



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 2013 FIRST 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 Intan Medical Centre, Kuala Lumpur, Malaysia. Its total portfolio size stands at approximately S\$1.4 billion as at 31 March 2013.

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. Since FY 2012, approximately S\$3.0 million per annum of amount available for distribution has been retained for capital expenditure of existing properties.

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SUMMARY OF PARKWAY LIFE REIT'S RESULTS FOR THE QUARTER ENDED 31 MARCH 2013

	Notes	1Q 2013	1Q 2012	Increase	
		S\$'000	S\$'000	S\$'000	%
Gross Revenue		23,029	22,776	253	1.1
Net Property Income		21,504	21,115	389	1.8
Amount Available for Distribution		16,715	16,260	455	2.8
Amount Retained for Capital Expenditure	(a)	(750)	(750)	-	-
Distributable Income to Unitholders		15,965	15,510	455	2.9
Distribution per unit (cents)	(b)	2.64	2.56	0.08	2.9
Annualised distribution per unit (cents)		10.56	10.24	0.32	2.9
Annualised Distribution yield (%), based on - Closing market price of S\$2.53 as at 28 March 2013		4.17	4.05		2.9

Notes:

- (a) Since FY 2012, approximately S\$3.0 million per annum of amount available for distribution has been 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	1Q 2013 S\$'000	1Q 2012 S\$'000	Inc/ (Dec) %
Gross revenue		23,029	22,776	1.1
Property expenses		(1,525)	(1,661)	(8.2)
Net property income		21,504	21,115	1.8
Management fees	(a)	(2,294)	(2,286)	0.3
Trust expenses	(b)	(508)	(522)	(2.7)
Foreign exchange gain/(loss)		154	(364)	142.3
Interest income		3	4	(25.0)
Finance costs	(c)	(1,917)	(2,044)	(6.2)
Non-property expenses		(4,562)	(5,212)	(12.5)
Total return before changes in fair value of financial derivatives		16,942	15,903	6.5
Net change in fair value of financial derivatives	(d)	2,073	2,489	(16.7)
Total return for the period before tax and distribution		19,015	18,392	3.4
Income tax expense	(e)	(1,227)	(1,277)	(3.9)
Total return for the period after tax before distribution		17,788	17,115	3.9

Notes:

- (a) Management fees comprise of the Manager's management fees and asset management fees payable to the asset manager of the Japan Properties.
- (b) Trust expenses comprise mainly of Trustee's fees, professional fees and travelling expenses.
- (c) 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.
- (d) 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.
- (e) Included in 1Q 2013 income tax expense is deferred tax expense amounting to \$0.44 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.

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Distribution Statement

	Notes	1Q 2013 S\$'000	1Q 2012 S\$'000	Inc/ (Dec) %
Total return after tax before distribution		17,788	17,115	3.9
Non-tax deductible/(non-taxable) items:				
Trustee's fees		65	65	-
Amortisation of transaction costs relating to debt facilities		232	188	23.4
Net change in fair value of financial derivatives		(2,073)	(2,489)	(16.7)
Foreign exchange difference		167	429	(61.1)
Temporary differences	(a)	439	340	29.1
Others		97	24	304.2
Net effect of non-tax deductible/(non-taxable) items		(1,073)	(1,443)	(25.6)
Rollover adjustment	(b)	-	588	(100.0)
Amount available for distribution to Unitholders		16,715	16,260	2.8
Amount retained for capital expenditure	(c)	(750)	(750)	-
Distributable income to Unitholders	(d)	15,965	15,510	2.9

Notes:

- (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) For FY 2012, 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.
- (c) Since FY 2012, approximately S\$3.0 million per annum of amount available for distribution has been retained for capital expenditure of existing properties (S\$0.75 million per quarter).
- (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.

