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

PARKWAY LIFE REAL ESTATE INVESTMENT TRUST
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019 UNAUDITED FINANCIAL STATEMENT & DISTRIBUTION ANNOUNCEMENT

INTRODUCTION

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

Parkway Life REIT is one of the largest listed healthcare REITs in Asia by asset size. It was established to invest primarily in income-producing real estate and/or real estate-related assets in the Asia-Pacific region (including Singapore) that are used primarily for healthcare and/or healthcare-related purposes (including but not limited to, hospitals, healthcare facilities and real estate and/or real estate assets used in connection with healthcare research, education, and the manufacture or storage of drugs, medicine and other healthcare goods and devices), whether wholly or partially owned, and whether directly or indirectly held through the ownership of special purpose vehicles whose primary purpose is to own such real estate. In Singapore, Parkway Life REIT owns the largest portfolio of private hospitals comprising Mount Elizabeth Hospital, Gleneagles Hospital, and Parkway East Hospital (collectively, the "Singapore Hospital Properties").

In Japan, Parkway Life REIT owns one pharmaceutical product distributing and manufacturing facility in Chiba Prefecture, as well as 48 high quality nursing home and care facility properties located in various prefectures of Japan. This is inclusive of the three nursing rehabilitation facilities acquired in 4Q 2019 (collectively, the "Japan Properties").

As at 31 December 2019, Parkway Life REIT owns a well-diversified portfolio of 53 properties located in the Asia-Pacific region, including three hospitals in Singapore, 49 healthcare and healthcare-related assets in Japan and strata titled units/lots in MOB Specialist Clinics, Kuala Lumpur, Malaysia. Its total portfolio size stands at approximately S$1.97 billion as at 31 December 2019.

Parkway Life REIT's policy is to distribute at least 90% of its taxable income and net overseas income, with the actual level of distribution to be determined by the Manager. An amount of S$3.0 million is retained for capital expenditure on existing properties each year.

SUMMARY OF PARKWAY LIFE REIT'S RESULTS FOR THE YEAR ENDED 31 DECEMBER 2019

		2019	2018	Increase	
	Notes	**S$'000**	**S$'000**	**S$'000**	**%**
Gross Revenue		**115,222**	**112,838**	**2,384**	**2.1**
Net Property Income		**108,225**	**105,404**	**2,821**	**2.7**
Total Distributable Income to Unitholders	(a)	**79,822**	**77,897**	**1,925**	**2.5**
Distribution per unit (cents)	(b)	**13.19**	**12.87**	**0.32**	**2.5**
Distribution yield (%), based on - Closing market price of S$3.32 as at 31 December 2019		**3.97**	**3.88**		**2.5**

Note(s):

(a) Net of amount retained for capital expenditure on existing properties, amounting to S$3.0 million each year.

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

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

Consolidated Statement of Total Return

	Notes	4Q 2019 S$'000	4Q 2018 S$'000	Inc/ (Dec) %	2019 S$'000	2018 S$'000	Inc/ (Dec) %
Gross revenue		**28,039**	**28,569**	**(1.9)**	**115,222**	**112,838**	**2.1**
Property expenses		(716)	(1,848)	(61.3)	(6,997)	(7,434)	(5.9)
Net property income		**27,323**	**26,721**	**2.3**	**108,225**	**105,404**	**2.7**
Management fees	(a)	(3,024)	(2,898)	4.3	(11,881)	(11,402)	4.2
Trust expenses	(b)	(765)	(745)	2.7	(3,074)	(3,184)	(3.5)
Net foreign exchange (loss)/gain		(217)	274	n.m.[1]	(114)	991	n.m.
Interest income		2	2	0.0	10	6	66.7
Finance costs	(c)	(1,713)	(1,651)	3.8	(6,617)	(6,734)	(1.7)
Non-property expenses		**(5,717)**	**(5,018)**	**13.9**	**(21,676)**	**(20,323)**	**6.7**
Total return before changes in fair value of financial derivatives and investment properties		**21,606**	**21,703**	**(0.4)**	**86,549**	**85,081**	**1.7**
Net change in fair value of financial derivatives	(d)	4,102	(1,251)	n.m.	2,436	(2,256)	n.m.
Net change in fair value of investment properties	(e)	43,019	77,888	(44.8)	43,019	77,888	(44.8)
Total return for the period before tax and distribution		**68,727**	**98,340**	**(30.1)**	**132,004**	**160,713**	**(17.9)**
Income tax expense	(f)	(2,732)	(3,422)	(20.2)	(8,607)	(8,781)	**(2.0)**
Total return for the period after tax before distribution		**65,995**	**94,918**	**(30.5)**	**123,397**	**151,932**	**(18.8)**

Note(s):

(a) Management fees comprise Manager's management fees and asset management fees payable to the asset managers of the Japan Properties.

