detail, as well as a breakdown (in percentage or dollar terms) into base/fixed salary, variable or performance-related income/bonuses, benefits in kind, stock options granted, share-based incentives and awards, and other long-term incentives? If not, what are the reasons for not disclosing so? (b) Please disclose the aggregate remuneration paid to the top five key management personnel (who are not directors or the CEO).	Please refer to the disclosure in page 69 of the CG Statement.

CORPORATE GOVERNANCE

Guideline	Questions	How has the Company complied?
Guideline 9.4	Is there any employee who is an immediate family member of a director or the CEO, and whose remuneration exceeds S$50,000 during the year? If so, please identify the employee and specify the relationship with the relevant director or the CEO.	Yes, please refer to the disclosure in page 69 of the CG Statement.
Guideline 9.6	(a) Please describe how the remuneration received by executive directors and key management personnel has been determined by the performance criteria. (b) What were the performance conditions used to determine their entitlement under the short-term and long-term incentive schemes? (c) Were all of these performance conditions met? If not, what were the reasons?	Yes, please refer to the disclosure in page 68 of the CG Statement.
Risk Management and Internal Controls		
Guideline 6.1	What types of information does the Company provide to independent directors to enable them to understand its business, the business and financial environment as well as the risks faced by the Company? How frequently is the information provided?	Yes, please refer to the disclosure in page 63 of the CG Statement.
Guideline 13.1	Does the Company have an internal audit function? If not, please explain why.	Yes, please refer to the disclosure in page 74 of the CG Statement.
Guideline 11.3	(a) In relation to the major risks faced by the Company, including financial, operational, compliance, information technology and sustainability, please state the bases for the Board's view on the adequacy and effectiveness of the Company's internal controls and risk management systems. (b) In respect of the past 12 months, has the Board received assurance from the CEO and the CFO as well as the internal auditor that: (i) the financial records have been properly maintained and the financial statements give true and fair view of the Company's operations and finances; and (ii) the Company's risk management and internal control systems are effective? If not, how does the Board assure itself of points (i) and (ii) above?	Yes, please refer to the disclosure in page 71 and 72 of the CG Statement.

Guideline	Questions	How has the Company complied?
Guideline 12.6	(a) Please provide a breakdown of the fees paid in total to the external auditors for audit and non-audit services for the financial year. (b) If the external auditors have supplied a substantial volume of non-audit services to the Company, please state the bases for the Audit Committee's view on the independence of the external auditors.	Yes, please refer to the disclosure in page 73 of the CG Statement.
Communication with Shareholders		
Guideline 15.4	(a) Does the Company regularly communicate with shareholders and attend to their questions? How often does the Company meet with institutional and retail investors? (b) Is this done by a dedicated investor relations team (or equivalent)? If not, who performs this role? (c) How does the Company keep shareholders informed of corporate developments, apart from SGXNET announcements and the annual report?	Yes, please refer to the disclosure in page 74 and 75 of the CG Statement
Guideline 15.5	If the Company is not paying any dividends for the financial year, please explain why.	This is not applicable. Please refer to the Distribution Statement on page 97 of the Annual Report.

DISCLOSURE ON FEES

FEES PAYABLE BY PLIFE REIT

The trust deed constituting PLife REIT dated 12 July 2007 (as amended, the "**Trust Deed**") are binding on each unitholder of PLife REIT ("**Unitholder**") (and persons claiming through such Unitholder) as if such Unitholder had been a party to the Trust Deed and as if the Trust Deed contains covenants by such Unitholder to observe and be bound by the provisions of the Trust Deed, and an authorisation by each Unitholder to do all such acts and things as the Trust Deed may require Parkway Trust Management Limited (the "**Manager**") and/or HSBC Institutional Trust Services (Singapore) Limited (the "**Trustee**") to do.

The Manager has covenanted in the Trust Deed to use its best endeavours to carry on and conduct its business in a proper and efficient manner, ensure that PLife REIT is carried on and conducted in a proper and efficient manner, and to conduct all transactions with or for PLife REIT at arm's length and on normal commercial terms.

Under Clauses 15.1, 15.3, 15.4, 15.5 and 15.6 of the Trust Deed, the Manager is entitled to the following fees in return for its services:

	Fees payable by PLife REIT	Amount payable to the Manager
1	Management fee	**Base Fee** 0.3% per annum of the value of all the assets of PLife REIT, including all its authorised investments for the time being held or deemed to be held upon the trusts of the Trust Deed ("**Deposited Property**"). **Performance Fee** 4.5% per annum of the net property income of PLife REIT for that financial year. Subject to the guidelines for real estate investment trusts issued by the Monetary Authority of Singapore as Appendix 6 ("**Property Funds Appendix**") to the Code on Collective Investment Schemes ("**CIS Code**"), the Base Fee and Performance Fee shall be paid to the Manager in the form of cash and/or Units (as the Manager may elect prior to each payment) out of the Deposited Property and in such proportion as may be determined by the Manager. If in the form of Units, the Manager shall be entitled to receive such number of units as may be purchased with the relevant amount of the management fee attributable to the relevant period at an issue price set out in accordance with the Trust Deed.
2	Fee for acquisition of properties	**Acquisition Fee** 1.0% of the Enterprise Value of any real estate or real estate related asset acquired directly or indirectly by PLife REIT, pro-rated, if applicable, to the proportion of PLife REIT's interest. For this purpose, where the assets acquired by PLife REIT are shares in a special purpose vehicle whose primary purpose is to hold/own real estate (directly or indirectly), "**Enterprise Value**" shall mean the sum of the equity value and the total net debt attributable to the shares being acquired by PLife REIT and where the asset acquired by PLife REIT is a real estate, "**Enterprise Value**" shall mean the value of the real estate. In the event that there is payment to third party agents or brokers in connection with the acquisition, such payment shall be paid out of the Deposited Property.

	Fees payable by PLife REIT	Amount payable to the Manager
2	Fee for acquisition of properties (continued)	Unless required under the Property Funds Appendix to be paid in the form of Units only, the Manager may opt to receive such Acquisition Fee in the form of cash or Units or a combination of cash and Units as it may determine. Units representing the Acquisition Fee or any part thereof will be issued at an issue price on a similar basis as that for the management fee. In the event the Manager receives Acquisition Fee in connection with a transaction with a related party, any such Acquisition Fee shall be paid in the form of Units.
3	Fee for divestment of properties	**Divestment Fee** 0.5% of the Enterprise Value of any real estate or real estate related asset sold or divested directly or indirectly by PLife REIT, pro-rated, if applicable, to the proportion of PLife REIT's interest. Unless required under the Property Funds Appendix to be paid in the form of Units only, the Manager may opt to receive such Divestment Fee in the form of cash or Units or a combination of cash and Units as it may determine. Units representing the Divestment Fee or any part thereof will be issued at an issue price on a similar basis as that for the management fee. Any payment to third party agents or brokers in connection with the divestment of any real estate or real estate related assets of PLife REIT shall be paid by PLife REIT. In the event the Manager receives Divestment Fee in connection with a transaction with a related party, any such Divestment Fee shall be paid in the form of Units.
4	Fee for lease management	**Lease Management Fee** 1.0% per annum of the revenue of the real estate held directly or indirectly by PLife REIT and managed by the Manager (excluding the Hospital Properties for the duration of the master lease arrangements). "**Hospital Properties**" shall mean the three private hospitals in Singapore owned by PLife REIT, comprising The Mount Elizabeth Hospital Property, The Gleneagles Hospital Property and The Parkway East Hospital Property. For the avoidance of doubt, no Lease Management Fee shall be payable to the Manager in respect of the Hospital Properties for the duration of the master lease agreements.
5	Fee for marketing services	**Marketing Services Commission** (i) One month's gross rent inclusive of service charge, for securing a lease of three years or less; (ii) Two months' gross rent inclusive of service charge, for securing a lease of more than three years; (iii) Half month's gross rent inclusive of service charge, for securing a renewal of lease of three years or less; and (iv) One month's gross rent inclusive of service charge, for securing a renewal of lease of more than three years.

DISCLOSURE ON FEES

	Fees payable by PLife REIT	Amount payable to the Manager
5	Fee for marketing services (continued)	If a third party agent secures a lease, the Manager will be responsible for any marketing services commission payable to such third party agent, and the Manager will be entitled to a marketing services commission of:- (i) 1.2 months' gross rent inclusive of service charge for securing or renewal of a lease of three years or less; and (ii) 2.4 months' gross rent inclusive of service charge for securing or renewal of a lease of more than three years. The marketing services commission may be adjusted accordingly at the time of securing or renewal of a lease by the Manager or a third party agent, to be consistent with and no higher than the prevailing market rates of such marketing services commission in the country where the real estate is located.
6	Fee for property management	**Property Management Fee** 2.0% per annum of the revenue of the real estate held directly or indirectly by PLife REIT and managed by the Manager (excluding the Hospital Properties for the duration of the master lease agreements). For the avoidance of doubt, no Property Management Fee shall be payable to the Manager in respect of the Hospital Properties for the duration of the master lease agreements.

The Manager is of the view that the fee structure of PLife REIT promotes alignment of interests between the Manager and the long-term interests of Unitholders. The rationale for each fee component is elaborated upon below:

Base Fee

As an external manager, the Manager manages the assets and liabilities of PLife REIT for the benefit of its Unitholders and should be fairly compensated for conducting the overall management of PLife REIT's various affairs, which includes, among others, formulation of business plans, execution of PLife REIT's strategies, performing data analytics, monitoring operating costs, evaluating asset enhancement initiatives and investment opportunities. Another key responsibility is ensuring that PLife REIT complies with the applicable provisions of the Securities and Futures Act, Chapter 289 of Singapore ("**SFA**") and all other relevant laws and regulations, such as the listing manual of Singapore Exchange Securities Trading Limited ("**Listing Manual**"), the CIS Code (including the Property Funds Appendix), the Trust Deed, the tax ruling issued by Inland Revenue Authority of Singapore on the taxation of PLife REIT and its Unitholders and all relevant contracts entered on behalf of PLife REIT. The Base Fee compensates the Manager for establishing a core team of representatives who are appointed in accordance with the SFA to execute its responsibilities as manager of a real estate investment trust.

The Base Fee is linked to the value of all the assets of PLife REIT as the complexity and scope of work is commensurate to the size of PLife REIT's portfolio. In the event that the portfolio of PLife REIT grows, the degree and complexity of the Manager's responsibilities will correspondingly increase and the Manager has to be amply remunerated. This ensures that the Manager is able to dedicate its efforts to the growth of PLife REIT.

Performance Fees

With effect from 1 January 2016, the Performance Fee in respect of every calendar year shall be paid in arrears, no more frequent than once a year. The Performance Fee structure of PLife REIT will incentivise the Manager to seek continuous growth opportunities and encourage the Manager to act in the interests of Unitholders by increasing the rental income generated from the real estate held directly or indirectly by PLife REIT (the "**Properties of PLife REIT**") while reducing property level expenses. Accordingly, the Performance Fee incentivises the Manager to take a holistic and double-pronged approach towards the management of PLife REIT to improve the operating performance of PLife REIT so that the Manager may, together with Unitholders, enjoy a higher net property income.

Acquisition Fee and Divestment Fee

The Acquisition Fee and Divestment Fee are structured in order to incentivise the Manager to source for inorganic growth, as well as to realise mature assets where suitable in the interests of Unitholders, in accordance with the acquisition growth and active asset management strategies of PLife REIT. Bearing in mind that the Manager has to undertake an extensive scope of work over and above the overall management of PLife REIT when undertaking acquisition or divestment opportunities (including but not limited to compliance with the applicable laws, rules and regulations relating to the acquisition or divestment, exploring shortlisting and monitoring investment opportunities, conduct of due diligence, evaluation and in depth assessment of the acquisition or divestment opportunity, negotiations with counterparties, conduct of board meetings and as the case may be, preparation of circulars and announcements), the Manager should be compensated fairly to reflect the effort expended and the costs incurred during such undertakings. It should be noted that the Acquisition Fee and Divestment Fee are only payable where the acquisition or divestment has been successfully completed.

Lease Management Fee

The Manager is entitled to lease management fee for provision of lease management services to the Properties of PLife REIT (excluding the Hospital Properties for the duration of the master lease agreements) which includes coordinating tenant's fitting-out requirements, administration of rental collection, management of rental arrears and administration of all property tax matters. In consideration for the provision of such lease management services, the Manager should be entitled to fair remuneration. For avoidance of doubt, the Manager does not earn any lease management fee for the Properties of PLife REIT located in Japan whereby the related services are carried out by the Japan asset managers under the *Tokumei Kumiai* ("**TK**") structure. The Manager has also excluded the Hospital Properties for the duration of the master lease agreements to avoid any double counting of fees.

Marketing Services Commission

The Marketing Services Commission is structured to incentivise the Manager to secure longer term leases which in turn provides stability in the income stream of PLife REIT. Accordingly, the Manager is entitled to a higher commission where the term of the lease is longer than three years. Higher commissions are payable for securing leases with new tenants as compared to renewals of existing leases due to the increased effort which has to be expended by the Manager to market, source for, attract and negotiate with new tenants. The Marketing Services Commission payable to the Manager if a third party agent secures a lease is higher to take into account the Manager's expenses as the Manager is responsible for paying such third party agent. The Manager has to liaise, instruct and oversee the marketing activities of such third party agent and should be fairly compensated for its efforts. The Marketing Services Commission will serve to ensure that the Manager secures leases in the interests of PLife REIT and Unitholders.

Property Management Fee

The Manager is entitled to the property management fee for provision of property management services to the Properties of PLife REIT (excluding the Hospital Properties for the duration of the master lease agreements). Generally, when providing property management services, the Manager has to ensure compliance with the local regulations, manage relations with many counterparties, and constantly review and assess the Properties of PLife REIT to ensure that there is minimal disruption to existing operations. The Manager has to co-ordinate and plan to manage the Properties of PLife REIT and also ensure that Properties of PLife REIT are well-managed so as to maximise returns for Unitholders.

In return for providing property management services which are beyond the ordinary scope of the Manager's overall management services, the Manager should be compensated fairly for its expertise. In addition, the Property Management Fee has been structured so that the Manager is incentivised to improve the performance of the Properties of PLife REIT managed by the Manager as these fees are pegged to the gross revenue of the real estate. For avoidance of doubt, the Manager does not earn any property management fee for the Properties of PLife REIT located in Japan whereby the related services are carried out by the Japan asset managers under the TK structure. The Manager has also excluded the Hospital Properties for the duration of the master lease agreements to avoid any double counting of fees.

CONTENTS

REPORT OF THE TRUSTEE

HSBC Institutional Trust Services (Singapore) Limited (the "Trustee") is under a duty to take into custody and hold the assets of Parkway Life Real Estate Investment Trust (the "Trust") and its subsidiaries (the "Group") in trust for the holders ("Unitholders") of units in the Trust (the "Units"). In accordance with the Securities and Futures Act (Cap. 289) of Singapore, its subsidiary legislation and the Code on Collective Investment Scheme, the Trustee shall monitor the activities of Parkway Trust Management Limited (the "Manager") for compliance with the limitations imposed on the investment and borrowing powers as set out in the trust deed dated 12 July 2007 (as amended by the First Supplemental Deed dated 12 November 2009, the Second Supplemental Deed dated 30 March 2010 and the Third Supplemental Deed dated 31 March 2016) (the "Trust Deed"), between the Trustee and the Manager in each annual accounting period and report thereon to Unitholders in an annual report.

To the best knowledge of the Trustee, the Manager has, in all material respects, managed the Trust during the year covered by these financial statements, set out on pages 95 to 166, in accordance with the limitations imposed on the investment and borrowing powers set out in the Trust Deed.

For and on behalf of the Trustee,
HSBC Institutional Trust Services (Singapore) Limited

Authorised Signatory

22 March 2018

STATEMENT BY THE MANAGER

In the opinion of the directors of Parkway Trust Management Limited, the accompanying financial statements set out on pages 95 to 166 comprising the statements of financial position, statements of total return, distribution statements, statements of movements in Unitholders' funds and portfolio statements of the Group and of the Trust, cash flow statement of the Group and a summary of significant accounting policies and other explanatory notes, are drawn up so as to present fairly, in all material respects, the financial position and the portfolio of Parkway Life Real Estate Investment Trust (the "Trust") and its subsidiaries (the "Group") and of the Trust as at 31 December 2017, the total returns, distributable income, movements in Unitholders' funds of the Group and the Trust and cash flows of the Group for the year then ended in accordance with the recommendations of Statement of Recommended Accounting Practice 7 "*Reporting Framework for Unit Trusts*" (RAP 7) issued by the Institute of Singapore Chartered Accountants and the provisions of the Trust Deed. At the date of this statement, there are reasonable grounds to believe that the Group and the Trust will be able to meet their financial obligations as and when they materialise.

For and on behalf of the Manager,
Parkway Trust Management Limited

Yong Yean Chau
Director

22 March 2018

INDEPENDENT AUDITORS' REPORT

Unitholders
Parkway Life Real Estate Investment Trust
Constituted in the Republic of Singapore pursuant to the trust deed dated 12 July 2007 (as amended by the First Supplemental Deed dated 12 November 2009, the Second Supplemental Deed dated 30 March 2010 and the Third Supplemental Deed dated 31 March 2016)

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

Opinion

We have audited the financial statements of Parkway Life Real Estate Investment Trust (the Trust) and its subsidiaries (the Group), which comprise the consolidated statement of financial position and consolidated portfolio statement of the Group and the statement of financial position and portfolio statement of the Trust as at 31 December 2017, the consolidated statement of total return, consolidated distribution statement, consolidated statement of movements in unitholders' funds and consolidated statement of cash flows of the Group and the statement of total return, distribution statement and statement of movements in unitholders' funds of the Trust for the year then ended, and notes to the financial statements, including a summary of significant accounting policies as set out on pages 95 to 166.

In our opinion, the accompanying consolidated financial statements of the Group and the statement of financial position, portfolio statement, statement of total return, distribution statement and statement of movements in unitholders' funds of the Trust present fairly, in all material respects, the consolidated financial position and the consolidated portfolio holdings of the Group and the financial position and the portfolio holdings of the Trust as at 31 December 2017 and the consolidated total return, consolidated distributable income, consolidated movements in unitholders' funds and consolidated cash flows of the Group and the total return, distributable income and movements in unitholders' funds of the Trust for the year then ended on that date in accordance with the recommendations of Statement of Recommended Accounting Practice 7 *Reporting Framework for Unit Trusts* (RAP 7) issued by the Institute of Singapore Chartered Accountants.

Basis for opinion

We conducted our audit in accordance with Singapore Standards on Auditing (SSAs). Our responsibilities under those standards are further described in the *'Auditors' responsibilities for the audit of the financial statements'* section of our report. We are independent of the Group in accordance with the Accounting and Corporate Regulatory Authority *Code of Professional Conduct and Ethics for Public Accountants and Accounting Entities* (ACRA Code) together with the ethical requirements that are relevant to our audit of the financial statements in Singapore, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the ACRA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

INDEPENDENT AUDITORS' REPORT

<u>Valuation of investment properties (Refer to Note 4 to the financial statements)</u>

Risk

As at 31 December 2017, the Group has 49 properties (collectively "investment properties"). These investment properties are stated at their fair values, which amounted to $1.73 billion.

These investment properties are stated at their fair values based on independent external valuations.

The valuation of investment properties requires significant judgement in the determination of the appropriate valuation methodology and in deciding on the assumptions to be applied in the valuation. Any changes in the key assumptions applied could result in a material misstatement to the financial statements.

Our response

We evaluated the independence, objectivity and competency of the valuers and read their terms of engagement to ascertain whether there are matters that might have affected the scope of their work and their objectivity.

We reviewed the appropriateness of the valuation methodologies adopted and the reasonableness of assumptions applied. We tested the integrity of inputs to the projected cash flows used in the valuation. We assessed the reasonableness of key assumptions applied in the valuations, including capitalisation, discount and terminal yield rates, by comparing them against historical rates and available industry data, taking into consideration comparability and market factors. Where the rates were outside the expected range, we undertook further procedures and, when necessary, held further discussions with the valuers to understand the effects of additional factors taken into account in the valuations.

Our findings

The valuers are members of recognised professional bodies for valuers and have considered their own independence in carrying out their work. The valuation methodologies used are in line with generally accepted market practices and the key assumptions applied are within the range of market data.

Other Information

Parkway Trust Management Limited, the manager of the Trust (the Manager) is responsible for the other information contained in the annual report. Other information is defined as all information in the annual report other than the financial statements and our auditors' report thereon.

We have obtained all other information prior to the date of this auditors' report.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

INDEPENDENT AUDITORS' REPORT

Responsibilities of the Manager for the financial statements

The Manager is responsible for the preparation and fair presentation of these financial statements in accordance with the recommendations of RAP 7 issued by the Institute of Singapore Chartered Accountants, and for such internal control as the Manager determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Manager is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Manager either intends to terminate the Group or to cease operations of the Group, or has no realistic alternative but to do so.

The Manager's responsibilities include overseeing the Group's financial reporting process.

Auditors' responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SSAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with SSAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Manager.

- Conclude on the appropriateness of the Manager's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with the Manager regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the Manager with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the Manager, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partner on the audit resulting in this independent auditors' report is Lee Jee Cheng Philip.

