



# ParkwayLife REIT

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

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## **PARKWAY LIFE REAL ESTATE INVESTMENT TRUST 2008 SECOND QUARTER UNAUDITED FINANCIAL STATEMENT & DISTRIBUTION ANNOUNCEMENT**

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### **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 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 the largest healthcare REIT in Singapore 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.

As at 30 June 2008, Parkway Life REIT owns the largest portfolio of strategically located private hospitals in Singapore comprising Mount Elizabeth Hospital, Gleneagles Hospital, and East Shore Hospital collectively, (the "Hospital Properties", or the "initial portfolio"), covering an aggregate of 1,039 licensed beds.

On 16 May 2008, Parkway Life REIT completed its first investment of a pharmaceutical products distributing and manufacturing facility in Chiba prefecture Japan, for a total purchase price of S\$35 million. On 30 May 2008, Parkway Life REIT completed its investment of two high quality nursing homes in Yokohama City, Kanagawa Prefecture, and Ibaraki City, Osaka, for a total purchase price of S\$35 million. The purchase price of the pharmaceutical products distributing and manufacturing facility, and the two nursing homes, collectively, (the "Japan Properties") and the acquisition costs have been fully funded by debt, and have increased the total portfolio size by S\$70 million to a total book value of S\$902 million.

Parkway Life REIT's current distribution policy is to distribute 100.0% of its taxable income for the period commencing from Listing Date to 31 December 2008 and thereafter, to distribute at least 90% of its taxable income.

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**COMPARATIVES**

There are no comparatives for the corresponding period of the immediately preceding financial year. As disclosed in the prospectus of Parkway Life REIT dated 7 August 2007 (the "Prospectus"), the SGX-ST has granted Parkway Life REIT a waiver from the requirement to prepare historical pro forma statements of total return, cash flow statements and balance sheets. Accordingly, we have not presented a comparative statement for the announcement.

Where appropriate, for the period ended 30 June 2008, comparisons are made against prorated forecast figures from the Projection Year 2008 (from 1 January 2008 to 31 December 2008) based on full exercise of the Over-allotment Units as disclosed in the Prospectus.

Unless otherwise stated, all capitalised terms used in this announcement shall have the same meaning as in the Prospectus.

**SUMMARY OF PARKWAY LIFE REIT'S RESULTS FOR THE SIX MONTHS ENDED 30 JUNE 2007**

		YTD2008 (1 January 2008 to 30 June 2008)			
		Actual	Forecast	Increase/(Decrease)	
	Notes	S\$'000	Note (a) S\$'000	S\$'000	%
<b>Gross Revenue</b>		<b>24,362</b>	<b>22,950</b>	<b>1,412</b>	<b>6.15</b>
Net Property Income		22,817	21,647	1,170	5.40
Distributable Income		19,781	18,822	959	5.10
<b>Distribution per unit (cents)</b>	(b)	<b>3.29</b>	<b>3.13</b>	<b>0.16</b>	<b>5.10</b>
<b>Annualised distribution per unit (cents)</b>		<b>6.57</b>	<b>6.25</b>	<b>0.32</b>	<b>5.10</b>
Annualised distribution yield (%), based on					
- Initial public offer price of S\$1.28		<b>5.13</b>	<b>4.88</b>		<b>5.10</b>
- Closing market price of S\$1.11 as at 18 July 2008		<b>5.92</b>	<b>5.63</b>		<b>5.10</b>

**Notes:**

- (a) The forecast figures are derived by prorating the forecast figures from the Projection Year 2008 (from 1 January 2008 to 31 December 2008) based on full exercise of the Over-allotment Units as disclosed in the Prospectus.
- (b) The number of units used to calculate the Distribution per Unit ("DPU") comprise 601,885,618 units issued as at 30 June 2008, and units to be issued as partial settlement of the Manager's management fees.