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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 31/03/13 S\$'000	Group 31/12/12 S\$'000	Trust 31/03/13 S\$'000	Trust 31/12/12 S\$'000
Current assets					
Trade and other receivables		8,992	9,221	8,063	8,069
Cash and cash equivalents		31,188	30,598	2,751	2,470
Financial derivatives		207	105	207	105
		40,387	39,924	11,021	10,644
Non-current assets					
Investment properties	(a)	1,397,855	1,427,331	981,275	980,400
Interests in subsidiaries		-	-	428,554	428,554
Security deposit receivable		791	855	-	-
Financial derivatives		4,912	2,229	4,912	2,229
Total assets		1,443,945	1,470,339	1,425,762	1,421,827
Current liabilities					
Financial derivatives		-	39	-	39
Trade and other payables		12,424	13,084	7,293	7,696
Current portion of security deposits		1,743	1,948	-	-
Loans and borrowings	(b)	-	14,250	-	14,250
		14,167	29,321	7,293	21,985
Non-current liabilities					
Financial derivatives		1,662	1,288	1,662	1,288
Non-current portion of security deposits		12,761	13,722	-	-
Loans and borrowings	(c)	454,724	467,422	454,724	467,422
Deferred tax liabilities		7,124	7,232	-	-
Total liabilities		490,438	518,985	463,679	490,695
Net assets		953,507	951,354	962,083	931,132
Represented by:					
Unitholders' funds		953,507	951,354	962,083	931,132
Total equity		953,507	951,354	962,083	931,132

Notes:

- (a) The decrease in investment properties is mainly due to the depreciation of the Japanese Yen. The aggregate market value of the existing investment properties was last valued by independent valuers at S\$1,427.3 million as at 31 December 2012.
- (b) The outstanding principal amount of S\$14.25 million Floating Rate Notes was redeemed and re-financed by a 4-year unsecured revolving credit facility in March 2013.
- (c) The decrease in borrowings is mainly due to the depreciation of the Japanese Yen, offset by the drawdown of loan facility to finance the redemption of S\$14.25 million Floating Rate Notes. Refer to 1(b)(ii) for details.

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1(b)(ii) Aggregate amount of borrowings

	Group 31/03/13 S\$'000	Group 31/12/12 S\$'000	Trust 31/03/13 S\$'000	Trust 31/12/12 S\$'000
Unsecured gross borrowings				
Amount repayable within one year	-	14,250	-	14,250
Amount repayable after one year	456,875	469,805	456,875	469,805
Less: Transaction costs in relation to the term loan and revolving credit facilities	(2,151)	(2,383)	(2,151)	(2,383)
	454,724	481,672	454,724	481,672

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

As at 31 March 2013, Parkway Life REIT's gearing was 31.6%, 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 JPY28,860 million (S\$380.37 million¹).

The Group has drawn down a total of S\$76.50 million via the 4-year unsecured S\$80.00 million revolving credit facility ("S\$80 million RCF"). Of which, S\$50 million was utilised to refinance the S\$50 million Floating Rate Notes ("FRN") which had matured and fully redeemed on 25 March 2013, and the balance of S\$26.50 million is to satisfy our working capital purpose.

As at 31 March 2013, the total facilities drawn of JPY28,860 million (S\$380.37 million¹) and S\$76.50 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").

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.

¹ Based on the exchange rate of S\$1.318 per JPY100 as at 31 March 2013.

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.

On 25 March 2013, the outstanding principal amount of S\$14.25 million FRN had matured and was fully redeemed.

As at 31 March 2013, there were no outstanding notes issued under the MTN Programme.

(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 the Statement of Total Return.