KPMG LLP
Public Accountants and
Chartered Accountants

Singapore
22 March 2018

STATEMENTS OF FINANCIAL POSITION

AS AT 31 DECEMBER 2017

	Note	Group 2017 $'000	Group 2016 $'000	Trust 2017 $'000	Trust 2016 $'000
Non-current assets					
Investment properties	4	**1,731,063**	1,657,209	**1,088,200**	1,057,200
Interests in subsidiaries	5	**–**	–	**576,543**	560,962
Financial derivatives	6	**3,531**	210	**3,531**	210
		1,734,594	1,657,419	**1,668,274**	1,618,372
Current assets					
Financial derivatives	6	**13**	335	**13**	335
Trade and other receivables	7	**10,894**	10,504	**9,866**	9,603
Cash and cash equivalents	8	**25,720**	71,096	**4,936**	924
		36,627	81,935	**14,815**	10,862
Total assets		**1,771,221**	1,739,354	**1,683,089**	1,629,234
Current liabilities					
Financial derivatives	6	**163**	336	**163**	336
Trade and other payables	9	**19,451**	23,482	**13,287**	12,914
Current portion of security deposits		**940**	2,676	**–**	–
Loans and borrowings	10	**15,900**	16,246	**15,900**	16,246
Tax payables		**1**	–	**–**	–
		36,455	42,740	**29,350**	29,496
Non-current liabilities					
Financial derivatives	6	**1,224**	8,002	**1,224**	8,002
Non-current portion of security deposits		**18,076**	17,704	**35**	–
Loans and borrowings	10	**626,382**	612,539	**626,382**	612,539
Deferred tax liabilities	11	**23,744**	20,733	**–**	–
		669,426	658,978	**627,641**	620,541
Total liabilities		**705,881**	701,718	**656,991**	650,037
Net assets		**1,065,340**	1,037,636	**1,026,098**	979,197
Represented by:					
Unitholders' funds	12	**1,065,340**	1,037,636	**1,026,098**	979,197
Units in issue ('000)	13	**605,002**	605,002	**605,002**	605,002
Net asset value per unit ($)		**1.76**	1.72	**1.70**	1.62

The accompanying notes form an integral part of these financial statements.

STATEMENTS OF TOTAL RETURN

YEAR ENDED 31 DECEMBER 2017

	Note	Group 2017 $'000	Group 2016 $'000	Trust 2017 $'000	Trust 2016 $'000
Gross revenue	14	**109,881**	110,123	**91,199**	84,078
Property expenses	15	**(7,232)**	(7,697)	**(3,118)**	(3,393)
Net property income		**102,649**	102,426	**88,081**	80,685
Management fees	16	**(11,151)**	(11,113)	**(9,904)**	(10,049)
Trust expenses	17	**(3,086)**	(2,870)	**(2,212)**	(2,040)
Interest income		**–**	4	**–**	–
Finance costs	18	**(7,952)**	(9,910)	**(7,952)**	(9,910)
Foreign exchange gain/(loss), net		**1,583**	1,234	**20,979**	(22,247)
		(20,606)	(22,655)	**911**	(44,246)
Total return before changes in fair value of financial derivatives, investment properties and gain on disposal of investment properties		**82,043**	79,771	**88,992**	36,439
Net change in fair value of financial derivatives		**1,954**	(1,912)	**8,940**	(4,783)
Net change in fair value of investment properties	4	**25,970**	18,159	**26,789**	17,004
Gain on disposal of investment properties	19	**–**	4,156	**–**	–
Total return before income tax		**109,967**	100,174	**124,721**	48,660
Income tax expense	20	**(8,503)**	(8,245)	**–**	–
Total return for the year		**101,464**	91,929	**124,721**	48,660
Earnings per unit (cents)					
Basic and diluted	21	**16.77**	15.19	**20.61**	8.04

The accompanying notes form an integral part of these financial statements.

DISTRIBUTION STATEMENTS

YEAR ENDED 31 DECEMBER 2017

	Note	Group		Trust	
		2017 $'000	2016 $'000	2017 $'000	2016 $'000
Amount available for distribution to Unitholders at beginning of the year		**18,523**	20,419	**18,523**	20,419
Total return for the year		**101,464**	91,929	**124,721**	48,660
Distribution adjustments	A	**(23,099)**	(15,600)	**(40,966)**	27,669
Rollover adjustment		**(2)**	(23)	**(2)**	(23)
Distribution of divestment gains		**5,390**	–	–	–
Amount retained for capital expenditure		**(3,000)**	(3,000)	**(3,000)**	(3,000)
Income for the year available for distribution to Unitholders	B	**80,753**	73,306	**80,753**	73,306
Amount available for distribution to Unitholders		**99,276**	93,725	**99,276**	93,725
Distributions to Unitholders during the year:					
– Distribution of 3.37 cents per unit for period from 1 October 2015 to 31 December 2015		–	20,389	–	20,389
– Distribution of 2.99 cents per unit for period from 1 January 2016 to 31 March 2016		–	18,089	–	18,089
– Distribution of 3.01 cents per unit for period from 1 April 2016 to 30 June 2016		–	18,211	–	18,211
– Distribution of 3.06 cents per unit for period from 1 July 2016 to 30 September 2016		–	18,513	–	18,513
– Distribution of 3.06 cents per unit for period from 1 October 2016 to 31 December 2016		**18,513**	–	**18,513**	–
– Distribution of 3.28 cents per unit for period from 1 January 2017 to 31 March 2017		**19,844**	–	**19,844**	–
– Distribution of 3.32 cents per unit for period from 1 April 2017 to 30 June 2017		**20,086**	–	**20,086**	–
– Distribution of 3.37 cents per unit for period from 1 July 2017 to 30 September 2017		**20,389**	–	**20,389**	–
		78,832	75,202	**78,832**	75,202
Amount available for distribution to Unitholders at end of the year		**20,444**	18,523	**20,444**	18,523

The accompanying notes form an integral part of these financial statements.

DISTRIBUTION STATEMENTS

YEAR ENDED 31 DECEMBER 2017

	Note	Group 2017 $'000	Group 2016 $'000	Trust 2017 $'000	Trust 2016 $'000
Number of units entitled to distribution ('000)	13	**605,002**	605,002	**605,002**	605,002
Distribution per unit (cents)[1]		**13.35**	12.12	**13.35**	12.12

[1] The distribution per unit relates to the distributions in respect of the relevant financial year. The distribution relating to the last quarter of 2017 will be paid after 31 December 2017.

Note A – Distribution adjustments comprise:

	Group 2017 $'000	Group 2016 $'000	Trust 2017 $'000	Trust 2016 $'000
Non-tax deductible/(non-taxable) items:				
Trustee's fees	**303**	300	**303**	300
Amortisation of transaction costs relating to debt facilities	**846**	866	**846**	866
Net overseas income not distributed to the Trust	**–**	–	**13,378**	14,938
Foreign exchange (gain)/loss, net	**(1,100)**	(186)	**(20,494)**	23,295
Others	**773**	491	**730**	491
Net change in fair value of financial derivatives	**(1,954)**	1,912	**(8,940)**	4,783
Net change in fair value of investment properties (net of deferred tax liabilities)	**(21,967)**	(15,497)	**(26,789)**	(17,004)
Gain on disposal of investment properties (net of tax)	**–**	(3,486)	**–**	–
Net effect of distribution adjustments	**(23,099)**	(15,600)	**(40,966)**	27,669

Note B – Income for the year available for distribution to Unitholders

	Group 2017 $'000	Group 2016 $'000	Trust 2017 $'000	Trust 2016 $'000
Unitholders' distributions:				
– from operations	**70,514**	61,780	**70,514**	61,780
– from Unitholders' contributions	**10,239**	11,526	**10,239**	11,526
Total Unitholders' distributions	**80,753**	73,306	**80,753**	73,306

The accompanying notes form an integral part of these financial statements.

STATEMENTS OF MOVEMENTS IN UNITHOLDERS' FUNDS

YEAR ENDED 31 DECEMBER 2017

	Group		Trust	
	2017	2016	2017	2016
	$'000	$'000	$'000	$'000
Unitholders' funds at beginning of year	**1,037,636**	1,023,187	**979,197**	1,007,940
Operations				
Total return for the year	**101,464**	91,929	**124,721**	48,660
Unitholders' transactions				
Distribution to Unitholders	**(78,832)**	(75,202)	**(78,832)**	(75,202)
Total increase/(decrease) in Unitholders' funds before movement in other reserves	**22,632**	16,727	**45,889**	(26,542)
Other reserves				
Net movement in hedging reserve	**1,012**	(2,201)	**1,012**	(2,201)
Translation differences on hedge of net investment in foreign operations	**20,757**	(26,842)	**–**	–
Translation differences arising on consolidation of foreign operations	**(16,697)**	26,765	**–**	–
Net increase/(decrease) in other reserves	**5,072**	(2,278)	**1,012**	(2,201)
Unitholders' funds at end of year	**1,065,340**	1,037,636	**1,026,098**	979,197

The accompanying notes form an integral part of these financial statements.

PORTFOLIO STATEMENTS

AS AT 31 DECEMBER 2017

Description of property	Tenure of land	Term of lease (years)	Remaining term of lease (years)	Location
Group				
Singapore				
The Mount Elizabeth Hospital Property (1)	Leasehold	67	57	3 Mount Elizabeth, Singapore 228510
The Gleneagles Hospital Property (1)	Leasehold	75	65	6 Napier Road, Singapore 258499; and 6A Napier Road, Singapore 258500
The Parkway East Hospital Property (1)	Leasehold	75	65	319 Joo Chiat Place, Singapore 427989; and 321 Joo Chiat Place, Singapore 427990
Japan				
P-Life Matsudo (2)	Freehold	N.A.	N.A.	357 Matsuhidai, Matsudo City, Chiba Prefecture, Japan
Bon Sejour Shin-Yamashita (2)	Freehold	N.A.	N.A.	2-12-55 Shin Yamashita, Naka-Ku, Yokohama City, Kanagawa Prefecture, Japan
Palmary Inn Akashi (2)	Freehold	N.A.	N.A.	486, Yagi, Okubo-cho, Akashi City, Hyogo Prefecture, Japan
Palmary Inn Suma (2)	Freehold	N.A.	N.A.	1-5-23, Chimori-cho, Suma-ku, Kobe City, Hyogo Prefecture, Japan
Senior Chonaikai Makuhari Kan (2)	Freehold	N.A.	N.A.	5-370-4, Makuhari-cho, Hanamigawa-ku, Chiba City, Chiba Prefecture, Japan
Balance carried forward				

The accompanying notes form an integral part of these financial statements.

PORTFOLIO STATEMENTS

AS AT 31 DECEMBER 2017

Existing use	At Valuation 31/12/2017 $'000	At Valuation 31/12/2016 $'000	Percentage of Net Assets 31/12/2017 %	Percentage of Net Assets 31/12/2016 %
Hospital and medical centre	675,500	664,000	63.4	64.0
Hospital and medical centre	355,800	339,000	33.4	32.7
Hospital and medical centre	56,900	54,200	5.3	5.2
	1,088,200	1,057,200	102.1	101.9
Pharmaceutical product distributing and manufacturing facility	27,776	28,993	2.6	2.8
Nursing home with care service	18,873	19,539	1.8	1.9
Nursing home with care service	20,654	21,559	1.9	2.1
Nursing home with care service	12,226	12,762	1.1	1.2
Nursing home with care service	21,247	22,178	2.0	2.1
	100,776	105,031	9.4	10.1

The accompanying notes form an integral part of these financial statements.

PORTFOLIO STATEMENTS
AS AT 31 DECEMBER 2017

Description of property	Tenure of land	Term of lease (years)	Remaining term of lease (years)	Location
Group				
Japan (cont'd)				
Balance brought forward				
Smiling Home Medis Musashi Urawa (2)	Freehold	N.A.	N.A.	5-5-6, Shikatebukuro, Minami-ku, Saitama City, Saitama Prefecture, Japan
Smiling Home Medis Koshigaya Gamo (2)	Freehold	N.A.	N.A.	2-2-5, Gamo-nishimachi, Koshigaya City, Saitama Prefecture, Japan
Sompo no Ie Nakasyo (2)	Freehold	N.A.	N.A.	923-1 Aza Miyata, Hirata, Kurashiki City, Okayama Prefecture, Japan
Maison des Centenaire Ishizugawa (2)	Freehold	N.A.	N.A.	2-1-9, Hamederaishizucho-Nishi, Nishi-Ku, Sakai City, Osaka Prefecture, Japan
Maison des Centenaire Haruki (2)	Freehold	N.A.	N.A.	12-20, Haruki-Miyakawacho, Kishiwada City, Osaka Prefecture, Japan
Hapine Fukuoka Noke (2)	Freehold	N.A.	N.A.	4-35-9, Noke, Sawara-ku, Fukuoka City, Fukuoka Prefecture, Japan
Fiore Senior Residence Hirakata (2)	Freehold	N.A.	N.A.	4-10, Higashikori-Shinmachi, Hirakata City, Osaka Prefecture, Japan
Iyashi no Takatsuki Kan (2)	Freehold	N.A.	N.A.	3-19, Haccho-Nishimachi, Takatsuki City, Osaka Prefecture, Japan
Sawayaka Obatake Ichibankan (2)	Freehold	N.A.	N.A.	3-3-51 Obatake, Kokura-kita-ku, Kita-kyushu City, Fukuoka Prefecture, Japan
Balance carried forward				

The accompanying notes form an integral part of these financial statements.

PORTFOLIO STATEMENTS

AS AT 31 DECEMBER 2017

Existing use	At Valuation 31/12/2017 $'000	At Valuation 31/12/2016 $'000	Percentage of Net Assets 31/12/2017 %	Percentage of Net Assets 31/12/2016 %
	100,776	105,031	9.4	10.1
Nursing home with care service	9,342	9,751	0.9	0.9
Nursing home with care service	19,111	19,948	1.8	1.9
Nursing home with care service	8,487	8,735	0.8	0.8
Nursing home with care service	11,122	11,423	1.0	1.1
Nursing home with care service	8,368	8,623	0.8	0.8
Nursing home with care service	10,837	11,139	1.0	1.1
Nursing home with care service	6,422	6,604	0.6	0.6
Nursing home with care service	19,942	20,530	1.9	2.0
Nursing home with care service	9,769	10,036	0.9	1.0
	204,176	211,820	19.1	20.3

The accompanying notes form an integral part of these financial statements.

PORTFOLIO STATEMENTS

AS AT 31 DECEMBER 2017

Description of property	Tenure of land	Term of lease (years)	Remaining term of lease (years)	Location
Group				
Japan (cont'd)				
Balance brought forward				
Sawayaka Sakurakan (2)	Freehold	N.A.	N.A.	126-2 Nakadomari, Nishi-nagano, Kakunodate-machi, Senboku City, Akita Prefecture, Japan
Sawayaka Nogatakan (2)	Freehold	N.A.	N.A.	442-1 Yamabe-Oaza, Nogata City, Fukuoka Prefecture, Japan
Sawayaka Shinmojikan (2)	Freehold	N.A.	N.A.	1543-1 O-aza Hata, Moji-ku, Kita-kyushu City, Fukuoka Prefecture, Japan
Sawayaka Obatake Nibankan (2)	Freehold	N.A.	N.A.	1-6-26 Obatake, Kokura-kita-ku, Kita-kyushu City, Fukuoka Prefecture, Japan
Sawayaka Fukufukukan (2)	Freehold	N.A.	N.A.	1-24-4 Fukuyanagi, Tobata-ku, Kita-kyushu City, Fukuoka Prefecture, Japan
As Heim Nakaurawa (2)	Freehold	N.A.	N.A.	2-21-9 Nishibori, Sakura-ku, Saitama Prefecture, Japan
Fureai no Sono Musashi Nakahara (2)	Freehold	N.A.	N.A.	5-14-25 Shimo Kotanaka Nakahara-ku, Kawasaki, Kanagawa Prefecture, Japan
Sawayaka Higashikagurakan (2)	Freehold	N.A.	N.A.	2-351-4 Kitaichijo Higashi, Higashikagura-cho Kamikawa-gun, Hokkaido Prefecture, Japan
Happy Life Toyonaka (2)	Freehold	N.A.	N.A.	15-14, Kozushima 2-chome, Toyonaka City, Osaka Prefecture, Japan
Palmary Inn Shin-Kobe (2)	Freehold	N.A.	N.A.	13-7, Kanocho 2-chome, Chuo-ku, Kobe City, Hyogo Prefecture, Japan
Balance carried forward				

The accompanying notes form an integral part of these financial statements.

PORTFOLIO STATEMENTS

AS AT 31 DECEMBER 2017

Existing use	At Valuation 31/12/2017 $'000	At Valuation 31/12/2016 $'000	Percentage of Net Assets 31/12/2017 %	Percentage of Net Assets 31/12/2016 %
	204,176	211,820	19.1	20.3
Nursing home with care service	10,529	10,854	1.0	1.0
Nursing home with care service	9,247	9,503	0.9	0.9
Nursing home with care service	12,297	12,638	1.2	1.2
Short stay/Day care home	4,629	4,758	0.4	0.5
Nursing home with care service	8,772	9,020	0.8	0.9
Nursing home with care service	13,769	14,372	1.3	1.4
Nursing home with care service	10,683	11,151	1.0	1.1
Nursing home with care service	12,274	12,638	1.2	1.2
Nursing home with care service	6,339	6,480	0.6	0.6
Nursing home with care service	18,873	19,650	1.8	1.9
	311,588	322,884	29.3	31.0

The accompanying notes form an integral part of these financial statements.

PORTFOLIO STATEMENTS

AS AT 31 DECEMBER 2017

Description of property	Tenure of land	Term of lease (years)	Remaining term of lease (years)	Location
Group				
Japan (cont'd)				
Balance brought forward				
Sawayaka Seaside Toba (2)	Freehold	N.A.	N.A.	300-73 Aza Hamabe, Ohamacho Toba City, Mie Prefecture, Japan
Sawayaka Niihamakan (2)	Freehold	N.A.	N.A.	Otsu 11-77, Higashida 3-chome, Niihama City, Ehime Prefecture, Japan
Sawayaka Mekari Nibankan (2)	Freehold	N.A.	N.A.	2720-2, Okubo 1-chome, Mojiku, Kitakyushushi City, Fukuoka Prefecture, Japan
Sawayaka Kiyotakan (2)	Freehold	N.A.	N.A.	16-7, Kiyota 3-chome, Yahatahigashi-ku, Kitakyushushi, Fukuoka Prefecture, Japan
Sawayaka Minatokan (2)	Freehold	N.A.	N.A.	5155-3 Jyusanbancho, Furumachidori, Chuo-ku, Niigata City, Niigata Prefecture, Japan
Maison des Centenaire Hannan (2)	Freehold	N.A.	N.A.	8-423-29 Momonokidai, Hannan City, Osaka Prefecture, Japan
Maison des Centenaire Ohhama (2)	Freehold	N.A.	N.A.	3-11-18 Ohhama KitamachiSakai-Ku, Sakai City, Osaka Prefecture, Japan
Sunhill Miyako (2)	Freehold	N.A.	N.A.	8-423-30 Momonokidai, Hannan City, Osaka Prefecture, Japan
Habitation Jyosui (2)	Freehold	N.A.	N.A.	4-1-26 Yakuin, Chuo-ku Fukuoka City, Fukuoka Prefecture, Japan
Ocean View Shonan Arasaki (2)	Freehold	N.A.	N.A.	5-25-1 Nagai, Yokosuka City, Kanagawa Prefecture, Japan
Balance carried forward				

The accompanying notes form an integral part of these financial statements.

PORTFOLIO STATEMENTS

AS AT 31 DECEMBER 2017

Existing use	At Valuation 31/12/2017 $'000	At Valuation 31/12/2016 $'000	Percentage of Net Assets 31/12/2017 %	Percentage of Net Assets 31/12/2016 %
	311,588	322,884	29.3	31.0
Nursing home with care service	18,470	18,833	1.7	1.8
Nursing home with care service	17,912	18,585	1.7	1.8
Nursing home with care service	4,178	4,237	0.4	0.4
Nursing home with care service	11,822	12,142	1.1	1.2
Nursing home with care service	8,748	9,007	0.8	0.9
Nursing home with care service	22,553	23,293	2.1	2.2
Nursing home with care service	8,986	9,107	0.8	0.9
Extended stay lodging facility	11,146	11,139	1.1	1.1
Nursing home with care service	43,883	45,657	4.1	4.4
Nursing home with care service	23,681	24,656	2.2	2.4
	482,967	499,540	45.3	48.1

The accompanying notes form an integral part of these financial statements.

PORTFOLIO STATEMENTS

AS AT 31 DECEMBER 2017

Description of property	Tenure of land	Term of lease (years)	Remaining term of lease (years)	Location
Group				
Japan (cont'd)				
Balance brought forward				
Habitation Hakata I, II and III (2)	Freehold	N.A.	N.A.	23-10 Kanenokuma 3-chome Hakata-ku, Fukuoka City, Fukuoka Prefecture, Japan
Excellent Tenpaku Garden Hills (2)	Freehold	N.A.	N.A.	141-3 Tsuchihara 2-chome, Tenpaku-ku, Nagoya City, Aichi Prefecture, Japan
Liverari Shiroishi Hana Ichigo-kan (2)	Freehold	N.A.	N.A.	1-18 Kitago 3jyo, Shiraishi-ku, Sapporo City, Hokkaido Prefecture, Japan
Liverari Shiroishi Hana Nigo-kan (2)	Freehold	N.A.	N.A.	5-10 Kitago 2jyo 5-chome, Shiraishi-ku, Sapporo City, Hokkaido Prefecture, Japan
Liverari Misono (2)	Freehold	N.A.	N.A.	4-24 Misono 7jyo 3-chome, Toyohira-ku, Sapporo City, Hokkaido Prefecture, Japan
Silver Heights Hitsujigaoka (Ichibankan and Nibankan) (2)	Freehold	N.A.	N.A.	6-1 Fukuzumi, 3jyo 3-chome, Toyohira-ku, Sapporo City, Hokkaido Prefecture, Japan
Wakaba no Oka (3)	Freehold	N.A.	N.A.	1763-12 Oguramachi Wakabaku, Chiba City, Chiba Prefecture, Japan
Hakusho no Sato (3)	Freehold	N.A.	N.A.	301 Hijikai, Yachimata City, Chiba Prefecture, Japan
Group Home Hakusho (3)	Freehold	N.A.	N.A.	1345-16 Toyoma, Yachimata City, Chiba Prefecture, Japan
Kikuya Warakuen (3)	Freehold	N.A.	N.A.	1404-10 Nishitoyoi, Oaza, Kudamatsu City, Yamaguchi Prefecture, Japan
Sanko (3)	Freehold	N.A.	N.A.	4-16-16 Mizuhomachi, Kudamatsu City, Yamaguchi Prefecture, Japan

The accompanying notes form an integral part of these financial statements.

