



ParkwayLife REIT

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

PARKWAY LIFE REAL ESTATE INVESTMENT TRUST 2008 THIRD QUARTER UNAUDITED FINANCIAL STATEMENT & DISTRIBUTION ANNOUNCEMENT

INTRODUCTION

Parkway Life Real Estate Investment Trust ("Parkway Life REIT") is a real estate investment trust constituted by the Trust Deed entered into on 12 July 2007 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 September 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. On 29 September 2008, Parkway Life REIT completed its investment of a portfolio of seven high quality nursing homes located in various parts of Japan: Hyogo, Chiba, Kanagawa, Saitama and Tokyo prefectures.

The purchase of the pharmaceutical products distributing and manufacturing facility, and the nine nursing homes, collectively, (the "Japan Properties") and the acquisition costs were fully funded by debt, and resulted in an increase of the total portfolio size by S\$176 million to a total book value of S\$1 billion.

As disclosed in the prospectus of Parkway Life REIT dated 7 August 2007, Parkway Life REIT will distribute 100.0% of its taxable income and net overseas income for the period commencing from Listing Date to 31 December 2008 and thereafter, 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. For FY2009, Parkway Life REIT will continue to distribute 100% of its taxable income and net overseas income

**PARKWAY LIFE REAL ESTATE INVESTMENT TRUST
2008 THIRD QUARTER FINANCIAL STATEMENT & DISTRIBUTION ANNOUNCEMENT**

COMPARATIVES

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 September 2008, comparisons are made against prorated forecast figures for 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 NINE MONTHS ENDED 30 SEPTEMBER 2008

| | | YTD2008 (1 January 08 to 30 September 08) | | | |
|---|-------|---|---------------------|---------------------|-------------|
| | | Actual | Forecast | Increase/(Decrease) | |
| | Notes | S\$'000 | Note (a) S\$'000 | S\$'000 | % |
| Gross Revenue | | 37,709 | 34,425 | 3,284 | 9.54 |
| Net Property Income | | 35,287 | 32,471 | 2,816 | 8.67 |
| Distributable Income | | 30,093 | 28,233 | 1,860 | 6.59 |
| Distribution per unit (cents) | (b) | 5.00 | 4.69 | 0.31 | 6.59 |
| Annualised distribution per unit (cents) | | 6.66 | 6.25 | 0.41 | 6.59 |
| Annualised distribution yield (%), based on | | | | | |
| - Initial public offer price of S\$1.28 | | 5.20 | 4.88 | | 6.59 |
| - Closing market price of S\$0.74 as at 29 October 2008 | | 9.00 | 8.45 | | 6.59 |

Notes:

- (a) The forecast figures are derived by prorating the forecast figures for 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 602,086,274 units issued as at 30 September 2008, and units to be issued as partial settlement of the Manager's management fees.

**PARKWAY LIFE REAL ESTATE INVESTMENT TRUST
2008 THIRD QUARTER FINANCIAL STATEMENT & DISTRIBUTION ANNOUNCEMENT**

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 01/07/08 to 30/09/08 S\$'000 | Actual 12/07/07 to 30/09/07 Note (a) S\$'000 | Inc/ (Dec) % | Actual 01/01/08 to 30/09/08 Note (a) S\$'000 |
|---|-------|---|---|--------------------|---|
| Gross revenue | | 13,347 | 5,036 | 165.0 | 37,709 |
| Property expenses | | (877) | (326) | 169.0 | (2,422) |
| Net property income | | 12,470 | 4,710 | 164.8 | 35,287 |
| Manager's management fees | (b) | (1,283) | (466) | 175.3 | (3,619) |
| Trust expenses | | (810) | (189) | 328.6 | (1,403) |
| Exchange difference on foreign currency loan | (c) | (293) | - | 100.0 | (293) |
| Interest income | | 7 | 29 | (75.9) | 107 |
| Finance costs | (d) | (857) | (615) | 39.3 | (1,946) |
| Non-property expenses | | (3,236) | (1,241) | 160.8 | (7,154) |
| Total return before changes in fair value of financial derivatives, tax and distribution | | 9,234 | 3,469 | 166.2 | 28,133 |
| Net change in fair value of financial derivatives | (e) | (2,843) | (392) | 625.3 | (2,741) |
| Total return for the period before tax and distribution | | 6,391 | 3,077 | 107.7 | 25,392 |
| Less: Withholding tax expense | | (140) | - | 100.0 | (209) |
| Total return for the period after tax before distribution | | 6,251 | 3,077 | 103.2 | 25,183 |

