



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 FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2013 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 44 properties located in the Asia-Pacific region, including three hospitals in Singapore, 40 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\$1.5 billion as at 31 December 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 39 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, S\$3.0 million per annum of amount available for distribution has been retained for capital expenditure on existing properties.

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SUMMARY OF PARKWAY LIFE REIT'S RESULTS FOR THE YEAR ENDED 31 DECEMBER 2013

	Notes	2013	2012	Increase/(Decrease)	
		S\$'000	S\$'000	S\$'000	%
Gross Revenue		93,693	94,074	(381)	(0.4)
Net Property Income		87,599	87,608	(9)	(0.0)
Amount Available for Distribution		68,054	65,405	2,649	4.1
Amount Retained for Capital Expenditure	(a)	(3,000)	(3,000)	-	-
Distributable Income to Unitholders		65,054	62,405	2,649	4.2
Distribution per unit (cents)	(b)	10.75	10.31	0.44	4.2
Distribution yield (%), based on - Closing market price of S\$2.35 as at 31 December 2013		4.57	4.39		4.2

Note(s):

- (a) Since FY 2012, S\$3.0 million per annum of amount available for distribution has been retained for capital expenditure on 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 2013 S\$'000	4Q 2012 S\$'000	Inc/ (Dec) %	2013 S\$'000	2012 S\$'000	Inc/ (Dec) %
Gross revenue		24,736	23,987	3.1	93,693	94,074	(0.4)
Property expenses		(1,571)	(1,591)	(1.3)	(6,094)	(6,466)	(5.8)
Net property income		23,165	22,396	3.4	87,599	87,608	(0.0)
Management fees	(a)	(2,455)	(2,391)	2.7	(9,376)	(9,455)	(0.8)
Trust expenses	(b)	(952)	(431)	120.9	(2,470)	(2,250)	9.8
Net foreign exchange gain/(loss)		768	142	440.8	1,683	(258)	N.M.
Interest income		-	-	-	6	10	(40.0)
Finance costs	(c)	(2,512)	(2,161)	16.2	(8,133)	(8,647)	(5.9)
Non-property expenses		(5,151)	(4,841)	6.4	(18,290)	(20,600)	(11.2)
Total return before changes in fair value of financial derivatives and investment properties		18,014	17,555	2.6	69,309	67,008	3.4
Net change in fair value of financial derivatives	(d)	1,318	3,968	(66.8)	3,232	4,830	(33.1)
Net change in fair value of investment properties	(e)	32,045	49,718	(35.5)	32,045	49,718	(35.5)
Total return for the period before tax and distribution		51,377	71,241	(27.9)	104,586	121,556	(14.0)
Income tax expense	(f)	(2,465)	(2,004)	23.0	(6,307)	(6,145)	2.6
Total return for the period after tax before distribution		48,912	69,237	(29.4)	98,279	115,411	(14.8)

Note(s):

- (a) Management fees comprise of the Manager's management fees and asset management fees payable to the asset managers 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) Valuations are performed by independent professional valuers for all investment properties as at 31 December 2013. The net change in fair value of investment properties represents a gain of 2.2% in the total portfolio value.
- (f) Included in 4Q 2013 income tax expense is deferred tax expense amounting to S\$1.45 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 tax rate.

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Distribution Statement

	Notes	4Q 2013 S\$'000	4Q 2012 S\$'000	Inc/ (Dec) %	2013 S\$'000	2012 S\$'000	Inc/ (Dec) %
Total return after tax before distribution		48,912	69,237	(29.4)	98,279	115,411	(14.8)
Non-tax deductible/(non-taxable) items:							
Trustee's fees		68	66	3.0	266	265	0.4
Amortisation of transaction costs relating to debt facilities		676	231	192.6	1,411	908	55.4
Net change in fair value of financial derivatives		(1,318)	(3,968)	(66.8)	(3,232)	(4,830)	(33.1)
Net fair value gain on investment properties (net of deferred tax impact)		(30,591)	(48,735)	(37.2)	(29,318)	(47,673)	(38.5)
Foreign exchange difference		(221)	(102)	116.7	44	175	(74.9)
Others		268	177	51.4	584	403	44.9
Net effect of non-tax deductible/(non-taxable) items		(31,118)	(52,331)	(40.5)	(30,245)	(50,752)	(40.4)
Rollover adjustment	(a)	-	158	(100.0)	20	746	(97.3)
Amount available for distribution to Unitholders		17,794	17,064	4.3	68,054	65,405	4.1
Amount retained for capital expenditure	(b)	(750)	(750)	-	(3,000)	(3,000)	-
Distributable income to Unitholders	(c)	17,044	16,314	4.5	65,054	62,405	4.2