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

**Consolidated Statement of Total Return**

	Notes	Actual 01/04/08 to 30/06/08 Note (a) S\$'000	Actual 01/01/08 to 30/06/08 Note (a) S\$'000
<b>Gross revenue</b>		<b>12,488</b>	<b>24,362</b>
Property expenses		(784)	(1,545)
<b>Net property income</b>		<b>11,704</b>	<b>22,817</b>
Manager's management fees	(b)	(1,199)	(2,336)
Trust expenses		(342)	(593)
Interest income		9	100
Finance costs	(c)	(603)	(1,089)
<b>Non-property expenses</b>		<b>(2,135)</b>	<b>(3,918)</b>
<b>Total return before changes in fair value of financial derivative, income tax and distribution</b>		<b>9,569</b>	<b>18,899</b>
Net change in fair value of financial derivative	(d)	749	102
<b>Total return for the period before income tax and distribution</b>		<b>10,318</b>	<b>19,001</b>
Less: Income tax expense		(69)	(69)
<b>Total return for the period after income tax before distribution</b>		<b>10,249</b>	<b>18,932</b>

**Notes:**

- (a) Although Parkway Life REIT was constituted on 12 July 2007, it was dormant during its private trust period from 12 July 2007 to 22 August 2007. As such, there is no comparative Statement of Total Return for the corresponding period of the immediately preceding financial year.
- (b) As stated in the Prospectus, 80% of the Manager's management fee is payable in the form of cash and the remaining 20% is to be settled in units.
- (c) Finance costs represent interest expense on loan, loss on interest rate swap and amortisation of transaction costs of establishing debt facilities.
- (d) A 36-month interest rate swap was entered into on 23 August 2007 to provide fixed rate funding for S\$34.0 million. The fair value of this swap amounting S\$249,000 is included in other payables as at 30 June 2008. In accordance with FRS 39, fair value adjustment on interest rate swap is recognized in the Statement of Total Return.

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**Distribution Statement**

	<b>Notes</b>	<b>Actual 01/04/08 to 30/06/08 Note (a) S\$'000</b>	<b>Actual 01/01/08 to 30/06/08 Note (a) S\$'000</b>
<b>Total return after income tax before distribution</b>		<b>10,249</b>	<b>18,932</b>
Non-tax (chargeable)/deductible items:			
Manager's management fees payable in units		240	467
Trustee's fees		46	90
Amortisation of transaction costs relating to debt facilities		170	341
Net change in fair value of financial derivative		(749)	(102)
Others		53	53
<b>Net effect of non-tax (chargeable)/deductible expenses</b>		<b>(240)</b>	<b>849</b>
<b>Distributable income to Unitholders</b>	(b)	<b>10,009</b>	<b>19,781</b>

**Notes:**

- (a) Although Parkway Life REIT was constituted on 12 July 2007, it was dormant during its private trust period from 12 July 2007 to 22 August 2007. As such, there is no comparative Distribution Statement for the corresponding period of the immediately preceding financial year.
- (b) Parkway Life REIT's current distribution policy is to distribute 100.0% of its taxable income (after adjustment for non-tax (chargeable)/deductible items) for the period commencing from Listing Date to 31 December 2008 and thereafter, to distribute at least 90% of its taxable income.

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**1(b)(i) Balance Sheet, together with comparatives as at the end of the immediately preceding financial year**

	Notes	Group 30/06/08 S\$'000	Group 31/12/07 S\$'000	Trust 30/06/08 S\$'000	Trust 31/12/07 S\$'000
<b>Current assets</b>					
Trade and other receivables		6,321	5,512	4,824	5,512
Cash and cash equivalents	(c)	8,550	21,142	3,964	21,142
		<b>14,871</b>	<b>26,654</b>	<b>8,788</b>	<b>26,654</b>
<b>Non-current assets</b>					
Investment properties	(a)	902,232	831,570	831,570	831,570
Investments in subsidiaries		-	-	74,700	-
<b>Total assets</b>		<b>917,103</b>	<b>858,224</b>	<b>915,058</b>	<b>858,224</b>
<b>Current liabilities</b>					
Trade and other payables	(b)	9,365	4,920	5,753	4,920
Interest-bearing borrowings	(c)	93,617	-	93,617	-
		<b>102,982</b>	<b>4,920</b>	<b>99,370</b>	<b>4,920</b>
<b>Non-current liabilities</b>					
Interest-bearing borrowings		-	33,276	-	33,276
<b>Total liabilities (excluding net assets attributable to Unitholders)</b>		<b>102,982</b>	<b>38,196</b>	<b>99,370</b>	<b>38,196</b>
<b>Net assets attributable to Unitholders</b>		<b>814,121</b>	<b>820,028</b>	<b>815,688</b>	<b>820,028</b>
<b>Total liabilities</b>		<b>917,103</b>	<b>858,224</b>	<b>915,058</b>	<b>858,224</b>

