



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 2014 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 47 properties located in the Asia-Pacific region, including three hospitals in Singapore, 43 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 March 2014.

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 42 high quality nursing home and care facility properties located in various prefectures of Japan. Parkway Life REIT has further expanded its asset size and consolidates its regional presence with acquisitions of two nursing home properties and an extended-stay lodging facility on 28 March 2014 (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 on existing properties.

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SUMMARY OF PARKWAY LIFE REIT'S RESULTS FOR THE QUARTER ENDED 31 MARCH 2014

	Notes	1Q 2014	1Q 2013	Increase	
		S\$'000	S\$'000	S\$'000	%
Gross Revenue		24,604	23,029	1,575	6.8
Net Property Income		22,984	21,504	1,480	6.9
Amount Available for Distribution		17,816	16,715	1,101	6.6
Amount Retained for Capital Expenditure	(a)	(750)	(750)	-	-
Distributable Income to Unitholders		17,066	15,965	1,101	6.9
Distribution per unit (cents)	(b)	2.82	2.64	0.18	6.9
Annualised distribution per unit (cents)		11.28	10.56	0.72	6.9
Distribution yield (%), based on - Closing market price of S\$2.44 as at 31 March 2014		4.62	4.33		6.9

Note(s):

- (a) Since FY 2012, approximately 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	1Q 2014 S\$'000	1Q 2013 S\$'000	Inc/ (Dec) %
Gross revenue		24,604	23,029	6.8
Property expenses		(1,620)	(1,525)	6.2
Net property income		22,984	21,504	6.9
Management fees	(a)	(2,445)	(2,294)	6.6
Trust expenses	(b)	(606)	(508)	19.3
Net foreign exchange gain/(loss)		605	154	292.9
Interest income		3	3	-
Finance costs	(c)	(1,931)	(1,917)	0.7
Non-property expenses		(4,374)	(4,562)	(4.1)
Total return before changes in fair value of financial derivatives		18,610	16,942	9.8
Net change in fair value of financial derivatives	(d)	(874)	2,073	142.2
Total return for the period before tax and distribution		17,736	19,015	(6.7)
Income tax expense	(e)	(1,378)	(1,227)	12.3
Total return for the period after tax before distribution		16,358	17,788	(8.0)

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) Included in 1Q 2014 income tax expense is deferred tax expense amounting to S\$0.39 million recognised in respect of the Japan investment properties for the temporary differences between the fair value and the tax written down value at the applicable tax rate.

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Distribution Statement

	Notes	1Q 2014 S\$'000	1Q 2013 S\$'000	Inc/ (Dec) %
Total return after tax before distribution		16,358	17,788	(8.0)
Non-tax deductible/(non-taxable) items:				
Trustee's fees		68	65	4.6
Amortisation of transaction costs relating to debt facilities		181	232	(22.0)
Net change in fair value of financial derivatives		874	(2,073)	142.2
Foreign exchange difference		(23)	167	113.8
Temporary differences	(a)	394	439	(10.3)
Others		(36)	97	137.1
Net effect of non-tax deductible/(non-taxable) items		1,458	(1,073)	235.9
Amount available for distribution to Unitholders		17,816	16,715	6.6
Amount retained for capital expenditure	(b)	(750)	(750)	-
Distributable income to Unitholders	(c)	17,066	15,965	6.9

Note(s):

- (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) Since FY 2012, approximately 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 31/03/14 S\$'000	Group 31/12/13 S\$'000	Trust 31/03/14 S\$'000	Trust 31/12/13 S\$'000
Current assets					
Trade and other receivables		9,771	9,860	8,776	8,799
Financial derivatives		64	90	64	90
Cash and cash equivalents		32,756	27,474	1,227	786
		42,591	37,424	10,067	9,675
Non-current assets					
Investment properties	(a)	1,532,810	1,483,820	1,023,332	1,021,400
Interests in subsidiaries		-	-	545,666	505,026
Security deposit receivable		735	724	-	-
Financial derivatives		5,339	6,187	5,339	6,187
Total assets		1,581,475	1,528,155	1,584,404	1,542,288
Current liabilities					
Financial derivatives		252	342	252	342
Trade and other payables		16,306	14,649	9,504	8,257
Current portion of security deposits		1,693	1,710	115	115
Loans and borrowings		8,300	4,472	8,300	4,472
Provision for taxation		5	1	-	-
		26,556	21,174	18,171	13,186
Non-current liabilities					
Financial derivatives		2,058	1,383	2,058	1,383
Non-current portion of security deposits		15,904	14,122	-	-
Loans and borrowings	(b)	543,296	496,959	543,296	496,959
Deferred tax liabilities		9,245	8,719	-	-
Total liabilities		597,059	542,357	563,525	511,528
Net assets		984,416	985,798	1,020,879	1,030,760
Represented by:					
Unitholders' funds		984,416	985,798	1,020,879	1,030,760
Total equity		984,416	985,798	1,020,879	1,030,760

Note(s):

- (a) The increase in investment properties was mainly due to the acquisition of two nursing home properties and an extended-stay lodging facility on 28 March 2014. The aggregate market value of the existing investment properties was last valued by independent valuers at S\$1,483.8 million as at 31 December 2013.
- (b) The increase in long term borrowings was mainly due to drawdown of loan facility to finance the property acquisition in March 2014. Refer to 1(b)(ii) for details.