Note(s):

- (a) The rollover adjustment in 2013 and 2012 represented 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 2012 and 2008 to 2011 respectively and had been adjusted under the rollover adjustment mechanism agreed with the IRAS.
- (b) Since FY 2012, S\$3.0 million per annum of amount available for distribution has been retained for capital expenditure on 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 31/12/13 S\$'000	Group 31/12/12 S\$'000	Trust 31/12/13 S\$'000	Trust 31/12/12 S\$'000
Current assets					
Trade and other receivables		9,860	9,221	8,799	8,069
Financial derivatives		90	105	90	105
Cash and cash equivalents	(a)	27,474	30,598	786	2,470
		37,424	39,924	9,675	10,644
Non-current assets					
Investment properties	(b)	1,483,820	1,427,331	1,021,400	980,400
Interests in subsidiaries		-	-	505,026	428,554
Security deposit receivable		724	855	-	-
Financial derivatives		6,187	2,229	6,187	2,229
Total assets		1,528,155	1,470,339	1,542,288	1,421,827
Current liabilities					
Financial derivatives		342	39	342	39
Trade and other payables		14,649	13,084	8,257	7,696
Current portion of security deposits		1,710	1,948	115	-
Loans and borrowings	(c)	4,472	14,250	4,472	14,250
Provision for taxation		1	0	-	-
		21,174	29,321	13,186	21,985
Non-current liabilities					
Financial derivatives		1,383	1,288	1,383	1,288
Non-current portion of security deposits		14,122	13,722	-	-
Loans and borrowings	(d)	496,959	467,422	496,959	467,422
Deferred tax liabilities		8,719	7,232	-	-
Total liabilities		542,357	518,985	511,528	490,695
Net assets		985,798	951,354	1,030,760	931,132
Represented by:					
Unitholders' funds		985,798	951,354	1,030,760	931,132
Total equity		985,798	951,354	1,030,760	931,132

Note(s):

- (a) The decrease in cash and cash equivalents is mainly due to partial repayment of the long term facility amounting to JPY900 million arising from cash repatriation from Japan subsidiaries in December 2013 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 two nursing home properties in July 2013 and five other nursing homes in September 2013, offset by the depreciation of the Japanese Yen. As at 31 December 2013, the aggregate market value of the existing investment properties stands at S\$1,483.8 million. External valuations were carried out by CBRE Pte. Ltd. for the Singapore Hospital Properties, International Appraisals Incorporated, DTZ Debenham Tie Leung K.K., Colliers International for the Japan Properties and DTZ Nawawi Tie Leung for the Malaysia portfolio. A revaluation surplus of S\$32.0 million is credited directly to the Statement of Total Return.

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- (c) 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. There are short term facilities drawdown amounting to S\$4.5 million as at 31 December 2013.
- (d) The increase in long term borrowings is mainly due to drawdown of loan facilities to finance the property acquisitions in July and September 2013 and redemption of S\$14.25 million Floating Rate Notes in March 2013, offset by the depreciation of the Japanese Yen and partial repayment of the long term facility using the cash repatriated from Japan in December 2013. Refer to 1(b)(ii) for details.

1(b)(ii) Aggregate amount of borrowings

	Group 31/12/13 S\$'000	Group 31/12/12 S\$'000	Trust 31/12/13 S\$'000	Trust 31/12/12 S\$'000
Unsecured gross borrowings				
Amount repayable within one year	4,472	14,250	4,472	14,250
Amount repayable after one year	499,205	469,805	499,205	469,805
Less: Transaction costs in relation to the term loan and revolving credit facilities	(2,246)	(2,383)	(2,246)	(2,383)
	501,431	481,672	501,431	481,672

Fitch Ratings has affirmed Parkway Life REIT's BBB investment grade rating in the latest rating report released dated 16 July 2013.

As at 31 December 2013, Parkway Life REIT's gearing was 33.0%, well within the 60% limit allowed under the Monetary Authority of Singapore's Property Funds Appendix.

