



# ParkwayLife REIT

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

---

## **PARKWAY LIFE REAL ESTATE INVESTMENT TRUST 2010 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 (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 the largest listed healthcare REIT 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.

As at 30 Sep 2010, Parkway Life REIT owns a well-diversified portfolio of 32 properties located in the Asia-Pacific region, including three hospitals in Singapore and 29 healthcare and healthcare-related assets in Japan. Its total portfolio size stands at approximately S\$1.3 billion as at 30 September 2010.

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"), covering an aggregate of 1,039 licensed beds.

In Japan, it owns one pharmaceutical product distributing and manufacturing facility in Chiba Prefecture, as well as 28 high quality nursing home and care facility properties located in various prefectures of Japan (collectively, the "Japan Properties"). The costs of acquiring the Japan Properties were fully funded by debt.

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.

**PARKWAY LIFE REAL ESTATE INVESTMENT TRUST  
2010 THIRD QUARTER UNAUDITED FINANCIAL STATEMENT & DISTRIBUTION ANNOUNCEMENT**

**SUMMARY OF PARKWAY LIFE REIT'S RESULTS FOR THE NINE MONTHS ENDED 30 SEPTEMBER 2010**

	Notes	YTD	YTD	Inc/(Dec)	
		3Q 2010	3Q 2009	S\$'000	%
		S\$'000	S\$'000	S\$'000	
<b>Gross Revenue</b>		58,556	48,935	9,621	19.7
Net Property Income		53,947	45,521	8,426	18.5
Distributable Income		38,740	34,333	4,407	12.8
<b>Distribution per unit (cents)</b>	(a)	6.41	5.69	0.72	12.8
<b>Annualised distribution per unit (cents)</b>		8.54	7.58	0.96	12.8
Annualised distribution yield (%), based on - Closing market price of S\$1.60 as at 30 September 2010		5.34	4.74		12.8

**Note:**

- (a) The number of units used to calculate the Distribution per Unit ("DPU") comprise of the number of units in issue and issuable as at 30 September 2010 and 30 September 2009 respectively.

**PARKWAY LIFE REAL ESTATE INVESTMENT TRUST  
2010 THIRD QUARTER UNAUDITED 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	3Q 2010 S\$'000	3Q 2009 S\$'000	Inc/ (Dec) %	YTD 3Q 2010 S\$'000	YTD 3Q 2009 S\$'000	Inc/ (Dec) %
<b>Gross revenue</b>		<b>21,171</b>	<b>16,498</b>	<b>28.3</b>	<b>58,556</b>	<b>48,935</b>	<b>19.7</b>
Property expenses		(1,734)	(1,127)	53.9	(4,609)	(3,414)	35.0
<b>Net property income</b>		<b>19,437</b>	<b>15,371</b>	<b>26.5</b>	<b>53,947</b>	<b>45,521</b>	<b>18.5</b>
Manager's management fees	(a)	(1,885)	(1,505)	25.2	(5,233)	(4,462)	17.3
Trust expenses		(810)	(475)	70.5	(1,767)	(1,570)	12.5
Foreign exchange gain/(loss)		(69)	(28)	146.4	(31)	(120)	(74.2)
Interest income		10	7	42.9	25	29	(13.8)
Finance costs	(b)	(3,307)	(1,894)	74.6	(8,519)	(5,702)	49.4
<b>Non-property expenses</b>		<b>(6,061)</b>	<b>(3,895)</b>	<b>55.6</b>	<b>(15,525)</b>	<b>(11,825)</b>	<b>31.3</b>
<b>Total return before changes in fair value of financial derivatives</b>		<b>13,376</b>	<b>11,476</b>	<b>16.6</b>	<b>38,422</b>	<b>33,696</b>	<b>14.0</b>
Net change in fair value of financial derivatives	(c)	206	(319)	(164.6)	689	122	464.8
<b>Total return for the period before tax and distribution</b>		<b>13,582</b>	<b>11,157</b>	<b>21.7</b>	<b>39,111</b>	<b>33,818</b>	<b>15.7</b>
Withholding tax expense		(963)	(488)	97.3	(2,215)	(1,414)	56.6
<b>Total return for the period after tax before distribution</b>		<b>12,619</b>	<b>10,669</b>	<b>18.3</b>	<b>36,896</b>	<b>32,404</b>	<b>13.9</b>