As of 31 March 2013, the Group has put in place the Japan net income hedge till 1Q FY 2017, 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	1Q 2013 S\$'000	1Q 2012 S\$'000
Operating activities			
Total return before tax and distribution		19,015	18,392
Adjustments for			
Interest Income		(3)	(4)
Finance costs		1,917	2,044
Net change in fair value of financial derivatives		(2,073)	(2,489)
Operating income before working capital changes		18,856	17,943
Changes in working capital			
Trade and other receivables		165	(75)
Trade and other payables		342	871
Security deposits		(1)	2,629
Cash generated from operations		19,362	21,368
Withholding tax paid		(923)	(968)
Cash flows generated from operating activities	(a)	18,439	20,400
Investing activities			
Interest received		3	4
Net cash outflow on capital expenditure		(786)	(1,522)
Net cash outflow on purchase of investment properties (including acquisition related costs)	(b)	-	(50,278)
Cash flows used in investing activities	(c)	(783)	(51,796)
Financing activities			
Interest paid		(1,994)	(2,131)
Distribution to Unitholders		(16,275)	(14,943)
Proceeds from borrowings		55,750	57,976
Buy-back of Floating Rate Notes		(14,250)	-
Repayment of borrowings		(37,800)	(5,800)
Borrowing costs paid		-	(535)
Cash flows used in/generated from financing activities	(d)	(14,569)	34,567
Net increase in cash and cash equivalents		3,087	3,171
Cash and cash equivalents at beginning of the period		28,399	33,600
Effects of exchange differences on cash balances		(2,332)	(2,505)
Cash and cash equivalents at end of the period²		29,154	34,266

² Cash and cash equivalents at the respective period end exclude a cash deposit of JPY 154.4 million (S\$2.0 million and \$2.4 million as at 31 March 2013 and 31 March 2012 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 decrease in cash flows from operating activities in 2013 is mainly due to additional security deposits received in 1Q 2012 from certain existing properties and newly acquired properties offset by the additional operating cash flows from the properties acquired in March 2012.
- (b) Net cash outflow on purchase of investment properties (including acquisition related costs) is as follows:

	1Q 2013 S\$'000	1Q 2012 S\$'000
Investment properties	-	48,812
Acquisition related costs	-	1,466
Net cash outflow/Cash consideration paid	-	50,278

- (c) The cash outflow in investing activities in 1Q 2013 is mainly due to payment for capital expenditure for existing properties.
- (d) The cash outflow in financing activities in 1Q 2013 resulted primarily from the payment of 4Q 2012 distribution to Unitholders.

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

	Notes	Group 1Q 2013 S\$'000	Group 1Q 2012 S\$'000
Unitholders' funds at beginning of period		951,354	896,176
Operations			
Total return after tax		17,788	17,115
Translation transactions			
Net movement in foreign currency translation reserve	(a)	264	339
Hedging reserve			
Net movement in hedging reserve	(b)	376	161
Unitholders' transactions			
Distribution to Unitholders		(16,275)	(14,943)
Unitholders' funds at end of period		953,507	898,848

	Notes	Trust 1Q 2013 S\$'000	Trust 1Q 2012 S\$'000
Unitholders' funds at beginning of period		931,132	813,319
Operations			
Total return after tax		46,850	53,759
Hedging reserve			
Net movement in hedging reserve	(b)	376	161
Unitholders' transactions			
Distribution to Unitholders		(16,275)	(14,943)
Unitholders' funds at end of period		962,083	852,296

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

	1Q 2013 '000	1Q 2012 '000
Units in issue at beginning and at end of period	605,002	604,970

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.

On 1 January 2013, the Group adopted the revised version of the Statement of Recommended Accounting Practice 7 (2012) issued by the Institute of Certified Public Accountants of Singapore which has no significant impact to the financial statements of the Group.

Save for the above, 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 2012.