(a) Details of borrowings and collateral

Unsecured Borrowings

The Group has fully drawn down a 4-year unsecured S\$80 million revolving credit facility ("S\$80 million RCF"). Of which, S\$50 million was utilised to refinance the Floating Rate Notes ("FRN") which had matured and fully redeemed by 25 March 2013, and the balance of S\$30 million is to satisfy our working capital purpose.

On 3 July and 17 September 2013, the Group has further secured JPY9,430 million (S\$113.72 million¹) & JPY8,900 million (S\$107.33 million¹) term loan facilities for the following purposes:

- i) fully drawn down JPY6,800 million² to fund the acquisition of seven new nursing home properties in 2013 respectively;
- ii) extended the maturity of an existing JPY6,830 million loan facility to FY2018; and
- iii) pre-emptive terming out and re-financing an existing JPY4,600 million loan facility due in 2nd half 2014. The Group has fully prepaid the existing JPY4,600 million loan facility on 15 November 2013.

In addition, the Group had prepaid part of the long term facility amounting to JPY900 million (S\$10.85 million¹) on 27 December 2013.

¹ Based on the exchange rate of S\$1.206 per JPY100 as at 31 December 2013

² An amount of JPY100 million was unutilised and cancelled on the date of draw down.

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As at 31 December 2013, the total facilities drawn of JPY34,760 million (S\$419.21 million¹) and S\$80 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.

In addition, Parkway Life REIT also has three unsecured and uncommitted short term multi-currency facilities (the "Short Term Facilities") of up to S\$50 million each for general working capital purposes. As at 31 December 2013, a total of S\$4.4 million and JPY6 million (S\$0.07 million¹) were drawn down via the Short Term Facilities for 1 month and 3 month respectively at a fixed interest rate.

Unsecured Medium Term Notes

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, and maturity date on or about 23 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 December 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 December 2013, the Group has in place the Japan net income hedge for the next few years, 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 2013 S\$'000	4Q 2012 S\$'000	2013 S\$'000	2012 S\$'000
Operating activities					
Total return before tax and distribution		51,377	71,241	104,586	121,556
Adjustments for					
Interest Income		-	-	(6)	(10)
Finance costs		2,512	2,161	8,133	8,647
Net change in fair value of financial derivatives		(1,318)	(3,968)	(3,232)	(4,830)
Net change in fair value of investment properties		(32,045)	(49,718)	(32,045)	(49,718)
Operating income before working capital changes		20,526	19,716	77,436	75,645
Changes in working capital					
Trade and other receivables		(216)	(289)	(797)	(1,009)
Trade and other payables		(1,446)	(155)	707	480
Security deposits		108	39	2,692	2,757
Cash generated from operations		18,972	19,311	80,038	77,873
Income tax paid		(944)	(1,077)	(3,605)	(4,037)
Cash flows generated from operating activities	(a)	18,028	18,234	76,433	73,836
Investing activities					
Interest received		-	-	6	10
Capital expenditure on investment properties		(1,692)	(415)	(3,771)	(3,733)
Cash outflow on purchase of investment properties (including acquisition related costs)	(b)	(423)	(19)	(86,275)	(56,884)
Cash flows used in investing activities	(c)	(2,115)	(434)	(90,040)	(60,607)
Financing activities					
Interest paid		(1,827)	(1,811)	(6,955)	(7,840)
Distribution to Unitholders		(16,093)	(15,609)	(64,251)	(61,042)
Proceeds from borrowings		16,072	59,500	186,467	281,873
Buy-back of Floating Rate Notes		-	-	(14,250)	(35,750)
Repayment of borrowings		(25,008)	(66,826)	(84,508)	(189,813)
Borrowing costs paid		(60)	-	(1,274)	(1,206)
Cash flows (used in)/generated from financing activities	(d)	(26,916)	(24,746)	15,229	(13,778)
Net (decrease)/increase in cash and cash equivalents		(11,003)	(6,946)	1,622	(549)
Cash and cash equivalents at beginning of the period/year		37,313	38,780	28,399	33,600
Effects of exchange differences on cash balances		(697)	(3,435)	(4,408)	(4,652)
Cash and cash equivalents at end of the period/year³		25,613	28,399	25,613	28,399

³ Cash and cash equivalents at the respective period end exclude a cash deposit of JPY154.4 million (S\$1.9 million and S\$2.2 million as at 31 December 2013 and 31 December 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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Note(s):

