



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 2011 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 one of the largest listed healthcare REITs in Asia by asset size. It was established to invest primarily in income-producing real estate and/or real estate-related assets in the Asia-Pacific region (including Singapore) that are used primarily for healthcare and/or healthcare-related purposes (including but not limited to, hospitals, healthcare facilities and real estate and/or real estate assets used in connection with healthcare research, education, and the manufacture or storage of drugs, medicine and other healthcare goods and devices), whether wholly or partially owned, and whether directly or indirectly held through the ownership of special purpose vehicles whose primary purpose is to own such real estate.

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 September 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 NINE MONTHS ENDED 30 SEPTEMBER 2011

	Notes	YTD	YTD	Increase	
		3Q 2011	3Q 2010	S\$'000	%
		S\$'000	S\$'000	S\$'000	%
Gross Revenue		64,916	58,556	6,360	10.9
Net Property Income		59,471	53,947	5,524	10.2
Distributable Income		43,149	38,740	4,409	11.4
Distribution per unit (cents)	(a)	7.13	6.41	0.72	11.4
Annualised distribution per unit (cents)		9.51	8.54	0.97	11.4
Annualised distribution yield (%), based on - Closing market price of S\$1.83 as at 30 September 2011		5.20	4.67		11.4

Note:

- (a) The number of units used to calculate the Distribution per Unit ("DPU") for 2011 and 2010 comprise of the number of units in issue as at 30 September 2011 and units in issue and issuable as at 30 September 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	3Q 2011 S\$'000	3Q 2010 S\$'000	Inc/ (Dec) %	YTD 3Q 2011 S\$'000	YTD 3Q 2010 S\$'000	Inc/ (Dec) %
Gross revenue		22,046	21,171	4.1	64,916	58,556	10.9
Property expenses		(1,901)	(1,734)	9.6	(5,445)	(4,609)	18.1
Net property income		20,145	19,437	3.6	59,471	53,947	10.2
Manager's management fees		(1,947)	(1,885)	3.3	(5,724)	(5,233)	9.4
Trust expenses	(a)	(809)	(810)	(0.1)	(2,009)	(1,767)	13.7
Foreign exchange gain/(loss)		176	(69)	(355.1)	198	(31)	(738.7)
Interest income		5	10	(50.0)	15	25	(40.0)
Finance costs	(b)	(2,183)	(3,307)	(34.0)	(6,737)	(8,519)	(20.9)
Non-property expenses		(4,758)	(6,061)	(21.5)	(14,257)	(15,525)	(8.2)
Total return before changes in fair value of financial derivatives		15,387	13,376	15.0	45,214	38,422	17.7
Net change in fair value of financial derivatives	(c)	(1,866)	206	(1,005.8)	(741)	689	(207.5)
Total return for the period before tax and distribution		13,521	13,582	(0.4)	44,473	39,111	13.7
Income tax expense	(d)	(1,398)	(963)	45.2	(3,702)	(2,215)	67.1
Total return for the period after tax before distribution		12,123	12,619	(3.9)	40,771	36,896	10.5

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 \$0.43 million and \$0.95 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 3Q 2011 and YTD 3Q 2011 respectively.

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Distribution Statement

	Notes	3Q 2011 S\$'000	3Q 2010 S\$'000	Inc/ (Dec) %	YTD 3Q 2011 S\$'000	YTD 3Q 2010 S\$'000	Inc/ (Dec) %
Total return after tax before distribution		12,123	12,619	(3.9)	40,771	36,896	10.5
Non-tax deductible/(non-taxable) items:							
Manager's management fees payable in units	(a)	-	377	(100.0)	-	1,047	(100.0)
Trustee's fees		64	63	1.6	189	177	6.8
Amortisation of transaction costs relating to debt facilities		179	702	(74.5)	539	1,206	(55.3)
Net change in fair value of financial derivatives		1,866	(206)	(1,005.8)	741	(689)	(207.5)
Foreign exchange difference		(231)	22	(1,150.0)	(274)	(72)	280.6
Temporary differences	(b)	434	-	100.0	949	-	100.0
Others		102	39	161.5	234	175	33.7
Net effect of non-tax deductible/(non-taxable) items		2,414	997	142.1	2,378	1,844	29.0
Distributable income to Unitholders	(c)	14,537	13,616	6.8	43,149	38,740	11.4

