



# ParkwayLife REIT

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

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## **PARKWAY LIFE REAL ESTATE INVESTMENT TRUST 2011 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 (as amended) between Parkway Trust Management Limited as the Manager and HSBC Institutional Trust Services (Singapore) Limited as the Trustee. Parkway Life REIT was listed on the Singapore Exchange Securities Trading Limited (“SGX-ST”) on 23 August 2007 (“Listing Date”).

Parkway Life REIT is one of the largest listed healthcare 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.

Parkway Life REIT owns a well-diversified portfolio of 33 properties located in the Asia-Pacific region, including three hospitals in Singapore and 30 healthcare and healthcare-related assets in Japan. Its total portfolio size stands at approximately S\$1.3 billion as at 30 June 2011.

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 752 beds.

In Japan, it owns one pharmaceutical product distributing and manufacturing facility in Chiba Prefecture, as well as 29 high quality nursing home and care facility properties located in various prefectures of Japan (collectively, the “Japan Properties”).

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.

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**SUMMARY OF PARKWAY LIFE REIT'S RESULTS FOR THE SIX MONTHS ENDED 30 JUNE 2011**

	Notes	1H 2011	1H 2010	Increase	
		S\$'000	S\$'000	S\$'000	%
<b>Gross Revenue</b>		<b>42,870</b>	<b>37,385</b>	<b>5,485</b>	<b>14.7</b>
Net Property Income		<b>39,326</b>	<b>34,510</b>	<b>4,816</b>	<b>14.0</b>
Distributable Income		<b>28,612</b>	<b>25,124</b>	<b>3,488</b>	<b>13.9</b>
<b>Distribution per unit (cents)</b>	(a)	<b>4.73</b>	<b>4.16</b>	<b>0.57</b>	<b>13.9</b>
<b>Annualised distribution per unit (cents)</b>		<b>9.46</b>	<b>8.31</b>	<b>1.15</b>	<b>13.9</b>
Annualised distribution yield (%), based on - Closing market price of S\$1.84 as at 30 June 2011		<b>5.14</b>	<b>4.52</b>		<b>13.9</b>

**Note:**

- (a) The number of units used to calculate the Distribution per Unit ("DPU") comprise of the number of units in issue as at 30 June 2011 and units in issue and issuable as at 30 June 2010 respectively.

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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	2Q 2011 S\$'000	2Q 2010 S\$'000	Inc/ (Dec) %	1H 2011 S\$'000	1H 2010 S\$'000	Inc/ (Dec) %
<b>Gross revenue</b>		<b>21,378</b>	<b>18,736</b>	<b>14.1</b>	<b>42,870</b>	<b>37,385</b>	<b>14.7</b>
Property expenses		(1,772)	(1,432)	23.7	(3,544)	(2,875)	23.3
<b>Net property income</b>		<b>19,606</b>	<b>17,304</b>	<b>13.3</b>	<b>39,326</b>	<b>34,510</b>	<b>14.0</b>
Manager's management fees		(1,890)	(1,693)	11.6	(3,777)	(3,348)	12.8
Trust expenses	(a)	(564)	(447)	26.2	(1,200)	(957)	25.4
Foreign exchange gain		71	57	24.6	22	38	(42.1)
Interest income		3	10	(70.0)	10	15	(33.3)
Finance costs	(b)	(2,278)	(2,653)	(14.1)	(4,554)	(5,212)	(12.6)
<b>Non-property expenses</b>		<b>(4,658)</b>	<b>(4,726)</b>	<b>(1.4)</b>	<b>(9,499)</b>	<b>(9,464)</b>	<b>0.4</b>
<b>Total return before changes in fair value of financial derivatives</b>		<b>14,948</b>	<b>12,578</b>	<b>18.8</b>	<b>29,827</b>	<b>25,046</b>	<b>19.1</b>
Net change in fair value of financial derivatives	(c)	108	165	(34.5)	1,125	483	132.9
<b>Total return for the period before tax and distribution</b>		<b>15,056</b>	<b>12,743</b>	<b>18.2</b>	<b>30,952</b>	<b>25,529</b>	<b>21.2</b>
Income tax expense	(d)	(1,239)	(616)	101.1	(2,304)	(1,252)	84.0
<b>Total return for the period after tax before distribution</b>		<b>13,817</b>	<b>12,127</b>	<b>13.9</b>	<b>28,648</b>	<b>24,277</b>	<b>18.0</b>