- (a) The increase in cash flows from operating activities in 4Q 2013 mainly due to additional operating cash flows from the existing properties and properties acquired in end September 2013. For 2013, the increase in cash flows is mainly due to additional operating cash flows from the existing properties and properties acquired in 2012 and 2013, including security deposits received on the 2013 newly acquired properties.
- (b) Net cash outflow on purchase of investment properties (including acquisition related costs) is as follows:

	4Q 2013 S\$'000	4Q 2012 S\$'000	2013 S\$'000	2012 S\$'000
Investment properties	-	-	83,165	54,538
Acquisition related costs	423	19	3,110	2,346
Net cash outflow/Cash consideration paid	423	19	86,275	56,884

- (c) The cash outflow in investing activities in 4Q 2013 is mainly due to payment for capital expenditure on existing properties. The cash outflow in 2013 is mainly due to the payment of acquisition costs of the properties acquired in July and September 2013.
- (d) The cash outflow in financing activities in 4Q 2013 resulted primarily from the payment of 3Q 2013 distribution to Unitholders as well as the repayment of long term facility amounting to JPY900 million. For 2013, the cash outflow in financing activities resulted primarily from the payment of distributions to Unitholders offset by the loans drawn down to fund the 2013 acquisitions. The redemption of the balance principal amount of S\$14.25 million Floating Rate Notes was offset by the drawdown of long term facility.

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

	Notes	Group 4Q 2013 S\$'000	Group 4Q 2012 S\$'000	Group 2013 S\$'000	Group 2012 S\$'000
Unitholders' funds at beginning of period/year		953,065	897,128	951,354	896,176
Operations					
Total return after tax		48,912	69,237	98,279	115,411
Translation transactions					
Net movement in foreign currency translation reserve	(a)	(107)	262	103	505
Hedging reserve					
Net movement in hedging reserve	(b)	21	336	313	241
Unitholders' transactions					
Manager's acquisition fees paid in units		-	-	-	63
Distribution to Unitholders		(16,093)	(15,609)	(64,251)	(61,042)
Net decrease in net assets resulting from Unitholders' transactions		(16,093)	(15,609)	(64,251)	(60,979)
Unitholders' funds at end of period/year		985,798	951,354	985,798	951,354

	Notes	Trust 4Q 2013 S\$'000	Trust 4Q 2012 S\$'000	Trust 2013 S\$'000	Trust 2012 S\$'000
Unitholders' funds at beginning of period/year		968,785	831,142	931,132	813,319
Operations					
Total return after tax		78,047	115,263	163,566	178,551
Hedging reserve					
Net movement in hedging reserve	(b)	21	336	313	241
Unitholders' transactions					
Manager's acquisition fees paid in units		-	-	-	63
Distribution to Unitholders		(16,093)	(15,609)	(64,251)	(61,042)
Net decrease in net assets resulting from Unitholders' transactions		(16,093)	(15,609)	(64,251)	(60,979)
Unitholders' funds at end of period/year		1,030,760	931,132	1,030,760	931,132

Note(s):

- (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

	Note	4Q 2013 '000	4Q 2012 '000	2013 '000	2012 '000
Units in issue at beginning of period/year		605,002	605,002	605,002	604,970
Issue of new units:					
- Manager's acquisition fees paid in units	(a)	-	-	-	32
Issued units at the end of period/year		605,002	605,002	605,002	605,002

Note(s):

(a) In respect to the Malaysia 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.

On 1 January 2013, the Group adopted the revised version of the Statement of Recommended Accounting Practice 7 (2012) "*Reporting Framework for Unit Trusts*" issued by the Institute of Singapore Chartered Accountants 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, except for the adoption of the new and revised Financial Reporting Standards (FRS) which became effective for financial years beginning on or after 1 January 2013.