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 deferred tax expense provided on 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) Statement of financial position, together with a comparative statement as at the end of the immediately preceding financial year

	Notes	Group 30/09/11 S\$'000	Group 31/12/10 S\$'000	Trust 30/09/11 S\$'000	Trust 31/12/10 S\$'000
Current assets					
Trade and other receivables		8,164	7,575	6,716	6,469
Cash and cash equivalents	(a)	46,240	40,588	8,693	11,892
		54,404	48,163	15,409	18,361
Non-current assets					
Investment properties	(b)	1,341,769	1,302,563	880,045	878,700
Subsidiaries		-	-	391,630	382,210
Security deposit receivable		1,015	950	-	-
Financial derivatives		-	92	-	92
Total assets		1,397,188	1,351,768	1,287,084	1,279,363
Current liabilities					
Financial derivatives		-	971	-	971
Trade and other payables		12,135	12,282	6,662	6,807
Current portion of security deposits		2,152	2,014	-	-
Loans and borrowings	(c)	5,800	-	5,800	-
		20,087	15,267	12,462	7,778
Non-current liabilities					
Financial derivatives		4,410	2,343	4,410	2,343
Non-current portion of security deposits		13,369	12,314	-	-
Loans and borrowings	(c)	503,859	464,755	503,859	464,755
Deferred tax liabilities		5,540	4,139	-	-
Total liabilities		547,265	498,818	520,731	474,876
Net assets		849,923	852,950	766,353	804,487
Represented by:					
Unitholders' funds		849,923	852,950	766,353	804,487
Total equity		849,923	852,950	766,353	804,487

Notes:

- (a) The increase in cash and cash equivalents is mainly due to the appreciation of Japanese Yen and drawdown of short term facility offset by the payment of acquisition taxes relating to properties acquired in 2010.
- (b) The increase in investment properties is mainly due to the appreciation of Japanese Yen coupled with 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 increase in borrowings is mainly due to the appreciation of Japanese Yen, coupled with the drawdown of loan facility to finance the January 2011 acquisition and short term facility drawdown amounting to S\$5.8 million as at 30 September 2011. Refer to 1(b)(ii) for details.

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1(b)(ii) Aggregate amount of borrowings

	Group 30/09/11 S\$'000	Group 31/12/10 S\$'000	Trust 30/09/11 S\$'000	Trust 31/12/10 S\$'000
Unsecured gross borrowings				
Amount repayable within one year	5,800	-	5,800	-
Amount repayable after one year	506,163	467,542	506,163	467,542
Less: Transaction costs in relation to the term loan and revolving credit facilities	(2,304)	(2,787)	(2,304)	(2,787)
	509,659	464,755	509,659	464,755

Parkway Life REIT has maintained its BBB investment grade rating, as in the latest rating report released by Fitch Ratings dated 17 August 2011.

As at 30 September 2011, Parkway Life REIT's gearing was 36.6%, 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\$456.2 million¹).

As at 30 September 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.

Parkway Life REIT, has recently entered into three unsecured and uncommitted short term multi-currency facilities (the "Short Term Facilities") of up to S\$50 million each for general working capital purposes. As at 30 September 2011, a total of S\$5.8 million was drawdown via the "Short Term Facilities" for 6 months at a fixed interest rate.

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 a then 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.

