



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 2012 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 37 properties located in the Asia-Pacific region, including three hospitals in Singapore, 33 healthcare and healthcare-related assets in Japan and strata titled units/lots in Gleneagles Medical Centre, Kuala Lumpur, Malaysia (“GMCKL Portfolio”). Its total portfolio size stands at approximately S\$1.4 billion as at 30 September 2012.

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 730 beds.

In Japan, it owns one pharmaceutical product distributing and manufacturing facility in Chiba Prefecture, as well as 32 high quality nursing home and care facility properties located in various prefectures of Japan (collectively, the “Japan Properties”).

On 1 August 2012, Parkway Life REIT, through its wholly-owned Malaysia incorporated subsidiary, Parkway Life Malaysia Sdn. Bhd., has completed the acquisition of the GMCKL Portfolio.

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. For FY 2012, approximately S\$3.0 million of amount available for distribution will be retained for capital expenditure of existing properties.

**PARKWAY LIFE REAL ESTATE INVESTMENT TRUST
2012 THIRD QUARTER UNAUDITED FINANCIAL STATEMENT & DISTRIBUTION ANNOUNCEMENT**

SUMMARY OF PARKWAY LIFE REIT'S RESULTS FOR THE NINE MONTHS ENDED 30 SEPTEMBER 2012

	Notes	YTD	YTD	Increase	
		3Q 2012	3Q 2011	S\$'000	%
Gross Revenue		70,087	64,916	5,171	8.0
Net Property Income		64,321	59,471	4,850	8.2
Amount Available for Distribution		48,341	43,149	5,192	12.0
Amount Retained for Capital Expenditure	(a)	(2,250)	-	2,250	100.0
Distributable Income to Unitholders		46,091	43,149	2,942	6.8
Distribution per unit (cents)	(b)	7.62	7.13	0.49	6.8
Annualised distribution per unit (cents)		10.16	9.51	0.65	6.8
Annualised Distribution yield (%), based on - Closing market price of S\$1.985 as at 28 September 2012		5.12	4.79		6.8

Note:

- (a) For FY 2012, approximately S\$3.0 million of amount available for distribution will be retained for capital expenditure of existing properties.
- (b) In computing the Distribution per Unit ("DPU"), the number of units in issue as at the end of each period is used.

**PARKWAY LIFE REAL ESTATE INVESTMENT TRUST
2012 THIRD QUARTER UNAUDITED FINANCIAL STATEMENT & DISTRIBUTION ANNOUNCEMENT**

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

Consolidated Statement of Total Return

	Notes	3Q 2012 S\$'000	3Q 2011 S\$'000	Inc/ (Dec) %	YTD 3Q 2012 S\$'000	YTD 3Q 2011 S\$'000	Inc/ (Dec) %
Gross revenue		23,910	22,046	8.5	70,087	64,916	8.0
Property expenses		(1,856)	(1,901)	(2.4)	(5,766)	(5,445)	5.9
Net property income		22,054	20,145	9.5	64,321	59,471	8.2
Manager's management fees		(2,109)	(1,947)	8.3	(6,173)	(5,724)	7.8
Trust expenses	(a)	(564)	(809)	(30.3)	(1,819)	(2,009)	(9.5)
Foreign exchange gain/(loss)		(43)	176	124.4	(400)	198	302.0
Interest income		5	5	-	10	15	(33.3)
Finance costs	(b)	(2,220)	(2,183)	1.7	(6,486)	(6,737)	(3.7)
Non-property expenses		(4,931)	(4,758)	3.6	(14,868)	(14,257)	4.3
Total return before changes in fair value of financial derivatives		17,123	15,387	11.3	49,453	45,214	9.4
Net change in fair value of financial derivatives	(c)	(39)	(1,866)	(97.9)	862	(741)	216.3
Total return for the period before tax and distribution		17,084	13,521	26.4	50,315	44,473	13.1
Income tax expense	(d)	(1,498)	(1,398)	7.2	(4,141)	(3,702)	11.9
Total return for the period after tax before distribution		15,586	12,123	28.6	46,174	40,771	13.3

Notes:

- (a) Trust expenses comprise mainly of Trustee fees, professional fees and travelling expenses.
- (b) Finance costs largely comprise of 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 3Q 2012 income tax expense is deferred tax expense amounting to \$0.39 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.