**Notes:**

- (a) The Manager has elected to receive 80% of the Manager's management fee in the form of cash and the remaining 20% is to be settled in units.
- (b) Finance costs represent interest expense on loans, settlement on interest rate swaps that provide fixed rate funding on loans and amortisation of transaction costs of establishing debt facilities.
- (c) The Group entered into foreign currency forward contracts to hedge its net foreign income from Japan since 2008. The changes in fair value of the foreign currency contracts were recognised in Statement of Total Return.

**PARKWAY LIFE REAL ESTATE INVESTMENT TRUST  
2010 THIRD QUARTER UNAUDITED FINANCIAL STATEMENT & DISTRIBUTION ANNOUNCEMENT**

**Distribution Statement**

	Notes	3Q 2010 S\$'000	3Q 2009 S\$'000	Inc/ (Dec) %	YTD 3Q 2010 S\$'000	YTD 3Q 2009 S\$'000	Inc/ (Dec) %
<b>Total return after tax before distribution</b>		<b>12,619</b>	<b>10,669</b>	<b>18.3</b>	<b>36,896</b>	<b>32,404</b>	<b>13.9</b>
Non-tax deductible/(non-taxable) items:							
Manager's management fees payable in units		377	301	25.2	1,047	892	17.4
Trustee's fees		63	53	18.9	177	158	12.0
Amortisation of transaction costs relating to debt facilities		702	156	350.0	1,206	564	113.8
Net change in fair value of financial derivatives		(206)	319	(164.6)	(689)	(122)	464.8
Foreign exchange difference		22	6	266.7	(72)	12	(700.0)
Others		39	55	(29.1)	175	425	(58.8)
<b>Net effect of non-tax deductible/(non-taxable) items</b>		<b>997</b>	<b>890</b>	<b>12.0</b>	<b>1,844</b>	<b>1,929</b>	<b>(4.4)</b>
<b>Distributable income to Unitholders</b>	(a)	<b>13,616</b>	<b>11,559</b>	<b>17.8</b>	<b>38,740</b>	<b>34,333</b>	<b>12.8</b>

**Note:**

- (a) 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.

**PARKWAY LIFE REAL ESTATE INVESTMENT TRUST**  
**2010 THIRD QUARTER UNAUDITED FINANCIAL STATEMENT & DISTRIBUTION ANNOUNCEMENT**

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

	Notes	Group 30/09/10 S\$'000	Group 31/12/09 S\$'000	Trust 30/09/10 S\$'000	Trust 31/12/09 S\$'000
<b>Current assets</b>					
Trade and other receivables		8,498	7,712	6,273	6,345
Cash and cash equivalents	(a)	40,137	21,259	13,521	7,189
		<b>48,635</b>	<b>28,971</b>	<b>19,794</b>	<b>13,534</b>
<b>Non-current assets</b>					
Investment properties	(b)	1,281,279	1,152,871	863,056	862,900
Subsidiaries		-	-	382,210	266,640
<b>Total assets</b>		<b>1,329,914</b>	<b>1,181,842</b>	<b>1,265,060</b>	<b>1,143,074</b>
<b>Current liabilities</b>					
Trade and other payables		26,888	18,672	6,322	6,642
Loans and borrowings	(c)	1,295	34,417	1,295	34,417
		<b>28,183</b>	<b>53,089</b>	<b>7,617</b>	<b>41,059</b>
<b>Non-current liabilities</b>					
Loans and borrowings	(c)	465,010	291,554	465,010	291,554
<b>Total liabilities</b>		<b>493,193</b>	<b>344,643</b>	<b>472,627</b>	<b>332,613</b>
<b>Net assets</b>		<b>836,721</b>	<b>837,199</b>	<b>792,433</b>	<b>810,461</b>
<b>Represented by:</b>					
Unitholders' funds		836,721	837,199	792,433	810,461
<b>Total equity</b>		<b>836,721</b>	<b>837,199</b>	<b>792,433</b>	<b>810,461</b>