¹ Based on the exchange rate of S\$1.692 per JPY100 as at 30 September 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) Statement of cash flows, (for the group), together with a comparative statement for the corresponding period of the immediately preceding financial year

	Notes	3Q 2011 S\$'000	3Q 2010 S\$'000	YTD 3Q 2011 S\$'000	YTD 3Q 2010 S\$'000
Operating activities					
Total return before tax and distribution		13,521	13,582	44,473	39,111
Adjustments for					
Interest Income		(5)	(10)	(15)	(25)
Finance costs		2,183	3,307	6,737	8,519
Net change in fair value of financial derivatives		1,866	(206)	741	(689)
Manager's management fees paid and payable in units		-	377	-	1,047
Operating income before working capital changes		17,565	17,050	51,936	47,963
Changes in working capital					
Trade and other receivables		(811)	(528)	(469)	(709)
Trade and other payables		(273)	772	(234)	(128)
Security deposits		(1)	2,000	184	3,320
Cash generated from operations		16,480	19,294	51,417	50,446
Withholding tax paid		(926)	(662)	(2,760)	(1,817)
Cash flows from operating activities	(a)	15,554	18,632	48,657	48,629
Investing activities					
Interest received		5	10	15	25
Net cash outflow on capital expenditure		(616)	(251)	(1,377)	(350)
Net cash outflow on purchase of investment properties (including acquisition related costs)	(b)	(240)	(51,737)	(10,016)	(116,447)
Cash flows used in investing activities	(c)	(851)	(51,978)	(11,378)	(116,772)
Financing activities					
Interest paid		(2,359)	(2,798)	(6,666)	(7,301)
Distribution to Unitholders		(14,338)	(12,634)	(43,014)	(37,524)
Proceeds from issue of Floating Rate Notes		-	-	-	50,000
Proceeds from borrowings		5,800	266,350	15,100	330,400
Repayment of borrowings		-	(216,238)	-	(250,238)
Borrowing costs paid		-	(1,126)	(56)	(1,655)
Cash flows (used in)/from financing activities	(d)	(10,897)	33,554	(34,636)	83,682
Net increase in cash and cash equivalents		3,806	208	2,643	15,539
Cash and cash equivalents at beginning of the period		36,129	37,381	38,143	21,259
Effects of exchange differences on cash balances		3,693	119	2,842	910
Cash and cash equivalents at end of the period³		43,628	37,708	43,628	37,708

Notes:

- (a) Included in 3Q 2010 operating cash flows is cash from additional security deposits and rent in advance relating to the properties acquired in July 2010. Excluding the above, the operating cash flows are relatively stable.

³ 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:

	3Q 2011 S\$'000	3Q 2010 S\$'000	YTD 3Q 2011 S\$'000	YTD 3Q 2010 S\$'000
Investment properties	-	49,724	9,112	112,134
Acquisition related costs	240	2,013	904	4,313
Net cash outflow/Cash consideration paid	240	51,737	10,016	116,447

(c) The cash outflow in investing activities in 3Q 2011 is mainly due to the capital expenditure for Singapore properties, as well as payment for acquisition taxes of a Japan property acquired in 2010. In addition, the cash outflow in YTD 3Q 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 3Q 2011 resulted primarily from payment of 2Q 2011 distribution to Unitholders in September 2011, offset by the drawdown of short term facility amounting to S\$5.8 million. For YTD 3Q 2011, the cash outflow in financing activities resulted primarily from payment of distribution to Unitholders, offset by the loan drawn down to fund the acquisition in 2011 as well as drawdown of short term facility amounting to S\$5.8 million.

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

	Notes	Group 3Q2011 S\$'000	Group 3Q2010 S\$'000	Group YTD 3Q2011 S\$'000	Group YTD 3Q2010 S\$'000
Unitholders' funds at beginning of period		852,930	837,295	852,950	837,199
Operations					
Total return after tax		12,123	12,619	40,771	36,896
Translation transactions					
Net movement in foreign currency translation reserve	(a)	(151)	(27)	(337)	(54)
Hedging reserve					
Net movement in hedging reserve	(b)	(641)	(909)	(447)	(843)
Unitholders' transactions					
Manager's management fees paid and payable in units		-	377	-	1,047
Distribution to Unitholders		(14,338)	(12,634)	(43,014)	(37,524)
Net decrease in net assets resulting from Unitholders' transactions		(14,338)	(12,257)	(43,014)	(36,477)
Unitholders' funds at end of period		849,923	836,721	849,923	836,721