(b) Trust expenses comprise mainly of Trustee's fees, professional fees and travelling expenses.

(c) Finance costs largely consist of interest expense on loans, settlement on interest rate swaps that provide fixed rate funding on loans, amortisation of premium costs of interest rate caps, amortisation of transaction costs of establishing debt facilities and the finance costs on lease liabilities.

(d) The Group entered into foreign currency forward contracts to hedge its net foreign income from Japan. The changes in fair value of the foreign currency forward contracts were recognised in Statement of Total Return.

(e) Valuations were performed by independent professional valuers for all investment properties as at 31 December 2019. The net change in fair value of investment properties represented a gain of 2.2% in the total portfolio value.

(f) Included in 4Q 2019 income tax expense is the withholding tax of S$1.1 million (4Q 2018: S$1.2 million) and deferred tax of S$1.6 million (4Q 2018: S$2.2 million) in respect of the Japan investment properties for the temporary differences between the fair value and the tax written down value at the applicable tax rate.

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

Distribution Statement

	Notes	4Q 2019 S$'000	4Q 2018 S$'000	Inc/ (Dec) %	2019 S$'000	2018 S$'000	Inc/ (Dec) %
Total return after tax before distribution		**65,995**	**94,918**	**(30.5)**	**123,397**	**151,932**	**(18.8)**
Non-tax deductible/(non-taxable) items:							
Trustee's fees		82	78	5.1	322	309	4.2
Amortisation of transaction costs relating to debt facilities		151	147	2.7	688	663	3.8
Net change in fair value of financial derivatives		(4,102)	1,251	n.m.	(2,436)	2,256	n.m.
Net fair value gain on investment properties (net of deferred tax impact)		(41,427)	(75,703)	(45.3)	(39,315)	(73,795)	(46.7)
Foreign exchange loss/(gain)		308	(109)	n.m.	292	(571)	n.m.
Others		(12)	17	n.m.	(126)	108	n.m.
Net effect of non-tax deductible/(non-taxable) items		**(45,000)**	**(74,319)**	**(39.5)**	**(40,575)**	**(71,030)**	**(42.9)**
Rollover adjustment	(a)	-	-	-	-	(5)	n.m.
Amount available for distribution to Unitholders		**20,995**	**20,599**	**1.9**	**82,822**	**80,897**	**2.4**
Amount retained for capital expenditure	(b)	(750)	(750)	-	(3,000)	(3,000)	-
Distributable income to Unitholders	(c)	**20,245**	**19,849**	**2.0**	**79,822**	**77,897**	**2.5**

Note(s):

(a) The rollover adjustment in 2018 represented the difference between the taxable income previously distributed and the quantum finally agreed with the Inland Revenue Authority of Singapore ("IRAS") for the Year of Assessment 2017 and had been adjusted under the rollover mechanism agreed with the IRAS.

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

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

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

	Notes	Group 31/12/19 S$'000	Group 31/12/18 S$'000	Trust 31/12/19 S$'000	Trust 31/12/18 S$'000
Current assets					
Trade and other receivables		11,971	11,211	61,683	10,170
Financial derivatives		28	44	28	44
Cash and cash equivalents		21,870	22,102	959	1,004
		33,869	**33,357**	**62,670**	**11,218**
Non-current assets					
Investment properties	(a),(b)	1,966,140	1,860,534	1,210,700	1,160,400
Interests in subsidiaries		-	-	567,182	582,106
Financial derivatives		3,018	237	3,018	237
Total assets		**2,003,027**	**1,894,128**	**1,843,570**	**1,753,961**
Current liabilities					
Financial derivatives		2,496	352	2,496	352
Trade and other payables		21,940	20,799	13,802	13,858
Current portion of security deposits		697	1,000	-	43
Lease liabilities	(b)	14	-	-	-
Loans and borrowings	(c)	77,745	-	77,745	-
Provision for taxation		2	2	-	-
		102,894	**22,153**	**94,043**	**14,253**
Non-current liabilities					
Financial derivatives		817	4,002	817	4,002
Non-current portion of security deposits		18,139	19,442	-	-
Lease liabilities	(b)	2,127	-	-	-
Loans and borrowings	(d)	662,288	683,183	662,288	683,183
Deferred income	(e)	2,316	-	-	-
Deferred tax liabilities		32,598	28,955	-	-
Total liabilities		**821,179**	**757,735**	**757,148**	**701,438**
Net assets		**1,181,848**	**1,136,393**	**1,086,422**	**1,052,523**
Represented by:					
Unitholders' funds		1,181,848	1,136,393	1,086,422	1,052,523
Total equity		**1,181,848**	**1,136,393**	**1,086,422**	**1,052,523**

Note(s):

(a) The increase in investment properties was due to the gain on property revaluation, acquisition of three nursing rehabilitation facilities in Japan on 13 December 2019, capital expenditure of existing assets and appreciation of the Japanese Yen as compared to 31 December 2018. Investment properties were stated at valuation performed by independent valuers as at 31 December 2019. A revaluation gain of S$43.0 million was recognised in the Statement of Total Return.