**Notes:**

- (a) The increase in cash and cash equivalents is mainly from the proceeds from the issue of the S\$50 million Floating Rate Notes in March 2010, offset by the repayment of S\$34 million bank borrowing and the payment of acquisition taxes for the Japan Properties acquired in 2009.
- (b) The aggregate market value of the existing investment properties was last valued by CB Richard Ellis (Pte) Ltd and Colliers Halifax at S\$1,152.9 million as at 31 December 2009. Increase in investment properties is mainly due to acquisition of eleven nursing home and care facility properties in 2Q and 3Q 2010.
- (c) The Group issued a 3-year S\$50 million Floating Rate Notes in March 2010, which was used to repay the S\$34 million bank borrowing. The cost of acquiring the new Japan properties in 2010 amounting to S\$116.5 million was also fully funded by debt. As a result, the loans and borrowings have increased as compared to 31 December 2009. Refer to 1(b)(ii) for details.

**PARKWAY LIFE REAL ESTATE INVESTMENT TRUST  
2010 THIRD QUARTER UNAUDITED FINANCIAL STATEMENT & DISTRIBUTION ANNOUNCEMENT**

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

	Notes	Group 30/09/10 S\$'000	Group 31/12/09 S\$'000	Trust 30/09/10 S\$'000	Trust 31/12/09 S\$'000
<b>Unsecured gross borrowings</b>					
Amount repayable within one year		-	34,000	-	34,000
Amount repayable after one year	(a)	464,906	290,278	464,906	290,278
Less: Transaction costs in relation to the term loan and revolving credit facilities		(2,960)	(2,511)	(2,960)	(2,511)
Financial Derivatives	(b)	4,359	4,204	4,359	4,204
		<b>466,305</b>	<b>325,971</b>	<b>466,305</b>	<b>325,971</b>

From the latest rating report released by Fitch Ratings dated 24 August 2010, Parkway Life REIT has maintained its BBB investment grade rating. As at 30 September 2010, Parkway Life REIT's gearing was 35.0%, well within the 60% limit allowed under the Monetary Authority of Singapore's Property Funds Guidelines.

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

To fund the acquisitions of the properties in Japan, the Group has, since 2008, drawdown several 5-year and 3-year unsecured term loan and revolving credit facilities of JPY12,700 million (S\$199.9 million<sup>1</sup>) and JPY13,660 million (S\$215.0 million<sup>1</sup>) respectively. In August 2010, the above-mentioned 3-year facilities, which will be due in 2<sup>nd</sup> half 2011, have been re-financed by a JPY6,830 million (S\$107.5 million<sup>1</sup>) 4-year unsecured term loan facility and a JPY6,830 million (S\$107.5 million<sup>1</sup>) 5-year unsecured term loan facility respectively.

As at 30 September 2010, the total facilities drawn of JPY26,360 million (S\$414.9 million<sup>1</sup>) (the "Long Term Facilities") were unsecured and ranked *pari passu* with all the other present and future unsecured debt obligations of Parkway Life REIT.

Interest on the above Long Term Facilities is based on floating rate plus a margin.

Parkway Life REIT, through its wholly owned subsidiary, Parkway Life MTN Pte Ltd (the "Issuer"), has established an S\$500 million Multicurrency Medium Term Note Programme (the "MTN Programme") in 2008. Under the MTN Programme, the Issuer may from time to time issue notes in Singapore dollars, United States dollars or any other currency as may be agreed between the relevant dealer of the MTN Programme and the Issuer (the "Notes"). The Notes shall constitute direct, unconditional, unsecured and unsubordinated obligations of the Issuer ranking *pari passu*, without any preference or priority among themselves, and *pari passu* with all other present and future unsecured obligations (other than subordinated obligations and priorities created by law) of the Issuer. All sums payable in respect of the Notes will be unconditionally and irrevocably guaranteed by Parkway Life REIT.