**PARKWAY LIFE REAL ESTATE INVESTMENT TRUST
2012 THIRD QUARTER UNAUDITED FINANCIAL STATEMENT & DISTRIBUTION ANNOUNCEMENT**

Distribution Statement

	Notes	3Q 2012 S\$'000	3Q 2011 S\$'000	Inc/ (Dec) %	YTD 3Q 2012 S\$'000	YTD 3Q 2011 S\$'000	Inc/ (Dec) %
Total return after tax before distribution		15,586	12,123	28.6	46,174	40,771	13.3
Non-tax deductible/(non-taxable) items:							
Trustee's fees		68	64	6.3	199	189	5.3
Amortisation of transaction costs relating to debt facilities		230	179	28.5	677	539	25.6
Net change in fair value of financial derivatives		39	1,866	(97.9)	(862)	741	216.3
Foreign exchange difference		(60)	(231)	(74.0)	277	(274)	201.1
Temporary differences	(a)	386	434	(11.1)	1,062	949	11.9
Others		69	102	(32.4)	226	234	(3.4)
Net effect of non-tax deductible/(non-taxable) items		732	2,414	(69.7)	1,579	2,378	(33.6)
Rollover adjustment	(b)	-	-	-	588	-	100.0
Amount available for distribution to Unitholders		16,318	14,537	12.3	48,341	43,149	12.0
Amount retained for capital expenditure	(c)	(750)	-	100.0	(2,250)	-	100.0
Distributable income to Unitholders	(d)	15,568	14,537	7.1	46,091	43,149	6.8

Note:

- (a) 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.
- (b) This represents the difference between the taxable income previously distributed and the quantum finally agreed with the Inland Revenue Authority of Singapore ("IRAS") for the Years of Assessment 2008 to 2010 and had been adjusted under the rollover adjustment mechanism agreed with the IRAS in 1Q 2012.
- (c) For FY 2012, approximately S\$3.0 million of amount available for distribution will be retained for capital expenditure of existing properties.
- (d) 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
2012 THIRD QUARTER UNAUDITED FINANCIAL STATEMENT & DISTRIBUTION ANNOUNCEMENT**

1(b)(i) Statement of financial position, together with a comparative statement as at the end of the immediately preceding financial year

	Notes	Group 30/09/12 S\$'000	Group 31/12/11 S\$'000	Trust 30/09/12 S\$'000	Trust 31/12/11 S\$'000
Current assets					
Trade and other receivables		9,064	8,393	7,587	7,135
Cash and cash equivalents		41,213	36,184	1,805	6,063
		50,277	44,577	9,392	13,198
Non-current assets					
Investment properties	(a)	1,419,868	1,384,032	926,281	924,000
Investment in subsidiaries		-	-	435,210	382,356
Advances to subsidiary		-	-	4,125	-
Security deposit receivable		946	1,004	-	-
Total assets		1,471,091	1,429,613	1,375,008	1,319,554
Current liabilities					
Financial derivative		409	-	409	-
Trade and other payables		13,117	12,757	7,258	7,191
Current portion of security deposits		2,103	2,129	-	-
Loans and borrowings	(b)	14,250	5,800	14,250	5,800
		29,879	20,686	21,917	12,991
Non-current liabilities					
Financial derivatives		2,888	4,063	2,888	4,063
Non-current portion of security deposits		15,168	13,227	-	-
Loans and borrowings	(c)	519,061	489,181	519,061	489,181
Deferred tax liabilities		6,967	6,280	-	-
Total liabilities		573,963	533,437	543,866	506,235
Net assets		897,128	896,176	831,142	813,319
Represented by:					
Unitholders' funds		897,128	896,176	831,142	813,319
Total equity		897,128	896,176	831,142	813,319

Notes:

- (a) The increase in investment properties is mainly due to the acquisition of three nursing home properties and GMCKL Portfolio in March and August 2012 respectively, offset by the depreciation of Japanese Yen. The aggregate market value of the existing investment properties was last valued by independent valuers at S\$1.4 billion as at 31 December 2011.
- (b) Of the S\$50.0 million Floating Rate Notes maturing in March 2013, a portion amounting to S\$35.75 million was bought back in 1H 2012 and re-financed by a 4-year unsecured revolving credit facility. The remaining S\$14.25 million Floating Rate Notes will mature in the next 12 months.
- (c) The increase in borrowings is mainly due to the drawdown of loan facility to finance the March and August 2012 acquisitions, offset by the depreciation of Japanese Yen. In addition, the term out of S\$35.75 million of Floating Rate Notes and repayment of short term borrowings was funded by the drawdown of 4-year unsecured revolving credit facility. Refer to 1(b)(ii) for details.