	Notes	Trust 3Q2011 S\$'000	Trust 3Q2010 S\$'000	Trust YTD 3Q2011 S\$'000	Trust YTD 3Q2010 S\$'000
Unitholders' funds at beginning of period		815,702	795,408	804,487	810,461
Operations					
Total return after tax		(34,370)	10,191	5,327	19,292
Hedging reserve					
Net movement in hedging reserve	(b)	(641)	(909)	(447)	(843)
Unitholders' transactions					
Manager's management fees paid and payable in units		-	377	-	1,047
Distribution to Unitholders		(14,338)	(12,634)	(43,014)	(37,524)
Net decrease in net assets resulting from Unitholders' transactions		(14,338)	(12,257)	(43,014)	(36,477)
Unitholders' funds at end of period		766,353	792,433	766,353	792,433

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	3Q 2011 '000	3Q 2010 '000	YTD 3Q 2011 '000	YTD 3Q 2010 '000
Units in issue at beginning of period		604,970	604,245	604,739	603,736
Issue of new units:					
- Manager's management fees paid in units		-	250	231	759
Issued units at the end of period		604,970	604,495	604,970	604,495
Units to be issued:					
- Manager's management fees payable in units	(a)	-	244	-	244
Total issued and issuable units at the end of period		604,970	604,739	604,970	604,739

Notes:

(a) 3Q 2010 units are issuable to the Manager as partial satisfaction of the Manager's management fees for the period from 1 July 2010 to 30 September 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	3Q 2011 '000	3Q 2010 '000	YTD 3Q 2011 '000	YTD 3Q 2010 '000
Number of units in issue at end of period		604,970	604,495	604,970	604,495
Weighted average number of units for the period		604,970	604,498	604,970	604,252
Earnings per unit in cents (basic and diluted) (EPU)	(a)	2.00	2.09	6.73	6.11
Applicable number of units for calculation of DPU		604,970	604,739	604,970	604,739
Distribution per unit in cents (DPU)	(b)	2.40	2.25	7.13	6.41

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 30/09/11 S\$	Group 31/12/10 S\$	Trust 30/09/11 S\$	Trust 31/12/10 S\$
Net asset value (“NAV”) per unit	(a)	1.40	1.41	1.27	1.33
Adjusted NAV per unit (excluding the distributable income)		1.38	1.39	1.24	1.31

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

	3Q 2011 S\$'000	3Q 2010 S\$'000	Inc/ (Dec) %	YTD 3Q 2011 S\$'000	YTD 3Q 2010 S\$'000	Inc/ (Dec) %
Gross revenue	22,046	21,171	4.1	64,916	58,556	10.9
Property expenses	(1,901)	(1,734)	9.6	(5,445)	(4,609)	18.1
Net property income	20,145	19,437	3.6	59,471	53,947	10.2
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Interest income	5	10	(50.0)	15	25	(40.0)
Finance costs	(2,183)	(3,307)	(34.0)	(6,737)	(8,519)	(20.9)
Non-property expenses	(4,758)	(6,061)	(21.5)	(14,257)	(15,525)	(8.2)
Total return before changes in fair value of financial derivatives	15,387	13,376	15.0	45,214	38,422	17.7
Net change in fair value of financial derivatives	(1,866)	206	(1,005.8)	(741)	689	(207.5)
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Net effect of non-tax deductible/(non-taxable) items	2,414	997	142.1	2,378	1,844	29.0
Distributable income to Unitholders	14,537	13,616	6.8	43,149	38,740	11.4
Distribution per Unit (cents)	2.40	2.25	6.8	7.13	6.41	11.4
Annualised Distribution per Unit (cents)	9.60	9.00	6.8	9.51	8.54	11.4

3Q 2011 Vs 3Q 2010

Gross revenue for 3Q 2011 was S\$22.0 million, which exceeded 3Q 2010 by S\$0.9 million. The higher revenue was primarily due to full quarter revenue contribution from the Japan properties acquired in 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 5.3%) in Year 5 of lease commencing 23 August 2011.