In March 2010, the Group issued a S\$50 million 3-year Floating Rate Notes ("FRN") under the MTN Programme, bearing a floating interest rate at the rate per annum equal to the sum of 1.05 per cent and the six-month Singapore dollar swap offer rate payable semi-annually in arrear, which will mature on or about 23 March 2013.

The proceed of the loan was used to repay the S\$34 million bank borrowings, as well as for the general working capital and funding purposes of Parkway Life REIT.

Both the MTN Programme and the FRN have been assigned a rating of "BBB" by Fitch Ratings.

<sup>1</sup> Based on the exchange rate of S\$1.574 per 100JPY as at 30 September 2010

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

For the investment properties acquired in Japan, the Group has entered into various interest rate swaps and foreign currency forward contracts to hedge its floating rate loans and net foreign income from Japan respectively.

The interest rate swaps were designated as cash flow hedges, and the effective portion of changes in the fair value are recognised directly in Unitholders' funds. The changes in fair value of the foreign currency forward contracts were recognised in Statement of Total Return.

**PARKWAY LIFE REAL ESTATE INVESTMENT TRUST**  
**2010 THIRD QUARTER UNAUDITED FINANCIAL STATEMENT & DISTRIBUTION ANNOUNCEMENT**

**1(c) Consolidated Cashflow Statement**

	Notes	3Q 2010 S\$'000	3Q 2009 S\$'000	YTD 3Q 2010 S\$'000	YTD 3Q 2009 S\$'000
<b>Operating activities</b>					
Total return before tax and distribution		13,582	11,157	39,111	33,818
<b>Adjustments for</b>					
Interest Income		(10)	(7)	(25)	(29)
Finance costs		3,307	1,894	8,519	5,702
Net change in fair value of financial derivatives		(206)	319	(689)	(122)
Manager's management fees paid and payable in units		377	301	1,047	892
<b>Operating income before working capital changes</b>		<b>17,050</b>	<b>13,664</b>	<b>47,963</b>	<b>40,261</b>
<b>Changes in working capital</b>					
Trade and other receivables		(528)	(326)	(709)	54
Trade and other payables		5,201	649	5,621	(1,230)
Cash generated from operations		21,723	13,987	52,875	39,085
Withholding tax paid		(662)	(488)	(1,817)	(1,414)
<b>Cash flows from operating activities</b>	<b>(a)</b>	<b>21,061</b>	<b>13,499</b>	<b>51,058</b>	<b>37,671</b>
<b>Investing activities</b>					
Interest received		10	7	25	29
Net cash outflow on capital expenditure		(251)	(2,339)	(350)	(2,339)
Net cash outflow on purchase of investment properties (including acquisition related costs) (Note d)		(51,737)	-	(116,447)	-
<b>Cash flows used in investing activities</b>	<b>(b)</b>	<b>(51,978)</b>	<b>(2,332)</b>	<b>(116,772)</b>	<b>(2,310)</b>
<b>Financing activities</b>					
Interest paid		(2,798)	(1,734)	(7,301)	(5,548)
Distribution to Unitholders		(12,634)	(11,405)	(37,524)	(33,895)
Proceeds from issue of Floating Rate Notes		-	-	50,000	-
Proceeds from borrowings		266,350	-	330,400	-
Repayment of borrowings		(216,238)	-	(250,238)	-
Borrowing costs paid		(1,126)	-	(1,655)	(244)
<b>Cash flows from/(used in) financing activities</b>	<b>(c)</b>	<b>33,554</b>	<b>(13,139)</b>	<b>83,682</b>	<b>(39,687)</b>
<b>Net increase/(decrease) in cash and cash equivalents</b>		<b>2,637</b>	<b>(1,972)</b>	<b>17,968</b>	<b>(4,326)</b>
<b>Cash and cash equivalents at beginning of the period</b>		<b>37,381</b>	<b>22,386</b>	<b>21,259</b>	<b>25,078</b>
Effects of exchange differences on cash balances		119	165	910	(173)
<b>Cash and cash equivalents at end of the period</b>		<b>40,137</b>	<b>20,579</b>	<b>40,137</b>	<b>20,579</b>



