



# 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 FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2012 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 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 Intan Medical Centre, Kuala Lumpur, Malaysia (“GMCKL Portfolio”). Its total portfolio size stands at approximately S\$1.4 billion as at 31 December 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”).

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, S\$3.0 million of amount available for distribution is retained for capital expenditure of existing properties.

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**SUMMARY OF PARKWAY LIFE REIT'S RESULTS FOR THE YEAR ENDED 31 DECEMBER 2012**

	Notes	2012	2011	Increase	
		S\$'000	S\$'000	S\$'000	%
<b>Gross Revenue</b>		<b>94,074</b>	<b>87,763</b>	<b>6,311</b>	<b>7.2</b>
<b>Net Property Income</b>		<b>86,426</b>	<b>80,308</b>	<b>6,118</b>	<b>7.6</b>
Amount Available for Distribution		65,405	58,051	7,354	12.7
Amount Retained for Capital Expenditure	(a)	(3,000)	-	3,000	100.0
<b>Distributable Income to Unitholders</b>		<b>62,405</b>	<b>58,051</b>	<b>4,354</b>	<b>7.5</b>
<b>Distribution per unit (cents)</b>	(b)	<b>10.31</b>	<b>9.60</b>	<b>0.71</b>	<b>7.5</b>
Distribution yield (%), based on - Closing market price of S\$2.15 as at 31 December 2012		<b>4.80</b>	<b>4.47</b>		<b>7.5</b>

**Note:**

- (a) For FY 2012, S\$3.0 million of amount available for distribution is 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.

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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	4Q 2012 S\$'000	4Q 2011 S\$'000	Inc/ (Dec) %	2012 S\$'000	2011 S\$'000	Inc/ (Dec) %
<b>Gross revenue</b>		<b>23,987</b>	<b>22,847</b>	<b>5.0</b>	<b>94,074</b>	<b>87,763</b>	<b>7.2</b>
Property expenses		(1,882)	(2,010)	(6.4)	(7,648)	(7,455)	2.6
<b>Net property income</b>		<b>22,105</b>	<b>20,837</b>	<b>6.1</b>	<b>86,426</b>	<b>80,308</b>	<b>7.6</b>
Manager's management fees		(2,100)	(2,000)	5.0	(8,273)	(7,724)	7.1
Trust expenses	(a)	(431)	(762)	(43.4)	(2,250)	(2,771)	(18.8)
Foreign exchange gain/(loss)		142	216	(34.3)	(258)	414	162.3
Interest income		-	3	(100.0)	10	18	(44.4)
Finance costs	(b)	(2,161)	(2,124)	1.7	(8,647)	(8,861)	(2.4)
<b>Non-property expenses</b>		<b>(4,550)</b>	<b>(4,667)</b>	<b>(2.5)</b>	<b>(19,418)</b>	<b>(18,924)</b>	<b>2.6</b>
<b>Total return before changes in fair value of financial derivatives and investment properties</b>		<b>17,555</b>	<b>16,170</b>	<b>8.6</b>	<b>67,008</b>	<b>61,384</b>	<b>9.2</b>
Net change in fair value of financial derivatives	(c)	3,968	342	1,060.2	4,830	(399)	1,310.5
Net change in fair value of investment properties	(d)	49,718	46,533	6.8	49,718	46,533	6.8
<b>Total return for the period before tax and distribution</b>		<b>71,241</b>	<b>63,045</b>	<b>13.0</b>	<b>121,556</b>	<b>107,518</b>	<b>13.1</b>
Income tax expense	(e)	(2,004)	(1,777)	12.8	(6,145)	(5,479)	12.2
<b>Total return for the period after tax before distribution</b>		<b>69,237</b>	<b>61,268</b>	<b>13.0</b>	<b>115,411</b>	<b>102,039</b>	<b>13.1</b>

**Notes:**

- (a) Trust expenses comprise mainly of Trustee's 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) Valuations are performed by independent professional valuers for all investment properties as at 31 December 2012. The net change in fair value of investment properties represents a gain of 3.6% in the total portfolio value.
- (e) Included in 4Q 2012 income tax expense is deferred tax expense amounting to \$0.98 million recognised in respect of the Japan and Malaysia investment properties for the temporary differences between the fair value and the tax written down value at the applicable income tax rate.