Property expenses for 3Q 2011 were S\$1.9 million, an increase of S\$0.2 million over 3Q 2010. The higher property expenses were in tandem with the growth of the portfolio.

The result was a net property income of S\$20.1 million for 3Q 2011, which was S\$0.7 million higher than 3Q 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 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 have decreased despite the growth of the portfolio mainly due to interest cost savings from the refinancing and repricing exercises as announced in August 2010 and January 2011 respectively. Further, finance costs have also decreased due to lower locked in hedged rates arising from the recent extension of interest rate hedges with effect from August 2011. This was offset by higher financing costs incurred mainly to finance the properties acquired in July 2010 and January 2011.

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Overall, annualised income available for distribution to Unitholders per unit (DPU) of 9.60 cents for 3Q 2011 outperformed 3Q 2010's DPU of 9.00 cents by 6.8% or 0.60 cents, mainly due to the yield accretive acquisitions made in Japan, higher rent from Singapore properties, and savings from lower financing costs.

YTD 3Q 2011 Vs YTD 3Q 2010

Gross revenue for YTD 3Q 2011 was S\$64.9 million compared with S\$58.6 million for YTD 3Q 2010, an increase of S\$6.4 million or 10.9%. 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 YTD 3Q 2011 were S\$5.4 million, an increase of S\$0.8 million or 18.1% over YTD 3Q 2010.

The result was a net property income of S\$59.5 million for YTD 3Q 2011, which was S5.5 million higher than YTD 3Q 2010.

The Manager's management fees for YTD 3Q 2011 were S\$5.7 million, an increase of S\$0.5 million or 9.4% over YTD 3Q 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 have decreased \$1.8 million or 20.9% despite the growth of the portfolio mainly due to interest cost savings from the refinancing and repricing exercises completed in August 2010 and January 2011 respectively. Further, finance costs have also decreased due to lower locked in hedged rates arising from the recent extension of interest rate hedges with effect from August 2011. This was offset by higher financing costs incurred mainly to finance the properties acquired in 2010/2011.

Overall, annualised DPU for YTD 3Q 2011 of 9.51 cents outperformed YTD 3Q 2010's DPU of 8.54 cents by 11.4% or 0.97 cents, mainly due to the yield accretive acquisitions made in Japan, higher rent from existing properties and savings from lower financing costs.

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.

Parkway Life 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 and fast-ageing populations.

Parkway Life REIT's enlarged portfolio of 33 high-quality healthcare and healthcare-related assets places it in a good position to benefit from the resilient growth of the healthcare industry in the Asia Pacific region.

In addition, Parkway Life REIT is supported by favourable rental lease structures, where at least 87.9% of its Singapore and Japan portfolios have downside revenue protection and 65% of the total portfolio is pegged to CPI-linked revision formulae, ensuring steady future rental growth whilst protecting revenue stability amid uncertain market conditions.

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 2011 to 30 September 2011

Distribution Type	Distribution Rate (cents per unit)
Taxable Income	1.83
Exempt Income	0.17
Capital	0.40
Total	2.40

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: Third quarter distribution for the period from 1 July 2010 to 30 September 2010

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

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%.

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(c) Book closure date: 14 November 2011

(d) Date payable: 7 December 2011

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

Not Applicable.

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

Parkway Life REIT has not obtained a general mandate from Unitholders for IPTs.

14 Confirmation pursuant to Rule 705(5)

CONFIRMATION BY THE BOARD PURSUANT TO RULE 705(5) 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

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

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

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

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

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

Tan Ping Ping
Company Secretary
3 November 2011

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.