**PARKWAY LIFE REAL ESTATE INVESTMENT TRUST  
2010 THIRD QUARTER UNAUDITED FINANCIAL STATEMENT & DISTRIBUTION ANNOUNCEMENT**

---

**Notes:**

- (a) The increase in the cash flows from operating activities in 3Q 2010, as compared to 3Q 2009, mainly resulted from additional operating cash flows from the eight Japan properties acquired in 4Q 2009, as well as the eleven new properties acquired in 2Q and 3Q 2010.
- (b) The cash outflow in investing activities in 3Q 2010 as compared to 3Q 2009, is mainly due to the acquisition of five nursing home and care facility properties in Japan completed in July 2010.
- (c) The cash flow from financing activities was resulted from loan drawn down to fund the acquisition in July 2010.
- (d) Net cash outflow on purchase of investment properties (including acquisition related costs) is as follows:

	<b>3Q 2010 S\$'000</b>	<b>3Q 2009 S\$'000</b>	<b>YTD 3Q 2010 S\$'000</b>	<b>YTD 3Q 2009 S\$'000</b>
Investment properties	49,724	-	112,134	-
Acquisition related costs	2,013	-	4,313	-
<b>Net cash outflow/Cash consideration paid</b>	<b>51,737</b>	<b>-</b>	<b>116,447</b>	<b>-</b>

**PARKWAY LIFE REAL ESTATE INVESTMENT TRUST**  
**2010 THIRD QUARTER UNAUDITED FINANCIAL STATEMENT & DISTRIBUTION ANNOUNCEMENT**

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

	Notes	Group 3Q2010 S\$'000	Group 3Q2009 S\$'000	Group YTD 3Q2010 S\$'000	Group YTD 3Q2009 S\$'000
<b>Unitholders' funds at beginning of period</b>		837,295	808,876	837,199	809,131
<b>Operations</b>					
Net movement in net assets resulting from operations		12,619	10,669	36,896	32,404
<b>Translation transactions</b>					
Net movement in foreign currency translation reserve	(a)	(27)	57	(54)	23
<b>Hedging reserve</b>					
Net movement in hedging reserve	(b)	(909)	(181)	(843)	(238)
<b>Unitholders' transactions</b>					
Manager's management fees paid and payable in units		377	301	1,047	892
Distribution to Unitholders		(12,634)	(11,405)	(37,524)	(33,895)
<b>Net decrease in net assets resulting from Unitholders' transactions</b>		<b>(12,257)</b>	<b>(11,104)</b>	<b>(36,477)</b>	<b>(33,003)</b>
<b>Unitholders' funds at end of period</b>		<b>836,721</b>	<b>808,317</b>	<b>836,721</b>	<b>808,317</b>

	Notes	Trust 3Q2010 S\$'000	Trust 3Q2009 S\$'000	Trust YTD 3Q2010 S\$'000	Trust YTD 3Q2009 S\$'000
<b>Unitholders' funds at beginning of period</b>		795,408	782,305	810,461	774,129
<b>Operations</b>					
Net movement in net assets resulting from operations		10,191	2,308	19,292	32,440
<b>Hedging reserve</b>					
Net movement in hedging reserve	(b)	(909)	(181)	(843)	(238)
<b>Unitholders' transactions</b>					
Manager's management fees paid and payable in units		377	301	1,047	892
Distribution to Unitholders		(12,634)	(11,405)	(37,524)	(33,895)
<b>Net decrease in net assets resulting from Unitholders' transactions</b>		<b>(12,257)</b>	<b>(11,104)</b>	<b>(36,477)</b>	<b>(33,003)</b>
<b>Unitholders' funds at end of period</b>		<b>792,433</b>	<b>773,328</b>	<b>792,433</b>	<b>773,328</b>

**PARKWAY LIFE REAL ESTATE INVESTMENT TRUST**  
**2010 THIRD QUARTER UNAUDITED FINANCIAL STATEMENT & DISTRIBUTION ANNOUNCEMENT**

---

**Notes:**

- (a) Foreign currency translation reserve encompass the exchange differences arising on the translation of foreign controlled entities that form part of the Group's investment in the foreign entities and the gains or losses on instruments used to hedge the Group's net investment in foreign operations that are determined to be effective hedges.
- (b) Hedging reserve comprises the effective portion of the cumulative net change in the fair value of cash flow hedging instruments used to hedge against cash flow variability arising from interest payments on floating rate loans.