PORTFOLIO STATEMENTS

AS AT 31 DECEMBER 2017

Existing use	At Valuation 31/12/2017 $'000	At Valuation 31/12/2016 $'000	Percentage of Net Assets 31/12/2017 %	Percentage of Net Assets 31/12/2016 %
	482,967	499,540	45.3	48.1
Nursing home with care service	46,293	47,578	4.4	4.6
Nursing home with care service	21,805	22,550	2.1	2.2
Nursing home with care service	4,143	4,324	0.4	0.4
Nursing home with care service	2,006	2,094	0.2	0.2
Group home with care service	2,303	2,391	0.2	0.2
Nursing home with care service	13,769	14,372	1.3	1.4
Nursing home with care service	24,808	–	2.3	–
Nursing home with care service	19,704	–	1.9	–
Group home with care service	1,258	–	0.1	–
Nursing home with care service	10,078	–	0.9	–
Nursing home with care service	6,422	–	0.6	–
	635,556	592,849	59.7	57.1

The accompanying notes form an integral part of these financial statements.

PORTFOLIO STATEMENTS

AS AT 31 DECEMBER 2017

Description of property	Tenure of land	Term of lease (years)	Remaining term of lease (years)	Location
Group				
Malaysia				
Gleneagles Intan Medical Centre, Kuala Lumpur (4)	Freehold	N.A.	N.A.	282, Jalan Ampang 50450 Kuala Lumpur, Malaysia
Investment properties, at valuation				
Other assets and liabilities (net)				
Net assets				
Trust				
Singapore				
The Mount Elizabeth Hospital Property (1)	Leasehold	67	57	3 Mount Elizabeth, Singapore 228510
The Gleneagles Hospital Property (1)	Leasehold	75	65	6 Napier Road, Singapore 258499; and 6A Napier Road, Singapore 258500
The Parkway East Hospital Property (1)	Leasehold	75	65	319 Joo Chiat Place, Singapore 427989; and 321 Joo Chiat Place, Singapore 427990
Investment properties, at valuation				
Other assets and liabilities (net)				
Net assets				

(1) These properties are leased to Parkway Hospitals Singapore Pte. Ltd., a related corporation of the Manager and the Trust under separate master lease agreements, which contain an initial term of 15 years from 23 August 2007 with an option to extend the lease of each of these properties for a further term of 15 years. On 31 December 2017, the appraised value of these properties was determined by CBRE Pte. Ltd., using direct capitalisation and discounted cash flow methods.
(2) On 31 December 2017, independent valuations of these properties were undertaken by International Appraisals Incorporated and K.K.Halifax Associates using direct capitalisation and discounted cash flow methods.
(3) On 17 February 2017, the Group entered into a Tokumei Kumiai agreement as an investor in relation to the acquisition of four nursing homes and one group home located in Japan for a purchase price of JPY4,759 million (approximately $59.5 million). The acquisition of the properties was completed on 24 February 2017. On 31 December 2017, the appraised value of the properties was determined by K.K.Halifax Associates using direct capitalisation and discounted cash flow methods.
(4) On 31 December 2017, the appraised value of the property was determined by Knight Frank Malaysia Sdn. Bhd. using the direct capitalisation method.

The Manager of the Trust believes that the independent valuers have appropriate professional qualifications and recent experience in the location and category of the properties being valued. The net change in fair value of the properties has been taken to the statement of total return.

The accompanying notes form an integral part of these financial statements.

PORTFOLIO STATEMENTS

AS AT 31 DECEMBER 2017

Existing use	At Valuation 31/12/2017 $'000	At Valuation 31/12/2016 $'000	Percentage of Net Assets 31/12/2017 %	Percentage of Net Assets 31/12/2016 %
Medical Centre	7,307	7,160	0.7	0.7
	1,731,063	1,657,209	162.5	159.7
	(665,723)	(619,573)	(62.5)	(59.7)
	1,065,340	1,037,636	100.0	100.0
Hospital and medical centre	675,500	664,000	65.8	67.8
Hospital and medical centre	355,800	339,000	34.7	34.6
Hospital and medical centre	56,900	54,200	5.5	5.5
	1,088,200	1,057,200	106.0	107.9
	(62,102)	(78,003)	(6.0)	(7.9)
	1,026,098	979,197	100.0	100.0

The accompanying notes form an integral part of these financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS

YEAR ENDED 31 DECEMBER 2017

	Note	Group 2017 $'000	Group 2016 $'000
Operating activities			
Total return before income tax		**109,967**	100,174
Adjustments for:			
Unrealised foreign exchange difference		**–**	(2)
Interest income		**–**	(4)
Finance costs		**7,952**	9,910
Net change in fair value of financial derivatives		**(1,954)**	1,912
Net change in fair value of investment properties	4	**(25,970)**	(18,159)
Gain on disposal of investment properties		**–**	(4,156)
Operating income before working capital changes		**89,995**	89,675
Changes in working capital:			
Trade and other receivables		**(447)**	(41)
Trade and other payables		**(1,876)**	2,701
Security deposits		**1,109**	11
Cash generated from operations		**88,781**	92,346
Income tax paid		**(8,035)**	(4,829)
Cash flows generated from operating activities		**80,746**	87,517
Investing activities			
Interest received		**–**	4
Capital expenditure on investment properties		**(5,261)**	(6,060)
Cash outflow on purchase of investment properties (including acquisition related costs) (Note A)		**(65,189)**	(14,995)
Net proceeds from sale of investment properties		**–**	48,704
Divestment related cost paid		**(720)**	(299)
Cash flows (used in)/generated from investing activities		**(71,170)**	27,354
Financing activities			
Borrowing costs paid		**(50)**	(1,038)
Interest paid		**(7,256)**	(9,035)
Distributions to Unitholders		**(78,832)**	(75,202)
Proceeds from issue of medium term notes		**59,300**	39,699
Proceeds from loans and borrowings		**210,971**	152,690
Repayment of loans and borrowings		**(237,009)**	(173,054)
Cash flows used in financing activities		**(52,876)**	(65,940)
Net (decrease)/increase in cash and cash equivalents		**(43,300)**	48,931
Cash and cash equivalents at beginning of year		**69,184**	18,543
Effects of exchange differences on cash balances		**(422)**	1,710
Cash and cash equivalents at end of year [1]	8	**25,462**	69,184

(1) Excludes deposits amounting to JPY21.7 million (approximately $0.3 million) (2016: JPY154.4 million (approximately $1.9 million)) that are held as collaterals (Note 8).

The accompany notes form an integral part of these financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS

YEAR ENDED 31 DECEMBER 2017

Note A:

Cash outflow on purchase of investment properties (including acquisition related costs)

Cash outflow on purchase of investment properties (including acquisition related costs) is set out below:

	Group	
	2017	**2016**
	$'000	**$'000**
Investment properties	**59,440**	13,944
Acquisition related costs	**5,749**	1,051
Cash outflow/cash consideration paid	**65,189**	14,995

The accompanying notes form an integral part of these financial statements.

These notes form an integral part of the financial statements.

The financial statements were authorised for issue by the Manager and the Trustee on 22 March 2018.

1. GENERAL

Parkway Life Real Estate Investment Trust (the "Trust") is a Singapore-domiciled unit trust constituted pursuant to the trust deed dated 12 July 2007 (as amended by the First Supplemental Deed dated 12 November 2009, Second Supplemental Deed dated 30 March 2010 and the Third Supplemental Deed dated 31 March 2016) (the "Trust Deed") between Parkway Trust Management Limited (the "Manager") and HSBC Institutional Trust Services (Singapore) Limited (the "Trustee"), governed by the laws of the Republic of Singapore. On 12 July 2007, the Trust was declared as an authorised unit trust scheme under the Trustees Act, Chapter 337. The Trustee is under a duty to take into custody and hold the assets of the Trust and its subsidiaries (the "Group") in trust for the holders ("Unitholders") of units in the Trust (the "Units").

On 23 August 2007 ("Listing Date"), the Trust was admitted to the Official List of the Singapore Exchange Securities Trading Limited ("SGX-ST") and was included under the Central Provident Fund ("CPF") Investment Scheme on the same date.

At Listing Date, the Trust had invested in and owned an initial portfolio of three private hospitals in Singapore comprising The Mount Elizabeth Hospital Property, The Gleneagles Hospital Property, and The Parkway East Hospital Property (collectively, the "Hospital Properties"). The Hospital Properties are leased to a related corporation of the Manager and the Trust, Parkway Hospitals Singapore Pte. Ltd., pursuant to three separate master lease agreements.

The principal activity of the Trust is 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. The principal activities of the subsidiaries are set out in Note 5.

For financial reporting purposes, the Group is regarded as a subsidiary of Parkway Investments Pte. Ltd., a company incorporated in the Republic of Singapore. Accordingly, the ultimate holding company is IHH Healthcare Berhad, a company incorporated in Malaysia.

The Trust has entered into several service agreements in relation to the management of the Trust and its property operations. The fee structures of these services are as follows:

(A) Trustee's fee

Pursuant to the Trust Deed, the Trustee's fee shall not exceed 0.03% per annum of the value of the gross assets of the Group ("Deposited Property"), subject to a minimum of $10,000 per month or such higher percentage as may be fixed by an Extraordinary Resolution at a meeting of Unitholders of the Trust. The Trustee's fee is payable out of the Deposited Property on a monthly basis, in arrears. The Trustee is also entitled to seek reimbursement of expenses incurred in the performance of its duties under the Trust Deed.

Based on the current agreement between the Manager and the Trustee, the Trustee's fee is charged on a scaled basis of up to 0.03% per annum of the value of the Group's Deposited Property.

1. GENERAL (cont'd)

(B) Manager's management fees

Pursuant to the Trust Deed, the Manager is entitled to receive management fees comprising the base fee and performance fee as follows:

(i) A base fee of 0.3% per annum of the value of the Deposited Property; and

(ii) A performance fee of 4.5% per annum of the net property income of the Group.

The base fee and performance fee is payable to the Manager in the form of cash and/or units (as the Manager may elect prior to each payment) and in such proportion as may be determined by the Manager.

Where the management fees are payable in the form of units, such payment shall be made out quarterly in arrears and the Manager shall be entitled to receive such number of units as may be purchased with the relevant amount of the management fee attributable to the relevant period at an issue price set out in accordance with the Trust Deed. Where the management fees are payable in the form of cash, the portion of the base fee and performance fee payable in cash shall be payable monthly and quarterly in arrears, respectively. With effect from 1 January 2017, the performance fee is paid annually in arrears, regardless of whether it is paid in the form of cash and/or units.

Since the Listing Date, the Manager has elected to receive 20% of the base and performance fees in the form of units and 80% in the form of cash. With effect from the financial year ended 31 December 2011, the Manager has elected to receive 100% of the base and performance fees in the form of cash.

Any increase in the maximum permitted amount or any change in the structure of the Manager's management fees must be approved by an Extraordinary Resolution at a meeting of Unitholders of the Trust duly convened and held in accordance with the provisions of the Trust Deed.

In addition to the management fees, the Manager is entitled to the following fees (excluding the Hospital Properties for the duration of the master lease agreements):

(i) A fee of 2.0% per annum of the revenue of the real estate held directly or indirectly by the Trust and managed by the Manager, for property management services provided by the Manager;

(ii) A fee of 1.0% per annum of the revenue of the real estate held directly or indirectly by the Trust and managed by the Manager, for lease management services provided by the Manager;

(iii) Commissions as set out below for securing new leases or renewal of leases for those real estate which are not leased to a master lessee under a master lease agreement, pursuant to marketing services provided by the Manager:

  (a) Two months' gross rent inclusive of service charge, for securing a lease of more than three years;

  (b) One month's gross rent inclusive of service charge, for securing a lease of three years or less;

  (c) One month's gross rent inclusive of service charge, for securing a renewal of lease of more than three years; and

  (d) Half month's gross rent inclusive of service charge, for securing a renewal of lease of three years or less.

1. GENERAL (cont'd)

(B) Manager's management fees (cont'd)

If a third party agent secures a tenancy, the Manager will be responsible for any marketing services commission payable to such third party agent, and the Manager will be entitled to a marketing service commission of:

(a) 2.4 months' gross rent inclusive of service charge for securing or renewal of a lease of more than three years; and

(b) 1.2 months' gross rent inclusive of service charge for securing or renewal of a lease of three years or less.

The marketing services commission may be adjusted accordingly at the time of securing or renewal of a lease by the Manager or a third party agent, to be consistent with and no higher than the prevailing market rates of such marketing services commission in the country where the real estate is located.

(C) Manager's acquisition and divestment fees

The Manager is entitled to receive the following acquisition fees and divestment fees:

(i) An acquisition fee of 1.0% of the Enterprise Value of any real estate or real estate related asset acquired directly or indirectly by the Trust, prorated, if applicable, to the proportion of the Trust's interest.

Where the assets acquired by the Trust are shares in a special purpose vehicle whose primary purpose is to hold/own real estate (directly or indirectly), "Enterprise Value" shall mean the sum of the equity value and the total net debt attributable to the shares being acquired by the Trust. Where the asset acquired by the Trust is a real estate, "Enterprise Value" shall mean the value of the real estate.

In the event that there is a payment to be made to third party agents or brokers in connection with the acquisition, such payment shall be paid out of the Deposited Property. Unless required under the Property Funds Appendix to be paid in the form of units only, the Manager may opt to receive such acquisition fee in the form of cash or units or a combination of cash and units as it may determine. Units representing the acquisition fee or any part thereof will be issued at an issue price on a similar basis as management fees.

In the event that the Manager receives an acquisition fee in connection with a transaction with a related party, any such acquisition fee shall be paid in the form of units.

(ii) A divestment fee of 0.5% of the Enterprise Value of any real estate or real estate related asset sold or divested directly or indirectly by the Trust, pro-rated, if applicable, to the proportion of the Trust's interest.

Unless required under the Property Funds Appendix to be paid in the form of units only, the Manager may opt to receive such divestment fee in the form of cash or units or a combination of cash and units as it may determine. Units representing the divestment fee or any part thereof will be issued at an issue price on a similar basis as management fees. Any payment to third party agents or brokers in connection with the divestment of any real estate or real estate related assets of the Trust shall be paid by the Trust. In the event the Manager receives divestment fee in connection with a transaction with a related party, any such divestment fee shall be paid in the form of units.

1. GENERAL (cont'd)

(D) Project management fees

The property manager is entitled to receive a project management fee for each project undertaken, for the development or redevelopment (if not prohibited by the Property Funds Appendix or if otherwise permitted by the Monetary Authority of Singapore), the refurbishment, retrofitting and renovation of a property, based on the capital expenditure of the project, amounting to:

(i) 5.0% of the capital expenditure of the project where the capital expenditure of the project is less than $1.0 million; or

(ii) 3.0% of the capital expenditure of the project where the capital expenditure of the project is more than or equal to $1.0 million.

For the purpose of calculating the fees payable to the property manager, "capital expenditure" means all construction costs and expenditure valued by the quantity surveyor engaged by the Trustee for the project, excluding development charges, differential premiums, statutory payments, consultants' professional fees and goods and services tax.

2. BASIS OF PREPARATION

2.1 Statement of compliance

The financial statements are prepared in accordance with the recommendations of Statement of Recommended Accounting Practice ("RAP") 7 *Reporting Framework for Unit Trusts* issued by the Institute of Singapore Chartered Accountants and the applicable requirements of the Code on Collective Investment Schemes ("CIS Code") issued by the Monetary Authority of Singapore ("MAS") and the provisions of the Trust Deed. RAP 7 requires that accounting policies adopted should generally comply with the recognition and measurement principles of Singapore Financial Reporting Standards ("FRS").

2.2 Basis of measurement

The financial statements have been prepared on the historical cost basis except for the following items:

- derivative financial instruments are measured at fair value; and

- investment properties are measured at fair value.

2.3 Functional and presentation currency

The financial statements of the Group and the Trust are presented in Singapore dollars, which is the Trust's functional currency. All financial information presented in Singapore dollars have been rounded to the nearest thousand, unless otherwise stated.

2. BASIS OF PREPARATION (cont'd)

2.4 Use of estimates and judgments

The preparation of financial statements in conformity with RAP 7 requires the Manager to make judgments, estimates and assumptions that affect the application of policies and reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised and in any future periods affected.

In particular, information about assumptions and estimation uncertainties that have a significant risk of resulting in a material adjustment within the next financial year are included in the following notes:

- Note 4 – fair value determination of investment properties; and
- Note 24 – valuation of financial instruments.

Measurement of fair values

A number of the Group's accounting policies and disclosures require the measurement of fair values, for both financial and non-financial assets and liabilities.

When measuring the fair value of an asset or a liability, the Group uses market observable data as far as possible. Fair values are categorised into different levels in a fair value hierarchy based on the inputs used in the valuation techniques as follows:

- Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities;
- Level 2: Inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and
- Level 3: Inputs for the asset or liability that are not based on observable market data (unobservable inputs).

If the inputs used to measure the fair value of an asset or a liability might be categorised in different levels of the fair value hierarchy, then the fair value measurement is categorised in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement (with Level 3 being the lowest).

The Group recognises transfers between levels of the fair value hierarchy as of the end of the reporting period during which the change has occurred.

Further information about the assumptions made in measuring fair values is included in the following notes:

- Note 4 – fair value determination of investment properties; and
- Note 24 – valuation of financial instruments.

3. SIGNIFICANT ACCOUNTING POLICIES

The Group adopted new or revised financial standards and interpretations which become effective during the year. The initial adoption of these standards and interpretations did not have a material impact on the financial statements.

The accounting policies set out below have been applied consistently to all periods presented in these financial statements, and have been applied consistently by the Group.

3.1 Basis of consolidation

Business combinations

Business combinations are accounted for using the acquisition method in accordance with FRS 103 *Business Combinations* as at the acquisition date, which is the date on which control is transferred to the Group.

Subsidiaries

Subsidiaries are entities controlled by the Group. The Group controls an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases.

The accounting policies of subsidiaries have been changed where necessary to align them with the policies adopted by the Group.

Transactions eliminated on consolidation

Intra-group balances and transactions, and any unrealised income or expenses arising from intra-group transactions, are eliminated in preparing the consolidated financial statements.

Accounting for subsidiaries by the Trust

Investments in subsidiaries are stated in the Trust's statement of financial position at cost less accumulated impairment losses.

3.2 Foreign currency

Foreign currency transactions

Transactions in foreign currencies are translated to the respective functional currencies of the Group entities at the exchange rates at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies at the reporting date are retranslated to the functional currency at the exchange rate at the reporting date. The foreign currency gain or loss on monetary items is the difference between amortised cost in the functional currency at the beginning of the period, adjusted for effective interest and payments during the period, and the amortised cost in foreign currency translated at the exchange rate at the end of the reporting period.

Non-monetary assets and liabilities denominated in foreign currencies that are measured at fair value are retranslated to the functional currency at the exchange rate at the date that the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rate at the date of the transaction.

3. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

3.2 Foreign currency (cont'd)

Foreign currency transactions (cont'd)

Foreign currency differences arising on retranslation are recognised in the statement of total return, except for differences arising on the retranslation of monetary items that in substance form part of the Group's net investment in foreign operations, and financial liabilities designated as hedges of the net investment in foreign operations as mentioned below, which are recognised in the Unitholders' funds.

Foreign operations

The assets and liabilities of foreign operations are translated to Singapore dollars at exchange rates at the reporting date. The income and expenses of foreign operations are translated to Singapore dollars at exchange rates at the dates of the transactions. Goodwill and fair value adjustments arising on the acquisition of a foreign operation are treated as assets and liabilities of the foreign operation and translated at the exchange rate at the end of the reporting period.

Foreign currency differences are recognised in the foreign currency translation reserve. When a foreign operation is disposed of such that control is lost, the cumulative amount in the foreign currency translation reserve related to that foreign operation is transferred to the statement of total return as part of the gain or loss on disposal. When the Group disposes of only part of its interest in a subsidiary that includes a foreign operation while retaining control, the relevant proportion of the cumulative amount is reattributed to non-controlling interests.

Hedge of net investment in foreign operations

The Group applies hedge accounting to foreign currency differences arising between the functional currency of the foreign operations and the parent entity's functional currency (Singapore dollars), regardless of whether the net investment is held directly or through an intermediate parent.

Foreign currency differences arising on the retranslation of a financial liability designated as a hedge of a net investment in a foreign operation are recognised in the foreign currency translation reserve. To the extent that the hedge is ineffective, such differences are recognised in the statement of total return. When the hedged part of a net investment is disposed of, the relevant amount in the foreign currency translation reserve is transferred to the statement of total return as part of the profit or loss on disposal.