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. The acquisition of the Initial Portfolio was completed on 23 August 2007 upon which, it was officially listed on the SGX-ST. As such, no comparative Statement of Total Return is presented in respect of the prior financial period YTD 3Q2007 (from 1 January 2007 to 30 September 2007). Consequently, the actual income for 3Q2007 was derived for the period from 23 August 2007 to 30 September 2007.
- (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) The financing for the Japan Properties acquired in September 2008 was drawn down in Japanese Yen. From a net asset perspective, the exchange loss on the foreign currency loan was offset by a corresponding increase in the value of the Japan Properties.
- (d) Finance costs represent interest expense on loan, loss on interest rate swap and amortisation of transaction costs of establishing debt facilities.
- (e) 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\$622,000 is included in other payables as at 30 September 2008. In September 2008, a foreign currency forward contract was entered into to lock in the Japanese Yen exchange rate, to refinance Parkway Life REIT's short term Singapore dollar debt, into long term Japanese Yen debt, in relation to the Japan Properties acquired in May 2008. From a net asset perspective, the unrealized loss of the forward contract, amounting to S\$2.5 million, is offset by an increase in the value of the Japan Properties due to an improvement in foreign exchange rates, and the fair value of the foreign currency forward contract is included in other payables as at 30 September 2008.

**PARKWAY LIFE REAL ESTATE INVESTMENT TRUST
2008 THIRD QUARTER FINANCIAL STATEMENT & DISTRIBUTION ANNOUNCEMENT**

Distribution Statement

| | Notes | Actual 01/07/08 to 30/09/08 S\$'000 | Actual 12/07/07 to 30/09/07 Note (a) S\$'000 | Inc/ (Dec) % | Actual 01/01/08 to 30/09/08 Note (a) S\$'000 |
|---|-------|---|---|------------------------|---|
| Total return after tax before distribution | | 6,251 | 3,077 | 103.2 | 25,183 |
| Non-tax (chargeable)/deductible items: | | | | | |
| Manager's management fees payable in units | | | | | |
| Trustee's fees | | 257 | 93 | 176.3 | 724 |
| Amortisation of transaction costs relating to debt facilities | | 49 | 18 | 172.2 | 139 |
| Net change in fair value of financial derivatives | | 208 | 22 | 845.5 | 549 |
| Exchange difference on foreign currency loan | | 2,843 | 392 | 625.3 | 2,741 |
| Transaction cost relating to financial derivative | | 293 | - | 100.0 | 293 |
| Others | (b) | - | 460 | (100.0) | - |
| | | 411 | - | 100.0 | 464 |
| Net effect of non-tax deductible expenses | | 4,061 | 986 | 312.3 | 4,910 |
| Distributable income to Unitholders | (c) | 10,312 | 4,062 | 153.7 | 30,093 |

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. The acquisition of the Initial Portfolio was completed on 23 August 2007 upon which, it was officially listed on the SGX-ST. As such, no comparative Distribution Statement is presented in respect of the prior financial period YTD 3Q2007 (from 1 January 2007 to 30 September 2007). Consequently, the distributable income for 3Q2007 was derived for the period from 23 August 2007 to 30 September 2007.
- (b) Others comprise mainly professional fees incurred in relation to valuation and technical due diligence for target investments that were non-income generating.
- (c) As disclosed in the Prospectus, Parkway Life REIT will distribute 100.0% of its taxable income and net overseas income for the period commencing from Listing Date to 31 December 2008 and thereafter, 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. For FY2009, Parkway Life REIT will continue to distribute 100% of its taxable income and net overseas income