**PARKWAY LIFE REAL ESTATE INVESTMENT TRUST
2012 THIRD QUARTER UNAUDITED FINANCIAL STATEMENT & DISTRIBUTION ANNOUNCEMENT**

1(b)(ii) Aggregate amount of borrowings

	Group 30/09/12 S\$'000	Group 31/12/11 S\$'000	Trust 30/09/12 S\$'000	Trust 31/12/11 S\$'000
Unsecured gross borrowings				
Amount repayable within one year	14,250	5,800	14,250	5,800
Amount repayable after one year	521,675	491,266	521,675	491,266
Less: Transaction costs in relation to the term loan and revolving credit facilities	(2,614)	(2,085)	(2,614)	(2,085)
	533,311	494,981	533,311	494,981

Parkway Life REIT has maintained its BBB investment grade rating, as in the latest rating report released by Fitch Ratings dated 19 July 2012.

As at 30 September 2012, Parkway Life REIT's gearing was 36.4%, well within the 60% limit allowed under the Monetary Authority of Singapore's Property Funds Guidelines.

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

Unsecured Borrowings

Parkway Life REIT has several JPY unsecured term loans and revolving credit facility amounting to JPY29,560 million (S\$465.87 million¹) which have been fully utilized.

The Group has further drawn down a total of S\$55.81 million via the 4-year unsecured S\$80.00 million revolving credit facility ("S\$80 million RCF"). Of which, S\$35.75 million was utilised to fund the buy-back of S\$35.75 million FRN and the balance of S\$20.06 million is to satisfy our working capital purpose.

As at 30 September 2012, the total facilities drawn of JPY29,560 million (S\$465.87 million¹) and S\$55.81 million (the "Long Term Facilities") were committed, 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.

Unsecured Medium Term Notes

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 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.

¹ Based on the exchange rate of S\$1.576 per JPY100 as at 30 September 2012.

**PARKWAY LIFE REAL ESTATE INVESTMENT TRUST
2012 THIRD QUARTER UNAUDITED FINANCIAL STATEMENT & DISTRIBUTION ANNOUNCEMENT**

The proceed of the Notes 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.

In June 2012, the Group has successfully completed the buy-back and cancellation of S\$35.75 million FRN which was funded via the S\$80 million RCF.

As at 30 September 2012, the outstanding principal amount of the 3-year FRN is S\$14.25 million.

(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
2012 THIRD QUARTER UNAUDITED FINANCIAL STATEMENT & DISTRIBUTION ANNOUNCEMENT**

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 2012 S\$'000	3Q 2011 S\$'000	YTD 3Q 2012 S\$'000	YTD 3Q 2011 S\$'000
Operating activities					
Total return before tax and distribution		17,084	13,521	50,315	44,473
Adjustments for					
Interest Income		(5)	(5)	(10)	(15)
Finance costs		2,220	2,183	6,486	6,737
Net change in fair value of financial derivatives		39	1,866	(862)	741
Operating income before working capital changes		19,338	17,565	55,929	51,936
Changes in working capital					
Trade and other receivables		(914)	(811)	(719)	(469)
Trade and other payables		(176)	(273)	633	(234)
Security deposits		94	(1)	2,718	184
Cash generated from operations		18,342	16,480	58,561	51,417
Withholding tax paid		(1,110)	(926)	(2,960)	(2,760)
Cash flows from operating activities	(a)	17,232	15,554	55,601	48,657
Investing activities					
Interest received		5	5	10	15
Net cash outflow on capital expenditure		(868)	(616)	(3,318)	(1,377)
Net cash outflow on purchase of investment properties (including acquisition related costs)	(b)	(6,267)	(240)	(56,865)	(10,016)
Cash flows used in investing activities	(c)	(7,130)	(851)	(60,173)	(11,378)
Financing activities					
Interest paid		(2,080)	(2,359)	(6,029)	(6,666)
Distribution to Unitholders		(15,003)	(14,338)	(45,433)	(43,014)
Proceeds from borrowings		53,460	5,800	222,373	15,100
Buy-back of Floating Rate Notes		-	-	(35,750)	-
Repayment of borrowings		(46,650)	-	(122,987)	-
Borrowing costs paid		-	-	(1,206)	(56)
Cash flows (used in)/from financing activities	(d)	(10,273)	(10,897)	10,968	(34,636)
Net (decrease)/increase in cash and cash equivalents		(171)	3,806	6,396	2,643
Cash and cash equivalents at beginning of the period		39,439	36,129	33,600	38,143
Effects of exchange differences on cash balances		(488)	3,693	(1,216)	2,842
Cash and cash equivalents at end of the period²		38,780	43,628	38,780	43,628

² Cash and cash equivalents at the respective period end exclude a cash deposit of JPY 154.4 million (S\$2.4 million and \$2.4 million as at 30 September 2012 and 30 September 2011 respectively) 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.