(b) One of the three properties acquired in 4Q 2019 was a leasehold property where the Group is a lessee to an operating lease arrangement. With the adoption of FRS 116 *Leases*, the Group is required to recognise right-of-use ("ROU") assets representing its right to use the underlying properties and lease liabilities representing its obligation to make lease payments. The ROU assets and liabilities are derived from discounting the future land rent payments over the respective lease terms by applying a single discount rate to the property lease. The ROU assets are included within "Investment properties" in the Statements of Financial Position. As at 31 December 2019, the Group recognised a ROU asset of and lease liabilities of S$2.1 million.

(c) The increase in current term borrowings was mainly due to reclassification of S$75.2 million revolving credit facility, maturing in September 2020, from long term borrowings and drawdown of short term loan facility for working capital purposes. Notwithstanding the net current liabilities position, based on the Group's existing financial resources, the Group believes that it will be able to refinance its borrowings and meet its current obligations as and when they fall due.

(d) The decrease in long term borrowings was mainly due to reclassification of S$75.2 million revolving credit facility to current term borrowings and partially offset by additional funding required for the properties acquisition in December 2019 and drawdown of long term revolving credit facility for working capital purposes.

(e) Deferred income relates to the difference between consideration received for security deposits and its fair value at initial recognition, and is credited to the Statement of Total Return as gross rental income on a straight line basis over individual lease term.

1(b)(ii) Aggregate amount of borrowings

	Group 31/12/19 S$'000	Group 31/12/18 S$'000	Trust 31/12/19 S$'000	Trust 31/12/18 S$'000
Unsecured gross borrowings				
Amount repayable within one year	77,800	-	77,800	-
Amount repayable after one year	663,940	684,722	663,940	684,722
Less: Transaction costs in relation to the term loan and revolving credit facilities	(1,707)	(1,539)	(1,707)	(1,539)
	740,033	**683,183**	**740,033**	**683,183**

Parkway Life REIT has a Baa2 issuer rating, as well as a provisional (P)Baa2 senior unsecured rating to the S$500 million Multicurrency Debt Issuance Programme (the "Debt Issuance Programme") by Moody's, with Stable Outlook.

Parkway Life REIT's gearing[2] was 37.1% as at 31 December 2019, within the 45% limit allowed under the Monetary Authority of Singapore's Property Funds Appendix.

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

Unsecured Borrowings

On 4 December 2019, the Group has secured a JPY4,100 million (approximately S$50.8 million[3]) revolving credit facility and the facility was fully drawn down on 11 December 2019 to fund the acquisition of three nursing rehabilitation facilities in Japan.

As at 31 December 2019, the total credit facilities drawn of JPY31,698 million (approximately S$392.7 million[3]) and S$125.0 million (the "**Long Term Facilities**") were committed, unsecured and rank *pari passu* with all the other present and future unsecured debt obligations of Parkway Life REIT. Since 3Q 2019, one of the Long Term Facilities amounting to S$75.2 million was reclassified to current term borrowings due to its maturity within the next 12 months.

Interest on the Long Term Facilities is subjected 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, Parkway Life REIT has two unsecured and uncommitted short term multi-currency facilities ("**Uncommitted Short Term Facilities**") amounting to S$120 million for general working capital purposes. As at 31 December 2019, the Group has drawn down S$1.2 million and JPY114 million (approximately S$1.4 million[3]) over one to two months via the Uncommitted Short Term Facilities, at the bank's cost of fund.

Unsecured Debt Issuance

Parkway Life REIT, through its wholly-owned subsidiary, Parkway Life MTN Pte Ltd (the "MTN Issuer"), has put in place a S$500 million Multicurrency Debt Issuance Programme 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, the MTN Issuer 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.

The notes shall constitute direct, unconditional, unsecured and unsubordinated obligations of the respective issuer ranking *pari passu*, without any preference or priority among themselves, and *pari*

[2] Total debt (including lease liabilities) as a percentage of total assets.
[3] Based on exchange rate of S$1.239 per JPY100 as at 31 December 2019.

passu with all other present and future unsecured obligations (other than subordinated obligations and priorities created by law) of the respective issuer. All sums payable in respect of the notes issued by the MTN Issuer 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 2019, there were three series of outstanding fixed rate notes issued under the Debt Issuance Programme amounted to JPY11,800 million (approximately S$146.2 million[3]).