PARKWAY LIFE REAL ESTATE INVESTMENT TRUST
2008 THIRD QUARTER FINANCIAL STATEMENT & DISTRIBUTION ANNOUNCEMENT

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

| | Notes | Group 30/09/08 S\$'000 | Group 31/12/07 S\$'000 | Trust 30/09/08 S\$'000 | Trust 31/12/07 S\$'000 |
|---|-------|------------------------------|------------------------------|------------------------------|------------------------------|
| Current assets | | | | | |
| Trade and other receivables | | 6,863 | 5,512 | 5,073 | 5,512 |
| Cash and cash equivalents | (c) | 9,781 | 21,142 | 2,933 | 21,142 |
| | | 16,644 | 26,654 | 8,006 | 26,654 |
| Non-current assets | | | | | |
| Investment properties | (a) | 1,018,133 | 831,570 | 831,570 | 831,570 |
| Investments in subsidiaries | | - | - | 184,100 | - |
| Total assets | | 1,034,777 | 858,224 | 1,023,676 | 858,224 |
| Current liabilities | | | | | |
| Trade and other payables | (b) | 18,332 | 4,920 | 10,280 | 4,920 |
| Interest-bearing borrowings | (c) | 201,899 | - | 201,899 | - |
| | | 220,231 | 4,920 | 212,179 | 4,920 |
| Non-current liabilities | | | | | |
| Interest-bearing borrowings | | - | 33,276 | - | 33,276 |
| Total liabilities (excluding net assets attributable to Unitholders) | | 220,231 | 38,196 | 212,179 | 38,196 |
| Net assets attributable to Unitholders | | 814,546 | 820,028 | 811,497 | 820,028 |
| Total liabilities | | 1,034,777 | 858,224 | 1,023,676 | 858,224 |

Notes:

- (a) Investment properties have increased due to the acquisition of the Japan Properties in May 2008 and September 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 another one year to complete. 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. At the trust level, increase was mainly due to change in fair value of financial derivatives, acquisition fee payable to the manager in relation to the Japan Properties acquired in September 2008, and transaction costs payable for debt facilities established in end September 2008.
- (c) During the quarter ended 30 September 2008, the term loan and 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.

**PARKWAY LIFE REAL ESTATE INVESTMENT TRUST
2008 THIRD QUARTER FINANCIAL STATEMENT & DISTRIBUTION ANNOUNCEMENT**

1(b)(ii) Aggregate amount of borrowings

| | Notes | Group 30/09/08 S\$'000 | Group 31/12/07 S\$'000 | Trust 30/09/08 S\$'000 | Trust 31/12/07 S\$'000 |
|--|-------|------------------------------|------------------------------|------------------------------|------------------------------|
| Unsecured gross borrowings | | | | | |
| Amount repayable within one year | (a) | 202,836 | - | 202,836 | - |
| Amount repayable after one year | | - | 34,000 | - | 34,000 |
| Less: Transaction costs in relation to the term loan and revolving credit facilities | | (937) | (724) | (937) | (724) |
| | | 201,899 | 33,276 | 201,899 | 33,276 |

Notes:

(a) Details of borrowings and collateral

During the IPO, the Trustee has entered into a term loan and revolving credit facilities (the "Initial Facilities") comprising 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. The revolving credit facility of S\$50 million was fully drawn down in May 2008 to part finance the acquisition of the Japan Properties.

The Initial Facilities were unsecured for an initial term of 18 months. The Trustee had an option to extend the Initial Facilities for an additional period of 18 months, which was to be secured on the Hospital Properties of Parkway Life REIT, 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 entered into an interest rate swap to fix the floating interest rate for the term loan amount drawn down against the Initial 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\$622,000 is included in other payables as at 30 September 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.

During the year, the Trustee entered into various short term multi-currency revolving credit facilities (the "Short Term Facilities") amounting to S\$160 million through bilateral bank borrowings. Amounts totaling S\$119 million were drawn down during the year to finance the acquisition of the Japan Properties. The Short Term Facilities were unsecured and ranked pari passu with all the other present and future unsecured debt obligations of Parkway Life REIT.

On 29 September 2008, the Trustee entered into a S\$100.6 million three year long term facilities (the "Long Term Facilities") comprising a term loan facility of S\$35.6 million and a multi-currency revolving credit facility of S\$65 million, which were fully drawn down in October 2008 to partially refinance the Short Term Facilities. The Long Term Facilities were unsecured and ranked pari passu with all the other present and future unsecured debt obligations of Parkway Life REIT.