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	1Q 2013 '000	1Q 2012 '000
Number of units in issue at end of period		605,002	604,970
Weighted average number of units for the period		605,002	604,970
Earnings per unit in cents (basic and diluted) (EPU)	(a)	2.94	2.83
Applicable number of units for calculation of DPU		605,002	604,970
Distribution per unit in cents (DPU)	(b)	2.64	2.56

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 31/03/13 S\$	Group 31/12/12 S\$	Trust 31/03/13 S\$	Trust 31/12/12 S\$
Net asset value (“NAV”) per unit	(a)	1.58	1.57	1.59	1.54
Adjusted NAV per unit (excluding the distributable income)		1.55	1.55	1.56	1.51

Notes:

(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

	1Q 2013 S\$'000	1Q 2012 S\$'000	Inc/ (Dec) %
Gross revenue	23,029	22,776	1.1
Property expenses	(1,525)	(1,661)	(8.2)
Net property income	21,504	21,115	1.8
Management fees	(2,294)	(2,286)	0.3
Trust expenses	(508)	(522)	(2.7)
Foreign exchange gain/(loss)	154	(364)	142.3
Interest income	3	4	(25.0)
Finance costs	(1,917)	(2,044)	(6.2)
Non-property expenses	(4,562)	(5,212)	(12.5)
Total return before changes in fair value of financial derivatives	16,942	15,903	6.5
Net change in fair value of financial derivatives	2,073	2,489	(16.7)
Total return for the period before tax and distribution	19,015	18,392	3.4
Income tax expense	(1,227)	(1,277)	(3.9)
Total return for the period after tax before distribution	17,788	17,115	3.9
Net effect of non-tax deductible/(non-taxable) items	(1,073)	(1,443)	(25.6)
Rollover Adjustment ³	-	588	(100.0)
Amount available for distribution to Unitholders	16,715	16,260	2.8
Amount retained for capital expenditure	(750)	(750)	-
Distributable income to Unitholders	15,965	15,510	2.9
Distribution per Unit (cents)	2.64	2.56	2.9
Annualised Distribution per Unit (cents)	10.56	10.24	2.9

1Q 2013 Vs 1Q 2012

Gross revenue for 1Q 2013 was S\$23.0 million, which exceeded 1Q 2012 by S\$0.3 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, this revenue is partially offset by the depreciation of the Japanese Yen in 1Q 2013.

Property expenses for 1Q 2013 were S\$1.5 million, a decrease of S\$0.1 million over 1Q 2012 due to lower property repair costs and depreciation of the Japanese Yen, offset by the additional property expenses from the properties acquired in 2012. As a better reflection of the current role and responsibility of Japan asset managers, the asset management fees paid to the Japan asset managers have been re-classed as part of Management fees.

The result was a net property income of S\$21.5 million for 1Q 2013, which was S\$0.4 million higher than 1Q 2012.

The increase in the 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 decreased marginally despite the growth of the portfolio. The decrease is mainly due to depreciation of the Japanese Yen offset by the additional financing costs incurred to finance the properties acquired in March and August 2012.

³ For FY 2012, 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.

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Overall, annualised distribution per unit (DPU) of 10.56 cents for 1Q 2013 outperformed 1Q 2012's DPU of 10.24 cents by 2.9% or 0.32 cents, mainly led by acquisitions and rental growth of existing properties offset by an one-off IRAS tax adjustment in 1Q 2012. Excluding the one-off adjustment, the DPU growth is 7.0%.

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 68% 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: First quarter distribution for the period from 1 January 2013 to 31 March 2013

Distribution Type	Distribution Rate (cents per unit)
Taxable Income	2.07
Exempt Income	0.32
Capital	0.25
Total	2.64

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: First quarter distribution for the period from 1 January 2012 to 31 March 2012

Distribution Type	Distribution Rate (cents per unit)
Taxable Income	2.00
Exempt Income	0.22
Capital Income	0.34
Total	2.56

Par value of units: Not meaningful

Tax Rate: Taxable Income Distribution

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

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

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

Exempt Income Distribution

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

Capital Distribution

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

(c) **Book closure date:** 17 May 2013

(d) **Date payable:** 11 June 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.

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
2013 FIRST 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

Chan Wan Mei
Company Secretary
9 May 2013

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.