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**Distribution Statement**

	Notes	4Q 2012 S\$'000	4Q 2011 S\$'000	Inc/ (Dec) %	2012 S\$'000	2011 S\$'000	Inc/ (Dec) %
<b>Total return after tax before distribution</b>		<b>69,237</b>	<b>61,268</b>	<b>13.0</b>	<b>115,411</b>	<b>102,039</b>	<b>13.1</b>
Non-tax deductible/(non-taxable) items:							
Trustee's fees		66	65	1.5	265	254	4.3
Amortisation of transaction costs relating to debt facilities		231	219	5.5	908	758	19.8
Net change in fair value of financial derivatives		(3,968)	(342)	1,060.2	(4,830)	399	1,310.5
Net fair value gain on investment properties (net of deferred tax impact)		(48,735)	(45,738)	6.6	(47,673)	(44,789)	6.4
Foreign exchange difference		(102)	(589)	(82.7)	175	(863)	120.3
Others		177	19	831.6	403	253	59.3
<b>Net effect of non-tax deductible/(non-taxable) items</b>		<b>(52,331)</b>	<b>(46,366)</b>	<b>12.9</b>	<b>(50,752)</b>	<b>(43,988)</b>	<b>15.4</b>
Rollover adjustment	(a)	158	-	100.0	746	-	100.0
<b>Amount available for distribution to Unitholders</b>		<b>17,064</b>	<b>14,902</b>	<b>14.5</b>	<b>65,405</b>	<b>58,051</b>	<b>12.7</b>
Amount retained for capital expenditure	(b)	(750)	-	100.0	(3,000)	-	100.0
<b>Distributable income to Unitholders</b>	(c)	<b>16,314</b>	<b>14,902</b>	<b>9.5</b>	<b>62,405</b>	<b>58,051</b>	<b>7.5</b>

**Note:**

- (a) 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 2011 and had been adjusted under the rollover adjustment mechanism agreed with the IRAS.
- (b) For FY 2012, S\$3.0 million of amount available for distribution is retained for capital expenditure of existing properties (S\$0.75 million per quarter).
- (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 (for the issuer and group), together with a comparative statement as at the end of the immediately preceding financial year**

	Notes	Group 31/12/12 S\$'000	Group 31/12/11 S\$'000	Trust 31/12/12 S\$'000	Trust 31/12/11 S\$'000
<b>Current assets</b>					
Trade and other receivables		9,221	8,393	8,069	7,135
Cash and cash equivalents	(a)	30,598	36,184	2,470	6,063
Financial derivatives		105	-	105	-
		<b>39,924</b>	<b>44,577</b>	<b>10,644</b>	<b>13,198</b>
<b>Non-current assets</b>					
Investment properties	(b)	1,427,331	1,384,032	980,400	924,000
Interests in subsidiaries		-	-	428,554	382,356
Security deposit receivable		855	1,004	-	-
Financial derivatives		2,229	-	2,229	-
<b>Total assets</b>		<b>1,470,339</b>	<b>1,429,613</b>	<b>1,421,827</b>	<b>1,319,554</b>
<b>Current liabilities</b>					
Financial derivatives		39	-	39	-
Trade and other payables		13,084	12,757	7,696	7,191
Current portion of security deposits		1,948	2,129	-	-
Loans and borrowings	(c)	14,250	5,800	14,250	5,800
		<b>29,321</b>	<b>20,686</b>	<b>21,985</b>	<b>12,991</b>
<b>Non-current liabilities</b>					
Financial derivatives		1,288	4,063	1,288	4,063
Non-current portion of security deposits		13,722	13,227	-	-
Loans and borrowings	(d)	467,422	489,181	467,422	489,181
Deferred tax liabilities		7,232	6,280	-	-
<b>Total liabilities</b>		<b>518,985</b>	<b>533,437</b>	<b>490,695</b>	<b>506,235</b>
<b>Net assets</b>		<b>951,354</b>	<b>896,176</b>	<b>931,132</b>	<b>813,319</b>
<b>Represented by:</b>					
Unitholders' funds		951,354	896,176	931,132	813,319
<b>Total equity</b>		<b>951,354</b>	<b>896,176</b>	<b>931,132</b>	<b>813,319</b>