3.3 Investment properties

Investment properties are properties held either to earn rental income or for capital appreciation or for both, but not for sale in the ordinary course of business. Investment properties are accounted for as non-current assets and are initially recognised at cost and at fair value thereafter. The cost of a purchased property comprises its purchase price and any directly attributable expenditure. Fair value of investment properties are determined in accordance with the Trust Deed, which requires the investment properties to be valued by independent registered valuers in the following manner:

(i) in such manner and frequency required under the CIS code issued by MAS; and

(ii) at least once a year, on the 31st December of each year.

Any increase or decrease on revaluation is credited or charged directly to the statement of total return as a net change in fair value of investment properties.

3. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

3.3 Investment properties (cont'd)

Subsequent expenditure relating to investment properties that has already been recognised is added to the carrying amount of the asset when it is probable that future economic benefits, in excess of originally assessed standard of performance of the existing asset, will flow to the Group. All other subsequent expenditure is recognised as an expense in the period in which it is incurred.

When an investment property is disposed of, the resulting gain or loss recognised in the statement of total return is the difference between net disposal proceeds and the carrying amount of the property.

Investment properties are not depreciated. The properties are subject to continued maintenance and regularly revalued on the basis set out above.

3.4 Financial instruments

Non-derivative financial assets

The Group initially recognises loans and receivables on the date that they are originated. All other financial assets are recognised initially on the trade date at which the Group becomes a party to the contractual provisions of the instrument.

The Group derecognises a financial asset when the contractual rights to the cash flows from the asset expire, or it transfers the rights to receive the contractual cash flows on the financial asset in a transaction in which substantially all the risks and rewards of ownership of the financial asset are transferred, or it neither transfers nor retains substantially all of the risks and rewards of ownership and does not retain control over the transferred assets. Any interest in transferred financial assets that is created or retained by the Group is recognised as a separate asset or liability.

Financial assets and liabilities are offset and the net amount presented in the statement of financial position when, and only when, the Group has a legal right to offset the amounts and intends either to settle on a net basis or to realise the asset and settle the liability simultaneously.

Non-derivative financial assets are classified into loans and receivables category.

Loans and receivables

Loans and receivables are financial assets with fixed or determinable payments that are not quoted in an active market. Such assets are recognised initially at fair value plus any directly attributable transaction costs. Subsequent to initial recognition, loans and receivables are measured at amortised cost using the effective interest method, less any impairment losses.

Loans and receivables comprise trade and other receivables and cash and cash equivalents.

Cash and cash equivalents comprise cash balances and bank deposits. For the purpose of the statement of cash flows, cash collateral received is excluded.

3. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

3.4 Financial instruments (cont'd)

Non-derivative financial liabilities

Financial liabilities are recognised initially on the trade date at which the Group becomes a party to the contractual provisions of the instrument.

The Group derecognises a financial liability when its contractual obligations are discharged or cancelled or when they expire.

The Group has the following non-derivative financial liabilities: loans and borrowings, trade and other payables, and security deposits.

Such financial liabilities are recognised initially at fair value plus any directly attributable transaction costs. Subsequent to initial recognition, these financial liabilities are measured at amortised cost using the effective interest method.

Unitholders' funds

Unitholders' funds are classified as equity. Incremental costs directly attributable to the issue of units are recognised as a deduction from equity, net of any tax effects.

Derivative financial instruments, including hedge accounting

The Group holds derivative financial instruments to hedge its foreign currency and interest rate risk exposures.

On initial designation of the derivative as the hedging instrument, the Group formally documents the relationship between the hedging instrument and hedged item, including the risk management objectives and strategy in undertaking the hedge transaction and the hedged risk, together with the methods that will be used to assess the effectiveness of the hedging relationship. The Group makes an assessment, both at the inception of the hedge relationship as well as on an ongoing basis, whether the hedging instruments are expected to be 'highly effective' in offsetting the changes in the fair value or cash flows of the respective hedged items attributable to the hedged risk, and whether the actual results of each hedge are within a range of 80% - 125%. For a cash flow hedge of a forecast transaction, the transaction should be highly probable to occur and should present an exposure to variations in cash flows that could ultimately affect reported profit or loss.

Derivatives are recognised initially at fair value; any attributable transaction costs are recognised in the statement of total return as incurred. Subsequent to initial recognition, derivatives are measured at fair value, and changes therein are accounted for as described below.

3. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

3.4 Financial instruments (cont'd)

Derivative financial instruments, including hedge accounting (cont'd)

Cash flow hedges

When a derivative is designated as the hedging instrument in a hedge of the variability in cash flows attributable to a particular risk associated with a recognised asset or liability or a highly probable forecast transaction that could affect the statement of total return, the effective portion of changes in the fair value of the derivative is recognised in the hedging reserve in Unitholders' funds. Any ineffective portion of changes in the fair value of the derivative is recognised immediately in the statement of total return.

If the hedging instrument no longer meets the criteria for hedge accounting, expires or is sold, terminated, exercised, or the designation is revoked, then hedge accounting is discontinued prospectively. If the forecast transaction is no longer expected to occur, then the balance in the hedging reserve is recognised immediately in the statement of total return. When the hedged item is a non-financial asset, the amount accumulated in the Unitholders' fund is retained in Unitholders' fund and is reclassified to statement of total return in the same period or periods during which the non-financial item affects statement of total return. In other cases, the amount recognised in the hedging reserve is transferred to the statement of total return in the same period that the hedged item affects the statement of total return.

Other non-trading derivatives

When a derivative financial instrument is not designated in a hedge relationship that qualifies for hedge accounting, all changes in its fair value are recognised immediately in the statement of total return.

3.5 Impairment

Non-derivative financial assets (including receivables)

A financial asset not carried at fair value through profit or loss is assessed at each reporting date to determine whether there is objective evidence that it is impaired. A financial asset is impaired if objective evidence indicates that a loss event has occurred after the initial recognition of the asset, and that the loss event has a negative effect on the estimated future cash flows of that asset that can be estimated reliably.

Objective evidence that financial assets are impaired can include default or delinquency by a debtor, restructuring of an amount due to the Group on terms that the Group would not consider otherwise, or indications that a debtor or issuer will enter bankruptcy, adverse changes in the payment status of borrowers or issuers, economic conditions that correlate with defaults or the disappearance of an active market for a security.

The Group considers evidence of impairment for receivables at both a specific asset and collective level. All individually significant receivables are assessed for specific impairment. All individually significant receivables found not to be specifically impaired are then collectively assessed for any impairment that has been incurred but not yet identified. Loans and receivables that are not individually significant are collectively assessed for impairment by grouping together loans and receivables with similar risk characteristics.

3. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

3.5 Impairment (cont'd)

Non-derivative financial assets (including receivables) (cont'd)

In assessing collective impairment, the Group uses historical trends of the probability of default, the timing of recoveries and the amount of loss incurred, adjusted for management's judgement as to whether current economic and credit conditions are such that the actual losses are likely to be greater or less than suggested by historical trends.

An impairment loss in respect of a financial asset measured at amortised cost is calculated as the difference between its carrying amount and the present value of the estimated future cash flows discounted at the asset's original effective interest rate. Losses are recognised in the statement of total return and reflected in an allowance account against receivables. Interest on the impaired asset continues to be recognised. When a subsequent event causes the amount of impairment loss to decrease, the decrease in impairment loss is reversed through the statement of total return.

Non-financial assets

The carrying amounts of the Group's non-financial assets, other than investment property, are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated.

The recoverable amount of an asset or cash-generating unit is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or cash-generating unit. For the purpose of impairment testing, assets that cannot be tested individually are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or groups of assets (the "cash-generating unit, or CGU").

An impairment loss is recognised if the carrying amount of an asset or its CGU exceeds its estimated recoverable amount. Impairment losses are recognised in the statement of total return. Impairment losses recognised in respect of CGUs are allocated first to reduce the carrying amount of any goodwill allocated to the units, and then to reduce the carrying amounts of the other assets in the unit (group of units) on a *pro rata* basis.

Impairment losses recognised in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

3. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

3.6 Revenue recognition

(i) Rental income from operating leases

Rental income receivable under operating leases is recognised in the statement of total return on a straight-line basis over the term of the lease, except where an alternative basis is more representative of the pattern of benefits to be derived from the leased assets. Lease incentives granted are recognised as an integral part of the total rental to be received over the term of the lease. Contingent rentals, which include gross turnover rental, are recognised as income in the accounting period on a receipt basis.

(ii) Interest income

Interest income is recognised on an accrual basis, using the effective interest method.

(iii) Dividend income

Dividend income is recognised in the statement of total return on the date the Trust's right to receive payment is established.

3.7 Expenses

(i) Property expenses

Property expenses are recognised on an accrual basis. Where the Group has the use of assets under operating leases, payments made under the leases are recognised in the statement of total return on a straight-line basis over the term of leases.

(ii) Management fees

Management fees comprise the Manager's base fees, performance fees and asset management fees payable to the asset managers of the Japan properties.

Manager's base fees and performance fees are recognised on an accrual basis based on the applicable formula stipulated in Note 1(B). Where applicable, Manager's base fee and performance fee paid and payable in units are recognised as an expense in the statement of total return with a corresponding increase in Unitholders' funds.

(iii) Trust expenses

Trust expenses are recognised on an accrual basis. Included in trust expenses is the trustee's fees which are based on the applicable formula stipulated in Note 1(A).

(iv) Finance costs

Finance costs comprise interest expense on borrowings, amortisation of borrowings related transactions costs and settlement on financial derivatives.

Interest expense and similar charges are recognised in the statement of total return, using the effective interest rate method over the period of borrowings. Expenses incurred in connection with the arrangement of borrowings are recognised in the statement of total return using the effective interest method over the period for which the borrowings are granted.

3. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

3.8 Income tax expense

Income tax expense comprises current and deferred tax. Income tax is recognised in the statement of total return except to the extent that it relates to items directly related to Unitholders' funds, in which case it is recognised in the Unitholders' funds.

Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous years. The amount of current tax payable or receivable is the best estimate of the tax amount expected to be paid or received that reflects uncertainty related to income taxes, if any.

Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is not recognised for the following temporary differences: the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss, and differences relating to investments in subsidiaries to the extent that the Group is able to control the timing of the reversal of the temporary difference and it is probable that they will not reverse in the foreseeable future. In addition, deferred tax is not recognised for taxable temporary differences arising on the initial recognition of goodwill.

The measurement of deferred tax reflects the tax consequences that would follow the manner in which the Group expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities. For investment property that is measured at fair value, the presumption that the carrying amount of the investment will be recovered through sale has not been rebutted. Deferred tax is measured at the tax rates that are expected to be applied to temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the reporting date.

Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to income taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realised simultaneously.

A deferred tax asset is recognised for unused tax losses, tax credits and deductible temporary differences, to the extent that it is probable that future taxable profits will be available against which they can be utilised. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

In determining the amount of current and deferred tax, the Group takes into account the impact of uncertain tax positions and whether additional taxes and interest may be due. The Group believes that its accruals for tax liabilities are adequate for all open tax years based on its assessment of many factors, including interpretations of tax laws and prior experience. This assessment relies on estimates and assumptions and may involve a series of judgments about future events. New information may become available that causes the Group to change its judgment regarding the adequacy of existing tax liabilities; such changes to tax liabilities will impact tax expense in the period that such a determination is made.

3. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

3.8 Income tax expense (cont'd)

The Inland Revenue Authority of Singapore (the "IRAS") has issued a tax ruling on the income tax treatment of the Trust. Subject to meeting the terms and conditions of the tax ruling which includes a distribution of at least 90.0% of the taxable income of the Trust, the Trustee is not subject to tax on the taxable income of the Trust. Instead, the distributions made by the Trust out of such taxable income are subject to tax in the hands of Unitholders, unless they are exempt from tax on the Trust's distributions. This treatment is known as the tax transparency treatment.

Qualifying Unitholders are entitled to gross distributions from the Trust. For distributions made to foreign non-individual Unitholders during the period from 18 February 2010 to 31 March 2020, the Trustee is required to withhold tax at the reduced rate of 10.0% on distributions made. For other types of Unitholders, the Trustee is required to withhold tax at the prevailing corporate tax rate on the distributions made by the Trust. Such other types of Unitholders are subject to tax on the regrossed amounts of the distributions received but may claim a credit for the tax deducted at source at the prevailing corporate tax rate by the Trustee.

A Qualifying Unitholder refers to a Unitholder who is:

- An individual;
- A company incorporated and tax resident in Singapore;
- A Singapore branch of a company incorporated outside Singapore;
- A body of persons incorporated or registered in Singapore including a charity registered under the Charities Act (Cap. 37) or established by any written law, a town council, a statutory board, a co-operative society registered under the Co-operative Societies Act (Cap. 62) or a trade union registered under the Trade Unions Act (Cap. 333);
- An international organisation that is exempt from tax on such distributions by reason of an order made under the International Organisations (Immunities and Privileges) Act (Cap. 145).

A foreign non-individual Unitholder refers to a Unitholder who is not a resident of Singapore for income tax purpose and:

- who does not have any permanent establishment in Singapore; or
- who carries on any operation through a permanent establishment in Singapore, where the funds used by that person to acquire the units in that REIT are not obtained from that operation in Singapore.

The above tax transparency treatment does not apply to gains from disposal of any properties such as real estate properties, shares, etc that are determined by the IRAS to be revenue gains chargeable to tax. Tax on such gains or profits will be subject to tax, in accordance to Section 10(1)(a) of the Income Tax Act (Cap. 134) and collected from the Trustee. Where the gains are capital gains, they will not be subject to tax and the Trustee and the Manager may distribute the capital gains without tax being deducted at source.

3. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

3.9 Distribution policy

The Trust has a distribution policy to distribute at least 90.0% of its taxable income, other than gains from the sale of real estate properties that are determined by IRAS to be trading gains, and net overseas income, with the actual level of distribution to be determined at the Manager's discretion. For the taxable income that is not distributed, referred to as retained taxable income, tax will be assessed on the Trustee. Where such retained taxable income is subsequently distributed, the Trustee need not deduct tax at source.

Net overseas income refers to the net profits (excluding any gains from the sale of property or shares, as the case may be) after applicable taxes and adjustment for non-cash items such as depreciation derived by the Trust from its properties, if any.

Distributions to Unitholders are made on a quarterly basis, with the amount calculated as at 31 March, 30 June, 30 September and 31 December each year for the three-month period ending on each of the said dates. In accordance with the provisions of the Trust Deed, the Manager is required to pay distributions within 75 days after the end of the first three distribution periods of a financial year and within 90 days from the end of a financial year. Distributions, when paid, will be in Singapore dollars.

3.10 Earnings per unit

The Group presents basic and diluted earnings per unit ("EPU") data for its units. Basic EPU is calculated by dividing the total return for the period after tax by the weighted average number of units outstanding during the period, adjusted for own units held. Diluted EPU is determined by adjusting the total return for the period after tax and the weighted average number of units outstanding, adjusted for own units held, for the effects of all dilutive potential units.

3.11 Segment reporting

An operating segment is a component of the Group that engages in business activities from which it may earn revenues and incur expenses, including revenues and expenses that relate to transactions with any of the Group's other components. All operating segments' operating results are reviewed regularly by the Manager's CEO to make decisions about resources to be allocated to the segment and assess its performance, and for which discrete financial information is available.

Segment results include items directly attributable to a segment as well as those that can be allocated on a reasonable basis. Unallocated items comprise mainly corporate assets and expenses, and tax assets and liabilities.

Segment capital expenditure is the total cost incurred during the year on additions to investment properties that are expected to be used for more than one year.

3. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

3.12 New standards and interpretations not yet adopted

A number of new standards and amendments to standards are effective for annual periods beginning after 1 January 2018 and earlier application is permitted; however, the Group has not early applied the following new or amended standards in preparing these statements.

Applicable to 2018 financial statements

The following new FRSs, amendments to and interpretations of FRS are effective from 1 January 2018:
- FRS 115 *Revenue from Contracts with Customers* and Amendments to FRS 115 *Clarifications to FRS 115*;
- FRS 109 *Financial Instruments*;
- *Transfers of Investment Property* (Amendments to FRS 40); and
- INT FRS122 *Foreign Currency Transactions and Advance Consideration*

The Group does not expect the application of the above standards and interpretations to have a significant impact on the financial statements, except for FRS 109.

FRS 109

FRS 109 contains new requirements for classification and measurement of financial instruments, a new expected credit loss model for calculating impairment of financial assets, and new general hedge accounting requirements. Changes in accounting policies resulting from the adoption of FRS 109 will generally be applied by the Group retrospectively, except as described below:

- The following assessments have to be made on the basis of facts and circumstances that existed at 1 January 2018:
  - The determination of the business model within which a financial asset is held.
  - The determination of whether the contractual terms of a financial asset give rise to cash flows that are solely payments of principal and interest on the principal amount outstanding.
  - The designation and revocation of previous designations of certain financial assets and financial liabilities measured at fair value through profit or loss ("FVTPL").

- New hedge accounting requirements are applied prospectively. All hedging relationships designated under FRS 39 *Financial Instruments: Recognition and Measurement* at 31 December 2017 that meet the criteria for hedge accounting under FRS 109 at 1 January 2018 will be regarded as continuing hedging relationships.

The expected impact on adoption of FRS 109 are described below:

Classification and measurement

Loans and receivables currently accounted for at amortised cost will continue to be accounted for using amortised cost model. For financial assets currently held at fair value, the Group expects to continue measuring most of these assets at fair value.

Impairment

FRS 109 replaces the current 'incurred loss' model with a forward-looking expected credit loss ("ECL") model. The new impairment model will apply to financial assets measured at amortised cost or fair value through other comprehensive income ("FVOCI"), except for investments in equity investments, and certain loan commitments and financial guarantee contracts.

3. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

3.12 New standards and interpretations not yet adopted (cont'd)

Under FRS 109, loss allowances of the Group will be measured on either of the following bases:

- 12-month ECLs. These are ECLs that result from possible default events within the 12 months after the reporting date; or
- lifetime ECLs. These are ECLs that result from all possible default events over the expected life of a financial instrument.

The Group plans to apply the simplified approach and record lifetime ECL on all trade receivables, and is currently finalising the testing of its expected credit loss model. The Group does not expect a significant increase to its impairment loss allowance on adoption of FRS 109.

Applicable to financial statements for the year 2019 and thereafter

FRS 116 *Leases*

Of the new FRS, amendments to and interpretations of FRS that are effective for annual periods beginning after 1 January 2018, FRS 116 *Leases* is expected to result in more extensive disclosures being made in the Group's financial statements.

FRS 116, which replaces the existing lease accounting guidance, is effective for annual periods beginning on or after 1 January 2019, with early adoption permitted if FRS 115 is also applied.

FRS 116 eliminates the lessee's classification of leases as either operating leases or finance leases and introduces a single lessee accounting model. Applying the new model, a lessee is required to recognise right-of-use ("ROU") assets and lease liabilities for all leases with a term of more than 12 months, unless the underlying asset is of low value.

The Group plans to adopt the standard when it becomes effective in 2019 and expects to apply the standard using the modified retrospective approach. The Group also expects the ROU assets recognised at date of initial application to be equal to their lease liabilities.

The Group is likely to elect the practical expedient not to reassess whether a contract contains a lease at the date of initial application, 1 January 2019. Accordingly, existing lease contracts that are still effective on 1 January 2019 continue to be accounted for as lease contracts under FRS 116.

The Group as lessee

The Group expects its existing operating lease arrangements to be recognised as ROU assets with corresponding lease liabilities under FRS 116. Under the new standard, remaining lease payments of the operating leases will be recognised at their present value discounted using appropriate discount rate. In addition, the nature of expenses related to those leases will change as FRS 116 replaces the straight-line operating lease expense with depreciation charge of ROU assets and interest expense on lease liabilities.

The Group as lessor

FRS 116 substantially carries forward the current existing lessor accounting requirements. Accordingly, the Group continues to classify its leases as operating leases or finance leases, and to account for these two types of leases using the existing operating lease and finance lease accounting models respectively. However, FRS 116 requires more extensive disclosures to be provided by a lessor.

4. INVESTMENT PROPERTIES

	Group		Trust	
	2017	**2016**	**2017**	**2016**
	$'000	**$'000**	**$'000**	**$'000**
At 1 January	**1,657,209**	1,635,308	**1,057,200**	1,037,400
Acquisition of investment properties	**59,440**	13,944	**–**	–
Acquisition related costs	**5,537**	949	**–**	–
Disposal of investment properties	**–**	(42,588)	**–**	–
Capital expenditure	**6,216**	4,961	**4,211**	2,796
Translation difference	**(23,309)**	26,476	**–**	–
	1,705,093	1,639,050	**1,061,411**	1,040,196
Net change in fair value of investment properties	**25,970**	18,159	**26,789**	17,004
At 31 December	**1,731,063**	1,657,209	**1,088,200**	1,057,200

Determination of fair value

Investment properties are stated at fair value based on valuations as at 31 December 2017 performed by independent professional valuers having appropriate recognised professional qualification and experience in the location and category of property being valued.

In determining the fair value, the independent professional valuers have considered valuation techniques including direct capitalisation and discounted cash flow methods.

The direct capitalisation method capitalises an income stream into a present value using revenue multipliers or single-year capitalisation rates. The discounted cash flow method involves the estimation and projection of an income stream over a period and discounting the income stream with an appropriate rate of return.