**PARKWAY LIFE REAL ESTATE INVESTMENT TRUST  
2010 THIRD QUARTER UNAUDITED FINANCIAL STATEMENT & DISTRIBUTION ANNOUNCEMENT**

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

	Notes	3Q 2010 '000	3Q 2009 '000	YTD 3Q 2010 '000	YTD 3Q 2009 '000
<b>Units in issue at beginning of period</b>		<b>604,245</b>	<b>603,130</b>	<b>603,736</b>	<b>602,347</b>
Issue of new units: - Manager's management fees paid in units		250	334	759	1,117
<b>Issued units at the end of period</b>		<b>604,495</b>	<b>603,464</b>	<b>604,495</b>	<b>603,464</b>
Units to be issued: - Manager's management fees payable in units	(a)	244	272	244	272
<b>Total issued and issuable units at the end of period</b>		<b>604,739</b>	<b>603,736</b>	<b>604,739</b>	<b>603,736</b>

Notes:

(a) These units are issuable to the Manager as partial satisfaction of the Manager's management fee for the period from 1 July 2010 to 30 September 2010 and from 1 July 2009 to 30 September 2009 respectively.

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

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

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

Not Applicable.

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

The accounting policies and methods of computation applied in the financial statements for the current reporting period are consistent with those disclosed in the audited financial statements for the year ended 31 December 2009.

**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.

**PARKWAY LIFE REAL ESTATE INVESTMENT TRUST  
2010 THIRD QUARTER UNAUDITED FINANCIAL STATEMENT & DISTRIBUTION ANNOUNCEMENT**

**6 Earnings per unit (“EPU”) and distribution per unit (“DPU”) for the period**

	Notes	3Q 2010 '000	3Q 2009 '000	YTD 3Q 2010 '000	YTD 3Q 2009 '000
Number of units in issue at end of period		604,495	603,464	604,495	603,464
Weighted average number of units for the period		604,498	603,467	604,252	603,121
Earnings per unit in cents (basic and diluted) (EPU)	(a)	2.09	1.77	6.11	5.37
Applicable number of units for calculation of DPU		604,739	603,736	604,739	603,736
Distribution per unit in cents (DPU)	(b)	2.25	1.91	6.41	5.69

**Notes:**

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

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

	Notes	Group 30/09/10 S\$	Group 31/12/09 S\$	Trust 30/09/10 S\$	Trust 31/12/09 S\$
Net asset value (“NAV”) per unit	(a)	1.38	1.39	1.31	1.34
Adjusted NAV per unit (excluding the distributable income)		1.36	1.37	1.29	1.32

**Note:**

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

**PARKWAY LIFE REAL ESTATE INVESTMENT TRUST  
2010 THIRD QUARTER UNAUDITED FINANCIAL STATEMENT & DISTRIBUTION ANNOUNCEMENT**