**Notes:**

- (a) Investment properties have increased due to the acquisition of the Japan Properties in May 2008. The initial portfolio of three hospital properties was last valued by DTZ Debenham Tie Leung (SEA) Pte Ltd ("DTZ") at S\$831.6 million as at 31 December 2007.
- (b) Includes an amount of S\$630,000, being retention sum on acquisition of the Hospital Properties. The rectification works are estimated to take approximately one year to complete and the retention sum will be repaid one year after Listing Date. The increase in 2008 was mainly due to increase in security deposits, acquisition costs payable and rent received in advance relating to the Japan Properties.
- (c) During the quarter ended 30 June 2008, the revolving credit facilities were drawn down (together with the existing cash and cash equivalents) to finance the acquisition of the Japan Properties. Refer to 1 (b)(ii) for details.

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**1(b)(ii) Aggregate amount of borrowings**

	Notes	Group 30/06/08 S\$'000	Group 31/12/07 S\$'000	Trust 30/06/08 S\$'000	Trust 31/12/07 S\$'000
<b>Unsecured gross borrowings</b>					
Amount repayable within one year	(a)	94,000	-	94,000	-
Amount repayable after one year		-	34,000	-	34,000
Less: Transaction costs in relation to the term loan and revolving credit facilities		(383)	(724)	(383)	(724)
		<b>93,617</b>	<b>33,276</b>	<b>93,617</b>	<b>33,276</b>

**Notes:**

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

The Trustee has entered into a term loan and revolving credit facilities (the "SCB & CBA Facilities") with Standard Chartered Bank and Commonwealth Bank of Australia. The SCB & CBA Facilities comprise a term loan facility of up to S\$200 million and a revolving credit facility of up to S\$50 million. The term loan facility has been drawn down on the Listing Date in an amount of S\$34 million as part payment of the acquisition of the Hospital Properties. On 10 August 2007, the Trustee served a notice to the Facility Agent to cancel the remaining amount of the term loan facility.

On 13 May 2008 and 27 May 2008, the Trustee drawn down S\$17 million and S\$33 million respectively of the revolving credit facility to finance the acquisition of the Japan properties.

The SCB & CBA Facilities will be unsecured for an initial term of 18 months. The Trustee has an option to extend the SCB & CBA Facilities for an additional period of 18 months, which will be secured on all the assets of Parkway Life REIT including the Hospital Properties, and the rights, titles and interests in leases, insurances and rental proceeds relating to the Hospital Properties, and the rights and interests under the Property Management Agreement, as the case may be.

The Trustee has entered into an interest rate swap to fix the floating interest rate for the term loan amount drawn down against the SCB & CBA Facilities for a period of three years (with an early termination option exercisable on 23 February 2009) with effect from the Listing Date. The fair value of this swap amounting to S\$249,000 is included in other payables as at 30 June 2008. In accordance with FRS39, fair value adjustment on interest rate swap is recognized in the Statement of Total Return. In determining the distribution to Unitholders, this amount is adjusted back as a non-tax deductible expense.

In addition, on 27 May 2008, the Trustee entered into a multi-currency revolving credit facility of S\$60 million (the "HSBC Facility") with Hong Kong and Shanghai Banking Corporation Limited, which has been drawn down on 30 May 2008 in an amount of S\$10 million as part payment of the acquisition of the Japan Properties. The HSBC Facility is unsecured and rank pari passu with all the other present and future unsecured and unsubordinated debt obligations of Parkway Life REIT.