**Notes:**

- (a) Trust expenses comprise mainly of Trustee fees, professional fees and travelling expenses.
- (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. The changes in fair value of the foreign currency forward contracts were recognised in Statement of Total Return.
- (d) Included in the income tax expense is deferred tax expense amounting to \$0.35 million and \$0.51 million recognised in respect of the Japan investment properties for the temporary differences between the fair value and the tax written down value at the applicable income tax rate for 2Q 2011 and 1H 2011 respectively.

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**Distribution Statement**

	Notes	2Q 2011 S\$'000	2Q 2010 S\$'000	Inc/ (Dec) %	1H 2011 S\$'000	1H 2010 S\$'000	Inc/ (Dec) %
<b>Total return after tax before distribution</b>		<b>13,817</b>	<b>12,127</b>	<b>13.9</b>	<b>28,648</b>	<b>24,277</b>	<b>18.0</b>
Non-tax deductible/(non-taxable) items:							
Manager's management fees payable in units	(a)	-	339	(100.0)	-	670	(100.0)
Trustee's fees		63	58	8.6	125	114	9.6
Amortisation of transaction costs relating to debt facilities		177	266	(33.5)	360	504	(28.6)
Net change in fair value of financial derivatives		(108)	(165)	(34.5)	(1,125)	(483)	132.9
Foreign exchange difference		(72)	(73)	(1.4)	(43)	(94)	(54.3)
Temporary differences	(b)	353	-	100.0	515	-	100.0
Others		85	72	18.1	132	136	(2.9)
<b>Net effect of non-tax deductible/(non-taxable) items</b>		<b>498</b>	<b>497</b>	<b>0.2</b>	<b>(36)</b>	<b>847</b>	<b>(104.3)</b>
<b>Distributable income to Unitholders</b>	(c)	<b>14,315</b>	<b>12,624</b>	<b>13.4</b>	<b>28,612</b>	<b>25,124</b>	<b>13.9</b>

**Note:**

- (a) For FY2011, the Manager will receive 100% of its management fees in cash (2010: 80% in cash and the remaining 20% settled in units).
- (b) This relates to the temporary differences between the fair value and the tax written down value at the applicable income tax rate in respect of the Japan investment properties.
- (c) Parkway Life REIT's distribution policy is to distribute at least 90% of its taxable income and net overseas income, with the actual level of distribution to be determined at the Manager's discretion.

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

	Notes	Group 30/06/11 S\$'000	Group 31/12/10 S\$'000	Trust 30/06/11 S\$'000	Trust 31/12/10 S\$'000
<b>Current assets</b>					
Trade and other receivables		7,180	7,575	6,380	6,469
Cash and cash equivalents	(a)	38,486	40,588	5,910	11,892
		<b>45,666</b>	<b>48,163</b>	<b>12,290</b>	<b>18,361</b>
<b>Non-current assets</b>					
Investment properties	(b)	1,298,189	1,302,563	879,642	878,700
Subsidiaries		-	-	391,630	382,210
Security deposit receivable		916	950	-	-
Financial derivatives		154	92	154	92
<b>Total assets</b>		<b>1,344,925</b>	<b>1,351,768</b>	<b>1,283,716</b>	<b>1,279,363</b>
<b>Current liabilities</b>					
Financial derivatives		193	971	193	971
Trade and other payables		12,084	12,282	6,761	6,807
Current portion of security deposits		1,942	2,014	-	-
		<b>14,219</b>	<b>15,267</b>	<b>6,954</b>	<b>7,778</b>
<b>Non-current liabilities</b>					
Financial derivatives		1,864	2,343	1,864	2,343
Non-current portion of security deposits		12,062	12,314	-	-
Loans and borrowings	(c)	459,196	464,755	459,196	464,755
Deferred tax liabilities		4,654	4,139	-	-
<b>Total liabilities</b>		<b>491,995</b>	<b>498,818</b>	<b>468,014</b>	<b>474,876</b>
<b>Net assets</b>		<b>852,930</b>	<b>852,950</b>	<b>815,702</b>	<b>804,487</b>
<b>Represented by:</b>					
Unitholders' funds		852,930	852,950	815,702	804,487
<b>Total equity</b>		<b>852,930</b>	<b>852,950</b>	<b>815,702</b>	<b>804,487</b>