Valuation processes applied by the Group and Trust

As explained under Note 3.3, valuation of investment properties is performed in accordance with the Trust Deed. In determining the fair value, the valuers have used valuation methods which involved certain estimates. In assessing the fair value measurements, the Manager reviews the valuation methodologies and evaluates the assessments made by the valuers. The Manager is of the view that the valuation methods and estimates are reflective of the current market conditions.

Fair value hierarchy

The fair value measurement for investment properties of the Group and the Trust that have been categorised as Level 3 fair values based on inputs to the valuation technique used.

Reconciliations from the beginning balances to the ending balances for fair value measurements of level 3 investment properties are set out in the above table.

4. INVESTMENT PROPERTIES (cont'd)

Significant unobservable inputs

The following table shows the key unobservable inputs used in the valuation model:

Type	Key unobservable inputs	Inter-relationship between key unobservable inputs and fair value measurement
Discounted cash flow method	• Risk-adjusted discount rates range from 5.0% to 7.5% (2016: 5.0% to 7.5%). • Terminal yield rates range from 4.5% to 7.0% (2016: 4.5% to 7.1%).	The estimated fair value would increase/(decrease) if: • The risk-adjusted discount rates were lower/(higher); or • the terminal yield rates were lower/(higher).
Direct capitalisation method	• Capitalisation rates range from 5.2% to 7.0% (2016: 4.0% to 7.1%).	The estimated fair value would increase/(decrease) if the capitalisation rates were lower/(higher).

Key unobservable inputs correspond to:

- Discount rates, based on the risk-free rate for bonds issued by government in the relevant market, adjusted for a risk premium to reflect the increased risk of investing in the asset class.
- Terminal yield rate is the estimated capitalisation rate at maturity of the holding period.
- Capitalisation rate corresponds to a rate of return on investment properties on the expected annual income that the property will generate.

5. INTERESTS IN SUBSIDIARIES

	Trust	
	2017 $'000	2016 $'000
Equity investments, at cost	**572,468**	556,887
Amount due from subsidiary (non-trade)	**4,075**	4,075
	576,543	560,962

Amount due from subsidiary is unsecured and interest-free. The settlement of the amount is neither planned nor likely to occur in the foreseeable future. As this balance, in substance, forms part of the Trust's net investment in the subsidiary, it is stated at cost less accumulated impairment losses.

5. INTERESTS IN SUBSIDIARIES (cont'd)

Details of the subsidiaries are as follows:

	Name of subsidiary	Principal activities	Place of incorporation and business	Effective equity interest held by the Group 2017 %	2016 %
*	Matsudo Investment Pte. Ltd.	Investment holding	Singapore	**100**	100
	** Godo Kaisha Phoebe [(1)]	Special purpose entity – Investment in real estate	Japan	**100**	100
*	Parkway Life Japan2 Pte. Ltd.	Investment holding	Singapore	**100**	100
	** Godo Kaisha Urbino [(2)]	Special purpose entity – Investment in real estate	Japan	**–**	100
	** Godo Kaisha Del Monte	Special purpose entity – Investment in real estate	Japan	**100**	100
	** Godo Kaisha Tenshi 1	Special purpose entity – Investment in real estate	Japan	**100**	100
	** Godo Kaisha Tenshi 2	Special purpose entity – Investment in real estate	Japan	**100**	100
*	Parkway Life Japan3 Pte. Ltd.	Investment holding	Singapore	**100**	100
	** Godo Kaisha Healthcare 1 [(1)]	Special purpose entity – Investment in real estate	Japan	**100**	100
	** Godo Kaisha Healthcare 2	Special purpose entity – Investment in real estate	Japan	**100**	100
	** Godo Kaisha Healthcare 3 [(1)]	Special purpose entity – Investment in real estate	Japan	**100**	100
	** Godo Kaisha Healthcare 4	Special purpose entity – Investment in real estate	Japan	**100**	100
	** Godo Kaisha Healthcare 5 [(1)]	Special purpose entity – Investment in real estate	Japan	**100**	100

5. INTERESTS IN SUBSIDIARIES (cont'd)

	Name of subsidiary	Principal activities	Place of incorporation and business	Effective equity interest held by the Group 2017 %	2016 %
*	Parkway Life Japan4 Pte. Ltd.	Investment holding	Singapore	**100**	100
	** Godo Kaisha Samurai	Special purpose entity – Investment in real estate	Japan	**100**	100
	** Godo Kaisha Samurai 2	Special purpose entity – Investment in real estate	Japan	**100**	100
	** Godo Kaisha Samurai 3	Special purpose entity – Investment in real estate	Japan	**100**	100
	** Godo Kaisha Samurai 4	Special purpose entity – Investment in real estate	Japan	**100**	100
	** Godo Kaisha Samurai 5	Special purpose entity – Investment in real estate	Japan	**100**	100
	** Godo Kaisha Samurai 6	Special purpose entity – Investment in real estate	Japan	**100**	100
	** Godo Kaisha Samurai 7	Special purpose entity – Investment in real estate	Japan	**100**	100
	** Godo Kaisha Samurai 8	Special purpose entity – Investment in real estate	Japan	**100**	100
	** Godo Kaisha Samurai 9 (1)	Special purpose entity - Investment in real estate	Japan	**100**	100
	** Godo Kaisha Samurai 10 (1)	Special purpose entity – Investment in real estate	Japan	**100**	100
	** Godo Kaisha Samurai 11	Special purpose entity – Investment in real estate	Japan	**100**	100
	** Godo Kaisha Samurai 12 (1)	Special purpose entity – Investment in real estate	Japan	**100**	–

5. INTERESTS IN SUBSIDIARIES (cont'd)

	Name of subsidiary	Principal activities	Place of incorporation and business	Effective equity interest held by the Group 2017 %	2016 %
*	Parkway Life Malaysia Pte. Ltd.	Investment holding	Singapore	**100**	100
	# Parkway Life Malaysia Sdn. Bhd.	Special purpose entity – Investment in real estate	Malaysia	**100**	100
*	Parkway Life MTN Pte. Ltd.	Provision of financial and treasury services	Singapore	**100**	100

* Audited by KPMG Singapore.

** Not required to be audited under the laws of country of incorporation.

(1) For consolidation purposes, this entity has been audited by a member firm of KPMG International.

(2) This entity has been liquidated during the year.

\# Audited by KPMG Malaysia and BDO Malaysia for financial year ended 31 December 2017 and 31 December 2016 respectively.

6. FINANCIAL DERIVATIVES

	Group and Trust 2017 $'000	2016 $'000
Current derivative assets	**13**	335
Non-current derivative assets	**3,531**	210
Total derivative assets	**3,544**	545
Current derivative liabilities	**(163)**	(336)
Non-current derivative liabilities	**(1,224)**	(8,002)
Total derivative liabilities	**(1,387)**	(8,338)
Total derivative assets/(liabilities) (net)	**2,157**	(7,793)

	Group		Trust	
	2017 %	2016 %	2017 %	2016 %
Percentage of derivative assets to unitholders' funds	**0.3**	0.1	**0.3**	0.1
Percentage of derivative liabilities to unitholders' funds	**0.1**	0.8	**0.1**	0.9

6. FINANCIAL DERIVATIVES (cont'd)

Interest rate swaps

The Group manages its exposure to interest rate movements on its floating rate loans and borrowings by entering into interest rate swaps. As at the reporting date, the Group has interest rate swaps with a total notional principal of $334.9 million (2016: $506.5 million) to provide fixed rate funding up to 2020 (2016: up to 2020) at a weighted average effective interest rate of 0.34% (2016: 0.60%) per annum.

As at 31 December 2017, where the interest rate swaps are designated as the hedging instruments in qualifying cash flow hedges, the effective portion of the changes in fair value of the interest rate swaps amounting to $1.1 million gain (2016: $1.0 million loss) was recognised in the hedging reserve. During the financial year, the changes in fair value of interest rate swaps, where hedge accounting was discontinued or not practised, amounted to $0.5 million gain (2016: $1.1 million gain) was credited to the statement of total return. At the same time, an amount of $0.8 million loss (2016: $0.4 million loss) was reclassified from hedging reserve to the statement of total return.

Forward foreign exchange contracts

The Group manages its exposure to foreign currency movements on its net income denominated in Japanese Yen from its investments in Japan by using forward foreign exchange contracts to provide a hedge to the distribution of income from its investment in Japan, net of Japanese Yen financing costs.

At the reporting date, the Group has outstanding forward foreign exchange contracts with aggregate notional amounts of approximately $68.8 million (2016: $28.6 million). The change in fair value of $2.2 million gain (2016: $2.5 million loss) was charged to the statement of total return.

Cross currency interest rate swaps

At the reporting date, the Group has cross currency interest rate swaps ("CCIRS") with notional principal of $125.2 million (2016: $75.2 million) to manage its foreign currency risk and interest rate risk arising from the financing of Japan properties using Singapore dollar facilities. To maintain a natural hedge, the Group utilised CCIRS to realign the Singapore dollar demominated loans back into effective Japanese Yen denominated loans to match its underlying Japanese Yen denominated assets.

The Group had bifurcated the CCIRS and applied hedge accounting for net investment hedge and cash flow hedge, where the changes in fair value of the CCIRS of $7.0 million gain (2016: $2.9 million loss) and $0.9 million loss (2016: $1.6 million loss) were recognised in the foreign currency translation reserve and hedging reserve, respectively.

Offsetting financial assets and financial liabilities

The Group's derivative transactions are entered into under International Swaps and Derivatives Association ("ISDA") master netting agreements. In general, under such agreements, the amounts owed by each counterparty in respect of the same transactions outstanding in the same currency under the agreement are aggregated into a single net amount that is payable by one party to the other. In certain circumstances, for example when a credit event such as a default occurs, all outstanding transactions under the agreement are terminated, the termination value is assessed and only a single net amount is due or payable in settlement of all outstanding transactions.

The above agreements do not meet the criteria for offsetting in the statement of financial position. This is because they create a right of set-off of recognised amounts that is enforceable only following an event of default, insolvency or bankruptcy of the Group or the counterparties. In addition the Group and its counterparties do not intend to settle on a net basis or to realise the assets and settle the liabilities simultaneously in its normal course of business.

6. FINANCIAL DERIVATIVES (cont'd)

The following table sets out the carrying amounts of recognised financial instruments that are subject to the above agreements:

	Gross amounts of recognised financial instruments $'000	Gross amounts of recognised financial instruments offset in the statement of financial position $'000	Net amounts of financial instruments included in the statement of financial position $'000	Related financial instruments that are not offset $'000	Net amount $'000
Group and Trust					
31 December 2017					
Financial assets					
Cross currency interest rate swaps used for hedging	**1,647**	**–**	**1,647**	**–**	**1,647**
Forward foreign exchange contracts	**1,897**	**–**	**1,897**	**–**	**1,897**
Total	**3,544**	**–**	**3,544**	**–**	**3,544**
Financial liabilities					
Interest rate swaps used for hedging	**(1,387)**	**–**	**(1,387)**	**717**	**(670)**
31 December 2016					
Financial assets					
Forward foreign exchange contracts	545	–	545	–	545
Financial liabilities					
Interest rate swaps used for hedging	(3,039)	–	(3,039)	976	(2,063)
Cross currency interest rate swap used for hedging	(4,437)	–	(4,437)	–	(4,437)
Forward foreign exchange contracts	(862)	–	(862)	–	(862)
Total	(8,338)	–	(8,338)	976	(7,362)

7. TRADE AND OTHER RECEIVABLES

	Group		Trust	
	2017 $'000	2016 $'000	2017 $'000	2016 $'000
Trade receivables	**98**	–	**–**	–
Amounts due from related party (trade)	**9,858**	9,596	**9,858**	9,596
Other receivables	**199**	158	**–**	–
Loans and receivables	**10,155**	9,754	**9,858**	9,596
Prepayments	**739**	750	**8**	7
	10,894	10,504	**9,866**	9,603

The maximum exposure to credit risks for trade receivables at reporting date by operating segment is as follows:

	Group		Trust	
	2017 $'000	2016 $'000	2017 $'000	2016 $'000
Nursing homes	**98**	–	**–**	–
Hospitals and medical centres	**9,858**	9,596	**9,858**	9,596
	9,956	9,596	**9,858**	9,596

At the reporting date, the hospitals and medical centres located in Singapore are leased to one master lessee, Parkway Hospitals Singapore Pte. Ltd. ("PHS"), a related party of the Manager and the Trust. Accordingly, the Group's most significant outstanding trade receivable amounts to $9,858,000 (2016: $9,596,000) due from PHS as at the reporting date. These trade receivables are in accordance to the payment schedule as set out in the lease agreements entered with PHS.

As at 31 December 2017, the Trust has in its possession a bankers' guarantee in its favour amounting to $7.5 million (2016: $7.5 million). It is provided to the Trust by PHS, in lieu of security deposits.

The Manager is of the opinion that there are no conditions that cast doubt over the recoverability of the Group's trade receivables.

Impairment

The ageing of trade and other receivables that were not impaired at the reporting date was:

	Group		Trust	
	2017 $'000	2016 $'000	2017 $'000	2016 $'000
Neither past due nor impaired	**9,858**	9,596	**9,858**	9,596
Past due 1 - 30 days	**98**	–	**–**	–
	9,956	9,596	**9,858**	9,596

8. CASH AND CASH EQUIVALENTS

	Group		Trust	
	2017	**2016**	**2017**	**2016**
	$'000	**$'000**	**$'000**	**$'000**
Cash and cash equivalents in the statement of financial position	**25,720**	71,096	**4,936**	924
Less cash collateral received	**(258)**	(1,912)	**–**	–
Cash and cash equivalents in the cash flow statement	**25,462**	69,184	**4,936**	924

9. TRADE AND OTHER PAYABLES

	Group		Trust	
	2017	**2016**	**2017**	**2016**
	$'000	**$'000**	**$'000**	**$'000**
Trade payables and accrued operating expenses	**6,498**	10,070	**4,556**	3,517
Amounts due to related parties:				
– the Manager (trade)	**5,434**	5,913	**5,425**	5,910
– the Manager (non-trade)	**91**	123	**91**	123
– the Trustee (trade)	**51**	50	**51**	50
– related corporation (non-trade)	**240**	235	**–**	–
Interest payable	**664**	814	**664**	814
Advance rent received	**6,473**	6,277	**2,500**	2,500
	19,451	23,482	**13,287**	12,914

The non-trade amounts due to the Manager and related corporation are unsecured, interest-free, and repayable on demand.

The Group's and Trust's exposure to liquidity risk related to trade and other payables are disclosed in Note 24.

10. LOANS AND BORROWINGS

	Group and Trust 2017 $'000	Group and Trust 2016 $'000
Current liability		
Unsecured bank loans	**15,900**	16,246
Non-current liabilities		
Unsecured bank loans	**529,447**	574,034
Unsecured medium term notes	**98,521**	40,887
Unamortised transaction costs	**(1,586)**	(2,382)
	626,382	612,539

Terms and debt repayment schedule

Terms and conditions of outstanding loans and borrowings are as follows:

Group and Trust	Nominal interest rate	Year of maturity	2017 Face value $'000	2017 Carrying amount $'000	2016 Face value $'000	2016 Carrying amount $'000
S$ variable rate loans	Bank's cost of fund	2017 & 2018	**15,900**	**15,900**	16,200	16,200
JPY variable rate loans	Bank's cost of fund	2017	**–**	**–**	46	46
JPY floating rate loans	LIBOR + margin	2018*	**–**	**–**	73,857	73,192
JPY floating rate loans	LIBOR + margin	2019	**77,688**	**77,658**	145,335	145,094
S$ floating rate loan	SOR + margin	2019	**50,000**	**49,899**	50,000	49,834
S$ floating rate loan	SOR + margin	2020	**75,188**	**74,966**	75,188	74,886
JPY floating rate loans	LIBOR + margin	2020	**94,960**	**94,739**	99,119	98,794
S$ floating rate loan	SOR + margin	2021	**50,000**	**49,814**	50,000	49,762
JPY floating rate loan	LIBOR + margin	2021	**77,155**	**76,842**	80,535	80,135
JPY floating rate loan	LIBOR + margin	2022	**104,456**	**104,004**	–	–
JPY medium term notes	0.58%	2022	**39,171**	**39,135**	40,887	40,842
JPY medium term notes	0.57%	2023	**59,350**	**59,325**	–	–
			643,868	**642,282**	631,167	628,785

SOR denotes Swap Offer Rate

LIBOR denotes London Interbank Offered Rate

* These loans were prepaid in 2017.

10. LOANS AND BORROWINGS (cont'd)

The loans and borrowings comprise the following:

(1) Long Term Unsecured Term Loans and Revolving Credit Facilities

As at the reporting date, the Group has drawn down on various long term unsecured term loans and revolving credit facilities totalling JPY29,845 million (approximately $354.2 million) and $175.2 million (2016: JPY32,191 million (approximately $398.8 million) and $175.2 million) (the "Long Term Facilities"). The Long Term Facilities are committed, unsecured and rank *pari passu* with all the other present and future unsecured debt obligations of Parkway Life REIT. Interest on the Long Term Facilities is subject to re-pricing on a monthly or quarterly basis or any other interest period as mutually agreed between the lenders and the Group, and is based on the relevant floating rate plus a margin.

In addition, the Group entered into interest rate swaps with various counterparties to achieve fixed rate funding for the above Long Term Facilities. Details of these interest rate swaps are set out in Note 6.

(2) Unsecured Debt Issuance

Parkway Life REIT, through its wholly-owned subsidiary, Parkway Life MTN Pte Ltd ("PLife MTN"), has updated its $500 million Multicurrency Medium Term Note Programme to $500 million Multicurrency Debt Issuance Programme on 30 October 2017, to provide Parkway Life REIT with the flexibility to tap various types of capital market products including issuance of perpetual securities when needed.

Under the Debt Issuance Programme, PLife MTN is able to issue notes, while HSBC Institutional Trust Services (Singapore) Limited (in its capacity as trustee of Parkway Life REIT) (the "Parkway Life REIT Trustee") is able to issue perpetual securities.

All sums payable in respect of the notes issued by PLife MTN are unconditionally and irrevocably guaranteed by Parkway Life REIT Trustee. The liability of the trustee shall be limited to the assets of Parkway Life REIT over which the trustee has recourse.

As at 31 December 2017, there were two series of outstanding fixed rate notes issued under the Multicurrency Debt Issuance Programme amounting to JPY8,300 million (approximately $98.5 million) which will mature by 2023 (2016: JPY3,300 million (approximately $40.9 million)).

(3) Short Term Facilities

The Trust has two unsecured and uncommitted short term multi-currency facilities (the "Short Term Facilities") of up to $75.0 million each for general working capital purposes. Interest on the Short Term Facilities is based on the bank's cost of fund.

As at 31 December 2017, a total of $15.9 million (2016: $16.2 million and JPY3.7 million (approximately $0.05 million)) was drawn down via the Short Term Facilities.

10. LOANS AND BORROWINGS (cont'd)

Reconciliation of liabilities arising from financing activities

			Non-cash changes				
	1 January 2017 $'000	**Financing cash flows $'000**	**Foreign exchange movement $'000**	**Interest expense $'000**	**Transaction costs related to loans and borrowings $'000**	**Change in fair value $'000**	**31 December 2017 $'000**
Loans and borrowings	628,785	33,212 [1]	(20,561)	–	846	–	642,282
Interest payable	814	(7,256)	–	7,106	–	–	664
Cross currency interest rate swap used for hedging - (assets) / liabilities	–	–	–	–	–	(1,647)	(1,647)
Interest rate swaps used for hedging - (assets)/ liabilities	3,039	–	–	–	–	(1,652)	1,387
Cross currency interest rate swap used for hedging - (assets) / liabilities	4,437	–	–	–	–	(4,437)	–

[1] Net proceeds from loans and borrowings, repayment of loans and borrowings, and payment of transaction costs related to loans and borrowings.

11. DEFERRED TAX LIABILITIES

	At 1 January $'000	Recognised in statement of total return (note 20) $'000	Translation differences $'000	At 31 December $'000
Group				
2017				
Deferred tax liabilities				
Investment properties	**20,733**	**4,002**	**(991)**	**23,744**
2016				
Deferred tax liabilities				
Investment properties	19,750	(139)	1,122	20,733

12. UNITHOLDERS' FUNDS

	Group		Trust	
	2017 $'000	2016 $'000	2017 $'000	2016 $'000
Unitholders' contribution	**672,015**	684,176	**672,015**	684,176
Revenue reserve	**387,750**	352,957	**356,816**	298,766
Hedging reserve	**(2,733)**	(3,745)	**(2,733)**	(3,745)
Foreign currency translation reserve	**8,308**	4,248	**–**	–
	1,065,340	1,037,636	**1,026,098**	979,197

Foreign currency translation reserve

The foreign currency translation reserve comprises the cumulative effects of:

(a) foreign exchange differences arising from the translation of the financial statements of foreign operations whose functional currencies are different from the functional currency of the Trust;

(b) the gains or losses on instruments used to hedge the Trust's net investment in foreign operations that are determined to be effective hedges; and

(c) the exchange differences on monetary items which form part of the Group's net investment in foreign operations, provided certain conditions are met.

Hedging reserve

The 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.