Interest on both the SCB & CBA Facilities and HSBC Facility will be based on the Singapore dollar swap offer rate plus a margin.

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**1(c) Consolidated Cashflow Statement**

	<b>Group Actual 01/04/08 to 30/06/08 Note (a) S\$'000</b>	<b>Group Actual 01/01/08 to 30/06/08 Note (a) S\$'000</b>
<b>Operating activities</b>		
Total return after income tax before distribution	10,249	18,932
<b>Adjustments for</b>		
Interest Income	(9)	(100)
Finance costs	603	1,089
Net change in fair value of financial derivative	(749)	(102)
Manager's management fee payable in units	240	467
<b>Operating income before working capital changes</b>	<b>10,334</b>	<b>20,286</b>
<b>Changes in working capital</b>		
Trade and other receivables	(1,612)	(809)
Trade and other payables	3,648	4,434
<b>Cash generated operating activities</b>	<b>12,370</b>	<b>23,911</b>
<b>Investing activities</b>		
Interest received	9	100
Purchase of investment properties	(72,502)	(72,502)
<b>Cash flows from investing activities</b>	<b>(72,493)</b>	<b>(72,402)</b>
<b>Financing activities</b>		
Interest paid	(315)	(635)
Distribution to Unitholders	(9,751)	(23,409)
Proceeds from borrowings	60,000	60,000
<b>Cash flows from financing activities</b>	<b>49,934</b>	<b>35,956</b>
<b>Net decrease in cash and cash equivalents</b>	<b>(10,189)</b>	<b>(12,535)</b>
<b>Cash and cash equivalents at beginning of the period</b>	<b>18,796</b>	<b>21,142</b>
Effects of exchange rate differences on cash	(57)	(57)
<b>Cash and cash equivalents at end of the period</b>	<b>8,550</b>	<b>8,550</b>

**Note:**

- (a) There was no comparative cash flow statement as Parkway Life REIT was constituted on 12 July 2007.

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**1(d)(i) Statement of changes in net assets attributable to Unitholders**

	Notes	Group 01/04/08 to 30/06/08 Note (a) S\$'000	Group 01/01/08 to 30/06/08 Note (a) S\$'000	Trust 01/04/08 to 30/06/08 Note (a) S\$'000	Trust 01/01/08 to 30/06/08 Note (a) S\$'000
<b>Net assets attributable to Unitholders at beginning of period</b>		<b>815,280</b>	<b>820,028</b>	<b>815,280</b>	<b>820,028</b>
<b>Operations</b>					
Total return before changes in fair value of financial derivative		9,500	18,830	9,170	18,500
Net change in fair value of financial derivative		749	102	749	102
<b>Net increase in net assets resulting from operations</b>		<b>10,249</b>	<b>18,932</b>	<b>9,919</b>	<b>18,602</b>
<b>Translation transactions</b>					
Foreign currency translation reserve movement for the period	(b)	(1,897)	(1,897)	-	-
<b>Unitholders' transactions</b>					
Units to be issued as satisfaction of the Manager's management fees	(c)	240	467	240	467
Distribution to Unitholders		(9,751)	(23,409)	(9,751)	(23,409)
<b>Net decrease in net assets resulting from Unitholders' transactions</b>		<b>(9,511)</b>	<b>(22,942)</b>	<b>(9,511)</b>	<b>(22,942)</b>
<b>Net assets attributable to Unitholders at end of period</b>		<b>814,121</b>	<b>814,121</b>	<b>815,688</b>	<b>815,688</b>

**Notes:**

- (a) Prior period comparatives are not available as Parkway Life REIT was constituted on 12 July 2007.
- (b) The movement in foreign currency translation reserve relates to the exchange differences arising on the translation of foreign controlled entities that form part of the Group's investment in the foreign entities.
- (c) This consists of 200,656 units which are issuable to the Manager as partial settlement of the Manager's management fee for the period from 1 April 2008 to 30 June 2008.