**PARKWAY LIFE REAL ESTATE INVESTMENT TRUST
2012 THIRD QUARTER UNAUDITED FINANCIAL STATEMENT & DISTRIBUTION ANNOUNCEMENT**

Notes:

- (a) The increase in cash flows from operating activities in 2012 reflects the additional operating cash flows from the properties acquired in March and August 2012. For YTD 3Q 2012, the cash flow from operating activities also include additional security deposits received from certain existing properties and the new properties acquired in 2012.
- (b) Net cash outflow on purchase of investment properties (including acquisition related costs) is as follows:

	3Q 2012 S\$'000	3Q 2011 S\$'000	YTD 3Q 2012 S\$'000	YTD 3Q 2011 S\$'000
Investment properties	5,753	-	54,538	9,112
Acquisition related costs	514	240	2,327	904
Net cash outflow/Cash consideration paid	6,267	240	56,865	10,016

- (c) The cash outflow in investing activities in 3Q 2012 is mainly due to payment for capital expenditure for existing properties and acquisition costs of the GMCKL Portfolio acquired in August 2012. In addition, the cash outflow in YTD 3Q 2012 is mainly due to the payment of acquisition costs of the properties acquired in March and August 2012.
- (d) The cash outflow in financing activities in 3Q 2012 resulted primarily from the payment of 2Q 2012 distribution to Unitholders. For YTD 3Q 2012, the cash outflow in financing activities resulted primarily from the loan drawn down to fund the 2012 acquisitions offset by the payment of distributions to Unitholders. The buy-back of S\$35.75 million FRN and repayment of short term borrowings is offset by the drawdown of long term facility.

**PARKWAY LIFE REAL ESTATE INVESTMENT TRUST
2012 THIRD QUARTER UNAUDITED FINANCIAL STATEMENT & DISTRIBUTION ANNOUNCEMENT**

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

	Notes	Group 3Q 2012 S\$'000	Group 3Q 2011 S\$'000	Group YTD 3Q 2012 S\$'000	Group YTD 3Q 2011 S\$'000
Unitholders' funds at beginning of period		896,435	852,930	896,176	852,950
Operations					
Total return after tax		15,586	12,123	46,174	40,771
Translation transactions					
Net movement in foreign currency translation reserve	(a)	86	(151)	243	(337)
Hedging reserve					
Net movement in hedging reserve	(b)	(39)	(641)	(95)	(447)
Unitholders' transactions					
Manager's acquisition fees paid in units		63	-	63	-
Distribution to Unitholders		(15,003)	(14,338)	(45,433)	(43,014)
Net decrease in net assets resulting from Unitholders' transactions		(14,940)	(14,338)	(45,370)	(43,014)
Unitholders' funds at end of period		897,128	849,923	897,128	849,923

	Notes	Trust 3Q 2012 S\$'000	Trust 3Q 2011 S\$'000	Trust YTD 3Q 2012 S\$'000	Trust YTD 3Q 2011 S\$'000
Unitholders' funds at beginning of period		826,050	815,702	813,319	804,487
Operations					
Total return after tax		20,071	(34,370)	63,288	5,327
Hedging reserve					
Net movement in hedging reserve	(b)	(39)	(641)	(95)	(447)
Unitholders' transactions					
Manager's acquisition fees paid in units		63	-	63	-
Distribution to Unitholders		(15,003)	(14,338)	(45,433)	(43,014)
Net decrease in net assets resulting from Unitholders' transactions		(14,940)	(14,338)	(45,370)	(43,014)
Unitholders' funds at end of period		831,142	766,353	831,142	766,353

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
2012 THIRD QUARTER UNAUDITED FINANCIAL STATEMENT & DISTRIBUTION ANNOUNCEMENT**

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

	Note	3Q 2012 '000	3Q 2011 '000	YTD 3Q 2012 '000	YTD 3Q 2011 '000
Units in issue at beginning of period		604,970	604,970	604,970	604,739
Issue of new units:					
- Manager's acquisition fees paid in units	(a)	32	-	32	-
- Manager's management fees paid in units		-	-	-	231
Issued units at the end of period		605,002	604,970	605,002	604,970

Note:

(a) In respect to the GMCKL Portfolio acquired on 1 August 2012, 31,972 new units were issued to the Manager on 16 August 2012 being payment for the one percent acquisition fee.