(b) **Interest Rate Swaps and Foreign Currency Forwards**

For the financing facilities put in place for the acquisitions of investment properties in Japan, the Group has entered into various interest rate swaps, interest rate caps and fixed rate cross currency swap to hedge the floating rate loans.

The appropriate hedge accounting treatment is applied to the interest rate swaps and fixed rate cross currency swap whereby the effective portion of changes in the fair value are recognised directly in Unitholders' funds. To the extent that the hedge is ineffective, such differences are recognised in the Statement of Total Return. Hedge accounting treatment is also applied to the interest rate caps whereby the intrinsic value and time value of the interest rate caps is recognised in the hedging reserve and the cost of hedging reserve respectively.

The Group has also entered into foreign currency forward contracts to hedge the net foreign income from Japan. As at 31 December 2019, the Group has in place Japanese Yen forward contracts till 1Q 2024. This enhances the stability of distribution to Unitholders.

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

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

	Notes	4Q 2019 S$'000	4Q 2018 S$'000	2019 S$'000	2018 S$'000
Operating activities					
Total return before tax and distribution		**68,727**	**98,340**	**132,004**	**160,713**
Adjustments for					
Interest income		(2)	(2)	(10)	(6)
Finance costs		1,713	1,651	6,617	6,734
Net change in fair value of financial derivatives		(4,102)	1,251	(2,436)	2,256
Net change in fair value of investment properties		(43,019)	(77,888)	(43,019)	(77,888)
Deferred income recognised		(251)	-	(251)	-
Operating income before working capital changes		**23,066**	**23,352**	**92,905**	**91,809**
Changes in working capital					
Trade and other receivables		403	291	(765)	(264)
Trade and other payables		1,668	1,372	1,060	821
Security deposits		1,062	-	993	583
Cash generated from operations		26,199	25,015	94,193	92,949
Income tax paid		(1,254)	(1,134)	(4,945)	(4,599)
Cash flows generated from operating activities	**(a)**	**24,945**	**23,881**	**89,248**	**88,350**
Investing activities					
Interest received		2	2	10	6
Capital expenditure on investment properties		(2,953)	(1,878)	(9,633)	(6,629)
Cash outflow on purchase of investment properties (including acquisition related costs)	**(b)**	(51,518)	(293)	(51,518)	(21,153)
Cash flows used in investing activities	**(c)**	**(54,469)**	**(2,169)**	**(61,141)**	**(27,776)**
Financing activities					
Interest paid		(1,206)	(1,527)	(5,441)	(6,133)
Distribution to Unitholders		(19,965)	(19,542)	(79,437)	(78,469)
Proceeds from notes issuance		-	-	-	43,190
Proceeds from borrowings		80,154	15,846	239,997	217,211
Repayment of borrowings		(38,898)	(27,365)	(182,428)	(239,892)
Borrowing costs paid		(492)	-	(1,131)	(616)
Repayment of lease liabilities		(2)	-	(2)	-
Cash flows generated from/(used in) financing activities	**(d)**	**19,591**	**(32,588)**	**(28,442)**	**(64,709)**
Net decrease in cash and cash equivalents		**(9,933)**	**(10,876)**	**(335)**	**(4,135)**
Cash and cash equivalents at beginning of the period/year		**32,008**	**31,748**	**21,832**	**25,462**
Effects of exchange differences on cash balances		(205)	960	373	505
Cash and cash equivalents at end of the period/year[4]		**21,870**	**21,832**	**21,870**	**21,832**

[4] Cash and cash equivalents as at 31 December 2018 excluded a cash deposit of JPY21.7 million (approximately S$0.26 million) placed with the Group by a vendor, for the purpose of Rental Income Guarantee. No cash deposit was placed with the Group as of 31 December 2019.

Note(s):

(a) The higher cash flows from operating activities in 4Q 2019 was mainly due to receipt of security deposits for the new properties acquired in December 2019 and higher rent from the Singapore properties.

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

	4Q 2019 S$'000	**4Q 2018 S$'000**	**2019 S$'000**	**2018 S$'000**
Investment properties	45,732	-	45,732	18,450
Acquisition related costs	5,786	293	5,786	2,703
Net cash outflow/Cash consideration paid	**51,518**	**293**	**51,518**	**21,153**

(c) The cash flows in investing activities in 4Q 2019 was mainly due to acquisition of three nursing rehabilitation facilities in Japan and payment of capital expenditure on existing properties.

(d) The cash flows in financing activities in 4Q 2019 was mainly due to drawdown of long term bank facility to finance the properties acquisition partially offset by the payment of 3Q 2019 distribution to Unitholders and repayment of short-term facilities.