**8 Review of the performance**

	<b>3Q 2010 S\$'000</b>	<b>3Q 2009 S\$'000</b>	<b>Inc/ (Dec) %</b>	<b>YTD 3Q 2010 S\$'000</b>	<b>YTD 3Q 2009 S\$'000</b>	<b>Inc/ (Dec) %</b>
<b>Gross revenue</b>	<b>21,171</b>	<b>16,498</b>	<b>28.3</b>	<b>58,556</b>	<b>48,935</b>	<b>19.7</b>
Property expenses	(1,734)	(1,127)	53.9	(4,609)	(3,414)	35.0
<b>Net property income</b>	<b>19,437</b>	<b>15,371</b>	<b>26.5</b>	<b>53,947</b>	<b>45,521</b>	<b>18.5</b>
Manager's management fees	(1,885)	(1,505)	25.2	(5,233)	(4,462)	17.3
Trust expenses	(810)	(475)	70.5	(1,767)	(1,570)	12.5
Foreign exchange gain/(loss)	(69)	(28)	146.4	(31)	(120)	(74.2)
Interest income	10	7	42.9	25	29	(13.8)
Finance costs	(3,307)	(1,894)	74.6	(8,519)	(5,702)	49.4
<b>Non-property expenses</b>	<b>(6,061)</b>	<b>(3,895)</b>	<b>55.6</b>	<b>(15,525)</b>	<b>(11,825)</b>	<b>31.3</b>
<b>Total return before changes in fair value of financial derivatives</b>	<b>13,376</b>	<b>11,476</b>	<b>16.6</b>	<b>38,422</b>	<b>33,696</b>	<b>14.0</b>
Net change in fair value of financial derivatives	206	(319)	(164.6)	689	122	464.8
<b>Total return for the period before tax and distribution</b>	<b>13,582</b>	<b>11,157</b>	<b>21.7</b>	<b>39,111</b>	<b>33,818</b>	<b>15.7</b>
Withholding tax expense	(963)	(488)	97.3	(2,215)	(1,414)	56.6
<b>Total return for the period after tax before distribution</b>	<b>12,619</b>	<b>10,669</b>	<b>18.3</b>	<b>36,896</b>	<b>32,404</b>	<b>13.9</b>
Net effect of non-tax deductible/(non-taxable) items	997	890	12.0	1,844	1,929	(4.4)
<b>Distributable income to Unitholders</b>	<b>13,616</b>	<b>11,559</b>	<b>17.8</b>	<b>38,740</b>	<b>34,333</b>	<b>12.8</b>
<b>Distribution per Unit (cents)</b>	<b>2.25</b>	<b>1.91</b>	<b>17.8</b>	<b>6.41</b>	<b>5.69</b>	<b>12.8</b>
<b>Annualised Distribution per Unit (cents)</b>	<b>9.00</b>	<b>7.65</b>	<b>17.8</b>	<b>8.54</b>	<b>7.58</b>	<b>12.8</b>

**3Q 2010 Vs 3Q 2009**

Gross revenue for 3Q 2010 was S\$21.2 million, which exceeded 3Q 2009 by S\$4.7 million. The higher revenue was due primarily to additional revenue contribution amounting to S\$1.8 million from the Japan properties acquired in 4Q 2009. In 3Q 2010, the Group has also recognised revenue contribution from the six Japan properties acquired in June 2010, as well as the contribution from the five Japan properties acquired in July 2010, amounting to S\$2.3 million. Further, higher revenue was also driven by the higher rent from the Singapore properties mainly due to increased growth rate of CPI + 1% (ie 1.73%) in Year 4 of lease commencing 23 August 2010.

Property expenses for 3Q 2010 were S\$1.7 million, an increase of S\$0.6 million over 3Q 2009. The higher property expenses were primarily incurred for the eight properties acquired in Japan in 4Q 2009, as well as the eleven new properties acquired in 2010.

The result is a net property income of S\$19.4 million for 3Q 2010, which is S\$4.1 million higher than 3Q 2009.

Increase in Manager's management fees were mainly due to higher deposited property value and higher net property income from the addition of new properties in 4Q 2009 and 2010, as well as valuation gains on the existing property portfolio as at 31 December 2009, which led to a corresponding increase in deposited property and net property income.

**PARKWAY LIFE REAL ESTATE INVESTMENT TRUST  
2010 THIRD QUARTER UNAUDITED FINANCIAL STATEMENT & DISTRIBUTION ANNOUNCEMENT**

---

Higher financing cost is mainly incurred to finance the properties acquired in 4Q 2009, as well as the new properties acquired in 2010.

Overall, annualised income available for distribution to Unitholders per unit (DPU) of 9.00 cents for 3Q 2010 has outperformed the DPU of 7.65 cents for 3Q 2009 by 17.8% or 1.35 cents, mainly due to the yield accretive acquisitions made in Japan and higher rent from Singapore properties.