Subsequent to the quarter-end in October 2008, the Trustee further secured a three year S\$100 million multi-currency revolving credit facility, which together with the Long Term Facilities above will refinance substantially all the short term borrowings of Parkway Life REIT into long term debt obligations.

Interest on all the above facilities is based on the Singapore dollar swap offer rate plus a margin.

**PARKWAY LIFE REAL ESTATE INVESTMENT TRUST
2008 THIRD QUARTER FINANCIAL STATEMENT & DISTRIBUTION ANNOUNCEMENT**

1(c) Consolidated Cashflow Statement

| | Group Actual 01/07/08 to 30/09/08 S\$'000 | Group Actual 12/07/07 to 30/09/07 Note (a) S\$'000 | Group Actual 01/01/08 to 30/09/08 Note (a) S\$'000 |
|--|---|---|---|
| Operating activities | | | |
| Total return after tax before distribution | 6,251 | 3,077 | 25,183 |
| Adjustments for | | | |
| Interest Income | (7) | (29) | (107) |
| Finance costs | 857 | 615 | 1,946 |
| Net change in fair value of financial derivatives | 2,843 | 392 | 2,741 |
| Exchange difference on foreign currency loan | 293 | - | 293 |
| Manager's management fee payable in units | 257 | 93 | 724 |
| Operating income before working capital changes | 10,494 | 4,148 | 30,780 |
| Changes in working capital | | | |
| Trade and other receivables | (542) | (3,348) | (1,351) |
| Trade and other payables | 5,929 | 4,932 | 10,363 |
| Cash flows from operating activities | 15,881 | 5,732 | 39,792 |
| Investing activities | | | |
| Interest received | 7 | 29 | 107 |
| Net cash outflow on purchase of investment properties (including acquisition costs) (Note b) | (112,158) | (487,476) | (184,544) |
| Cash flows from investing activities | (112,151) | (487,447) | (184,437) |
| Financing activities | | | |
| Interest paid | (539) | (462) | (1,174) |
| Distribution to Unitholders | (9,994) | - | (33,403) |
| Proceeds from borrowings | 108,544 | 34,000 | 168,544 |
| Borrowing costs paid | (762) | (822) | (762) |
| Proceeds from new issue of shares | - | 482,642 | - |
| Issue expenses paid | - | (18,742) | - |
| Cash flows from financing activities | 97,249 | 496,616 | 133,205 |
| Net increase/(decrease) in cash and cash equivalents | 979 | 14,901 | (11,440) |
| Cash and cash equivalents at beginning of the period | 8,550 | - | 21,142 |
| Effects of exchange rate differences on cash | 252 | - | 79 |
| Cash and cash equivalents at end of the period | 9,781 | 14,901 | 9,781 |

(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, no YTD comparatives were presented except for the period from 23 August 2007 to 30 September 2007.

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

| | Group 01/07/08 to 30/09/08 S\$'000 | Group 12/07/07 to 30/09/07 S\$'000 | Group 01/01/08 to 30/09/08 S\$'000 |
|---|---|---|---|
| Investment properties | 110,901 | 774,620 | 182,392 |
| Acquisition related costs | 1,257 | 659 | 2,152 |
| Investment properties acquired (including acquisition related costs) | 112,158 | 775,279 | 184,544 |
| Purchase consideration paid in units | - | (287,173) | - |
| Retention sums | - | (630) | - |
| Net cash outflow/Cash consideration paid | 112,158 | 487,476 | 184,544 |