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 2013 '000	4Q 2012 '000	2013 '000	2012 '000
Number of units in issue at end of period/year		605,002	605,002	605,002	605,002
Weighted average number of units for the period		605,002	605,002	605,002	604,982
Earnings per unit in cents (basic and diluted) (EPU)	(a)	8.08	11.44	16.24	19.08
Applicable number of units for calculation of DPU		605,002	605,002	605,002	605,002
Distribution per unit in cents (DPU)	(b)	2.82	2.69	10.75	10.31

Note(s):

(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 31/12/13 S\$	Group 31/12/12 S\$	Trust 31/12/13 S\$	Trust 31/12/12 S\$
Net asset value (“NAV”) per unit	(a)	1.63	1.57	1.70	1.54
Adjusted NAV per unit (excluding the distributable income)		1.60	1.55	1.68	1.51

Note(s):

(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

	4Q 2013 S\$'000	4Q 2012 S\$'000	Inc/ (Dec) %	2013 S\$'000	2012 S\$'000	Inc/ (Dec) %
Gross revenue	24,736	23,987	3.1	93,693	94,074	(0.4)
Property expenses	(1,571)	(1,591)	(1.3)	(6,094)	(6,466)	(5.8)
Net property income	23,165	22,396	3.4	87,599	87,608	(0.0)
Management fees	(2,455)	(2,391)	2.7	(9,376)	(9,455)	(0.8)
Trust expenses	(952)	(431)	120.9	(2,470)	(2,250)	9.8
Net foreign exchange gain/(loss)	768	142	440.8	1,683	(258)	N.M.
Interest income	-	-	-	6	10	(40.0)
Finance costs	(2,512)	(2,161)	16.2	(8,133)	(8,647)	(5.9)
Non-property expenses	(5,151)	(4,841)	6.4	(18,290)	(20,600)	(11.2)
Total return before changes in fair value of financial derivatives and investment properties	18,014	17,555	2.6	69,309	67,008	3.4
Net change in fair value of financial derivatives	1,318	3,968	(66.8)	3,232	4,830	(33.1)
Net change in fair value of investment properties	32,045	49,718	(35.5)	32,045	49,718	(35.5)
Total return for the period before tax and distribution	51,377	71,241	(27.9)	104,586	121,556	(14.0)
Income tax expense	(2,465)	(2,004)	23.0	(6,307)	(6,145)	2.6
Total return for the period after tax before distribution	48,912	69,237	(29.4)	98,279	115,411	(14.8)
Net effect of non-tax deductible/(non-taxable) items	(31,118)	(52,331)	(40.5)	(30,245)	(50,752)	(40.4)
Rollover Adjustment ⁴	-	158	(100.0)	20	746	(97.3)
Amount available for distribution to Unitholders	17,794	17,064	4.3	68,054	65,405	4.1
Amount retained for capital expenditure	(750)	(750)	-	(3,000)	(3,000)	-
Distributable income to Unitholders	17,044	16,314	4.5	65,054	62,405	4.2
Distribution per Unit (cents)	2.82	2.69	4.5	10.75	10.31	4.2
Annualised Distribution per Unit (cents)	11.28	10.76	4.5	10.75	10.31	4.2

4Q 2013 Vs 4Q 2012

Gross revenue for 4Q 2013 was S\$24.7 million, which was higher than 4Q 2012 by S\$0.7 million. The higher revenue was primarily due to rental income contributed from the properties acquired in July and September 2013 offset by the depreciation of the Japanese Yen. Revenue was also driven by higher rent from the Singapore properties mainly due to increased growth rate of CPI + 1% (i.e. 4.44%) in Year 7 of lease commencing 23 August 2013.

Lessing off property expenses, the result was a net property income of S\$23.2 million for 4Q 2013, which was S\$0.8 million higher than 4Q 2012.

The increase in management fees were mainly due to higher deposited property value and higher net property income from the properties acquired in 3Q 2013, as well as valuation gains on the existing property portfolio, which led to a corresponding increase in deposited property. The increase was offset by the depreciation of the Japanese Yen.

⁴ In FY 2013 and 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 2012 and 2008 to 2011 respectively and had been adjusted under the rollover adjustment mechanism agreed with the IRAS.

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A realised foreign exchange gain of S\$0.5 million was recognized in 4Q 2013 from the delivery of quarterly Japan net income hedge.

Finance costs have increased in tandem with the growth of the portfolio. The increase is mainly due to the additional financing costs incurred to finance the properties acquired in 3Q 2013, offset by the depreciation of the Japanese Yen.

Overall, annualised distribution per unit (DPU) of 11.28 cents for 4Q 2013 outperformed 4Q 2012's DPU of 10.76 cents by 4.5% or 0.52 cents, mainly led by acquisitions and rental growth of existing properties.