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

	Notes	Actual 01/04/08 to 30/06/08 Note (a) '000	Actual 01/01/08 to 30/06/08 Note (a) '000
<b>Units in issue at beginning of period</b>		<b>601,691</b>	<b>601,418</b>
Issue of new units:			
- Manager's management fees paid in units	(b)	195	468
<b>Issued units at the end of period</b>		<b>601,886</b>	<b>601,886</b>
Units to be issued:			
- Manager's management fees payable in units	(c)	200	200
<b>Total issued and issuable units at 30 June 2008</b>		<b>602,086</b>	<b>602,086</b>

Notes:

- (a) Prior period comparatives are not available as Parkway Life REIT was constituted on 12 July 2007.
- (b) These units were issued to the Manager as partial settlement of the Manager's management fee for the period from 1 January 2008 to 31 March 2008 and from 23 August 2007 to 31 March 2008 respectively.
- (c) These units are issuable to the Manager as partial settlement of the Manager's management fee for the period from 1 April 2008 to 30 June 2008.

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

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

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

Not Applicable.

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

The accounting policies and methods of computation applied in the financial statements for the current reporting period are consistent with those specified in the audited financial statements for the financial period ended 31 December 2007.

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

Not Applicable.

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

	Notes	Actual 01/04/08 to 30/06/08 Note (a) '000	Actual 01/01/08 to 30/06/08 Note (a) '000
<b>Number of units in issue at end of period</b>		<b>601,886</b>	<b>601,886</b>
Weighted average number of units for the period		<b>601,888</b>	<b>601,790</b>
Earnings per unit in cents (basic and diluted)	(b)	<b>1.70</b>	<b>3.15</b>
Applicable number of units for calculation of DPU		<b>602,086</b>	<b>602,086</b>
Distribution per unit in cents (DPU)	(c)	<b>1.66</b>	<b>3.29</b>

**Notes:**

- (a) Prior period comparatives are not available as Parkway Life REIT was constituted on 12 July 2007.
- (b) In calculating EPU, the total return for the period after tax, and the weighted average number of units issued and issuable 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.
- (c) In computing DPU, the number of units in issue and issuable as at the end of each period is used.

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**7 Net asset value per unit based on units issued at the end of the period**

	<b>Notes</b>	<b>Group 30/06/08 S\$'000</b>	<b>Trust 30/06/08 S\$'000</b>	<b>Group 31/12/07 S\$'000</b>	<b>Trust 31/12/07 S\$'000</b>
Net asset value ("NAV") per unit (cents)	(a)	1.35	1.36	1.36	1.36
Adjusted NAV per unit (excluding the distributable income)		1.34	1.34	1.34	1.34

**Notes:**

- (a) Net asset value per unit is calculated based on the number of units in issue as at the respective period end. A slight drop in NAV is mainly due to foreign currency translation reserve movement for the period.

**8 Review of the performance**

Please refer to section 9 on the review of actual performance against the prorated forecast figures for the Projection Year 2008 based on full exercise of the Over-allotment Units as disclosed in the Prospectus.

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**9 Review of the performance against Forecast/Prospect Statement**