**Notes:**

- (a) The decrease in cash and cash equivalents is mainly due to the depreciation of Japanese Yen and the payment of acquisition taxes relating to properties acquired in 2010.
- (b) The decrease in investment properties is mainly due to the depreciation of Japanese Yen offset by the acquisition of a nursing home property in January 2011. The aggregate market value of the existing investment properties was last valued by independent valuers at S\$1.3 billion as at 31 December 2010.
- (c) The decrease in borrowings is mainly due to the depreciation of Japanese Yen, net off the draw down of loan facility to finance the January 2011 acquisition. Refer to 1(b)(ii) for details.

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

	<b>Group 30/06/11 S\$'000</b>	<b>Group 31/12/10 S\$'000</b>	<b>Trust 30/06/11 S\$'000</b>	<b>Trust 31/12/10 S\$'000</b>
<b>Unsecured gross borrowings</b>				
Amount repayable within one year	-	-	-	-
Amount repayable after one year	461,679	467,542	461,679	467,542
Less: Transaction costs in relation to the term loan and revolving credit facilities	(2,483)	(2,787)	(2,483)	(2,787)
	<b>459,196</b>	<b>464,755</b>	<b>459,196</b>	<b>464,755</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 June 2011, Parkway Life REIT's gearing was 34.3%, well within the 60% limit allowed under the Monetary Authority of Singapore's Property Funds Guidelines.

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

Parkway Life REIT has several unsecured term loans and revolving credit facility amounting to JPY26,960 million (S\$411.7 million<sup>1</sup>).

As at 30 June 2011, the total above facilities drawn (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.

In addition, Parkway Life REIT, through its wholly owned subsidiary, Parkway Life MTN Pte Ltd (the "Issuer"), has established a S\$500 million Multicurrency Medium Term Note Programme (the "MTN Programme") in 2008. Under the MTN Programme, the Issuer may, subject to the compliance with all relevant laws, regulations and directives, from time to time issue notes in series or in tranches in Singapore dollars, United States dollars or any other currency (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 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 an existing bank borrowing, as well as used for the general working capital 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\$1.527 per JPY100 as at 30 June 2011.

(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.

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**1(c) Consolidated Cashflow Statement**