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1(b)(ii) Aggregate amount of borrowings

	Group 31/03/14 S\$'000	Group 31/12/13 S\$'000	Trust 31/03/14 S\$'000	Trust 31/12/13 S\$'000
Unsecured gross borrowings				
Amount repayable within one year	8,300	4,472	8,300	4,472
Amount repayable after one year	545,622	499,205	545,622	499,205
Less: Transaction costs in relation to the term loan and revolving credit facilities	(2,326)	(2,246)	(2,326)	(2,246)
	551,596	501,431	551,596	501,431

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

As at 31 March 2014, Parkway Life REIT's gearing was 35.0%, 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 13 March 2014, the Group has further secured a up to JPY3,500 million (S\$42.88 million¹) revolving credit facility and drawn down JPY3,250 million (S\$39.81 million¹) on 25 March 2014 to fund the acquisition of three new properties in Japan.

As at 31 March 2014, the total facilities drawn of JPY38,010 million (S\$465.62 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 March 2014, a total of S\$8.3 million was drawn down via the Short Term Facilities for 1 month at the bank's cost of fund.

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

¹ Based on the exchange rate of S\$1.225 per JPY100 as at 31 March 2014

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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 March 2014, 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 2014, 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	1Q 2014 S\$'000	1Q 2013 S\$'000
Operating activities			
Total return before tax and distribution		17,736	19,015
Adjustments for			
Interest Income		(3)	(3)
Finance costs		1,931	1,917
Net change in fair value of financial derivatives		874	(2,073)
Operating income before working capital changes		20,538	18,856
Changes in working capital			
Trade and other receivables		134	165
Trade and other payables		616	342
Security deposits		1,532	(1)
Cash generated from operations		22,820	19,362
Income tax paid		(998)	(923)
Cash flows generated from operating activities	(a)	21,822	18,439
Investing activities			
Interest received		3	3
Capital expenditure on investment properties		(1,384)	(786)
Cash outflow on purchase of investment properties (including acquisition related costs)	(b)	(40,204)	-
Cash flows used in investing activities	(c)	(41,585)	(783)
Financing activities			
Interest paid		(1,775)	(1,994)
Distribution to Unitholders		(17,061)	(16,275)
Proceeds from borrowings		52,468	55,750
Buy-back of Floating Rate Notes		-	(14,250)
Repayment of borrowings		(8,374)	(37,800)
Borrowing costs paid		(261)	-
Cash flows generated from/(used in) financing activities	(d)	24,997	(14,569)
Net increase in cash and cash equivalents		5,234	3,087
Cash and cash equivalents at beginning of the period		25,613	28,399
Effects of exchange differences on cash balances		18	(2,332)
Cash and cash equivalents at end of the period²		30,865	29,154

² Cash and cash equivalents at the respective period end exclude a cash deposit of JPY154.4 million (S\$1.9 million and S\$2.0 million as at 31 March 2014 and 31 March 2013 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 1Q 2014 mainly due to additional operating cash flows from the existing properties and properties acquired in 3Q 2013, as well as security deposits received for the three new properties acquired in end March 2014.
- (b) Net cash outflow on purchase of investment properties (including acquisition related costs) is as follows:

	1Q 2014 S\$'000	1Q 2013 S\$'000
Investment properties	38,547	-
Acquisition related costs	1,657	-
Net cash outflow/Cash consideration paid	40,204	-

- (c) The cash outflow in investing activities in 1Q 2014 is mainly due to acquisition of the three Japan properties and payment for capital expenditure on existing properties.
- (d) The cash flows in financing activities in 1Q 2014 primarily arose from the loan drawn down to fund the March 2014 acquisition offset by the payment of 4Q 2013 distribution to Unitholders.