**Consolidated Statements of Total Return and Distribution**

	Actual 04/01/2008 to 30/06/08	Forecast 04/01/2008 to 30/06/08	Increase/ (Decrease)	Actual 01/01/2008 to 30/06/08	Forecast 01/01/2008 to 30/06/08	Increase/ (Decrease)
Notes	S\$'000	Note (a) S\$'000	%	S\$'000	Note (a) S\$'000	%
<b>Gross revenue</b>	<b>12,488</b>	<b>11,475</b>	<b>8.83%</b>	<b>24,362</b>	<b>22,950</b>	<b>6.15%</b>
Less: Property expenses	(784)	(652)	20.25%	(1,545)	(1,303)	18.57%
<b>Net property income</b>	<b>11,704</b>	<b>10,823</b>	<b>8.14%</b>	<b>22,817</b>	<b>21,647</b>	<b>5.40%</b>
Manager's management fees	(1,199)	(1,080)	11.02%	(2,336)	(2,160)	8.15%
Trust expenses	(342)	(273)	25.27%	(593)	(547)	8.41%
Interest income	9	45	-80.00%	100	90	11.11%
Finance costs	(603)	(431)	39.91%	(1,089)	(862)	26.33%
	(2,135)	(1,739)	22.77%	(3,918)	(3,479)	12.62%
<b>Total return before changes in fair value of financial derivative, income tax &amp; distribution</b>	<b>9,569</b>	<b>9,084</b>	<b>5.34%</b>	<b>18,899</b>	<b>18,168</b>	<b>4.02%</b>
Net change in fair value of financial derivative (b)	749	-	100.00%	102	-	100.00%
<b>Total return for the period before income tax &amp; distribution</b>	<b>10,318</b>	<b>9,084</b>	<b>13.58%</b>	<b>19,001</b>	<b>18,168</b>	<b>4.58%</b>
Less: Income tax/ withholding tax expense	(69)	-	100.00%	(69)	-	100.00%
<b>Total return for the period after income tax before distribution</b>	<b>10,249</b>	<b>9,084</b>	<b>12.82%</b>	<b>18,932</b>	<b>18,168</b>	<b>4.21%</b>
Add: Non-tax deductible expenses (c)	(240)	327	-173.39%	849	654	29.82%
<b>Taxable income available for distribution to Unitholders</b>	<b>10,009</b>	<b>9,411</b>	<b>6.35%</b>	<b>19,781</b>	<b>18,822</b>	<b>5.10%</b>

**Available for distribution per unit (cents)**

<b>For the period</b> (d)	<b>1.66</b>	<b>1.56</b>	<b>6.35%</b>	<b>3.29</b>	<b>3.13</b>	<b>5.10%</b>
<b>Annualised</b>	<b>6.65</b>	<b>6.25</b>	<b>6.35%</b>	<b>6.57</b>	<b>6.25</b>	<b>5.10%</b>

**Notes:**

n.m. – Not meaningful

(a) The forecast figures are derived by prorating the forecast figures for the Projection Year 2008 based on full exercise of the Over-allotment Units as disclosed in the Prospectus.

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- (b) A 36-month interest rate swap was entered into on 23 August 2007 to provide fixed rate funding for S\$34.0 million. The fair value of this swap amounting to S\$249,000 is included in other payables as at 30 June 2008. In accordance with FRS 39, fair value adjustment on interest rate swap is recognized in the Statement of Total Return.
- (c) These include management fees payable in units to the Manager, net change in fair value on interest rate swap, amortisation of transaction costs relating to debt facilities, and other non-tax deductible items.
- (d) The number of units used to calculate the Distribution per Unit ("DPU") comprises units in issue as at 30 June 2008, and units to be issued as partial settlement of the Manager's management fees.

**Variance from Forecast/Prospect Statement**

Gross revenue for the period was S\$12.5 million, which was an increase of S\$1.0 million or 8.8% from our forecast of S\$11.5 million. The higher revenue was primarily driven by the higher variable rent component that is linked to the Adjusted Hospital Revenue, which has increased by 4.3%. With the completion of the acquisition of a pharmaceutical distribution and manufacturing facility ("Matsudo") and two nursing home properties ("PLife Japan2") in Japan on 16 May 2008 and 30 May 2008 respectively, the gross rental income contributed from the Japan properties amounted to S\$0.5 million.

Actual property expenses were S\$0.8 million, which was S\$0.1 million or 20.3% increase from the forecast of S\$0.7 million. Under the Master Lease Agreements in respect of the Hospital Properties, the Master Lessee will be responsible for all property expenses including property tax, insurance and all outgoings to be incurred in respect of the Hospital Properties. Property expenses in relation to the Hospital Properties comprise mainly Management Corporation Strata Title ("MCST") charges for the Mount Elizabeth Hospital ("MEH") and Gleneagles Hospital ("GEH"). The increase was largely due to increase in contributions to management and sinking fund in respect of MEH. The impact of the increase to DPU is not expected to be significant. In addition, following the completion of the investment in the Japan Properties, the Group's property expenses have increased by S\$0.05 million due to property expenses incurred for the Japan properties.