	Notes	2Q 2011 S\$'000	2Q 2010 S\$'000	1H 2011 S\$'000	1H 2010 S\$'000
<b>Operating activities</b>					
Total return before tax and distribution		15,056	12,743	30,952	25,529
<b>Adjustments for</b>					
Interest Income		(3)	(10)	(10)	(15)
Finance costs		2,278	2,653	4,554	5,212
Net change in fair value of financial derivatives		(108)	(165)	(1,125)	(483)
Manager's management fees paid and payable in units		-	339	-	670
<b>Operating income before working capital changes</b>		<b>17,223</b>	<b>15,560</b>	<b>34,371</b>	<b>30,913</b>
<b>Changes in working capital</b>					
Trade and other receivables		141	(206)	319	(181)
Trade and other payables		(275)	(269)	60	(1,189)
Security deposits		(5)	1,381	187	1,381
Cash generated from operations		17,084	16,466	34,937	30,924
Withholding tax paid		(882)	(620)	(1,834)	(1,155)
<b>Cash flows from operating activities</b>	<b>(a)</b>	<b>16,202</b>	<b>15,846</b>	<b>33,103</b>	<b>29,769</b>
<b>Investing activities</b>					
Interest received		3	10	10	15
Net cash outflow on capital expenditure		(537)	-	(761)	(71)
Net cash outflow on purchase of investment properties (including acquisition related costs)	<b>(b)</b>	(88)	(64,510)	(9,776)	(64,510)
<b>Cash flows used in investing activities</b>	<b>(c)</b>	<b>(622)</b>	<b>(64,500)</b>	<b>(10,527)</b>	<b>(64,566)</b>
<b>Financing activities</b>					
Interest paid		(1,859)	(2,105)	(4,307)	(4,503)
Distribution to Unitholders		(14,278)	(12,508)	(28,676)	(24,890)
Proceeds from issue of Floating Rate Notes		-	-	-	50,000
Proceeds from borrowings		-	64,050	9,300	64,050
Repayment of borrowings		-	-	-	(34,000)
Borrowing costs paid		-	(379)	(56)	(529)
<b>Cash flows (used in)/from financing activities</b>	<b>(d)</b>	<b>(16,137)</b>	<b>49,058</b>	<b>(23,739)</b>	<b>50,128</b>
<b>Net (decrease)/increase in cash and cash equivalents</b>		<b>(557)</b>	<b>404</b>	<b>(1,163)</b>	<b>15,331</b>
<b>Cash and cash equivalents at beginning of the period</b>		<b>36,512</b>	<b>36,069</b>	<b>38,143</b>	<b>21,259</b>
Effects of exchange differences on cash balances		174	908	(851)	791
<b>Cash and cash equivalents at end of the period<sup>2</sup></b>		<b>36,129</b>	<b>37,381</b>	<b>36,129</b>	<b>37,381</b>

**Notes:**

- (a) The increase in cash flows from operating activities in 2011 reflects the additional operating cash flows from the twelve properties acquired in June/July 2010 and January 2011.

<sup>2</sup> Cash and cash equivalents at the respective period end exclude a cash deposit of JPY 154.4 million (S\$2.4 million) placed with the Group by a vendor, for the purpose of Rental Income Guarantee. For more information on the Rental Income Guarantee, please refer to our announcement dated 13 July 2010 on the acquisition of five Japan properties.



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

	<b>2Q 2011 S\$'000</b>	<b>2Q 2010 S\$'000</b>	<b>1H 2011 S\$'000</b>	<b>1H 2010 S\$'000</b>
Investment properties	-	62,411	9,112	62,411
Acquisition related costs	88	2,099	664	2,099
<b>Net cash outflow/Cash consideration paid</b>	<b>88</b>	<b>64,510</b>	<b>9,776</b>	<b>64,510</b>

- (c) The cash outflow in investing activities in 2Q 2011 is mainly due to the capital expenditure for Singapore properties, as well as payment for acquisition taxes of the Japan properties acquired in 2010. In addition, the cash outflow in 1H 2011 is mainly due to the payment of acquisition costs of the nursing home property acquired in January 2011.
- (d) The cash outflow in financing activities in 2Q 2011 resulted primarily from payment of 1Q 2011 distribution to Unitholders in June 2011. For 1H 2011, the cash outflow in financing activities resulted primarily from payment of distribution to Unitholders in 1H 2011, offset by the loan drawn down to fund the acquisition in January 2011.