2013 Vs 2012

Gross revenue for 2013 was S\$93.7 million compared with S\$94.1 million for 2012, a decrease of S\$0.4 million or 0.4%. This was mainly due to depreciation of the Japanese Yen offset by the revenue contribution from the properties acquired in 2012 and 2013, and higher rent from the existing properties.

Correspondingly, property expenses for 2013 were S\$6.1 million, a decrease of S\$0.4 million or 5.8% below 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-classified as part of Management fees.

The result was a net property income of S\$87.6 million for 2013, which remained largely the same as 2012.

The Manager's management fees for 2013 were S\$9.4 million, a decrease of S\$0.1 million or 0.8% below 2012. This was due to depreciation of the Japanese Yen offset by the higher fees from larger deposited property value and higher net property income as explained earlier.

During 2013, the Group had registered a realised foreign exchange gain amounting to S\$1.7 million from the delivery of Japan net income hedges.

Overall, annualised DPU for 2013 of 10.75 cents outperformed 2012's DPU of 10.31 cents by 4.2% or 0.44 cents, mainly due to the acquisitions made in 2012 and 2013, as well as higher rent from existing properties offset by an one-off IRAS tax adjustment in 2012. Excluding the one-off adjustment, the DPU growth would be 5.5%.

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 maintains a neutral outlook about its medium-term acquisition prospects as the global markets are beginning to show signs of stabilising. We continue to 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 44 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 91% 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 2013 to 31 December 2013

Distribution Type	Distribution Rate (cents per unit)
Taxable Income	2.15
Exempt Income	0.32
Capital	0.35
Total	2.82

Par value of units: Not meaningful

Tax rate : **Taxable Income Distribution**

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

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

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

Exempt Income Distribution

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

Capital Distribution

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

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(b) Corresponding period of the immediately preceding year

Any distributions declared for the previous corresponding financial period: Yes

Name of distribution: Fourth quarter distribution for the period from 1 October 2012 to 31 December 2012

Distribution Type	Distribution Rate (cents per unit)
Taxable Income	2.11
Exempt Income	0.32
Capital Income	0.26
Total	2.69

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%.

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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: 4 February 2014

(d) Date payable: 28 February 2014

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

Not Applicable.

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- 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 interested parties transactions.

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 2013, 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 39 Nursing Homes and one Pharmaceutical Product Distributing and Manufacturing Facility) and Medical Centre Units in Malaysia. Accordingly, no geographical segmental analysis is separately presented.

	FY 2013 S\$'000	FY 2012 S\$'000	Change %
Hospital Properties (Singapore) ¹	61,000	57,713	5.7
Nursing Homes (Japan) ²	29,903	33,385	(10.4)
Pharmaceutical Product Distributing and Manufacturing Facility (Japan)	2,297	2,801	(18.0)
Medical Centre Units (Malaysia) ³	493	175	181.7
Total gross revenue	93,693	94,074	(0.4)

	FY 2013 S\$'000	FY 2012 S\$'000	Change %
Hospital Properties (Singapore) ¹	57,916	54,663	6.0
Nursing Homes (Japan) ²	27,158	30,171	(10.0)
Pharmaceutical Product Distributing and Manufacturing Facility (Japan)	2,184	2,655	(17.7)
Medical Centre Units (Malaysia) ³	341	119	186.6
Total net property income	87,599	87,608	(0.0)

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 decrease was mainly due to depreciation of the Japanese Yen offset by the full year impact from the property acquired in 2012, and additional contributions from the seven Japan properties acquired in 2013.

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(3) The increase was mainly due to new leases secured for units whose leases have expired in early 2013.

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.

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

	FY 2013 S\$'000	FY 2012 S\$'000	Change %
Gross revenue reported for first half year	45,612	46,177	(1.2)
Total return after tax before distribution for first half year	33,930	30,588	10.9
Gross revenue reported for second half year	48,081	47,897	0.4
Total return after tax before distribution for second half year	64,349	84,823	(24.1)

17 Breakdown of the total distribution

In respect of the period:

	FY 2013 S\$'000	FY 2012 S\$'000
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
1 October 2012 to 31 December 2012	16,275	
1 January 2013 to 31 March 2013	15,972	
1 April 2013 to 30 June 2013	15,911	
1 July 2013 to 30 September 2013	16,093	

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

Chan Wan Mei
Company Secretary
24 January 2014

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.