**Notes:**

- (a) The decrease in cash and cash equivalents is mainly due to partial repayment of the long term facility amounting to JPY700 million arising from cash repatriation from Japan subsidiaries in December 2012 and depreciation of Japanese Yen, offset by the drawdown of revolving credit facility.
- (b) The increase in investment properties is mainly due to the gain on revaluation, acquisition of three nursing home properties and GMCKL Portfolio in March and August 2012 respectively, offset by the depreciation of Japanese Yen. As at 31 December 2012, the aggregate market value of the existing investment properties stands at S\$1,427.3 million. External valuations were carried out by Knight Frank Pte. Ltd. for the Singapore Hospital Properties, International Appraisals Incorporated, K.K. Halifax Associates (Colliers International) for the Japan Properties and DTZ Nawawi Tie Leung for the GMCKL Portfolio. A revaluation surplus of S\$49.7 million is credited directly to the Statement of Total Return.
- (c) 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.

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- (d) The decrease in borrowings is mainly due to the depreciation of Japanese Yen, partial repayment of the long term facility using the cash repatriated from Japan, offset by the drawdown of loan facility to finance the March and August 2012 acquisitions. 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.

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

	<b>Group 31/12/12 S\$'000</b>	<b>Group 31/12/11 S\$'000</b>	<b>Trust 31/12/12 S\$'000</b>	<b>Trust 31/12/11 S\$'000</b>
<b>Unsecured gross borrowings</b>				
Amount repayable within one year	14,250	5,800	14,250	5,800
Amount repayable after one year	469,805	491,266	469,805	491,266
Less: Transaction costs in relation to the term loan and revolving credit facilities	(2,383)	(2,085)	(2,383)	(2,085)
	<b>481,672</b>	<b>494,981</b>	<b>481,672</b>	<b>494,981</b>

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 31 December 2012, Parkway Life REIT's gearing was 32.9%, well within the 60% limit allowed under the Monetary Authority of Singapore's Property Funds Appendix.

(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\$421.23 million<sup>1</sup>).

On 27 December 2012, the Group had prepaid part of the long term facility amounting to JPY700 million (S\$9.97 million<sup>1</sup>).

The Group has further drawn down a total of S\$58.55 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\$22.80 million is to satisfy our working capital purpose.

As at 31 December 2012, the total facilities drawn of JPY28,860 million (S\$411.26 million<sup>1</sup>) and S\$58.55 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 "MTN Issuer"), has established a S\$500 million Multicurrency Medium Term Note Programme (the "MTN Programme") in 2008. Under the MTN Programme, the MTN 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").

<sup>1</sup> Based on the exchange rate of S\$1.425 per JPY100 as at 31 December 2012.

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The Notes shall constitute direct, unconditional, unsecured and unsubordinated obligations of the MTN 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 MTN Issuer. All sums payable in respect of the Notes will be unconditionally and irrevocably guaranteed by Parkway Life REIT.

In March 2010, the MTN Issuer 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.

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 MTN Issuer 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 31 December 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.

As at 31 December 2012, the Group has extended the Japan net income hedge for 5 years till 1Q FY2017, hence there is no impact from the recent volatility in Japanese Yen. This enhances the stability of distribution to Unitholders.