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

	Notes	Group 2Q2011 S\$'000	Group 2Q2010 S\$'000	Group 1H2011 S\$'000	Group 1H2010 S\$'000
<b>Unitholders' funds at beginning of period</b>		<b>853,748</b>	<b>837,836</b>	<b>852,950</b>	<b>837,199</b>
<b>Operations</b>					
Total return after tax		13,817	12,127	28,648	24,277
<b>Translation transactions</b>					
Net movement in foreign currency translation reserve	(a)	(53)	48	(186)	(27)
<b>Hedging reserve</b>					
Net movement in hedging reserve	(b)	(304)	(547)	194	66
<b>Unitholders' transactions</b>					
Manager's management fees paid and payable in units		-	339	-	670
Distribution to Unitholders		(14,278)	(12,508)	(28,676)	(24,890)
<b>Net decrease in net assets resulting from Unitholders' transactions</b>		<b>(14,278)</b>	<b>(12,169)</b>	<b>(28,676)</b>	<b>(24,220)</b>
<b>Unitholders' funds at end of period</b>		<b>852,930</b>	<b>837,295</b>	<b>852,930</b>	<b>837,295</b>

	Notes	Trust 2Q2011 S\$'000	Trust 2Q2010 S\$'000	Trust 1H2011 S\$'000	Trust 1H2010 S\$'000
<b>Unitholders' funds at beginning of period</b>		<b>819,587</b>	<b>812,866</b>	<b>804,487</b>	<b>810,461</b>
<b>Operations</b>					
Total return after tax		10,697	(4,742)	39,697	9,101
<b>Hedging reserve</b>					
Net movement in hedging reserve	(b)	(304)	(547)	194	66
<b>Unitholders' transactions</b>					
Manager's management fees paid and payable in units		-	339	-	670
Distribution to Unitholders		(14,278)	(12,508)	(28,676)	(24,890)
<b>Net decrease in net assets resulting from Unitholders' transactions</b>		<b>(14,278)</b>	<b>(12,169)</b>	<b>(28,676)</b>	<b>(24,220)</b>
<b>Unitholders' funds at end of period</b>		<b>815,702</b>	<b>795,408</b>	<b>815,702</b>	<b>795,408</b>

**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.

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

	Notes	2Q 2011 '000	2Q 2010 '000	1H 2011 '000	1H 2010 '000
<b>Units in issue at beginning of period</b>		<b>604,970</b>	<b>604,001</b>	<b>604,739</b>	<b>603,736</b>
Issue of new units:					
- Manager's management fees paid in units		-	244	231	509
<b>Issued units at the end of period</b>		<b>604,970</b>	<b>604,245</b>	<b>604,970</b>	<b>604,245</b>
Units to be issued:					
- Manager's management fees payable in units	(a)	-	250	-	250
<b>Total issued and issuable units at the end of period</b>		<b>604,970</b>	<b>604,495</b>	<b>604,970</b>	<b>604,495</b>

Notes:

(a) 2Q 2010 units are issuable to the Manager as partial satisfaction of the Manager's management fees for the period from 1 April 2010 to 30 June 2010.

**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 2010.

**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.

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

	Notes	2Q 2011 '000	2Q 2010 '000	1H 2011 '000	1H 2010 '000
<b>Number of units in issue at end of period</b>		<b>604,970</b>	<b>604,245</b>	<b>604,970</b>	<b>604,245</b>
Weighted average number of units for the period		<b>604,970</b>	<b>604,248</b>	<b>604,970</b>	<b>604,127</b>
Earnings per unit in cents (basic and diluted) (EPU)	(a)	<b>2.28</b>	<b>2.01</b>	<b>4.73</b>	<b>4.02</b>
Applicable number of units for calculation of DPU		<b>604,970</b>	<b>604,495</b>	<b>604,970</b>	<b>604,495</b>
Distribution per unit in cents (DPU)	(b)	<b>2.37</b>	<b>2.09</b>	<b>4.73</b>	<b>4.16</b>