The result is a net property income of S\$11.7 million, which is S\$0.9 million or 8.1% higher than the forecast.

Overall, annualised income available for distribution to Unitholders per unit was 6.65 cents, which exceeded forecast of 6.25 cents by 6.35% or 0.40 cents.

**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.**

Growing affluence and an increasing ageing population are expected to continue to drive private healthcare expenditure in Singapore, which has been increasing at a compounded annual growth rate ("CAGR") of 4.76% over 2000-2007. The number of international patients traveling to Singapore has increased from 189,730 patients in 2001 to 522,000 in 2007; demonstrating a strong growth of 275%. According to *SingaporeMedicine* (set up by Economic Development Board, Singapore Tourism Board and International Enterprise Singapore in 2003 to develop Singapore as a healthcare hub for the Asian region), Singapore aims to attract one million international patients annually by the year 2012.

With the thriving biomedical and medical technology industries, and as Singapore continues to attract major companies to set up manufacturing and R&D facilities here, its position as the leading healthcare hub and biomedical center of excellence in this region is expected to strengthen. The overall outlook for Singapore's healthcare industry remains positive.

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On 16 May 2008 and 30 May 2008, Parkway Life REIT completed its first and second investment of a pharmaceutical products distributing and manufacturing facility in Chiba prefecture Japan and two high quality nursing homes in Yokohama City, Kanagawa Prefecture, and Ibaraki City, Osaka respectively. The demand for good quality healthcare real estate assets in Japan, one of the core market for Parkway Life REIT is expected to grow. By the year 2050, it is expected that one in three Japanese will be over 65 years of age.

Barring any unforeseen circumstances, Parkway Life REIT expects to meet its forecast.

**Outlook for 2008**

Parkway Life REIT is on track to deliver the forecast distribution per unit as stated in the Prospectus.

**11 Distributions**

**(a) Current financial period**

Any distributions  
declared for the  
current financial period: Yes

Name of distribution: Second quarter distribution for the period from 1 April 2008 to 30 June 2008

Distribution Type: Income/Taxable Income

Distribution Rate: 1.66 cents per unit

Par value of units: Not meaningful

Tax Rate: These distributions are made out of Parkway Life REIT's taxable income. Unitholders receiving distributions will be assessable to Singapore income tax on the distributions received except for individuals where these distributions are exempt from tax (unless they hold their units through partnership or as trading assets).

**(b) Corresponding period of the immediately preceding year**

Any distributions  
declared for the  
previous corresponding  
financial period: Not applicable.

**(c) Book closure date:** 4 August 2008

**(d) Date payable:** 27 August 2008

**12 If no distribution has been declared/ (recommended), a statement to that effect**

Not Applicable.

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

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

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

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

Ho Li Li  
Company Secretary  
25 July 2008

**CONFIRMATION BY THE BOARD PURSUANT TO RULE 705(4) OF THE LISTING MANUAL**

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

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

**Justine Victoria Wingrove**  
Chief Executive Officer

**Lim Kok Hoong**  
Chairman and Independent Director

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

Citigroup Global Markets Singapore Pte. Ltd. and UBS AG, acting through its business group, UBS Investment Bank were the joint global co-ordinators, joint bookrunners and joint lead underwriters to the initial public offering of Parkway Life REIT.

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**Important Notice**

This Announcement is for information only and does not constitute an invitation or offer to acquire, purchase or subscribe for 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 the Sponsor, the Manager, HSBC Institutional Trust Services (Singapore) Limited as trustee of Parkway Life REIT, the Joint Lead Underwriters, DBS Bank Ltd, or any of their affiliates. Investors have no right to request the Manager to redeem their Units while the Units are listed. It is intended that Unitholders may only deal in their Units through trading on the SGX-ST. Listing of the Units on 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.