13. UNITS IN ISSUE

	Trust	
	2017	**2016**
	('000)	**('000)**
Units in issue:		
Balance at beginning and end of year	**605,002**	605,002

Each unit in the Trust represents an undivided interest in the Trust and carries the same voting rights. The rights and interests of Unitholders are contained in the Trust Deed and include the right to:

- receive income and other distributions attributable to the units held;
- receive audited financial statements and annual reports of the Trust;
- participate in the termination of the Trust by receiving a share of all net cash proceeds derived from the realisation of the assets of the Trust available for purposes of such distribution less any liabilities, in accordance with their proportionate interests in the Trust. However, a Unitholder has no equitable or proprietary interest in the underlying assets of the Trust and is not entitled to the transfer to it of any assets (or part thereof) or of any estate or interest in any asset (or part thereof) of the Trust;
- attend all Unitholders' meetings. The Trustee or the Manager may (and the Manager shall at the request in writing of not less than 50 Unitholders or 10% of the total units issued, whichever is the lesser) at any time convene a meeting of Unitholders in accordance with the provisions of the Trust Deed; and
- one vote per unit at the meeting of the Trust.

The restrictions of a Unitholder include the following:

- a Unitholder's right is limited to the right to require due administration of the Trust in accordance with the provisions of the Trust Deed; and
- a Unitholder has no right to request the Manager to repurchase or redeem his units while the units are listed on the SGX-ST and/or any other recognised stock exchange.

A Unitholder's liability is limited to the amount paid or payable for any unit in the Trust. The provisions of the Trust Deed provide that if the issue price of the units held by a Unitholder has been fully paid, no such Unitholder will be personally liable to indemnify the Trustee or any creditor of the Trustee in the event that the liabilities of the Trust exceed its assets.

14. GROSS REVENUE

	Group		Trust	
	2017	**2016**	**2017**	**2016**
	$'000	**$'000**	**$'000**	**$'000**
Property rental income	**109,676**	109,809	**66,365**	65,495
Dividend income from subsidiaries	**–**	–	**24,834**	18,583
Other income	**205**	314	**–**	–
	109,881	110,123	**91,199**	84,078

15. PROPERTY EXPENSES

	Group		Trust	
	2017	**2016**	**2017**	**2016**
	$'000	**$'000**	**$'000**	**$'000**
Operations and maintenance expenditure	**4,429**	4,445	**3,118**	3,118
Property tax	**2,752**	2,739	**–**	–
Property and lease management fees	**15**	15	**–**	–
Land rental	**1**	150	**–**	–
Marketing services commission	**17**	282	**–**	275
Others	**18**	66	**–**	–
	7,232	7,697	**3,118**	3,393

16. MANAGEMENT FEES

	Group		Trust	
	2017	**2016**	**2017**	**2016**
	$'000	**$'000**	**$'000**	**$'000**
Base fees	**5,285**	5,211	**5,285**	5,211
Performance fees	**4,619**	4,609	**4,619**	4,609
Divestment fees	**–**	–	**–**	229
Asset management fees	**1,247**	1,293	**–**	–
	11,151	11,113	**9,904**	10,049

17. TRUST EXPENSES

	Group		Trust	
	2017	**2016**	**2017**	**2016**
	$'000	**$'000**	**$'000**	**$'000**
Trustee fees	**303**	300	**303**	300
Valuation fees	**147**	163	**147**	163
Audit fees paid to:				
– auditors of the Trust	**153**	144	**125**	123
– other auditors	**107**	107	**–**	–
Non-audit fees paid to auditors of the Trust	**121**	59	**111**	48
Professional fees	**1,869**	1,627	**1,260**	1,081
Other expenses	**386**	470	**266**	325
	3,086	2,870	**2,212**	2,040

18. FINANCE COSTS

	Group and Trust	
	2017	**2016**
	$'000	**$'000**
Interest paid and payable		
– bank loans	**6,299**	7,305
– financial derivatives	**807**	1,736
	7,106	9,041
Amortisation of transaction costs relating to debt facilities	**846**	866
Others	**–**	3
	7,952	9,910

19. GAIN ON DISPOSAL OF INVESTMENT PROPERTIES

Gain on disposal of investment properties arose from the divestment of four Japan properties with legal completion on 22 December 2016. There was no divestment in the current financial year.

20. INCOME TAX EXPENSE

	Group		Trust	
	2017	**2016**	**2017**	**2016**
	$'000	**$'000**	**$'000**	**$'000**
Current tax expense				
Withholding tax	**4,461**	8,353	**–**	–
Income tax expense	**40**	31	**–**	–
	4,501	8,384	**–**	–
Deferred tax expense				
Movement in temporary differences	**4,002**	(139)	**–**	–
	4,002	(139)	**–**	–
Total	**8,503**	8,245	**–**	–

Reconciliation of effective tax rate

	Group		Trust	
	2017	**2016**	**2017**	**2016**
	$'000	**$'000**	**$'000**	**$'000**
Total return for the year before income tax	**109,967**	100,174	**124,721**	48,660
Income tax using Singapore tax rate of 17% (2016: 17%)	**18,694**	17,030	**21,203**	8,272
Effect of different tax rate in foreign jurisdictions	**1,231**	1,482	–	–
Income not subject to tax	**(5,145)**	(3,587)	**(8,691)**	(4,363)
Non-tax deductible items	**3,035**	2,339	**(3,200)**	5,110
Tax transparency	**(9,312)**	(9,019)	**(9,312)**	(9,019)
	8,503	8,245	–	–

21. EARNINGS PER UNIT

The calculation of basic earnings per unit is based on the weighted average number of units in issue during the year and the total return after income tax.

	Group		Trust	
	2017 $'000	2016 $'000	2017 $'000	2016 $'000
Total return before income tax and distribution	**109,967**	100,174	**124,721**	48,660
Less: Income tax expense	**(8,503)**	(8,245)	**–**	–
Total return after income tax, before distribution	**101,464**	91,929	**124,721**	48,660

	Group and Trust	
	2017 Number of Units ('000)	2016 Number of Units ('000)
Weighted average number of units in issue	**605,002**	605,002

	Group		Trust	
	2017	2016	2017	2016
Basic earnings per unit (cents)	**16.77**	15.19	**20.61**	8.04

Diluted earnings per unit is the same as the basic earnings per unit as there were no dilutive instruments in issue during the financial year.

22. COMMITMENTS

	Group		Trust	
	2017	2016	2017	2016
	$'000	$'000	$'000	$'000
Capital commitments:				
– contracted but not provided for	**3,530**	2,518	**3,212**	2,164
– authorised but not contracted for	**4,335**	6,670	**4,168**	6,105
	7,865	9,188	**7,380**	8,269

Operating lease commitments

Operating lease rental receivable

The Group leases out its investment properties. Non-cancellable operating lease rentals receivable are as follows:

	Group		Trust	
	2017	2016	2017	2016
	$'000	$'000	$'000	$'000
Within 1 year	**109,081**	105,459	**66,853**	65,872
After 1 year but within 5 years	**410,825**	420,628	**243,509**	263,488
More than 5 years	**253,301**	303,401	**–**	42,050
	773,207	829,488	**310,362**	371,410

Since August 2007, the Group leases out its investment properties in Singapore to PHS, a related party of the Manager and the Trust, under separate master lease agreements for a period of fifteen years. PHS has the option to extend the leases for another fifteen years on terms as set out in the existing lease agreements provided that the revised rent for the first year of the extended term shall not exceed the amount equivalent to 15% of the adjusted hospital revenue for 2021.

As at 31 December 2017, the Group leased out a majority of its strata titled units/lots within Gleneagles Intan Medical Centre Kuala Lumpur Malaysia to Gleneagles Kuala Lumpur (a branch of Pantai Medical Centre Sdn. Bhd.), a related corporation of the Manager and the Trust.

23. SIGNIFICANT RELATED PARTY TRANSACTIONS

For the purposes of these financial statements, parties are considered to be related to the Group if the Group has the ability, directly or indirectly, to control the party or exercise significant influence over the party in making financial and operating decisions, or vice versa, or where the Group and the party are subject to common significant influence. Related parties may be individuals or other entities.

	Group		Trust	
	2017	**2016**	**2017**	**2016**
	$'000	**$'000**	**$'000**	**$'000**
Related corporations of the Manager				
Rental income received/receivable	**66,717**	65,920	**66,365**	65,495
Other income received/receivable	**32**	33	**–**	–
The Manager				
Manager's management fees paid/payable	**9,904**	9,820	**9,904**	9,820
Acquisition fees paid/payable to the Manager	**594**	132	**594**	132
Divestment fees paid/payable to the Manager	**–**	229	**–**	229
Travelling expenses reimbursed/reimbursable to the Manager	**223**	276	**223**	276
Property and lease management fees paid/payable to the Manager	**15**	15	**–**	–
Marketing services commission paid/payable to the Manager	**17**	282	**–**	275
The Trustee				
Trustee's fees paid/payable	**303**	300	**303**	300

24. FINANCIAL INSTRUMENTS

Financial risk management

Overview

The Group has exposure to the following risks:

- credit risk
- liquidity risk
- market risk

This note presents information about the Group's exposure to each of the above risks, the Group's objectives, policies and processes for measuring and managing risks, as well as the Group's capital management strategy.

24. FINANCIAL INSTRUMENTS (cont'd)

Risk management framework

The Manager has overall responsibility for the establishment and oversight of the Group's risk management framework. The Group has a system of controls in place to create an acceptable balance between the cost of risks occurring and the cost of managing the risks. The Manager continually monitors the Group's risk management processes to ensure an appropriate balance between risks and controls is achieved. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Group's activities.

Credit risk

Credit risk is the risk of financial loss to the Group if a lessee or deposit taking financial institution fails to meet its contractual obligations, and arises principally from the Group's receivables from lessees and cash and cash equivalents placed with these financial institutions.

Trade and other receivables

The investment properties in Singapore are leased to one master lessee, PHS, a related corporation of the Manager and the Trust. The investment properties in Japan are leased to several nursing home operators and a master lessee in respect to the pharmaceutical product distributing and manufacturing facility. The Manager is of the opinion that there were no conditions that cast doubt over the recoverability of the Group's trade receivables. The maximum exposure to credit risk is represented by the carrying value of these receivables on the statement of financial position.

Cash and cash equivalents

Cash and fixed deposits are placed with financial institutions which are regulated.

At the reporting date, except as disclosed in Note 7, there were no significant concentration of credit risk. The maximum exposure to credit risk is represented by the carrying value on the statement of financial position.

Liquidity risk

Liquidity risk is the risk that the Group will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The Group's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Group's reputation.

The Manager monitors and maintains a level of cash and cash equivalents deemed adequate to finance the Group's operations and to cater for the fluctuations in cash flow requirements. Typically, the Group ensures that it has sufficient cash on demand to meet expected operational expenses for a reasonable period of time, including the servicing of financial obligations; this excludes the potential impact of extreme circumstances that cannot reasonably be predicted, such as natural disasters. In addition, the Manager also monitors and observes the CIS Code issued by the MAS concerning limits on total borrowings.

As at 31 December 2017, the Group has uncommitted short term credit facilities of approximately $134.1 million (2016: $133.7 million) that can be drawn down to meet short term financing needs. Furthermore, the Group has put in place a $500 million Debt Issuance Programme.

24. FINANCIAL INSTRUMENTS (cont'd)

As at 31 December 2017, the outstanding notes issued under the Debt Issuance Programme was JPY8,300 million (approximately $98.5 million) (2016: JPY 3,300 million (approximately $40.9 million)).

The following are the contractual maturities of financial liabilities, including estimated interest payments and excluding the impact of netting agreements:

			<------------- Cash flow	-------------	>
	Carrying amount $'000	Contractual cash flows $'000	Within 1 year $'000	1 to 5 years $'000	More than 5 years $'000
Group					
2017					
Non-derivative financial liabilities					
S$ unsecured bank loans	**190,579**	**(199,988)**	**(19,346)**	**(180,642)**	**–**
JPY unsecured bank loans	**353,243**	**(359,632)**	**(2,255)**	**(357,377)**	**–**
JPY medium term notes	**98,460**	**(101,372)**	**(573)**	**(41,300)**	**(59,499)**
Security deposits	**19,016**	**(19,016)**	**(940)**	**(212)**	**(17,864)**
Trade and other payables^	**12,978**	**(12,978)**	**(12,978)**	**–**	**–**
	674,276	**(692,986)**	**(36,092)**	**(579,531)**	**(77,363)**
Derivative financial instruments					
Forward foreign exchange contracts (gross-settled)					
– assets	**(66,653)**	**68,793**	**25,534**	**43,259**	**–**
– liabilities	**64,756**	**(66,833)**	**(24,806)**	**(42,027)**	**–**
Cross currency interest rate swap (gross-settled)					
– assets	**(4,303)**	**4,441**	**1,513**	**2,928**	**–**
– liabilities	**2,656**	**(2,741)**	**(934)**	**(1,807)**	**–**
Interest rate swaps used for hedging (net-settled)	**1,387**	**(1,432)**	**(957)**	**(475)**	**–**
	(2,157)	**2,228**	**350**	**1,878**	**–**
	672,119	**(690,758)**	**(35,742)**	**(577,653)**	**(77,363)**
2016					
Non-derivative financial liabilities					
S$ unsecured bank loans	190,682	(198,726)	(18,267)	(180,459)	–
JPY unsecured bank loans	397,261	(408,260)	(3,483)	(404,777)	–
JPY medium term notes	40,842	(42,130)	(237)	(949)	(40,944)
Security deposits	20,380	(20,380)	(2,676)	(207)	(17,497)
Trade and other payables^	17,205	(17,205)	(17,205)	–	–
	666,370	(686,701)	(41,868)	(586,392)	(58,441)
Derivative financial instruments					
Forward foreign exchange contracts (gross-settled)					
– assets	(27,555)	28,601	10,839	17,762	–
– liabilities	27,872	(28,946)	(10,715)	(18,231)	–
Cross currency interest rate swap (gross-settled)					
– assets	1,970	(2,044)	(550)	(1,494)	–
– liabilities	2,467	(2,561)	(689)	(1,872)	–
Interest rate swaps used for hedging (net-settled)	3,039	(3,154)	(1,505)	(1,649)	–
	7,793	(8,104)	(2,620)	(5,484)	–
	674,163	(694,805)	(44,488)	(591,876)	(58,441)

24. FINANCIAL INSTRUMENTS (cont'd)

	Carrying amount $'000	Contractual cash flows $'000	<------------- Cash flow -------------> Within 1 year $'000	1 to 5 years $'000	More than 5 years $'000
Trust					
2017					
Non-derivative financial liabilities					
S$ unsecured bank loans	**190,579**	**(199,988)**	**(19,346)**	**(180,642)**	**–**
JPY unsecured bank loans	**353,243**	**(359,632)**	**(2,255)**	**(357,377)**	**–**
JPY medium term notes	**98,460**	**(101,372)**	**(573)**	**(41,300)**	**(59,499)**
Trade and other payables^	**10,787**	**(10,787)**	**(10,787)**	**–**	**–**
	653,069	**(671,779)**	**(32,961)**	**(579,319)**	**(59,499)**
Derivative financial instruments					
Forward foreign exchange contracts (gross-settled)					
– assets	**(66,653)**	**68,793**	**25,534**	**43,259**	**–**
– liabilities	**64,756**	**(66,833)**	**(24,806)**	**(42,027)**	**–**
Cross currency interest rate swap (gross-settled)					
– assets	**(4,303)**	**4,441**	**1,513**	**2,928**	**–**
– liabilities	**2,656**	**(2,741)**	**(934)**	**(1,807)**	**–**
Interest rate swaps (net-settled)	**1,387**	**(1,432)**	**(957)**	**(475)**	**–**
	(2,157)	**2,228**	**350**	**1,878**	**–**
	650,912	**(669,551)**	**(32,611)**	**(577,441)**	**(59,499)**
2016					
Non-derivative financial liabilities					
S$ unsecured bank loans	190,682	(198,726)	(18,267)	(180,459)	–
JPY unsecured bank loans	397,261	(408,260)	(3,483)	(404,777)	–
JPY medium term notes	40,842	(42,130)	(237)	(949)	(40,944)
Trade and other payables^	10,414	(10,414)	(10,414)	–	–
	639,199	(659,530)	(32,401)	(586,185)	(40,944)
Derivative financial instruments					
Forward foreign exchange contracts (gross-settled)					
– assets	(27,555)	28,601	10,839	17,762	–
– liabilities	27,872	(28,946)	(10,715)	(18,231)	–
Cross currency interest rate swap (gross-settled)					
– assets	1,970	(2,044)	(550)	(1,494)	–
– liabilities	2,467	(2,561)	(689)	(1,872)	–
Interest rate swaps (net-settled)	3,039	(3,154)	(1,505)	(1,649)	–
	7,793	(8,104)	(2,620)	(5,484)	–
	646,992	(667,634)	(35,021)	(591,669)	(40,944)

^ Excludes advance rent received

24. FINANCIAL INSTRUMENTS (cont'd)

Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates and interest rates will affect the Group's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return on risk.

Exposure to foreign currency risk

The Manager's investment mandate covers the Asia-Pacific region. In order to manage the currency risk involved in investing in assets outside of Singapore, the Manager may, as appropriate, adopt currency risk management strategies including:

- the use of foreign currency denominated borrowings to match the currency of the asset investment as a natural currency hedge;

- the use of derivative or other hedging instruments to hedge against fluctuations in the exchange rates of foreign currency income received from offshore assets against Singapore dollars; and

- the use of cross currency swaps to hedge against the fluctuations in the exchange rates of any foreign currency denominated net assets of the Group against Singapore dollars.

The Group is exposed to foreign currency risk arising from its investments in Japan and Malaysia. The income generated from these investments and net assets are denominated in foreign currencies, mainly Japanese Yen ("JPY") and Malaysia Ringgit ("MYR").

The Group's exposure to foreign currency risk mainly arises from the distribution of net income denominated in JPY from its investment properties located in Japan and its net investment in foreign operations denominated in JPY. The Manager limits the Group's exposure to adverse movements in foreign currency exchange rates by using forward foreign exchange contracts to hedge the distribution of net income from its investments in Japan. In addition, the Group borrows loans denominated in JPY and utilised CCIRS to realign the Singapore dollar denominated loans back into effective JPY denominated loans to create a natural hedge for its JPY denominated investments and that are designated as net investment hedge.

24. FINANCIAL INSTRUMENTS (cont'd)

The Group's exposure to various foreign currencies (excluding the JPY denominated loans, JPY medium term notes and Singapore dollar denominated loans which were overlaid with cross currency interest rate swaps to realign it into effective JPY loans that are designated as hedge of the Group's net investment in Japan) are shown in Singapore dollar, translated using the spot rate as at 31 December as follows:

	JPY $'000	MYR $'000	Total $'000
Group			
2017			
Cash and cash equivalents	**4,809**	**295**	**5,104**
Trade and other payables	**(581)**	**–**	**(581)**
Financial derivatives	**(65,071)**	**–**	**(65,071)**
Net exposure	**(60,843)**	**295**	**(60,548)**
2016			
Cash and cash equivalents	12	295	307
Trade and other payables	(800)	–	(800)
Financial derivatives	(28,051)	–	(28,051)
Net exposure	(28,839)	295	(28,544)

The Trust's exposure to various foreign currencies which relates primarily to its use of financial instruments are shown in Singapore dollar, translated using the spot rate as at 31 December as follows:

	JPY $'000	MYR $'000	Total $'000
Trust			
2017			
Cash and cash equivalents	**4,809**	**28**	**4,837**
Trade and other payables	**(581)**	**–**	**(581)**
Loans and borrowings	**(452,780)**	**–**	**(452,780)**
Financial derivatives	**(65,071)**	**–**	**(65,071)**
Net exposure	**(513,623)**	**28**	**(513,595)**
2016			
Cash and cash equivalents	–	33	33
Trade and other payables	(800)	–	(800)
Loans and borrowings	(439,779)	–	(439,779)
Financial derivatives	(28,051)	–	(28,051)
Net exposure	(468,630)	33	(468,597)

24. FINANCIAL INSTRUMENTS (cont'd)

Sensitivity analysis

A 10% strengthening of the Singapore dollar against the following currencies at the reporting date would have increased/(decreased) the total return by the amounts shown below. This analysis assumes that all other variables, in particular interest rates, remain constant.

	Statement of total return	
	2017	2016
	$'000	$'000
Group		
JPY	**6,084**	2,884
MYR	**(30)**	(30)
Trust		
JPY	**51,362**	46,863
MYR	**(3)**	(3)

In respect to the Group, a 10% strengthening or weakening of Singapore dollar against Japanese Yen would have no significant impact to the Group as the Group issues Japanese Yen fixed rate notes, borrows loans denominated in Japanese Yen and Singapore dollar denominated loans which were overlaid with cross currency interest rate swaps to realign it into effective JPY loans, and designated this as a net investment hedge. For the year ended 31 December 2017, the effective portion of the net investment hedge charged to the Unitholders' funds amounted to $20.8 million gain (2016: $26.8 million loss).

Exposure to interest rate risk

The Group's exposure to changes in interest rates relates primarily to the floating interest rates incurred for its loans and borrowings. Interest rate risk is managed by the Manager on an ongoing basis with the primary objective of limiting the extent to which net interest expenses could be affected by adverse movements in interest rates. The Manager adopts a policy of fixing the interest rates for at least 50% (and up to 100%) of its borrowings through the use of interest rate hedging financial instruments.

At the reporting date, the interest rate profile of the interest-bearing financial instruments was as follows:

	Group and Trust Nominal amount	
	2017	2016
	$'000	$'000
Fixed rate instrument		
Medium term notes	**98,521**	40,887
Variable rate instruments		
Interest rate swaps	**334,853**	506,516
Cross currency interest rate swaps	**125,188**	75,188
Loans and borrowings	**(545,347)**	(590,280)
	(85,306)	(8,576)

24. FINANCIAL INSTRUMENTS (cont'd)

Fair value sensitivity analysis for fixed rate instruments

The Group does not account for any fixed rate financial assets at fair value through profit or loss. Therefore a change in interest rates at the reporting date would not affect profit or loss and equity.