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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	4Q 2012 S\$'000	4Q 2011 S\$'000	2012 S\$'000	2011 S\$'000
<b>Operating activities</b>					
Total return before tax and distribution		71,241	63,045	121,556	107,518
<b>Adjustments for</b>					
Interest Income		-	(3)	(10)	(18)
Finance costs		2,161	2,124	8,647	8,861
Net change in fair value of financial derivatives		(3,968)	(342)	(4,830)	399
Net change in fair value of investment properties		(49,718)	(46,533)	(49,718)	(46,533)
<b>Operating income before working capital changes</b>		<b>19,716</b>	<b>18,291</b>	<b>75,645</b>	<b>70,227</b>
<b>Changes in working capital</b>					
Trade and other receivables		(289)	(263)	(1,009)	(732)
Trade and other payables		(155)	1,102	480	868
Security deposits		39	(5)	2,757	179
Cash generated from operations		19,311	19,125	77,873	70,542
Withholding tax paid		(1,077)	(970)	(4,037)	(3,730)
<b>Cash flows from operating activities</b>	<b>(a)</b>	<b>18,234</b>	<b>18,155</b>	<b>73,836</b>	<b>66,812</b>
<b>Investing activities</b>					
Interest received		-	3	10	18
Net cash outflow on capital expenditure		(415)	(243)	(3,733)	(1,620)
Net cash outflow on purchase of investment properties (including acquisition related costs)	<b>(b)</b>	(19)	(152)	(56,884)	(10,168)
<b>Cash flows used in investing activities</b>	<b>(c)</b>	<b>(434)</b>	<b>(392)</b>	<b>(60,607)</b>	<b>(11,770)</b>
<b>Financing activities</b>					
Interest paid		(1,811)	(1,642)	(7,840)	(8,309)
Distribution to Unitholders		(15,609)	(14,519)	(61,042)	(57,533)
Proceeds from borrowings		59,500	-	281,873	15,100
Buy-back of Floating Rate Notes		-	-	(35,750)	-
Repayment of borrowings		(66,826)	(10,044)	(189,813)	(10,044)
Borrowing costs paid		-	-	(1,206)	(56)
<b>Cash flows used in financing activities</b>	<b>(d)</b>	<b>(24,746)</b>	<b>(26,205)</b>	<b>(13,778)</b>	<b>(60,842)</b>
<b>Net decrease in cash and cash equivalents</b>		<b>(6,946)</b>	<b>(8,442)</b>	<b>(549)</b>	<b>(5,800)</b>
<b>Cash and cash equivalents at beginning of the period/year</b>		<b>38,780</b>	<b>43,628</b>	<b>33,600</b>	<b>38,143</b>
Effects of exchange differences on cash balances		(3,435)	(1,586)	(4,652)	1,257
<b>Cash and cash equivalents at end of the period/year<sup>2</sup></b>		<b>28,399</b>	<b>33,600</b>	<b>28,399</b>	<b>33,600</b>

<sup>2</sup> Cash and cash equivalents at the respective period/year end exclude a cash deposit of JPY 154.4 million (S\$2.2 million and \$2.6 million as at 31 December 2012 and 31 December 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.



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**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 2012, the cash flow from operating activities also includes 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:

	<b>4Q 2012 S\$'000</b>	<b>4Q 2011 S\$'000</b>	<b>2012 S\$'000</b>	<b>2011 S\$'000</b>
Investment properties	-	-	54,538	9,112
Acquisition related costs	19	152	2,346	1,056
<b>Net cash outflow/Cash consideration paid</b>	<b>19</b>	<b>152</b>	<b>56,884</b>	<b>10,168</b>

- (c) The cash outflow in investing activities in 4Q 2012 is mainly due to payment for capital expenditure for existing properties. In addition, the cash outflow in 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 4Q 2012 resulted primarily from the payment of 3Q 2012 distribution to Unitholders as well as the repayment of long term facility amounting to JPY700 million. For 2012, the cash outflow in financing activities resulted primarily from the payment of distributions to Unitholders offset by the loan drawn down to fund the 2012 acquisitions. The buy-back of S\$35.75 million FRN and repayment of short term borrowings is offset by the drawdown of long term facility.

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

	Notes	Group 4Q 2012 S\$'000	Group 4Q 2011 S\$'000	Group 2012 S\$'000	Group 2011 S\$'000
<b>Unitholders' funds at beginning of period/year</b>		897,128	849,923	896,176	852,950
<b>Operations</b>					
Total return after tax		69,237	61,268	115,411	102,039
<b>Translation transactions</b>					
Net movement in foreign currency translation reserve	(a)	262	(501)	505	(838)
<b>Hedging reserve</b>					
Net movement in hedging reserve	(b)	336	5	241	(442)
<b>Unitholders' transactions</b>					
Manager's acquisition fees paid in units		-	-	63	-
Distribution to Unitholders		(15,609)	(14,519)	(61,042)	(57,533)
<b>Net decrease in net assets resulting from Unitholders' transactions</b>		<b>(15,609)</b>	<b>(14,519)</b>	<b>(60,979)</b>	<b>(57,533)</b>
<b>Unitholders' funds at end of period/year</b>		<b>951,354</b>	<b>896,176</b>	<b>951,354</b>	<b>896,176</b>

	Notes	Trust 4Q 2012 S\$'000	Trust 4Q 2011 S\$'000	Trust 2012 S\$'000	Trust 2011 S\$'000
<b>Unitholders' funds at beginning of period/year</b>		831,142	766,353	813,319	804,486
<b>Operations</b>					
Total return after tax		115,263	61,480	178,551	66,808
<b>Hedging reserve</b>					
Net movement in hedging reserve	(b)	336	5	241	(442)
<b>Unitholders' transactions</b>					
Manager's acquisition fees paid in units		-	-	63	-
Distribution to Unitholders		(15,609)	(14,519)	(61,042)	(57,533)
<b>Net decrease in net assets resulting from Unitholders' transactions</b>		<b>(15,609)</b>	<b>(14,519)</b>	<b>(60,979)</b>	<b>(57,533)</b>
<b>Unitholders' funds at end of period/year</b>		<b>931,132</b>	<b>813,319</b>	<b>931,132</b>	<b>813,319</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**