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

	Notes	Group 4Q 2019 S$'000	Group 4Q 2018 S$'000	Group 2019 S$'000	Group 2018 S$'000
Unitholders' funds at beginning of period/year		**1,130,703**	**1,064,095**	**1,136,393**	**1,065,340**
Operations					
Total return after tax		**65,995**	**94,918**	**123,397**	**151,932**
Translation transactions					
Net movement in foreign currency translation reserve	(a)	**4,845**	**(2,120)**	**872**	**(3,834)**
Hedging reserve					
Net movement in hedging reserve	(b)	**(31)**	**(958)**	**322**	**1,424**
Cost of hedging reserve					
Net movement in cost of hedging reserve	(c)	**301**	**-**	**301**	**-**
Unitholders' transactions					
Distribution to Unitholders		**(19,965)**	**(19,542)**	**(79,437)**	**(78,469)**
Unitholders' funds at end of period/year		**1,181,848**	**1,136,393**	**1,181,848**	**1,136,393**

	Notes	Trust 4Q 2019 S$'000	Trust 4Q 2018 S$'000	Trust 2019 S$'000	Trust 2018 S$'000
Unitholders' funds at beginning of period/year		**1,020,136**	**1,007,611**	**1,052,523**	**1,026,098**
Operations					
Total return after tax		**85,981**	**65,412**	**112,713**	**103,470**
Hedging reserve					
Net movement in hedging reserve	(b)	**(31)**	**(958)**	**322**	**1,424**
Cost of hedging reserve					
Net movement in cost of hedging reserve	(c)	**301**	**-**	**301**	**-**
Unitholders' transactions					
Distribution to Unitholders		**(19,965)**	**(19,542)**	**(79,437)**	**(78,469)**
Unitholders' funds at end of period/year		**1,086,422**	**1,052,523**	**1,086,422**	**1,052,523**

Note(s):

(a) Foreign currency translation reserve encompasses the exchange differences arising from the translation of the financial statements of the foreign operations, as well as the effective portion of any currency differences arising from hedges of net investments in foreign operations.

(b) Hedging reserve comprises the effective portion of the cumulative net change in the fair value of cash flow hedging instruments used to hedge against cash flow variability arising from interest payments on floating rate loans, as well as the intrinsic value of the interest rate caps.

(c) Cost of hedging reserve comprises the amortisation of premium costs and time value of interest rate caps.

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

	4Q 2019 ’000	4Q 2018 ’000	2019 ’000	2018 ’000
Units in issue at beginning and at end of period/year	**605,002**	**605,002**	**605,002**	**605,002**

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

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

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

Not Applicable.

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

Except as disclosed in paragraph 5 below, the accounting policies and methods of computation applied in the financial statements for the current reporting period are consistent with those disclosed in the audited financial statements for the year ended 31 December 2018.

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

The Group adopted a number of new standards, amendments to standards and interpretations that are effective for annual periods beginning on or after 1 January 2019 as follows:

FRS 116 *Leases* introduces a single, on-balance sheet lease accounting model for lessees. A lessee recognises an ROU asset representing its right to use the underlying asset and a lease liability representing its obligation to make lease payments. There are recognition exemptions for short-term leases and leases of low-value items. Lessor accounting remains similar to the current standard – i.e. lessors continue to classify leases as finance or operating leases. FRS 116 replaces existing lease accounting guidance, including FRS 17 *Leases*, FRS INT 104 *Determining whether an Arrangement contains a Lease*, FRS INT 15 *Operating Leases – Incentives* and FRS INT 27 *Evaluating the Substance of Transactions Involving the Legal Form of a Lease*. The standard is effective for annual periods beginning on or after 1 January 2019, with early adoption permitted.

Prior to the adoption of FRS 116, the land rent payments were included within “Property expenses” in arriving at the “Net property income” in the Consolidated Statements of Total Return and formed part of “Cash flows from operating activities” in the Consolidated Statement of Cash Flows. With the adoption of FRS 116, these payments are reclassified and included within (i) “Finance costs” based on the imputed interest expense computed using the effective interest rate method and (ii) “Net change in fair value of investment properties” in the Consolidated Statements of Total Return. In the Consolidated Statement of Cash Flows, the land rent payments are reflected as “Repayment of lease liabilities” within “Cash flows from financing activities”.

Such adjustments did not have a material impact on the net assets, total return and distributable amount to Unitholders.