**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 30/06/11 S\$	Group 31/12/10 S\$	Trust 30/06/11 S\$	Trust 31/12/10 S\$
Net asset value (“NAV”) per unit	(a)	<b>1.41</b>	<b>1.41</b>	<b>1.35</b>	<b>1.33</b>
Adjusted NAV per unit (excluding the distributable income)		<b>1.39</b>	<b>1.39</b>	<b>1.32</b>	<b>1.31</b>

**Note:**

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

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**8 Review of the performance**

	<b>2Q 2011 S\$'000</b>	<b>2Q 2010 S\$'000</b>	<b>Inc/ (Dec) %</b>	<b>1H 2011 S\$'000</b>	<b>1H 2010 S\$'000</b>	<b>Inc/ (Dec) %</b>
<b>Gross revenue</b>	<b>21,378</b>	<b>18,736</b>	<b>14.1</b>	<b>42,870</b>	<b>37,385</b>	<b>14.7</b>
Property expenses	(1,772)	(1,432)	23.7	(3,544)	(2,875)	23.3
<b>Net property income</b>	<b>19,606</b>	<b>17,304</b>	<b>13.3</b>	<b>39,326</b>	<b>34,510</b>	<b>14.0</b>
Manager's management fees	(1,890)	(1,693)	11.6	(3,777)	(3,348)	12.8
Trust expenses	(564)	(447)	26.2	(1,200)	(957)	25.4
Foreign exchange gain	71	57	24.6	22	38	(42.1)
Interest income	3	10	(70.0)	10	15	(33.3)
Finance costs	(2,278)	(2,653)	(14.1)	(4,554)	(5,212)	(12.6)
<b>Non-property expenses</b>	<b>(4,658)</b>	<b>(4,726)</b>	<b>(1.4)</b>	<b>(9,499)</b>	<b>(9,464)</b>	<b>0.4</b>
<b>Total return before changes in fair value of financial derivatives</b>	<b>14,948</b>	<b>12,578</b>	<b>18.8</b>	<b>29,827</b>	<b>25,046</b>	<b>19.1</b>
Net change in fair value of financial derivatives	108	165	(34.5)	1,125	483	132.9
<b>Total return for the period before tax and distribution</b>	<b>15,056</b>	<b>12,743</b>	<b>18.2</b>	<b>30,952</b>	<b>25,529</b>	<b>21.2</b>
Income tax expense	(1,239)	(616)	101.1	(2,304)	(1,252)	84.0
<b>Total return for the period after tax before distribution</b>	<b>13,817</b>	<b>12,127</b>	<b>13.9</b>	<b>28,648</b>	<b>24,277</b>	<b>18.0</b>
Net effect of non-tax deductible/(non-taxable) items	498	497	0.2	(36)	847	(104.3)
<b>Distributable income to Unitholders</b>	<b>14,315</b>	<b>12,624</b>	<b>13.4</b>	<b>28,612</b>	<b>25,124</b>	<b>13.9</b>
<b>Distribution per Unit (cents)</b>	<b>2.37</b>	<b>2.09</b>	<b>13.4</b>	<b>4.73</b>	<b>4.16</b>	<b>13.9</b>
<b>Annualised Distribution per Unit (cents)</b>	<b>9.48</b>	<b>8.35</b>	<b>13.4</b>	<b>9.46</b>	<b>8.31</b>	<b>13.9</b>

**2Q 2011 Vs 2Q 2010**

Gross revenue for 2Q 2011 was S\$21.4 million, which exceeded 2Q 2010 by S\$2.6 million. The higher revenue was primarily due to revenue contribution amounting to S\$2.4 million from the Japan properties acquired in June/July 2010 and a further acquisition made in January 2011. Further, higher revenue was also driven by 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 2Q 2011 were S\$1.8 million, an increase of S\$0.3 million over 2Q 2010. The higher property expenses were in tandem with the growth of the portfolio.

The result was a net property income of S\$19.6 million for 2Q 2011, which was S\$2.3 million higher than 2Q 2010.