	<b>Note</b>	<b>4Q 2012 '000</b>	<b>4Q 2011 '000</b>	<b>2012 '000</b>	<b>2011 '000</b>
<b>Units in issue at beginning of period/year</b>		<b>605,002</b>	<b>604,970</b>	<b>604,970</b>	<b>604,739</b>
Issue of new units:					
- Manager's acquisition fees paid in units	(a)	-	-	32	-
- Manager's management fees paid in units		-	-	-	231
<b>Issued units at the end of period/year</b>		<b>605,002</b>	<b>604,970</b>	<b>605,002</b>	<b>604,970</b>

**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.

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

	Notes	4Q 2012 '000	4Q 2011 '000	2012 '000	2011 '000
<b>Number of units in issue at end of period/year</b>		<b>605,002</b>	<b>604,970</b>	<b>605,002</b>	<b>604,970</b>
Weighted average number of units for the period		<b>605,002</b>	<b>604,970</b>	<b>604,982</b>	<b>604,970</b>
Earnings per unit in cents (basic and diluted) (EPU)	(a)	<b>11.44</b>	<b>10.13</b>	<b>19.08</b>	<b>16.87</b>
Applicable number of units for calculation of DPU		<b>605,002</b>	<b>604,970</b>	<b>605,002</b>	<b>604,970</b>
Distribution per unit in cents (DPU)	(b)	<b>2.69</b>	<b>2.47</b>	<b>10.31</b>	<b>9.60</b>

**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 31/12/12 S\$	Group 31/12/11 S\$	Trust 31/12/12 S\$	Trust 31/12/11 S\$
Net asset value (“NAV”) per unit	(a)	<b>1.57</b>	<b>1.48</b>	<b>1.54</b>	<b>1.34</b>
Adjusted NAV per unit (excluding the distributable income)		<b>1.55</b>	<b>1.46</b>	<b>1.51</b>	<b>1.32</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>4Q 2012 S\$'000</b>	<b>4Q 2011 S\$'000</b>	<b>Inc/ (Dec) %</b>	<b>2012 S\$'000</b>	<b>2011 S\$'000</b>	<b>Inc/ (Dec) %</b>
<b>Gross revenue</b>	<b>23,987</b>	<b>22,847</b>	<b>5.0</b>	<b>94,074</b>	<b>87,763</b>	<b>7.2</b>
Property expenses	(1,882)	(2,010)	(6.4)	(7,648)	(7,455)	2.6
<b>Net property income</b>	<b>22,105</b>	<b>20,837</b>	<b>6.1</b>	<b>86,426</b>	<b>80,308</b>	<b>7.6</b>
Manager's management fees	(2,100)	(2,000)	5.0	(8,273)	(7,724)	7.1
Trust expenses	(431)	(762)	(43.4)	(2,250)	(2,771)	(18.8)
Foreign exchange gain/(loss)	142	216	(34.3)	(258)	414	162.3
Interest income	-	3	(100.0)	10	18	(44.4)
Finance costs	(2,161)	(2,124)	1.7	(8,647)	(8,861)	(2.4)
<b>Non-property expenses</b>	<b>(4,550)</b>	<b>(4,667)</b>	<b>(2.5)</b>	<b>(19,418)</b>	<b>(18,924)</b>	<b>2.6</b>
<b>Total return before changes in fair value of financial derivatives and investment properties</b>	<b>17,555</b>	<b>16,170</b>	<b>8.6</b>	<b>67,008</b>	<b>61,384</b>	<b>9.2</b>
Net change in fair value of financial derivatives	3,968	342	1,060.2	4,830	(399)	1,310.5
Net change in fair value of investment properties	49,718	46,533	6.8	49,718	46,533	6.8
<b>Total return for the period before tax and distribution</b>	<b>71,241</b>	<b>63,045</b>	<b>13.0</b>	<b>121,556</b>	<b>107,518</b>	<b>13.1</b>
Income tax expense	(2,004)	(1,777)	12.8	(6,145)	(5,479)	12.2
<b>Total return for the period after tax before distribution</b>	<b>69,237</b>	<b>61,268</b>	<b>13.0</b>	<b>115,411</b>	<b>102,039</b>	<b>13.1</b>
Net effect of non-tax deductible/(non-taxable) items	(52,331)	(46,366)	12.9	(50,752)	(43,988)	15.4
Rollover Adjustment <sup>3</sup>	158	-	100.0	746	-	100.0
<b>Amount available for distribution to Unitholders</b>	<b>17,064</b>	<b>14,902</b>	<b>14.5</b>	<b>65,405</b>	<b>58,051</b>	<b>12.7</b>
Amount retained for capital expenditure	(750)	-	100.0	(3,000)	-	100.0
<b>Distributable income to Unitholders</b>	<b>16,314</b>	<b>14,902</b>	<b>9.5</b>	<b>62,405</b>	<b>58,051</b>	<b>7.5</b>
<b>Distribution per Unit (cents)</b>	<b>2.69</b>	<b>2.47</b>	<b>9.5</b>	<b>10.31</b>	<b>9.60</b>	<b>7.5</b>
<b>Annualised Distribution per Unit (cents)</b>	<b>10.76</b>	<b>9.88</b>	<b>9.5</b>	<b>10.31</b>	<b>9.60</b>	<b>7.5</b>