Cash flow sensitivity analysis for variable rate instruments

A change of 100 basis points in interest rates at the reporting date would have increased/ (decreased) the total return and Unitholders' funds by the amounts shown below. This analysis assumes that all other variables, in particular foreign currency rates, remain constant.

	Statement of total return		Unitholders' funds	
	100 bp increase $'000	100 bp decrease $'000	100 bp increase $'000	100 bp decrease $'000
Group and Trust				
31 December 2017				
Loans and borrowings	**(5,454)**	**5,454**	**–**	**–**
Interest rate swaps	**3,349**	**(3,349)**	**4,089**	**(5,092)**
Cross currency interest rate swaps	**1,252**	**(1,252)**	**3,637**	**(3,717)**
Cash flow sensitivity (net)	**(853)**	**853**	**7,726**	**(8,809)**
31 December 2016				
Loans and borrowings	(5,903)	5,903	–	–
Interest rate swaps	5,065	(5,065)	7,568	(9,772)
Cross currency interest rate swap	752	(752)	2,909	(3,048)
Cash flow sensitivity (net)	(86)	86	10,477	(12,820)

24. FINANCIAL INSTRUMENTS (cont'd)

Capital management

The Manager reviews the Group's and the Trust's capital structure regularly and uses a combination of debt and equity to fund acquisitions and asset enhancement projects.

The objectives of the Manager are to:

(a) maintain a strong financial position by adopting and maintaining an optimal gearing ratio;

(b) secure diversified funding sources from financial institutions and/or capital markets; and

(c) adopt a proactive financial risk management strategy to manage financial risks related to interest rate and foreign currency fluctuations.

The Manager seeks to maintain an optimal combination of debt and equity in order to minimise the cost of capital and maximise returns to Unitholders. The Manager also monitors the externally imposed capital requirements closely and ensures the capital structure adopted comply with these requirements.

The Group is subjected to the Aggregate Leverage limit as defined in the Property Funds Appendix of the CIS Code. The CIS Code stipulates that the total borrowings and deferred payments (the "Aggregate Leverage") of a property fund should not exceed 45% of the fund's Deposited Property.

During the financial year, the Group maintained a credit rating of Baa2 from Moody's. The Aggregate Leverage of the Group as at 31 December 2017 was 36.4% (2016: 36.3%) of the Group's Deposited Property. This complied with the stipulated Aggregate Leverage limit.

There were no changes in the Group's approach to capital management during the year.

24. FINANCIAL INSTRUMENTS (cont'd)

Determination of fair values

The carrying amounts and fair values of financial assets and liabilities, including their levels in the fair value hierarchy are as follows. It does not include fair value information for financial assets and liabilities not measured at fair value if the carrying amount is a reasonable approximation of fair value.

		Carrying amount					Fair value			
	Note	Loans and receivables $'000	Designated at fair value# $'000	Other financial liabilities $'000	Fair value – hedging instruments $'000	Total carrying amount $'000	Level 1 $'000	Level 2 $'000	Level 3 $'000	Total $'000
Group										
31 December 2017										
Financial assets measured at fair value										
Forward foreign exchange contracts		–	1,897	–	–	1,897	–	1,897	–	1,897
Cross currency interest rate swaps used for hedging		–	–	–	1,647	1,647	–	1,647	–	1,647
	6	–	1,897	–	1,647	3,544				
Financial assets not measured at fair value										
Trade and other receivables*	7	10,155	–	–	–	10,155				
Cash and cash equivalents	8	25,720	–	–	–	25,720				
		35,875	–	–	–	35,875				
Financial liabilities measured at fair value										
Interest rate swaps used for hedging	6	–	–	–	(1,387)	(1,387)	–	(1,387)	–	(1,387)
Financial liabilities not measured at fair value										
Loans and borrowings										
– Unsecured bank loans		–	–	(543,822)	–	(543,822)				
– Medium term notes		–	–	(98,460)	–	(98,460)	–	(98,542)	–	(98,542)
Trade and other payables^		–	–	(12,978)	–	(12,978)				
Security deposits		–	–	(19,016)	–	(19,016)	–	–	(16,264)	(16,264)
		–	–	(674,276)	–	(674,276)				

* Excludes prepayments

^ Excludes advance rent received

\# Designated at fair value through profit or loss

24. FINANCIAL INSTRUMENTS (cont'd)

	Note	Carrying amount					Fair value			
		Loans and receivables $'000	Designated at fair value# $'000	Other financial liabilities $'000	Fair value – hedging instruments $'000	Total carrying amount $'000	Level 1 $'000	Level 2 $'000	Level 3 $'000	Total $'000
Group										
31 December 2016										
Financial assets measured at fair value										
Forward foreign exchange contracts	6	–	545	–	–	545	–	545	–	545
Financial assets not measured at fair value										
Trade and other receivables*	7	9,754	–	–	–	9,754				
Cash and cash equivalents	8	71,096	–	–	–	71,096				
		80,850	–	–	–	80,850				
Financial liabilities measured at fair value										
Cross currency interest rate swap used for hedging		–	–	–	(4,437)	(4,437)	–	(4,437)	–	(4,437)
Interest rate swaps used for hedging		–	–	–	(3,039)	(3,039)	–	(3,039)	–	(3,039)
Forward foreign exchange contracts		–	(862)	–	–	(862)	–	(862)	–	(862)
	6	–	(862)	–	(7,476)	(8,338)				
Financial liabilities not measured at fair value										
Loans and borrowings										
– Unsecured bank loans		–	–	(587,943)	–	(587,943)				
– Medium term notes		–	–	(40,842)	–	(40,842)	–	(41,002)	–	(41,002)
Trade and other payables^		–	–	(17,205)	–	(17,205)				
Security deposits		–	–	(20,380)	–	(20,380)	–	–	(17,607)	(17,607)
		–	–	(666,370)	–	(666,370)				

* Excludes prepayments

^ Excludes advance rent received

\# Designated at fair value through profit or loss

24. FINANCIAL INSTRUMENTS (cont'd)

	Note	Carrying amount: Loans and receivables $'000	Carrying amount: Designated at fair value# $'000	Carrying amount: Other financial liabilities $'000	Carrying amount: Fair value – hedging instruments $'000	Carrying amount: Total carrying amount $'000	Fair value: Level 1 $'000	Fair value: Level 2 $'000	Fair value: Level 3 $'000	Fair value: Total $'000
Trust										
31 December 2017										
Financial assets measured at fair value										
Forward foreign exchange contracts		–	1,897	–	–	1,897	–	1,897	–	1,897
Cross currency interest rate swaps used for hedging		–	–	–	1,647	1,647	–	1,647	–	1,647
	6	–	1,897	–	1,647	3,544				
Financial assets not measured at fair value										
Trade and other receivables*	7	9,858	–	–	–	9,858				
Cash and cash equivalents	8	4,936	–	–	–	4,936				
		14,794	–	–	–	14,794				
Financial liabilities measured at fair value										
Interest rate swaps used for hedging	6	–	–	–	(1,387)	(1,387)	–	(1,387)	–	(1,387)
Financial liabilities not measured at fair value										
Loans and borrowings										
– Unsecured bank loans		–	–	(543,822)	–	(543,822)				
– Medium term notes		–	–	(98,460)	–	(98,460)	–	(98,542)	–	(98,542)
Trade and other payables^		–	–	(10,787)	–	(10,787)				
		–	–	(653,069)	–	(653,069)				

* Excludes prepayments

^ Excludes advance rent received

\# Designated at fair value through profit or loss

24. FINANCIAL INSTRUMENTS (cont'd)

		Carrying amount					Fair value			
	Note	Loans and receivables $'000	Designated at fair value# $'000	Other financial liabilities $'000	Fair value – hedging instruments $'000	Total carrying amount $'000	Level 1 $'000	Level 2 $'000	Level 3 $'000	Total $'000
Trust										
31 December 2016										
Financial assets measured at fair value										
Forward foreign exchange contracts	6	–	545	–	–	545	–	545	–	545
Financial assets not measured at fair value										
Trade and other receivables*	7	9,596	–	–	–	9,596				
Cash and cash equivalents	8	924	–	–	–	924				
		10,520	–	–	–	10,520				
Financial liabilities measured at fair value										
Cross currency interest rate swap used for hedging		–	–	–	(4,437)	(4,437)	–	(4,437)	–	(4,437)
Interest rate swaps used for hedging		–	–	–	(3,039)	(3,039)	–	(3,039)	–	(3,039)
Forward foreign exchange contracts		–	(862)	–	–	(862)	–	(862)	–	(862)
	6	–	(862)	–	(7,476)	(8,338)				
Financial liabilities not measured at fair value										
Loans and borrowings										
– Unsecured bank loans		–	–	(587,943)	–	(587,943)				
– Medium term notes		–	–	(40,842)	–	(40,842)	–	(41,002)	–	(41,002)
Trade and other payables^		–	–	(10,414)	–	(10,414)				
		–	–	(639,199)	–	(639,199)				

* Excludes prepayments

^ Excludes advance rent received

\# Designated at fair value through profit or loss

24. FINANCIAL INSTRUMENTS (cont'd)

Measurement of fair values

(i) Valuation techniques and significant unobservable inputs

The following tables show the valuation techniques used in measuring Level 2 and Level 3 fair values, as well as the significant unobservable inputs used.

Financial instruments measured at fair value

Type	Valuation technique
Group and Trust	
Derivatives: interest rate swaps, forward foreign currency contracts and cross currency interest rate swaps	*Market comparison technique:* The fair values are based on valuations provided by the financial institutions that are the counterparties to the transactions. These quotes are tested for reasonableness by discounting estimated future cash flows based on the terms and maturity of each contract and using market interest rates for a similar instrument at the reporting date.

Financial instruments not measured at fair value

Type	Valuation technique	Key unobservable inputs
Group and Trust		
Security deposits	Discounted cash flows	Discount rate –1.06% (2016: 1.03%)
Medium term notes	The fair value is estimated considering recent quoted price in markets that are not active	Not applicable

Other financial assets and liabilities

The carrying amounts of financial assets and liabilities with a maturity of less than one year (including trade and other receivables, cash and cash equivalents, trade and other payables and interest-bearing borrowings which reprice within three months) are assumed to approximate their fair values because of the short period to maturity or repricing.

(ii) Transfer between Level 1 and 2

During the financial year ended 31 December 2017, there were no transfers between Level 1 and Level 2.

25. FINANCIAL RATIOS

	2017 %	2016 %
Ratio of expenses to weighted average net assets [1]		
– excluding performance component of Manager's fees	**0.91**	0.91
– including performance component of Manager's fees	**1.35**	1.36
Portfolio turnover rate [2]	**–**	1.35

[1] The annualised ratios are computed in accordance with the guidelines of Investment Management Association of Singapore. The expenses used in the computation relate to expenses at the Group level, excluding property related expenses, finance costs, income tax expense and foreign exchange gains/(losses).

[2] The annualised ratio is computed based on the lesser of purchases or sales of underlying investment properties of the Group expressed as a percentage of daily average net asset value.

26. OPERATING SEGMENTS

Segment information is presented in respect of the Group's strategic business units. For each of the reportable segments, the CEO of the Manager reviews internal management reports regularly. This forms the basis of identifying the operating segments of the Group.

The Group is engaged in a single business of investing in investment properties in the healthcare and/or healthcare-related sector, namely hospital and medical centres, nursing homes and pharmaceutical manufacturing and distributing facility. During the reporting year, the Group had three reportable geographical segments in Singapore, Japan and Malaysia.

Performance measurement based on segment profit before income tax and non-financial assets as well as financial assets attributable to each segment is used as the Manager believes that such information is most relevant in evaluating the results of certain segments relative to other entities that operate within these industries.

Segment results, assets and liabilities include items directly attributable to a segment as well as those that can be allocated on a reasonable basis. Unallocated items comprise mainly assets and expenses of the subsidiary providing financial and treasury services which were not allocated to an identified segment.

Segment capital expenditure is the total cost incurred on additions to investment properties that are expected to be used for more than one year.

26. OPERATING SEGMENTS (cont'd)

	Hospitals and Medical Centres		Nursing Homes		Pharmaceutical Manufacturing and Distribution Facility		Total	
	2017 $'000	2016 $'000	2017 $'000	2016 $'000	2017 $'000	2016 $'000	2017 $'000	2016 $'000
Revenue and expenses								
Gross revenue	**66,867**	65,999	**41,373**	41,872	**1,641**	2,252	**109,881**	110,123
Net property income	**63,615**	62,752	**37,497**	37,805	**1,537**	1,869	**102,649**	102,426
Interest income	**–**	2	**–**	2	**–**	–	**–**	4
Foreign exchange gain	**27**	2	**1,519**	1,157	**37**	75	**1,583**	1,234
Non-property expenses	**(7,830)**	(7,620)	**(6,088)**	(5,963)	**(288)**	(365)	**(14,206)**	(13,948)
Finance costs	**(1,834)**	(2,673)	**(5,756)**	(6,786)	**(362)**	(451)	**(7,952)**	(9,910)
Total return before change in fair value of financial derivatives, investment properties and gain on disposal of investment properties	**53,978**	52,463	**27,172**	26,215	**924**	1,128	**82,074**	79,806
Net change in fair value of financial derivatives	**–**	–	**1,836**	(1,792)	**118**	(120)	**1,954**	(1,912)
Net change in fair value of investment properties	**26,782**	16,911	**(854)**	10,986	**42**	(9,738)	**25,970**	18,159
Gain on disposal of investment properties	**–**	–	**–**	4,156	**–**	–	**–**	4,156
Total return before income tax	**80,760**	69,374	**28,154**	39,565	**1,084**	(8,730)	**109,998**	100,209
Income tax (expense)/credit	**(62)**	(50)	**(8,224)**	(9,239)	**(217)**	1,044	**(8,503)**	(8,245)
Total return after income tax	**80,698**	69,324	**19,930**	30,326	**867**	(7,686)	**101,495**	91,964
Assets and liabilities								
Reportable segment assets	**1,112,460**	1,075,487	**629,469**	633,518	**29,222**	30,297	**1,771,151**	1,739,302
Reportable segment liabilities	**126,377**	124,554	**547,657**	543,377	**31,838**	33,778	**705,872**	701,709
Other segment information								
Capital expenditure	**4,221**	2,773	**1,918**	25	**77**	2,163	**6,216**	4,961

26. OPERATING SEGMENTS (cont'd)

Reconciliations of reportable segment revenue, total return before income tax, assets and liabilities

	2017 $'000	2016 $'000
Revenue		
Total revenue for reportable segments	**109,881**	110,123
Total return before income tax		
Total return for reportable segments	**109,998**	100,209
Unallocated amounts:		
– Other corporate expenses	**(31)**	(35)
Consolidated return before income tax	**109,967**	100,174
Assets		
Total assets for reportable segments	**1,771,151**	1,739,302
Other unallocated amounts	**70**	52
Consolidated total assets	**1,771,221**	1,739,354
Liabilities		
Total liabilities for reportable segments	**705,872**	701,709
Other unallocated amounts	**9**	9
Consolidated total liabilities	**705,881**	701,718
Geographical information		
Revenue		
Singapore	**66,365**	65,495
Japan	**43,014**	44,124
Malaysia	**502**	504
	109,881	110,123
Non-current assets*		
Singapore	**1,088,200**	1,057,200
Japan	**635,556**	592,849
Malaysia	**7,307**	7,160
	1,731,063	1,657,209

* Non-current assets presented consist of investment properties

27. SUBSEQUENT EVENTS

On 26 January 2018, the Manager declared a distribution of 3.38 cents per unit in respect of the period 1 October 2017 to 31 December 2017 which was paid on 27 February 2018.

On 7 February 2018, the Group, through its wholly-owned subsidiary, Parkway Life Japan2 Pte. Ltd., executed an agreement to participate as an investor in relation to the acquisition of an elderly nursing rehabilitation facility located in Japan for a total cash consideration of JPY1.5 billion (approximately $17.8 million). The acquisition of the property was made through a special purpose vehicle, G.K. Nest, in which Parkway Life Japan2 Pte. Ltd. has made a *Tokumei Kumiai* investment. This acquisition was completed on 14 February 2018 and partially funded by internal funds and JPY-denominated debts.

On 20 February 2018, the Group, through its wholly-owned subsidiary, Parkway Life MTN Pte. Ltd. , announced the pricing of a proposed issue of JPY3.5 billion (approximately $42.1 million) 0.65% senior unsecured notes due 2024 (the “Notes Issue”) to be issued under the S$500 million Multicurrency Debt Issuance Programme. The Notes Issue was completed on 26 February 2018. The proceeds were used to refinance a portion of the Group’s JPY loans due in 2019.

ADDITIONAL INFORMATION

RELATED PARTY TRANSACTIONS

The transactions entered into with related parties during the financial year and which fall within the Listing Manual of the SGX-ST and the Property Funds Appendix are:

Name of related party	Aggregate value of all related party transactions during the financial year under review (excluding transactions less than $100,000) $'000
Parkway Hospitals Singapore Pte. Ltd.	
– Property rental income	66,365
Gleneagles Kuala Lumpur (a branch of Pantai Medical Centre Sdn. Bhd.)	
– Property rental income	346
Parkway Trust Management Limited	
– Manager's management fees	9,904
– Manager's acquisition fees	594
– Travelling expenses reimbursed to the Manager	223
HSBC Institutional Trust Services (Singapore) Limited	
– Trustee's fees	303

Except as disclosed above, there were no additional related party transactions (excluding transactions of less than $100,000 each) entered into up to and including 31 December 2017.

Out of the travelling expenses reimbursed to the Manager, non-deal roadshow expenses of $36,000 were incurred during the financial year.

Please also see Significant Related Party Transactions in Note 23 to the financial statements.

Rules 905 and 906 of the Listing Manual are not applicable if such related party transactions are made on the basis of, and in accordance with, the terms and conditions set out in the Parkway Life REIT prospectus dated 7 August 2007, and therefore would not be subjected to Audit Committee review/approval.

STATISTICS OF UNITHOLDINGS

AS AT 1 MARCH 2018

ISSUED UNITS

There were 605,002,386 Units (voting rights: one vote per Unit) issued in Parkway Life REIT as at 1 March 2018.

DISTRIBUTION OF UNITHOLDINGS

Size of Unitholdings	No. of Unitholders	%	No. of Units	%
1 - 99	177	2.20	7,439	0.00
100 - 1,000	2,379	29.63	1,557,015	0.26
1,001 - 10,000	4,241	52.82	19,440,002	3.21
10,001 – 1,000,000	1,219	15.18	55,828,290	9.23
1,000,001 and above	14	0.17	528,169,640	87.30
Total	**8,030**	**100.00**	**605,002,386**	**100.00**

Country	No. of Unitholders	%	No. of Units	%
Singapore	7,746	96.46	601,273,722	99.38
Malaysia	161	2.01	2,361,533	0.39
Others	123	1.53	1,367,131	0.23
Total	**8,030**	**100.00**	**605,002,386**	**100.00**

TWENTY LARGEST UNITHOLDERS

No.	Name	No. of units	%
1	Parkway Investments Pte Ltd	213,257,000	35.25
2	DBS Nominees (Private) Limited	107,709,565	17.80
3	Citibank Nominees Singapore Pte Ltd	94,914,755	15.69
4	HSBC (Singapore) Nominees Pte Ltd	44,814,295	7.41
5	Raffles Nominees (Pte) Limited	31,764,250	5.25
6	DBSN Services Pte. Ltd.	12,631,037	2.09
7	United Overseas Bank Nominees (Private) Limited	10,103,643	1.67
8	DB Nominees (Singapore) Pte Ltd	2,674,839	0.44
9	BPSS Nominees Singapore (Pte.) Ltd.	2,503,608	0.41
10	Parkway Trust Management Limited	2,420,286	0.40
11	Lim Cheok Peng	1,559,000	0.26
12	OCBC Nominees Singapore Private Limited	1,412,687	0.23
13	DBS Vickers Securities (Singapore) Pte Ltd	1,288,175	0.21
14	Morgan Stanley Asia (Singapore) Securities Pte Ltd	1,116,500	0.18
15	CGS-CIMB Securities (Singapore) Pte. Ltd.	922,724	0.15
16	UOB Kay Hian Private Limited	921,600	0.15
17	Phillip Securities Pte Ltd	903,055	0.15
18	ABN Amro Clearing Bank N.V.	797,500	0.13
19	Nomura Singapore Limited	793,175	0.13
20	BNP Paribas Nominees Singapore Pte Ltd	769,100	0.13
	Total	**533,276,794**	**88.13**

STATISTICS OF UNITHOLDINGS

AS AT 1 MARCH 2018

DIRECTORS' UNITHOLDINGS AS AT 21 JANUARY 2018

No.	Name of Directors	Units Held	Units in which the Directors are deemed to have an interest
1.	Ho Kian Guan	–	–
2.	Dr. Jennifer Lee Gek Choo	–	–
3.	Cheah Sui Ling	–	–
4.	Dr. Tan See Leng	–	–
5.	Dr. Lim Suet Wun	–	–
6.	Rossana Annizah Binti Ahmad Rashid	–	–
7.	Low Soon Teck	–	–
8.	Yong Yean Chau	208,500	392,000

SUBSTANTIAL UNITHOLDERS AS AT 1 MARCH 2018
(Based on the Register of Substantial Unitholders maintained by the Manager)

No.	Name of Substantial Unitholders		Direct Interest	Deemed Interest
1.	Khazanah Nasional Berhad	Note 1	–	215,896,501
2.	Pulau Memutik Ventures Sdn. Bhd.	Note 2	–	215,896,501
3.	IHH Healthcare Berhad	Note 3	–	215,896,501
4.	Integrated Healthcare Holdings Limited	Note 4	219,215	215,677,286
5.	Parkway Pantai Limited	Note 5	–	215,677,286
6.	Parkway Holdings Limited	Note 6	–	215,677,286
7.	Parkway Investments Pte Ltd	–	213,257,000	–
8.	Mitsui & Co. Ltd.	Note 7	–	216,596,414
9.	MBK Healthcare Partners Limited	Note 8	–	216,596,414

Note 1 Integrated Healthcare Holdings Limited ("IHHL") is a wholly-owned subsidiary of IHH Healthcare Berhad ("IHH"). Khazanah Nasional Berhad ("Khazanah"), through its wholly-owned subsidiary, Pulau Memutik Ventures Sdn Bhd ("PMVSB"), holds more than 20% of the total issued share capital of IHH. Accordingly, Khazanah has a deemed interest in units held by IHHL.