The increase in the Manager's management fees were mainly due to higher deposited property value and higher net property income from the addition of new properties in June/July 2010 and January 2011, as well as valuation gains on the existing property portfolio as at 31 December 2010, which led to a corresponding increase in deposited property.

Finance costs decreased by S\$0.4 million or 14.1% despite the growth of the portfolio, mainly due to interest cost savings amounting to S\$0.7 million from the refinancing and repricing exercises as announced in August 2010 and January 2011 respectively. This was offset by higher financing costs incurred mainly to finance the properties acquired in June/July 2010 and January 2011.

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Overall, annualised income available for distribution to Unitholders per unit (DPU) of 9.48 cents for 2Q 2011 outperformed 2Q 2010's DPU of 8.35 cents by 13.4% or 1.13 cents, mainly due to the yield accretive acquisitions made in Japan, higher rent from Singapore properties, and savings from finance cost reduction.

**1H 2011 Vs 1H 2010**

Gross revenue for 1H 2011 was S\$42.9 million compared with S\$37.4 million for 1H 2010, an increase of S\$5.5 million or 14.7%. This was mainly due to revenue contribution from the properties acquired in 2010/2011, and higher rent from the existing properties.

Correspondingly, property expenses for 1H 2011 were S\$3.5 million, an increase of S\$0.7 million or 23.3% over 1H 2010.

The result was a net property income of S\$39.3 million for 1H 2011, which was S\$4.8 million higher than 1H 2010.

The Manager's management fees for 1H 2011 were S\$3.8 million, an increase of S\$0.4 million or 12.8% over 1H 2010. This was due to higher deposited property value and higher net property income from the addition of new properties in 2010/2011, as well as valuation gains on the existing property portfolio as at 31 December 2010, which led to a corresponding increase in deposited property.

Finance costs decreased by S\$0.7 million or 12.6% despite the growth of the portfolio, mainly due to interest cost savings amounting to S\$1.4 million from the refinancing and repricing exercises completed in August 2010 and January 2011 respectively. This was offset by higher financing costs incurred mainly to finance the properties acquired in 2010/2011.

Overall, annualised DPU for 1H 2011 of 9.46 cents outperformed 1H 2010's DPU of 8.31 cents by 13.9% or 1.15 cents, mainly due to the yield accretive acquisitions made in Japan, higher rent from existing properties and savings from finance cost reduction.

**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.**

PLife REIT remains cautious about its near-term to medium-term acquisition prospects, in view of ongoing uncertainties in the global markets. Nonetheless, the long-term prospects of the regional healthcare industry continues to be robust due to rising demand for better quality private healthcare services, driven by growing affluence, fast-ageing populations and increasing social acceptance of the elderly living in care facilities.

PLife REIT's enlarged portfolio of 33 high-quality healthcare and healthcare-related assets places it in a good position to benefit from the resilience of the growing healthcare industry in the Asia Pacific region. In addition, PLife REIT is supported by favourable rental lease structures, where at least 88.3% of the Singapore and Japan portfolio have downside revenue protection and 66% of the total portfolio is pegged to CPI-linked revision formulae, providing the Group with the ability to capture future rental growth potential.

**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 2011 to 30 June 2011

<b>Distribution Type</b>	<b>Distribution Rate (cents per unit)</b>
Taxable Income	1.82
Exempt Income	0.16
Capital	0.39
<b>Total</b>	<b>2.37</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.



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

Any distributions declared for the previous corresponding financial period: Yes

Name of distribution: Second quarter distribution for the period from 1 April 2010 to 30 June 2010

<b>Distribution Type</b>	<b>Distribution Rate (cents per unit)</b>
Taxable Income	1.77
Exempt Income	0.02
Capital Income	0.30
<b>Total</b>	<b>2.09</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.

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**(c) Book closure date:** 15 August 2011

**(d) Date payable:** 8 September 2011

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**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

Tan Ping Ping  
Company Secretary  
4 August 2011

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**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 and Executive Director

**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.

**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.