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

	Notes	4Q 2019 '000	4Q 2018 '000	2019 '000	2018 '000
Number of units in issue at end of period/year		**605,002**	**605,002**	**605,002**	**605,002**
Weighted average number of units for the period		**605,002**	**605,002**	**605,002**	**605,002**
Earnings per unit in cents (basic and diluted) (EPU)	(a)	**10.91**	**15.69**	**20.40**	**25.11**
Applicable number of units for calculation of DPU		**605,002**	**605,002**	**605,002**	**605,002**
Distribution per unit in cents (DPU)	(b)	**3.34**	**3.28**	**13.19**	**12.87**

Note(s):

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

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

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

	Notes	Group 31/12/19 S$	Group 31/12/18 S$	Trust 31/12/19 S$	Trust 31/12/18 S$
Net asset value ("NAV") per unit	(a)	**1.95**	**1.88**	**1.80**	**1.74**
Adjusted NAV per unit (excluding the distributable income)		**1.92**	**1.85**	**1.76**	**1.71**
Net tangible asset per unit	(a)	**1.95**	**1.88**	**1.80**	**1.74**

Note(s):

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

8 Review of the performance

	4Q 2019 S$'000	4Q 2018 S$'000	Inc/ (Dec) %	2019 S$'000	2018 S$'000	Inc/ (Dec) %
Gross revenue	**28,039**	**28,569**	**(1.9)**	**115,222**	**112,838**	**2.1**
Property expenses	(716)	(1,848)	(61.3)	(6,997)	(7,434)	(5.9)
Net property income	**27,323**	**26,721**	**2.3**	**108,225**	**105,404**	**2.7**
Management fees	(3,024)	(2,898)	4.3	(11,881)	(11,402)	4.2
Trust expenses	(765)	(745)	2.7	(3,074)	(3,184)	(3.5)
Net foreign exchange (loss)/gain	(217)	274	n.m.	(114)	991	n.m.
Interest income	2	2	0.0	10	6	66.7
Finance costs	(1,713)	(1,651)	3.8	(6,617)	(6,734)	(1.7)
Non-property expenses	**(5,717)**	**(5,018)**	**13.9**	**(21,676)**	**(20,323)**	**6.7**
Total return before changes in fair value of financial derivatives and investment properties	**21,606**	**21,703**	**(0.4)**	**86,549**	**85,081**	**1.7**
Net change in fair value of financial derivatives	4,102	(1,251)	n.m.	2,436	(2,256)	n.m.
Net change in fair value of investment properties	43,019	77,888	(44.8)	43,019	77,888	(44.8)
Total return for the period before tax and distribution and investment properties	**68,727**	**98,340**	**(30.1)**	**132,004**	**160,713**	**(17.9)**
Income tax expense	(2,732)	(3,422)	(20.2)	(8,607)	(8,781)	(2.0)
Total return for the period after tax before distribution	**65,995**	**94,918**	**(30.5)**	**123,397**	**151,932**	**(18.8)**
Net effect of non-tax deductible/(non-taxable) items	(45,000)	(74,319)	(39.5)	(40,575)	(71,030)	(42.9)
Rollover adjustment	-	-	-	-	(5)	n.m.
Amount available for distribution to Unitholders	**20,995**	**20,599**	**1.9**	**82,822**	**80,897**	**2.4**
Amount retained for capital expenditure	(750)	(750)	-	(3,000)	(3,000)	-
Distributable income to Unitholders	**20,245**	**19,849**	**2.0**	**79,822**	**77,897**	**2.5**
Distribution per Unit (cents)	**3.34**	**3.28**	**2.0**	**13.19**	**12.87**	**2.5**
Annualised Distribution per Unit (cents)	**13.36**	**13.12**	**2.0**	**13.19**	**12.87**	**2.5**

4Q 2019 Vs 4Q 2018

Gross revenue for 4Q 2019 comprised contribution from three nursing rehabilitation facilities acquired on 13 December 2019 and higher rent from the Singapore properties. In addition, gross revenue has increased as compared to 4Q 2018 due to appreciation of the Japanese Yen.

In 4Q 2019, there was an one-off reclassification of insurance reimbursement received during the year to property expenses to better reflect the performance of the underlying properties. As a result of the reclassification, gross revenue and property expenses were correspondingly lowered as compared to the same quarter in 2018. Notwithstanding the reclassification, there is no impact to the net property income. Excluding the one-off reclassification, 4Q 2019 revenue would have grown by 2.4% over the same period last year.

After deducting property expenses, we have achieved a net property income of S$27.3 million for 4Q 2019, which was S$0.6 million higher than 4Q 2018.

The increase in management fees was mainly due to higher deposited property value and higher net property income from the properties acquired in December 2019, as well as valuation gains on the existing property portfolio and appreciation of Japanese Yen, which led to a corresponding increase in deposited property.