**4Q 2012 Vs 4Q 2011**

Gross revenue for 4Q 2012 was S\$24.0 million, which exceeded 4Q 2011 by S\$1.1 million. The higher revenue was primarily due to a full quarter's revenue contribution from the Japan and Malaysia properties acquired in March and August 2012 respectively. 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. Notwithstanding that, higher revenue is offset by the depreciation in Japanese Yen in 4Q 2012.

Property expenses for 4Q 2012 were S\$1.9 million, a decrease of S\$0.1 million over 4Q 2011 due to lower property repair costs and depreciation in Japanese Yen, offset by the additional property expenses from the additional properties acquired in 2012.

The result was a net property income of S\$22.1 million for 4Q 2012, which was S\$1.3 million higher than 4Q 2011.

<sup>3</sup> 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 2011 and had been adjusted under the rollover adjustment mechanism agreed with the IRAS.

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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 amortisation of transaction cost relating to debt facilities. This was offset by depreciation in Japanese Yen in 4Q 2012.

Overall, annualised distribution per unit (DPU) of 10.76 cents for 4Q 2012 outperformed 4Q 2011's DPU of 9.88 cents by 9.5% or 0.88 cents, mainly due to the yield accretive acquisitions made in Japan and higher rent from Singapore properties.

**2012 Vs 2011**

Gross revenue for 2012 was S\$94.1 million compared with S\$87.8 million for 2011, an increase of S\$6.3 million or 7.2%. This was mainly due to revenue contribution from the properties acquired in 2011/2012, and higher rent from the existing properties, offset by the depreciation in Japanese Yen.

Correspondingly, property expenses for 2012 were S\$7.6 million, an increase of S\$0.2 million or 2.6% over 2011. The higher property expenses were in tandem with the growth of the portfolio.

The result was a net property income of S\$86.4 million for 2012, which was S\$6.1 million higher than 2011.

The Manager's management fees for 2012 were S\$8.3 million, an increase of S\$0.5 million or 7.1% over 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, which led to a corresponding increase in deposited property.

Finance costs decreased by S\$0.2 million or 2.4% 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\$0.6 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 2012 of 10.31 cents outperformed 2011's DPU of 9.60 cents by 7.5% or 0.71 cents, mainly due to the yield accretive acquisitions made in Japan, higher rent from existing properties and savings from finance cost reduction.

In addition, for FY2012, S\$3.0 million (S\$0.75 million per quarter) of amount available for distribution is 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 2011 in 2012.

**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 67% 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: Fourth quarter distribution for the period from 1 October 2012 to 31 December 2012

<b>Distribution Type</b>	<b>Distribution Rate (cents per unit)</b>
Taxable Income	2.11
Exempt Income	0.32
Capital	0.26
<b>Total</b>	<b>2.69</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.