**YTD 3Q 2010 Vs YTD 3Q 2009**

Gross revenue for YTD 3Q 2010 was S\$58.6 million compared with S\$48.9 million for YTD 3Q 2009, an increase of S\$9.6 million or 19.7%. This was mainly due to full year revenue contribution from the eight properties acquired in 4Q 2009, additional revenue contribution from eleven new properties acquired in 2010, as well as higher rent from the Singapore properties.

Correspondingly, property expenses for YTD 3Q 2010 were S\$4.6 million, an increase of S\$1.2 million or 35.0% over YTD 3Q 2009.

The result is a net property income of S\$53.9 million for YTD 3Q 2010, which is S\$8.4 million higher than YTD 3Q 2009.

Manager's management fees for YTD 3Q 2010 were S\$5.2 million, an increase of S\$0.7 million or 17.3% over YTD 3Q 2009 due to higher deposited property value and higher net property income from the acquisition of new properties in 2009 and 2010, as well as valuation gains on the existing property portfolio as at 31 December 2009, which led to a corresponding increase in deposited property.

Higher financing cost is largely due to the full year impact for the financing costs for the acquisition of the eight Japan properties in 4Q 2009, as well as the financing for the eleven new properties acquired in 2010.

Overall, annualised income available for distribution to Unitholders per unit for YTD 3Q 2010 of 8.54 cents has outperformed YTD 3Q 2009 of 7.58 cents by 12.8% or 0.96 cents, mainly due to the yield accretive acquisitions made in Japan and higher rent from Singapore properties.

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

Not Applicable.

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

Recovery in the global economy has slowed down in recent months, and the sustainability of economic recovery remains uncertain.

Nevertheless, PLife REIT remains cautiously optimistic about our medium to long term prospects, supported by our favourable rental lease structures where at least 87.8% of the total portfolio has downside revenue protection, good future rental growth with the CPI-linked revision formulae, long term master leases, and a 100% occupancy rate across the portfolio. The demand for quality private healthcare will remain resilient and continue to grow, driven by growing affluence, fast-ageing populations and increasing social acceptance of the elderly living in nursing care facilities, further driving demand for PLife REIT's quality healthcare assets.

Barring any unforeseen circumstances, Parkway Life REIT does not expect any adverse changes in its performance.

**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 2010 to 30 September 2010

<b>Distribution Type</b>	<b>Distribution Rate (cents per unit)</b>
Taxable Income	1.79
Exempt Income	0.02
Capital	0.44
<b>Total</b>	<b>2.25</b>

Par value of units: Not meaningful

**Tax rate : Taxable Income Distribution**

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

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

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

**Exempt Income Distribution**

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

**Capital Distribution**

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



**PARKWAY LIFE REAL ESTATE INVESTMENT TRUST  
2010 THIRD QUARTER UNAUDITED FINANCIAL STATEMENT & DISTRIBUTION ANNOUNCEMENT**

---

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

Any distributions declared for the previous corresponding financial period: Yes

Name of distribution: Third quarter distribution for the period from 1 July 2009 to 30 September 2009

<b>Distribution Type</b>	<b>Distribution Rate (cents per unit)</b>
Taxable Income	1.73
Exempt Income	0.04
Capital Income	0.14
<b>Total</b>	<b>1.91</b>

Par value of units: Not meaningful

Tax Rate: **Taxable Income Distribution**

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

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

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

**Exempt Income Distribution**

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

**Capital Distribution**

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

**(c) Book closure date:** 16 November 2010

**(d) Date payable:** 13 December 2010

**PARKWAY LIFE REAL ESTATE INVESTMENT TRUST  
2010 THIRD QUARTER UNAUDITED FINANCIAL STATEMENT & DISTRIBUTION ANNOUNCEMENT**

---

**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

Yong Yean Chau  
Director / Chief Executive Officer  
8 November 2010

**PARKWAY LIFE REAL ESTATE INVESTMENT TRUST  
2010 THIRD QUARTER UNAUDITED FINANCIAL STATEMENT & DISTRIBUTION ANNOUNCEMENT**

---

**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 unaudited 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)

**Yong Yean Chau**  
Chief Executive Officer

**Lim Kok Hoong**  
Chairman and Independent Director

---

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.