Trust expenses were higher than 4Q 2018 due to more professional fees incurred for 4Q 2019. In the same period, the Group has recognised a net foreign exchange loss of S$217,000 of which a portion of about S$92,000 was realised foreign exchange gain from the delivery of quarterly Japanese Yen forward contracts to hedge the net income from Japan.

Finance costs have increased due to rising interest costs for the Singapore dollars debts and appreciation of the Japanese Yen, partially offset by the finance cost savings arising from the refinancing initiatives completed in 2018 and 1Q 2019.

Overall, distribution per unit (DPU) of 3.34 cents for 4Q 2019 has outperformed by 2.0% or 0.06 cents as compared to 4Q 2018, mainly led by contribution from the three properties acquired in December 2019, rental growth of existing properties and financing cost savings.

2019 Vs 2018

Gross revenue for 2019 has increased by 2.1% year-on-year to S$115.2 million. The growth was largely attributed to revenue contribution from the Japan property acquisitions in February 2018 and December 2019, higher rent from the existing properties and appreciation of the Japanese Yen. During the year, there was a one-off reclassification of insurance reimbursement received during the year to property expenses. Notwithstanding the reclassification, there is no impact to the net property income.

Property expenses for 2019 were S$7.0 million or 5.9% lower than 2018 mainly due to reclassification of insurance reimbursement as part of property expenses. The result was a net property income of S$108.2 million for 2019, which was S$2.8 million higher than 2018.

The Manager’s management fees for 2019 of S$11.9 million was 4.2% higher than 2018. This was due to higher deposited property value and higher net property income as explained earlier, and appreciation of the Japanese Yen.

Finance costs have decreased mainly due to finance cost savings arising from the refinancing initiatives which took place in 2018 and 1Q 2019. The finance cost savings were partially offset by the rising interest costs for the Singapore dollars debts, higher amortisation of transaction costs due to one-off expense of the remaining un-amortised costs for the debt facilities that were refinanced in 1H 2019 and appreciation of the Japanese Yen. Trust expenses for 2019 were lower than 2018 due to lower professional fees incurred during the year.

Of the net foreign exchange movement, the Group had registered a realised foreign exchange gain amounting to about S$179,000 and S$421,000 from the delivery of Japan net income hedges in 2019 and 2018 respectively.

Overall, DPU for 2019 of 13.19 cents has outperformed by 2.5% or 0.32 cents as compared with 2018’s DPU of 12.87 cents, mainly led by acquisitions, rental growth of existing properties and financing cost savings.

9 Review of the performance against Forecast/Prospect Statement

Not Applicable.

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

The long-term outlook of the industry continues to be driven by aging population and demand for better quality healthcare and aged care services. As such, Parkway Life REIT continues to evaluate opportunities to create Unitholders' value. Notwithstanding that, Parkway Life REIT remains cautious and vigilant given the current uncertainties in the macro economy and volatility in the financial market.

Parkway Life REIT's portfolio of 53 high-quality healthcare and healthcare-related assets places it in a good position to benefit from the resilient growth of the healthcare industry in the Asia Pacific region. Also, the portfolio is largely supported by favourable rental lease structures, where at least 95% of its Singapore and Japan portfolios have downside revenue protection[5] and 60% of the total portfolio is pegged to CPI-linked revision formula, ensuring steady rental growth whilst protecting revenue stability amid uncertain market conditions.

In addition, Parkway Life REIT adopts prudent financial risk management to manage the exposure to interest rate risk and foreign currency risk. Interest rate risk is managed on an ongoing basis by largely hedging long-term committed borrowings using interest rate hedging financial instruments or issuance of fixed rate notes. This strengthens Parkway Life REIT's resilience against potential interest rate hikes. Foreign currency risk is managed by adopting a natural hedge strategy for the Japanese investments to maintain a stable net asset value and putting in place Japanese Yen forward contracts to shield against Japanese Yen currency volatility.

11 Distributions

(a) Current financial period

Any distributions declared for the current financial period: Yes

Name of distribution: Fourth quarter distribution for the period from 1 October 2019 to 31 December 2019

Distribution Type	Distribution Rate (cents per unit)
Taxable Income	2.35
Exempt Income	0.47
Capital Distribution	0.52
Total	**3.34**

Par value of units: Not meaningful

Tax rate: **Taxable Income Distribution**

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

[5] based on existing lease agreements and subject to applicable laws

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

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

Exempt Income Distribution

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

Capital Distribution

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

(b) Corresponding period of the immediately preceding year

Any distributions declared for the previous corresponding financial period: Yes

Name of distribution: Fourth quarter distribution for the period from 1 October 2018 to 31 December 2018

Distribution Type	Distribution Rate (cents per unit)
Taxable Income	2.32
Exempt Income	0.38
Capital Distribution	0.58
Total	**3.28**

Par value of units: Not meaningful

Tax Rate: **Taxable Income Distribution**

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

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

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

Exempt Income Distribution

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

Capital Distribution

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

(c) **Book closure date:** 31 January 2020

(d) **Date payable:** 26 February 2020

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

Not Applicable.