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

Any distributions declared for the previous corresponding financial period: Yes

Name of distribution: Fourth quarter distribution for the period from 1 October 2011 to 31 December 2011

<b>Distribution Type</b>	<b>Distribution Rate (cents per unit)</b>
Taxable Income	1.92
Exempt Income	0.21
Capital Income	0.34
<b>Total</b>	<b>2.47</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



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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:** 4 February 2013

(d) **Date payable:** 28 February 2013

**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.

**PART II – ADDITIONAL INFORMATION FOR FULL YEAR ANNOUNCEMENT**

- 14 Segmented revenue and results for operating segments (of the group) in the form presented in the issuer's most recently audited annual financial statements, with comparative information for the immediately preceding year.**

As at 31 December 2012, the operating segments of the Group comprise the following segments – Hospital Properties, Nursing Homes, Pharmaceutical Product Distributing and Manufacturing Facility and Medical Centre Units.

The Group's operations and its identifiable assets are located in Singapore (consisting of Hospital Properties), Japan (consisting of 32 Nursing Homes and one Pharmaceutical Product Distributing and Manufacturing Facility) and Medical Centre Units in Malaysia. Accordingly, no geographical segmental analysis is separately presented.

	<b>FY 2012 S\$'000</b>	<b>FY 2011 S\$'000</b>	<b>Change %</b>
Hospital Properties (Singapore) <sup>1</sup>	57,713	54,615	5.7
Nursing Homes (Japan) <sup>2</sup>	33,385	30,312	10.1
Pharmaceutical Product Distributing and Manufacturing Facility (Japan)	2,801	2,836	(1.2)
Medical Centre Units (Malaysia) <sup>3</sup>	175	-	100.0
<b>Total gross revenue</b>	<b>94,074</b>	<b>87,763</b>	<b>7.2</b>

	<b>FY 2012 S\$'000</b>	<b>FY 2011 S\$'000</b>	<b>Change %</b>
Hospital Properties (Singapore) <sup>1</sup>	54,663	51,564	6.0
Nursing Homes (Japan) <sup>2</sup>	29,046	26,147	11.1
Pharmaceutical Product Distributing and Manufacturing Facility (Japan)	2,598	2,597	0.1
Medical Centre Units (Malaysia) <sup>3</sup>	119	-	100.0
<b>Total net property income</b>	<b>86,426</b>	<b>80,308</b>	<b>7.6</b>

**Footnotes**

- (1) The higher revenue and net property income was driven by the higher rent as a result of the high growth rate of the inflation-linked CPI + 1% formula.
- (2) The increase was mainly due to full year impact from the property acquired in 2011, and additional contribution from the three Japan properties acquired in March 2012.
- (3) Contributions from the strata titled units/lots in Gleneagles Intan Medical Centre, Kuala Lumpur, Malaysia commenced from 1 August 2012.

- 15 In the review of performance, the factors leading to any material changes in contributions to turnover and earnings by the operating segments**

Refer to section 8 for the review of actual performance.

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**16 Breakdown of gross revenue and total return after tax before distribution**

	<b>FY 2012 S\$'000</b>	<b>FY 2011 S\$'000</b>	<b>Change %</b>
Gross revenue reported for first half year	46,177	42,870	7.7
Total return after tax before distribution for first half year	30,588	28,648	6.8
Gross revenue reported for second half year	47,897	44,893	6.7
Total return after tax before distribution for second half year	84,823	73,391	15.6

**17 Breakdown of the total distribution**

In respect of the period:

	<b>FY 2012 S\$'000</b>	<b>FY 2011 S\$'000</b>
1 October 2010 to 31 December 2010		14,398
1 January 2011 to 31 March 2011		14,278
1 April 2011 to 30 June 2011		14,338
1 July 2011 to 30 September 2011		14,519
1 October 2011 to 31 December 2011	14,943	
1 January 2012 to 31 March 2012	15,487	
1 April 2012 to 30 June 2012	15,003	
1 July 2012 to 30 September 2012	15,609	

**18 Disclosure of person occupying a managerial position in the issuer or any of its principal subsidiaries who is a relative of a director or chief executive officer or substantial shareholder of the issuer pursuant to Rule 704(10) in the format below. If there are no such persons, the issuer must make an appropriate negative statement.**

Neither Parkway Trust Management Limited nor Parkway Life REIT and any of its principal subsidiaries have any person occupying a managerial position who is related to a director or chief executive officer or substantial shareholder.

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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

Tay Chee Wah  
Company Secretary  
25 January 2013

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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.