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

	Notes	Group 1Q 2014 S\$'000	Group 1Q 2013 S\$'000
Unitholders' funds at beginning of period		985,798	951,354
Operations			
Total return after tax		16,358	17,788
Translation transactions			
Net movement in foreign currency translation reserve	(a)	(94)	264
Hedging reserve			
Net movement in hedging reserve	(b)	(585)	376
Unitholders' transactions			
Distribution to Unitholders		(17,061)	(16,275)
Unitholders' funds at end of period		984,416	953,507

	Notes	Trust 1Q 2014 S\$'000	Trust 1Q 2013 S\$'000
Unitholders' funds at beginning of period		1,030,760	931,132
Operations			
Total return after tax		7,765	46,850
Hedging reserve			
Net movement in hedging reserve	(b)	(585)	376
Unitholders' transactions			
Distribution to Unitholders		(17,061)	(16,275)
Unitholders' funds at end of period		1,020,879	962,083

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

	1Q 2014 '000	1Q 2013 '000
Units in issue at beginning and at end of period	605,002	605,002

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.

Except as disclosed in paragraph 5 below, 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 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	1Q 2014 '000	1Q 2013 '000
Number of units in issue at end of period		605,002	605,002
Weighted average number of units for the period		605,002	605,002
Earnings per unit in cents (basic and diluted) (EPU)	(a)	2.70	2.94
Applicable number of units for calculation of DPU		605,002	605,002
Distribution per unit in cents (DPU)	(b)	2.82	2.64

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 31/03/14 S\$	Group 31/12/13 S\$	Trust 31/03/14 S\$	Trust 31/12/13 S\$
Net asset value (“NAV”) per unit	(a)	1.63	1.63	1.69	1.70
Adjusted NAV per unit (excluding the distributable income)		1.60	1.60	1.66	1.68

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

	1Q 2014 S\$'000	1Q 2013 S\$'000	Inc/ (Dec) %
Gross revenue	24,604	23,029	6.8
Property expenses	(1,620)	(1,525)	6.2
Net property income	22,984	21,504	6.9
Management fees	(2,445)	(2,294)	6.6
Trust expenses	(606)	(508)	19.3
Net foreign exchange gain/(loss)	605	154	292.9
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Finance costs	(1,931)	(1,917)	0.7
Non-property expenses	(4,374)	(4,562)	(4.1)
Total return before changes in fair value of financial derivatives	18,610	16,942	9.8
Net change in fair value of financial derivatives	(874)	2,073	142.2
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Total return for the period after tax before distribution	16,358	17,788	(8.0)
Net effect of non-tax deductible/(non-taxable) items	1,458	(1,073)	235.9
Amount available for distribution to Unitholders	17,816	16,715	6.6
Amount retained for capital expenditure	(750)	(750)	-
Distributable income to Unitholders	17,066	15,965	6.9
Distribution per Unit (cents)	2.82	2.64	6.9
Annualised Distribution per Unit (cents)	11.28	10.56	6.9

1Q 2014 Vs 1Q 2013

Gross revenue for 1Q 2014 was S\$24.6 million, which was higher than 1Q 2013 by S\$1.6 million. The higher revenue was primarily due to rental income contributed from the Japan 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\$23.0 million for 1Q 2014, which was S\$1.5 million higher than 1Q 2013.

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.

Higher travelling costs primarily resulted in an increase in trust expenses for 1Q 2014. A realised foreign exchange gain of S\$0.6 million was recognized in 1Q 2014 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 and lower financing costs locked in from the pre-emptive refinancing of certain debt due in 2014.

Overall, annualised distribution per unit (DPU) of 11.28 cents for 1Q 2014 outperformed 1Q 2013's DPU of 10.56 cents by 6.9% or 0.72 cents, mainly led by acquisitions and rental growth of existing properties.

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 expects the recent acquisition to contribute positively to the Group's results.

We believe that the medium-term acquisition outlook is improving as the global financial markets are beginning to show signs of stabilising. 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 47 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 64% 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 2014 to 31 March 2014

Distribution Type	Distribution Rate (cents per unit)
Taxable Income	2.15
Exempt Income	0.33
Capital	0.34
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.

(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 2013 to 31 March 2013

Distribution Type	Distribution Rate (cents per unit)
Taxable Income	2.07
Exempt Income	0.32
Capital Income	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.

(c) **Book closure date:** 12 May 2014

(d) **Date payable:** 5 June 2014

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 interested parties transactions.

14 Certification pursuant to Paragraph 7.3 of the Property Funds Appendix

The Manager hereby certifies that in relation to the distribution to the Unitholders of Parkway Life REIT for the quarter ended 31 March 2014:

1. Parkway Life REIT will declare a distribution ("Distribution") in excess of its profits (defined as the total return for the period after tax before distribution for the purpose of this certification). The excess is mainly a result of differences between, Financial Reporting Standards ("FRS") and income tax rules, applied to certain items reported in the statement of total return; and
2. In consultation with the Trustee, the Manager is satisfied on reasonable grounds that, immediately after making the Distribution, Parkway Life REIT will be able to fulfil from its deposited property, its liabilities as and when they fall due.

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.

15 Confirmation pursuant to Rule 705(5) of the Listing Manual

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
2014 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
2 May 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.