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 2011.

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
2012 THIRD QUARTER UNAUDITED FINANCIAL STATEMENT & DISTRIBUTION ANNOUNCEMENT**

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

	Notes	3Q 2012 '000	3Q 2011 '000	YTD 3Q 2012 '000	YTD 3Q 2011 '000
Number of units in issue at end of period		605,002	604,970	605,002	604,970
Weighted average number of units for the period		604,986	604,970	604,976	604,970
Earnings per unit in cents (basic and diluted) (EPU)	(a)	2.58	2.00	7.63	6.73
Applicable number of units for calculation of DPU		605,002	604,970	605,002	604,970
Distribution per unit in cents (DPU)	(b)	2.58	2.40	7.62	7.13

Notes:

(a) In calculating EPU, the total return for the period after tax, and the weighted average number of units issued 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 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 30/09/12 S\$	Group 31/12/11 S\$	Trust 30/09/12 S\$	Trust 31/12/11 S\$
Net asset value (“NAV”) per unit	(a)	1.48	1.48	1.37	1.34
Adjusted NAV per unit (excluding the distributable income)		1.46	1.46	1.35	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
2012 THIRD QUARTER UNAUDITED FINANCIAL STATEMENT & DISTRIBUTION ANNOUNCEMENT**

8 Review of the performance

	3Q 2012 S\$'000	3Q 2011 S\$'000	Inc/ (Dec) %	YTD 3Q 2012 S\$'000	YTD 3Q 2011 S\$'000	Inc/ (Dec) %
Gross revenue	23,910	22,046	8.5	70,087	64,916	8.0
Property expenses	(1,856)	(1,901)	(2.4)	(5,766)	(5,445)	5.9
Net property income	22,054	20,145	9.5	64,321	59,471	8.2
Manager's management fees	(2,109)	(1,947)	8.3	(6,173)	(5,724)	7.8
Trust expenses	(564)	(809)	(30.3)	(1,819)	(2,009)	(9.5)
Foreign exchange gain/(loss)	(43)	176	124.4	(400)	198	302.0
Interest income	5	5	-	10	15	(33.3)
Finance costs	(2,220)	(2,183)	1.7	(6,486)	(6,737)	(3.7)
Non-property expenses	(4,931)	(4,758)	3.6	(14,868)	(14,257)	4.3
Total return before changes in fair value of financial derivatives	17,123	15,387	11.3	49,453	45,214	9.4
Net change in fair value of financial derivatives	(39)	(1,866)	(97.9)	862	(741)	216.3
Total return for the period before tax and distribution	17,084	13,521	26.4	50,315	44,473	13.1
Income tax expense	(1,498)	(1,398)	7.2	(4,141)	(3,702)	11.9
Total return for the period after tax before distribution	15,586	12,123	28.6	46,174	40,771	13.3
Net effect of non-tax deductible/(non-taxable) items	732	2,414	(69.7)	1,579	2,378	(33.6)
Rollover Adjustment ³	-	-	-	588	-	100.0
Amount available for distribution to Unitholders	16,318	14,537	12.3	48,341	43,149	12.0
Amount retained for capital expenditure	(750)	-	100.0	(2,250)	-	100.0
Distributable income to Unitholders	15,568	14,537	7.1	46,091	43,149	6.8
Distribution per Unit (cents)	2.58	2.40	7.1	7.62	7.13	6.8
Annualised Distribution per Unit (cents)	10.32	9.60	7.1	10.16	9.51	6.8

3Q 2012 Vs 3Q 2011

Gross revenue for 3Q 2012 was S\$23.9 million, which exceeded 3Q 2011 by S\$1.9 million. The higher revenue was primarily due to a full quarter's revenue contribution from the three Japan properties acquired in March 2012 and two months' contributions from the GMCKL Portfolio acquired on 1 August 2012. Further, higher revenue was also driven by higher rent from the Singapore properties mainly due to increased growth rate of CPI + 1% (i.e. 6.31%) in Year 6 of lease commencing 23 August 2012.