Note 2 Integrated Healthcare Holdings Limited ("IHHL") is a wholly-owned subsidiary of IHH Healthcare Berhad ("IHH"). Pulau Memutik Ventures Sdn. Bhd. ("PMVSB") has a deemed interest in units held by IHH by virtue of holding more than 20% of the total issued share capital of IHH. Accordingly, PMVSB has a deemed interest in units held by IHHL.

Note 3 Integrated Healthcare Holdings Limited ("IHHL") is a wholly-owned subsidiary of IHH Healthcare Berhad ("IHH"). Accordingly, IHH has a deemed interest in units held by IHHL.

Note 4 Parkway Pantai Limited ("PPL") is a wholly-owned subsidiary of Integrated Healthcare Holdings Limited ("IHHL"). Accordingly, IHHL has a deemed interest in units held by PPL.

Note 5 Parkway Holdings Limited ("PHL") is a wholly-owned subsidiary of Parkway Pantai Limited ("PPL"). Accordingly, PPL has a deemed interest in units held by PHL.

STATISTICS OF UNITHOLDINGS

AS AT 1 MARCH 2018

Note 6	(1)	Deemed interest in Parkway Investments Pte Ltd and Parkway Trust Management Limited, both wholly-owned subsidiaries of Parkway Holdings Limited.
	(2)	Parkway Investments Pte Ltd and Parkway Trust Management Limited are registered holders of 213,257,000 units and 2,420,286 units respectively.
Note 7		Integrated Healthcare Holdings Limited ("IHHL") is a wholly-owned subsidiary of IHH Healthcare Berhad ("IHH"). MBK Healthcare Partners Limited ("MBKHPL"), a wholly-owned subsidiary of Mitsui & Co., Ltd. ("Mitsui"), has deemed interest in the units held by IHHL by virtue of MBKHPL holding more than 20 per cent of the total issued share capital of IHH. Accordingly, Mitsui has a deemed interest in units held by IHHL.
Note 8		Integrated Healthcare Holdings Limited ("IHHL") is a wholly-owned subsidiary of IHH Healthcare Berhad ("IHH"). MBK Healthcare Partners Limited ("MBKHPL") has deemed interest in the units held by IHHL by virtue of MBKHPL holding more than 20 per cent of the total issued share capital of IHH.

PUBLIC FLOAT

Under Rule 723 of the Listing Manual of the SGX-ST, a listed issuer must ensure that at least 10% of its listed securities are at all times held by the public. Based on the information made to the Manager as at 1 March 2018, approximately 64.22% of Parkway Life REIT's Units were held in the hands of the public. Accordingly, Rule 723 of the Listing Manual of the SGX-ST has been complied with.

Parkway Life REIT did not hold any treasury units as at 1 March 2018.

NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the Annual General Meeting of the holders of units of Parkway Life Real Estate Investment Trust ("**Parkway Life REIT**", and the holders of units of Parkway Life REIT, "**Unitholders**") will be held at Gleneagles Hospital, Lecture Theatre, Level 3, 6A Napier Road, Singapore 258500 on Monday, 30 April 2018 at 9.30 a.m., to transact the following business:

AS ORDINARY BUSINESS

1. To receive and adopt the Report of HSBC Institutional Trust Services (Singapore) Limited, as trustee of Parkway Life REIT (the "**Trustee**"), the Statement by Parkway Trust Management Limited, as manager of Parkway Life REIT (the "**Manager**") and the Audited Financial Statements of Parkway Life REIT for the financial year ended 31 December 2017 together with the Auditors' Report thereon. **(Ordinary Resolution 1)**

2. To re-appoint KPMG LLP as the Independent Auditor of Parkway Life REIT and to hold office until the conclusion of the next Annual General Meeting of Parkway Life REIT and to authorise the Manager to fix their remuneration. **(Ordinary Resolution 2)**

3. To endorse the appointments of the following directors of the Manager (the "**Directors**"), pursuant to the undertaking dated 16 March 2017 provided by Parkway Holdings Limited to the Trustee:

   (a) Ms. Cheah Sui Ling (**Ordinary Resolution 3**);

   (b) Dr. Lim Suet Wun (**Ordinary Resolution 4**); and

   (c) Ms. Rossana Annizah Binti Ahmad Rashid (**Ordinary Resolution 5**).

   (Please see Explanatory Notes).

BY ORDER OF THE BOARD
PARKWAY TRUST MANAGEMENT LIMITED
(Company Registration no. 200706697Z)
As manager of Parkway Life Real Estate Investment Trust

Chan Wan Mei
Company Secretary

Singapore
29 March 2018

NOTICE OF ANNUAL GENERAL MEETING

Notes:

1. A Unitholder who is not a Relevant Intermediary entitled to attend and vote at the Annual General Meeting of the Unitholders of Parkway Life REIT (the "**Meeting**") is entitled to appoint not more than two proxies to attend and vote in his stead. A proxy need not be a Unitholder. Where a Unitholder appoints more than one proxy, the appointments shall be invalid unless the Unitholder specifies the proportion of the Unitholder's unitholdings (expressed as a percentage of the whole) to be represented by each proxy.

2. A Unitholder who is a Relevant Intermediary entitled to attend and vote at the Meeting is entitled to appoint more than one proxy to attend and vote instead of the Unitholder, but each proxy must be appointed to exercise the rights attached to a different Unit or Units held by such Unitholder. Where such Unitholder appoints more than one proxy, the appointments shall be invalid unless the Unitholder specifies the number of Units in relation to which each proxy has been appointed.

   "**Relevant Intermediary**" means:

   (a) a banking corporation licensed under the Banking Act, Chapter 19 of Singapore or a wholly-owned subsidiary of such a banking corporation, whose business includes the provision of nominee services and who holds Units in that capacity;

   (b) a person holding a capital markets services licence to provide custodial services for securities under the Securities and Futures Act, Chapter 289 of Singapore and who holds Units in that capacity; or

   (c) the Central Provident Fund Board ("**CPF Board**") established by the Central Provident Fund Act, Chapter 36 of Singapore, in respect of Units purchased under the subsidiary legislation made under that Act providing for the making of investments from the contributions and interest standing to the credit of members of the Central Provident Fund, if the CPF Board holds those Units in the capacity of an intermediary pursuant to or in accordance with that subsidiary legislation.

3. The instrument appointing a proxy or proxies (the "**Proxy Form**") must be deposited at the registered office of the Manager at 80 Robinson Road #02-00 Singapore 068898, not later than 9.30 a.m. on 27 April 2018, being 72 hours before the time fixed for the Meeting.

Personal Data Privacy

4. By submitting an instrument appointing a proxy(ies) and/or representative(s) to attend, speak and vote at the Meeting and/or any adjournment thereof, a Unitholder (i) consents to the collection, use and disclosure of the Unitholder's personal data by the Manager and the Trustee (or their agents) for the purpose of the processing and administration by the Manager and the Trustee (or their agents) of proxies and representatives appointed for the Meeting (including any adjournment thereof) and the preparation and compilation of the attendance lists, minutes and other documents relating to the Meeting (including any adjournment thereof), and in order for the Manager and the Trustee (or their agents) to comply with any applicable laws, listing rules, regulations and/or guidelines (collectively, the "**Purposes**"), (ii) warrants that where the Unitholder discloses the personal data of the Unitholder's proxy(ies) and/or representative(s) to the Manager and the Trustee (or their agents), the Unitholder has obtained the prior consent of such proxy(ies) and/or representative(s) for the collection, use and disclosure by the Manager and the Trustee (or their agents) of the personal data of such proxy(ies) and/or representative(s) for the Purposes, and (iii) agrees that the Unitholder will indemnify the Manager and the Trustee in respect of any penalties, liabilities, claims, demands, losses and damages as a result of the Unitholder's breach of warranty.

NOTICE OF ANNUAL GENERAL MEETING

Explanatory Notes

Ordinary Resolutions 3 to 5

(1) Parkway Holdings Limited has on 16 March 2017 provided an undertaking (the "**Undertaking**") to the Trustee that:

- for so long as the board of directors of the Manager (the "**Board**") does not comprise at least half independent Directors, it will procure the Manager to include in the agenda for each annual general meeting of Parkway Life REIT (commencing from the annual general meeting held in 2017), the resolutions to endorse the appointment of at least one-third of the Directors for the time being (or, if their number is not three or a multiple of three, then the number nearest one-third);

- for so long as the Board does not comprise at least half independent Directors, it will:

  – procure the Manager to seek Unitholder's re-endorsement for the appointment of each Director no later than every third annual general meeting of Parkway Life REIT after the relevant general meeting at which such Director's appointment was last endorsed or re-endorsed, as the case may be;

  – (where a person is appointed as Director, either to fill a vacancy or as an addition to the existing Directors, at any time) procure the Manager to seek Unitholders' endorsement for his/her appointment as a Director at the next annual general meeting of Parkway Life REIT immediately following his/her appointment;

  – procure any person whose appointment as a Director has not been endorsed or re-endorsed (as the case may be) by the Unitholders at the relevant general meeting of Parkway Life REIT where the endorsement or re-endorsement (as the case may be) for his/her appointment was sought, to resign or otherwise be removed from the Board either (i) within 21 days from the date of the relevant general meeting or (ii) in the event that the Board determines that a replacement Director has to be appointed, no later than the date when such replacement Director is appointed, and the regulatory approval for such appointment (if any) has been obtained,

the performance of which shall in each case be subject to and in accordance with applicable laws and regulations.

(2) The endorsement or re-endorsement from Unitholders of any appointment of any person as a Director shall be by way of an ordinary resolution passed at the relevant general meeting.

(3) Subject to paragraph (1) above, the Undertaking shall not restrict Parkway Holdings Limited or the Manager from appointing any Director from time to time in accordance with the applicable laws and regulations (including any applicable rule of Singapore Exchange Securities Trading Limited) and the Constitution of the Manager.

(4) The Undertaking shall remain in force for so long as:

- Parkway Holdings Limited remains as the holding company (as defined in the Companies Act, Chapter 50 of Singapore) of the Manager; and

- Parkway Trust Management Limited remains as the manager of Parkway Life REIT.

(5) Detailed information on the Directors (including their current directorships in other listed companies and details of other principal commitments) can be found in "Board of Directors" section of Parkway Life REIT's Annual Report 2017.

(6) Upon endorsement, each of Ms. Cheah Sui Ling, Dr. Lim Suet Wun and Ms. Rossana Annizah Binti Ahmad Rashid will continue to serve as a Director on the Board. Ms. Cheah Sui Ling will continue to serve as an Independent Director. Dr. Lim Suet Wun and Ms. Rossana Annizah Binti Ahmad Rashid will each continue to serve as a Non-Executive Director.

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PARKWAY LIFE REAL ESTATE INVESTMENT TRUST
(constituted in the Republic of Singapore pursuant to a trust deed dated 12 July 2007 (as amended))

PROXY FORM
ANNUAL GENERAL MEETING

IMPORTANT
1. This Proxy Form is not valid for use by CPF/SRS Investors and shall be ineffective for all intents and purposes if used or is purported to be used by them. CPF/SRS investors should contact their respective Agent Banks/SRS Operators if they have any queries regarding their appointment as proxies.
2. A Relevant Intermediary may appoint more than one proxy to attend and vote at the Annual General Meeting (please see note 2 for the definition of "Relevant Intermediary").
3. PLEASE READ THE NOTES TO THE PROXY FORM.

Personal data privacy
By submitting an instrument appointing a proxy(ies) and/or representative(s), the unitholder accepts and agrees to the personal data privacy terms set out in the Notice of Annual General Meeting dated 29 March 2018.

I/We ______________________________ (Name(s) and NRIC/Passport Number(s)/Company Registration Number) of ______________________________ (Address)

being a unitholder/unitholders of Parkway Life Real Estate Investment Trust ("**Parkway Life REIT**"), hereby appoint:

Name	Address	NRIC/Passport Number	Proportion of Unitholdings (%)	
			No. of Units	%

and/or (delete as appropriate)

Name	Address	NRIC/Passport Number	Proportion of Unitholdings (%)	
			No. of Units	%

or, both of whom failing, the Chairman of the Annual General Meeting as my/our proxy/proxies to attend and vote for me/us on my/our behalf, at the Annual General Meeting of Parkway Life REIT (the "**Meeting**") to be held at Gleneagles Hospital, Lecture Theatre, Level 3, 6A Napier Road, Singapore 258500 on Monday, 30 April 2018 at 9.30 a.m. and at any adjournment thereof.

I/We direct my/our proxy/proxies to vote for or against the resolutions to be proposed at the Meeting as indicated hereunder. If no specific direction as to voting is given herein, the proxy/proxies will vote or abstain from voting at his/her/their discretion, as he/she/they may on any matter arising at the Meeting.

Note: The resolutions at the Meeting will be voted on by way of poll.

No.	Ordinary Resolutions	No. of Votes For*	No. of Votes Against*
	ORDINARY BUSINESS		
1.	To receive and adopt the Trustee's Report, the Manager's Statement, the Audited Financial Statements of Parkway Life REIT for the financial year ended 31 December 2017 and the Auditors' Report thereon.		
2.	To re-appoint KPMG LLP as the Independent Auditor of Parkway Life REIT and authorise the Manager to fix the Auditor's remuneration.		
3.	To endorse the appointment of Ms. Cheah Sui Ling as Director.		
4.	To endorse the appointment of Dr. Lim Suet Wun as Director.		
5.	To endorse the appointment of Ms. Rossana Annizah Binti Ahmad Rashid as Director.		

* If you wish to exercise all your votes "For" or "Against", please tick (√) within the box provided. Alternatively, please indicate the number of votes as appropriate.

Dated this ______________ day of ______________ 2018.

Total number of Units held

____
Signature(s) of Unitholder(s)/Common Seal

IMPORTANT: PLEASE READ THE NOTES TO PROXY FORM BELOW

Notes to Proxy Form:

1. A unitholder of Parkway Life REIT ("**Unitholder**") who is not a Relevant Intermediary entitled to attend and vote at the Meeting is entitled to appoint one or two proxies to attend and vote in his stead. Where a Unitholder appoints more than one proxy, the appointments shall be invalid unless the Unitholder specifies the proportion of the Unitholder's unitholdings (expressed as a percentage of the whole) to be represented by each proxy.

2. A Unitholder who is a Relevant Intermediary entitled to attend and vote at the meeting is entitled to appoint more than one proxy to attend and vote instead of the Unitholder, but each proxy must be appointed to exercise the rights attached to a different Unit or Units held by such Unitholder. Where such Unitholder appoints more than one proxy, the appointments shall be invalid unless the Unitholder specifies the number of Units in relation to which each proxy has been appointed.

   "**Relevant Intermediary**" means:

   (a) a banking corporation licensed under the Banking Act, Chapter 19 of Singapore or a wholly-owned subsidiary of such a banking corporation, whose business includes the provision of nominee services and who holds Units in that capacity;

   (b) a person holding a capital markets services licence to provide custodial services for securities under the Securities and Futures Act, Chapter 289 of Singapore and who holds Units in that capacity; or

   (c) the Central Provident Fund Board ("**CPF Board**") established by the Central Provident Fund Act, Chapter 36 of Singapore, in respect of Units purchased under the subsidiary legislation made under that Act providing for the making of investments from the contributions and interest standing to the credit of members of the Central Provident Fund, if the CPF Board holds those Units in the capacity of an intermediary pursuant to or in accordance with that subsidiary legislation.

3. A proxy need not be a Unitholder. The instrument appointing a proxy and power of attorney or other authority (if any) under which it is signed or a notarially certified copy of such power or authority must be deposited with the company secretary of Parkway Trust Management Limited (the "**Manager**") at its registered office at 80 Robinson Road #02-00 Singapore 068898, not later than 9.30 a.m. on 27 April 2018, being 72 hours before the time fixed for the Meeting, and in default of which the instrument of proxy shall not be treated as valid.

4. Completion and return of this instrument appointing a proxy or proxies ("**Proxy Form**") shall not preclude a Unitholder from attending and voting at the Meeting. Any appointment of a proxy or proxies shall be deemed to be revoked if a Unitholder attends the Meeting in person, and in such event, the Manager reserves the right to refuse to admit any person or persons appointed under the Proxy Form to the Meeting.

5. A Unitholder should insert the total number of units in Parkway Life REIT ("**Units**") held. If the Unitholder has Units entered against his name in the Depository Register (as defined in Section 81SF of the Securities and Futures Act, Chapter 289 of Singapore) maintained by The Central Depository (Pte) Limited ("**CDP**"), he should insert that number of Units. If the Unitholder has Units registered in his name in the Register of Unitholders of Parkway Life REIT, he should insert that number of Units. If the Unitholder has Units entered against his name in the said Depository Register and registered in his name in the Register of Unitholders, he should insert the aggregate number of Units. If no number is inserted, this form of proxy will be deemed to relate to all the Units held by the Unitholder.

6. The Proxy Form must be under the hand of the appointor or of his attorney duly authorised in writing. Where the Proxy Form is executed by a corporation, it must be executed either under its common seal or under the hand of its attorney or a duly authorised officer.

7. Where the Proxy Form is signed on behalf of the appointor by an attorney, the power of attorney or a duly certified copy thereof must (failing previous registration with the Manager) be lodged with the Proxy Form, failing which the Proxy Form may be treated as invalid.

8. The Manager shall be entitled to reject a Proxy Form which is incomplete, improperly completed or illegible or where the true intentions of the appointor are not ascertainable from the instructions of the appointor specified on and/or attached to the Proxy Form.

9. In addition, in the case of Units entered in the Depository Register, the Manager may reject a Proxy Form if the Unitholder, being the appointor, is not shown to have Units entered against his name in the Depository Register as at 72 hours before the time appointed for holding the Meeting, as certified by CDP to the Manager.

10. Resolutions at the Meeting will be voted on by way of poll. All Unitholders will be bound by the outcome of the Meeting regardless of whether they have attended or voted at the Meeting.

11. On a poll, every Unitholder who is present in person or by proxy shall have one vote for every Unit of which he is the Unitholder. A person entitled to more than one vote need not use all his votes or cast them the same way.

CORPORATE INFORMATION

THE MANAGER

Parkway Trust Management Limited
Company registration number: 200706697Z

REGISTERED ADDRESS

80 Robinson Road #02-00
Singapore 068898
Phone : (65) 6236 3333
Fax : (65) 6236 4399

COMPANY SECRETARIES

Ms. Chan Wan Mei, ACIS
Ms. Chan Lai Yin, ACIS

BOARD OF DIRECTORS

Mr. Ho Kian Guan
Independent Director, Chairman of the Board of Directors and Member of the Audit Committee

Dr. Jennifer Lee Gek Choo
Independent Director, Chairman of the Nominating and Remuneration Committee and Member of the Audit Committee

Ms. Cheah Sui Ling
Independent Director, Chairman of the Audit Committee and Member of the Nominating and Remuneration Committee

Dr. Tan See Leng
Non-Executive Director, Member of the Nominating and Remuneration Committee

Dr. Lim Suet Wun
Non-Executive Director

Ms. Rossana Annizah Binti Ahmad Rashid
Non-Executive Director

Mr. Low Soon Teck
Non-Executive Director

Mr. Yong Yean Chau
Chief Executive Officer and Executive Director

AUDIT COMMITTEE

Ms. Cheah Sui Ling
Chairman

Mr. Ho Kian Guan
Member

Dr. Jennifer Lee Gek Choo
Member

NOMINATING AND REMUNERATION COMMITTEE

Dr. Jennifer Lee Gek Choo
Chairman

Ms. Cheah Sui Ling
Member

Dr. Tan See Leng
Member

TRUSTEE'S REGISTERED ADDRESS

HSBC Institutional Trust Services (Singapore) Limited
21 Collyer Quay
HSBC Building, #13-02
Singapore 049320

TRUSTEE'S CORRESPONDENCE ADDRESS

HSBC Institutional Trust Services (Singapore) Limited
21 Collyer Quay
HSBC Building, #03-01
Singapore 049320
Phone : (65) 6658 6667

AUDITORS

KPMG LLP
Public Accountants and Chartered Accountants
16 Raffles Quay
#22-00 Hong Leong Building
Singapore 048581
Phone : (65) 6213 3388
Fax : (65) 6225 0984

Partner-in-charge: Lee Jee Cheng Philip
(Appointed since financial year ended 31 December 2013)

UNIT REGISTRAR

Boardroom Corporate & Advisory Services Pte. Ltd.
50 Raffles Place
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Singapore 048623
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