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

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

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

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

PART II – ADDITIONAL INFORMATION FOR FULL YEAR ANNOUNCEMENT

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

As at 31 December 2019, the operating segments of the Group comprise the following segments – Hospital Properties, Nursing Home and Care Facility Properties, Pharmaceutical Product Distributing and Manufacturing Facility and Medical Centre Units.

The Group's operations and its identifiable assets are located in Singapore (consisting of Hospital Properties), Japan (consisting of 48 Nursing Home and Care Facility Properties and one Pharmaceutical Product Distributing and Manufacturing Facility) and Medical Centre Units in Malaysia. Accordingly, no geographical segmental analysis is separately presented.

	FY 2019 S$'000	FY 2018 S$'000	Change %
Hospital Properties (Singapore) [1]	68,493	67,471	1.5
Nursing Home and Care Facility Properties (Japan) [2]	44,692	43,217	3.4
Pharmaceutical Product Distributing and Manufacturing Facility (Japan) [3]	1,671	1,628	2.6
Medical Centre Units (Malaysia) [4]	366	522	(29.9)
Total gross revenue	115,222	112,838	2.1

	FY 2019 S$'000	FY 2018 S$'000	Change %
Hospital Properties (Singapore) [1]	65,375	64,353	1.6
Nursing Home and Care Facility Properties (Japan) [2]	41,060	39,167	4.8
Pharmaceutical Product Distributing and Manufacturing Facility (Japan) [3]	1,569	1,528	2.7
Medical Centre Units (Malaysia) [4]	221	356	(37.9)
Total net property income	108,225	105,404	2.7

Footnotes

(1) Higher revenue and net property income was driven by the higher rent under the inflation-linked CPI + 1% rental review mechanism. In addition, Parkway East Hospital's adjusted hospital revenue for the 12th year lease (23 August 2018 – 22 August 2019) has outperformed its minimum guarantee rent, contributing to the increase in revenue from Singapore.

(2) Increase in revenue and net property income was mainly due to full year revenue contribution of the property acquired in February 2018, half a month of revenue contribution from the three properties acquired in December 2019 and appreciation of the Japanese Yen.

(3) Increase in revenue and net property income was mainly due to the appreciation of the Japanese Yen.

(4) Decrease in revenue was mainly due to lower rent arising from a strata unit that remained vacant after its lease expiry in end February 2019 and depreciation of the Malaysia Ringgit.

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

Refer to section 8 for the review of actual performance.

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

	FY 2019 S$'000	FY 2018 S$'000	Change %
Gross revenue reported for first half year	57,254	55,874	2.5
Total return after tax before distribution for first half year	38,699	36,185	6.9
Gross revenue reported for second half year	57,968	56,964	1.8
Total return after tax before distribution for second half year	84,698	115,747	(26.8)

18 Breakdown of the total distribution

In respect of the period:

	FY 2019 S$'000	FY 2018 S$'000
1 October 2017 to 31 December 2017		20,449
1 January 2018 to 31 March 2018		19,179
1 April 2018 to 30 June 2018		19,299
1 July 2018 to 30 September 2018		19,542
1 October 2018 to 31 December 2018	19,844	
1 January 2019 to 31 March 2019	19,844	
1 April 2019 to 30 June 2019	19,784	
1 July 2019 to 30 September 2019	19,965	

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

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

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

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

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

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

Chan Wan Mei
Company Secretary
22 January 2020

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

Important Notice

This Announcement is for information only and does not constitute an invitation or offer to acquire, purchase or subscribe for units in Parkway Life Real Estate Investment Trust ("**Parkway Life REIT**" and the units in Parkway Life REIT, the "**Units**").

The value of the Units and the income derived from them may fall as well as rise. The Units are not obligations of, deposits in, or guaranteed by, Parkway Trust Management Limited, as manager of Parkway Life REIT (the "**Manager**"), or any of its affiliates. Investors have no right to request the Manager to redeem their Units while the Units are listed. It is intended that unitholders of Parkway Life REIT may only deal in their Units through trading on Singapore Exchange Securities Trading Limited (the "**SGX-ST**"). Listing of the Units on the SGX-ST does not guarantee a liquid market for the Units. The past performance of Parkway Life REIT or the Manager is not necessarily indicative of the future performance of Parkway Life REIT or the Manager. An investment in Units is subject to investment risks, including the possible loss of the principal amount invested.