The result was a net property income of S\$22.1 million for 3Q 2012, which was S\$1.9 million higher than 3Q 2011.

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 March and August 2012, as well as valuation gains on the existing property portfolio, which led to a corresponding increase in deposited property.

Finance costs have increased marginally despite the growth of the portfolio. The increase is mainly due to additional financing costs incurred to finance the properties acquired in March and August 2012 and higher

³ This represents the difference between the taxable income previously distributed and the quantum finally agreed with the Inland Revenue Authority of Singapore ("IRAS") for the Years of Assessment 2008 to 2010 and had been adjusted under the rollover adjustment mechanism agreed with the IRAS.

**PARKWAY LIFE REAL ESTATE INVESTMENT TRUST
2012 THIRD QUARTER UNAUDITED FINANCIAL STATEMENT & DISTRIBUTION ANNOUNCEMENT**

amortisation of transaction cost relating to debt facilities. This was offset by interest cost savings from the lower locked in hedged rates arising from the extension of interest rate hedges completed in August 2011.

Overall, annualised distribution per unit (DPU) of 10.32 cents for 3Q 2012 outperformed 3Q 2011's DPU of 9.60 cents by 7.1% or 0.72 cents, mainly due to the yield accretive acquisitions made in Japan, higher rent from Singapore properties, and savings from lower financing costs.

In addition, for FY2012, approximately S\$3.0 million (S\$0.75 million per quarter) of amount available for distribution will be retained for capital expenditure of existing properties, which is offset by the one-off distribution due to IRAS adjustment for the Years of Assessment 2008 to 2010 in 1Q 2012.

YTD 3Q 2012 Vs YTD 3Q 2011

Gross revenue for YTD 3Q 2012 was S\$70.1 million compared with S\$64.9 million for YTD 3Q 2011, an increase of S\$5.2 million or 8.0%. This was mainly due to revenue contribution from the properties acquired in 2011/2012, and higher rent from the existing properties.

Correspondingly, property expenses for YTD 3Q 2012 were S\$5.8 million, an increase of S\$0.3 million or 5.9% over YTD 3Q 2011. The higher property expenses were in tandem with the growth of the portfolio.

The result was a net property income of S\$64.3 million for YTD 3Q 2012, which was S\$4.9 million higher than YTD 3Q 2011.

The Manager's management fees for YTD 3Q 2012 were S\$6.2 million, an increase of S\$0.4 million or 7.8% over YTD 3Q 2011. This was due to higher deposited property value and higher net property income from the addition of new properties in 2011/2012, as well as valuation gains on the existing property portfolio as at 31 December 2011, which led to a corresponding increase in deposited property.

Finance costs decreased by S\$0.3 million or 3.7% despite the growth of the portfolio, mainly due to interest cost savings amounting to S\$0.9 million from the lower locked in hedged rates arising from the extension of interest rate hedges completed in August 2011. This was offset by higher financing costs of S\$0.4 million incurred mainly to finance the properties acquired in 2011/2012 and higher amortisation of transaction cost relating to debt facilities.

Overall, annualised DPU for YTD 3Q 2012 of 10.16 cents outperformed YTD 3Q 2011's DPU of 9.51 cents by 6.8% or 0.65 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.

Parkway Life REIT remains cautious about its near-term to medium-term acquisition prospects. The global markets continue to have ongoing uncertainties. However, we believe that the long-term prospects of the regional healthcare industry will continue to be robust due to rising demand for better quality private healthcare services driven by the fast-ageing populations.

Parkway Life REIT's enlarged portfolio of 37 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 90% 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 2012 to 30 September 2012

Distribution Type	Distribution Rate (cents per unit)
Taxable Income	1.97
Exempt Income	0.28
Capital	0.33
Total	2.58

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.

(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 2011 to 30 September 2011

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

**PARKWAY LIFE REAL ESTATE INVESTMENT TRUST
2012 THIRD QUARTER UNAUDITED FINANCIAL STATEMENT & DISTRIBUTION ANNOUNCEMENT**

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:** 19 November 2012

(d) **Date payable:** 12 December 2012

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

**PARKWAY LIFE REAL ESTATE INVESTMENT TRUST
2012 THIRD QUARTER UNAUDITED FINANCIAL STATEMENT & DISTRIBUTION ANNOUNCEMENT**

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
8 November 2012

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.