PARKWAY LIFE REAL ESTATE INVESTMENT TRUST
2008 THIRD QUARTER FINANCIAL STATEMENT & DISTRIBUTION ANNOUNCEMENT

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

| | Notes | Group 01/07/08 to 30/09/08 S\$'000 | Group 12/07/07 to 30/09/07 Note (a) S\$'000 | Group 01/01/08 to 30/09/08 Note (a) S\$'000 | Trust 01/07/08 to 30/09/08 S\$'000 | Trust 12/07/07 to 30/09/07 Note (a) S\$'000 | Trust 01/01/08 to 30/09/08 Note (a) S\$'000 |
|---|-------|--|--|--|--|--|--|
| Net assets attributable to Unitholders at beginning of period | | 814,121 | - | 820,028 | 815,688 | - | 820,028 |
| Operations | | | | | | | |
| Total return before changes in fair value of financial derivatives | | 9,094 | 3,469 | 27,924 | 8,472 | 3,469 | 26,972 |
| Net change in fair value of financial derivatives | | (2,843) | (392) | (2,741) | (2,843) | (392) | (2,741) |
| Net increase in net assets resulting from operations | | 6,251 | 3,077 | 25,183 | 5,629 | 3,077 | 24,231 |
| Translation transactions | | | | | | | |
| Foreign currency translation reserve movement for the period | (b) | 3,994 | - | 2,097 | - | - | - |
| Hedging reserve | (c) | (83) | - | (83) | (83) | - | (83) |
| Unitholders' transactions | | | | | | | |
| Issue of new units: | | | | | | | |
| - Units issued as partial settlement for the acquisition of investment properties | | - | 287,173 | - | - | 287,173 | - |
| - Private placement | | - | 112,895 | - | - | 112,895 | - |
| - Initial public offering | | - | 369,747 | - | - | 369,747 | - |
| Units to be issued as satisfaction of the Manager's management fees | (d) | 257 | 93 | 724 | 257 | 93 | 724 |
| Issue expenses | | - | (18,742) | - | - | (18,742) | - |
| Distribution to Unitholders | | (9,994) | - | (33,403) | (9,994) | - | (33,403) |
| Net decrease in net assets resulting from Unitholders' transactions | | (9,737) | 751,166 | (32,679) | (9,737) | 751,166 | (32,679) |
| Net assets attributable to Unitholders at end of period | | 814,546 | 754,243 | 814,546 | 811,497 | 754,243 | 811,497 |

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, no YTD comparatives were presented except for the period from 23 August 2007 to 30 September 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) Hedging reserve comprises the effective portion of the cumulative net change in the fair value of cash flow hedging instruments relating to forecast hedged transactions.
- (d) This consists of 260,984 units which are issuable to the Manager as partial settlement of the Manager's management fee for the period from 1 July 2008 to 30 September 2008.

**PARKWAY LIFE REAL ESTATE INVESTMENT TRUST
2008 THIRD QUARTER FINANCIAL STATEMENT & DISTRIBUTION ANNOUNCEMENT**

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

| | Notes | Actual 01/07/08 to 30/09/08 '000 | Actual 12/07/07 to 30/09/07 Note (a) '000 | Actual 01/01/08 to 30/09/08 Note (a) '000 |
|---|-------|--|--|--|
| Units in issue at beginning of period | | 601,886 | - | 601,418 |
| Issue of new units: | | | | |
| - Units issued as partial settlement for the acquisition of investment properties | | - | 224,354 | - |
| - Private placement | | - | 88,199 | - |
| - Initial public offering | | - | 288,865 | - |
| - Manager's management fees paid in units | (b) | 200 | - | 668 |
| Issued units at the end of period | | 602,086 | 601,418 | 602,086 |
| Units to be issued: | | | | |
| - Manager's management fees payable in units | (c) | 261 | 93 | 261 |
| Total issued and issuable units at the end of period | | 602,347 | 601,511 | 602,347 |

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, no YTD comparatives were presented except for the period from 23 August 2007 to 30 September 2007.
- (b) These units were issued to the Manager as partial settlement of the Manager's management fee for the period from 1 April 2008 to 30 June 2008 and from 23 August 2007 to 30 June 2008 respectively.
- (c) These units are issuable to the Manager as partial settlement of the Manager's management fee for the period from 1 July 2008 to 30 September 2008 and from 23 August 2007 to 30 September 2007 respectively.

**PARKWAY LIFE REAL ESTATE INVESTMENT TRUST
2008 THIRD QUARTER FINANCIAL STATEMENT & DISTRIBUTION ANNOUNCEMENT**

- 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 01/07/08 to 30/09/08 Note (a) '000 | Actual 12/07/07 to 30/09/07 Note (a) '000 | Actual 01/01/08 to 30/09/08 Note (a) '000 |
|--|-------|---|---|---|
| Number of units in issue at end of period | | 602,086 | 601,418 | 602,086 |
| Weighted average number of units for the period | | 602,089 | 289,573 | 601,891 |
| Earnings per unit in cents (basic and diluted) (EPU) | (b) | 1.04 | 1.06 | 4.18 |
| Applicable number of units for calculation of DPU | | 602,347 | 601,511 | 602,347 |
| Distribution per unit in cents (DPU) | (c) | 1.71 | 0.68 | 5.00 |

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, no YTD comparative was presented except for the period from 23 August 2007 to 30 September 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.

**PARKWAY LIFE REAL ESTATE INVESTMENT TRUST
2008 THIRD QUARTER FINANCIAL STATEMENT & DISTRIBUTION ANNOUNCEMENT**

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

| | Notes | Group 30/09/08 S\$'000 | Trust 30/09/08 S\$'000 | Group 31/12/07 S\$'000 | Trust 31/12/07 S\$'000 |
|--|-------|------------------------------|------------------------------|------------------------------|------------------------------|
| Net asset value ("NAV") per unit (cents) | (a) | 1.35 | 1.35 | 1.36 | 1.36 |
| Adjusted NAV per unit (excluding the distributable income) | | 1.34 | 1.33 | 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.

8 Review of the performance

| | Actual 01/07/08 to 30/09/08 S\$'000 | Actual 12/07/07 to 30/09/07 Note (a) S\$'000 | Increase/ (Decrease) % | Actual 01/01/08 to 30/09/08 Note (a) S\$'000 |
|---|--|--|------------------------------|--|
| Gross revenue | 13,347 | 5,036 | 165.0 | 37,709 |
| Property expenses | (877) | (326) | 169.0 | (2,422) |
| Net property income | 12,470 | 4,710 | 164.8 | 35,287 |
| Manager's management fees | (1,283) | (466) | 175.3 | (3,619) |
| Trust expenses | (810) | (189) | 328.6 | (1,403) |
| Exchange difference on foreign currency loan | (293) | - | 100.0 | (293) |
| Interest income | 7 | 29 | (75.9) | 107 |
| Finance costs | (857) | (615) | 39.3 | (1,946) |
| Non-property expenses | (3,236) | (1,241) | 160.8 | (7,154) |
| Total return before changes in fair value of financial derivatives, tax and distribution | 9,234 | 3,469 | 166.2 | 28,133 |
| Net change in fair value of financial derivatives | (2,843) | (392) | 625.3 | (2,741) |
| Total return for the period before tax and distribution | 6,391 | 3,077 | 107.7 | 25,392 |
| Less: Withholding tax expense | (140) | - | 100.0 | (209) |
| Total return for the period after tax before distribution | 6,251 | 3,077 | 103.2 | 25,183 |
| Net effect of non-tax deductible expenses | 4,061 | 985 | 312.3 | 4,910 |
| Distributable income to Unitholders | 10,312 | 4,062 | 153.7 | 30,093 |
| Distribution per Unit (cents) | 1.71 | 0.68 | 8.50 | 5.00 |
| Annualised Distribution per Unit (cents) | 6.85 | 6.31 | 8.50 | 6.66 |

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. The acquisition of the initial 3 properties was completed on 23 August 2007 upon which, it was officially listed on the SGX-ST. As such, no comparative Statement of Total Return is presented in respect of the prior financial period YTD 3Q2007 (from 1 January 2007 to 30 September 2007). Consequently, the actual income for 3Q2007 was derived for the period from 23 August 2007 to 30 September 2007.

PARKWAY LIFE REAL ESTATE INVESTMENT TRUST
2008 THIRD QUARTER FINANCIAL STATEMENT & DISTRIBUTION ANNOUNCEMENT

Gross revenue for 3Q2008 was S\$13.3 million, which exceeded 3Q2007 by S\$8.3 million or 165.0%. The higher gross revenue was primarily due to 3Q2007's gross revenue comprising only a partial quarter's rental income, which was derived from the Listing date of 23 August 2007 to 30 September 2007. In addition, higher revenue in 3Q2008 was driven by the higher variable rent component that is linked to the Adjusted Hospital Revenue. With the completion of the acquisition of the Japan Properties in May and September 2008, the gross rental income contributed from the Japan Properties in Q32008 amounted to S\$1.1 million.

Property expenses for 3Q2008 were S\$0.9 million, which was S\$0.6 million or 169.0% increase from 3Q2007. The higher property expenses were primarily due to 3Q2007's property expenses comprising only a partial quarter's expenses, from 23 August 2007 to 30 September 2007. In addition, property expenses were incurred for the Japan Properties, following the completion of the investment in the Japan Properties. The impact of the increase to DPU is not expected to be significant.

The result is a net property income of S\$12.5 million for 3Q2008, which is S\$7.8 million or 164.8% higher than the 3Q2007.

Professional fees of S\$0.4 million were incurred in relation to valuation and technical due diligence for target investments that were non-income generating. However there was no impact to the DPU as these fees are non-tax deductible and were added back to the distributable income. In addition, non-property expenses have increased mainly due to 3Q2007's expenses comprising only a partial quarter's expenses, from 23 August 2007 to 30 September 2007.

Overall, annualised income available for distribution to Unitholders per unit for 3Q2008 was 6.85 cents, which exceeded 3Q2007 of 6.31 cents by 8.50% or 0.54 cents.

**PARKWAY LIFE REAL ESTATE INVESTMENT TRUST
2008 THIRD QUARTER FINANCIAL STATEMENT & DISTRIBUTION ANNOUNCEMENT**

9 Review of the performance against Forecast/Prospect Statement

Consolidated Statements of Total Return and Distribution

| Notes | Actual | Forecast | Increase/ (Decrease) % | Actual | Forecast | Increase/ (Decrease) % |
|--|--------------------------------------|--|------------------------------|--------------------------------------|--|------------------------------|
| | 01/07/2008 to 30/09/08 S\$'000 | 01/07/2008 to 30/09/08 Note (a) S\$'000 | | 01/01/2008 to 30/09/08 S\$'000 | 01/01/2008 to 30/09/08 Note (a) S\$'000 | |
| Gross revenue | 13,347 | 11,475 | 16.31% | 37,709 | 34,425 | 9.54% |
| Less: Property expenses | (877) | (652) | 34.51% | (2,422) | (1,954) | 23.95% |
| Net property income | 12,470 | 10,823 | 15.22% | 35,287 | 32,471 | 8.67% |
| Manager's management fees | (1,283) | (1,080) | 18.80% | (3,619) | (3,240) | 11.70% |
| Trust expenses | (810) | (273) | 196.70% | (1,403) | (820) | 71.10% |
| Exchange difference on foreign currency loan | (293) | - | n.m. | (293) | - | n.m. |
| Interest income | 7 | 45 | -84.44% | 107 | 133 | -19.55% |
| Finance costs | (857) | (431) | 98.84% | (1,946) | (1,292) | 50.62% |
| | (3,236) | (1,739) | 86.08% | (7,154) | (5,219) | 37.08% |
| Total return before changes in fair value of financial derivatives, income tax & distribution | 9,234 | 9,084 | 1.65% | 28,133 | 27,252 | 3.23% |
| Net change in fair value of financial derivatives (b) | (2,843) | - | 100.00% | (2,741) | - | 100.00% |
| Total return for the period before income tax & distribution | 6,391 | 9,084 | -29.65% | 25,392 | 27,252 | -6.83% |
| Less: Income tax/ withholding tax expense | (140) | - | 100.00% | (209) | - | 100.00% |
| Total return for the period after income tax before distribution | 6,251 | 9,084 | -31.19% | 25,183 | 27,252 | -7.59% |
| Add: Non-tax deductible expenses (c) | 4,061 | 327 | 1141.90% | 4,910 | 981 | 400.51% |
| Taxable income available for distribution to Unitholders | 10,312 | 9,411 | 9.57% | 30,093 | 28,233 | 6.59% |

Available for distribution per unit (cents)

| | | | | | | |
|---------------------------|-------------|-------------|--------------|-------------|-------------|--------------|
| For the period (d) | 1.71 | 1.56 | 9.57% | 5.00 | 4.69 | 6.59% |
| Annualised | 6.85 | 6.25 | 9.57% | 6.66 | 6.25 | 6.59% |

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.

**PARKWAY LIFE REAL ESTATE INVESTMENT TRUST
2008 THIRD QUARTER FINANCIAL STATEMENT & DISTRIBUTION ANNOUNCEMENT**

- (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 S\$622,000 is included in other payables as at 30 September 2008. In September 2008, a foreign currency forward contract was entered into to lock in the Japanese Yen exchange rate, to refinance Parkway Life REIT's short term Singapore dollar debt, into long term Japanese Yen debt, in relation to the Japan Properties acquired in May 2008. The unrealized loss of the forward contract, amounting to S\$2.5 million, is offset by an increase in the value of the Japan Properties due to an improvement in foreign exchange rates, and the fair value of the foreign currency forward contract is included in other payables as at 30 September 2008.
- (c) These include management fees payable in units to the Manager, net change in fair value of financial derivatives, 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 September 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\$13.3 million, which was an increase of S\$1.9 million or 16.3% 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. With the completion of the acquisition of the Japan Properties in May and September 2008, the gross rental income contributed from the Japan Properties amounted to S\$1.1 million.

Actual property expenses were S\$0.9 million, which was S\$0.2 million or 34.5% 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, the Group's property expenses increased by S\$0.1 million due to property expenses incurred for the Japan Properties, following the completion of the investment in the Japan Properties.

The result is a net property income of S\$12.5 million, which is S\$1.6 million or 15.2% higher than the forecast.

Overall, annualised income available for distribution to Unitholders per unit was 6.85 cents, which exceeded forecast of 6.25 cents by 9.57% or 0.60 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.

Despite challenging market conditions, we remain optimistic about our medium and long term prospects. This is due to our rental lease structures that protect downside risk while providing for good future rental growth; low gearing; 100% occupancy across the portfolio and investment grade credit rating of BBB+. The demand for quality private healthcare will remain resilient and continue to grow, driven by growing affluence and an ageing population.

The acquisition of a pharmaceutical products distributing and manufacturing facility and nine high quality nursing homes in Japan have helped diversify Parkway Life REIT's assets with regards to sector and geographical allocation. 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

**PARKWAY LIFE REAL ESTATE INVESTMENT TRUST
2008 THIRD QUARTER FINANCIAL STATEMENT & DISTRIBUTION ANNOUNCEMENT**

Japanese will be over 65 years of age. Parkway Life REIT has also secured long term financing for its acquisitions, in order to deliver stable distributions to its Unitholders.

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: Third quarter distribution for the period from 1 July 2008 to 30 September 2008

| Distribution Type | Distribution Rate (cents per unit) |
|--------------------------|---|
| Taxable Income | 1.64 |
| Capital | 0.07 |
| Total | 1.71 |

Par value of units: Not meaningful

Tax rate : **Taxable Income Distribution**

Qualifying investors and individuals (other than those who hold their units through a partnership) will generally receive pre-tax distributions. These distributions are exempt from tax in the hands of individuals unless such distributions are derived through a Singapore partnership or from the carrying on of a trade, business or profession.

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

All other investors will receive their distributions after deduction of tax at the rate of 18%.

Capital Distribution

Capital distribution represents a return of capital to Unitholders for tax purposes and is therefore not subject to withholding tax. For Unitholders who are liable to tax on profits from sale of Parkway Life REIT Units, the amount of capital distribution will be applied to reduce the cost base of their Parkway Life REIT Units for tax purposes.

(b) Corresponding period of the immediately preceding year

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

**PARKWAY LIFE REAL ESTATE INVESTMENT TRUST
2008 THIRD QUARTER FINANCIAL STATEMENT & DISTRIBUTION ANNOUNCEMENT**

- (c) **Book closure date:** 12 November 2008
(d) **Date payable:** 5 December 2008

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

Not Applicable.

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
4 November 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

**PARKWAY LIFE REAL ESTATE INVESTMENT TRUST
2008 THIRD QUARTER FINANCIAL STATEMENT & DISTRIBUTION ANNOUNCEMENT**

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.

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.