



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 2015 THIRD QUARTER UNAUDITED FINANCIAL STATEMENT & DISTRIBUTION ANNOUNCEMENT

INTRODUCTION

Parkway Life Real Estate Investment Trust (“Parkway Life REIT”) is a real estate investment trust constituted by the Trust Deed entered into on 12 July 2007 (as amended) between Parkway Trust Management Limited as the Manager and HSBC Institutional Trust Services (Singapore) Limited as the Trustee. Parkway Life REIT was listed on the Singapore Exchange Securities Trading Limited (“SGX-ST”) on 23 August 2007 (“Listing Date”).

Parkway Life REIT is one of the largest listed healthcare REITs in Asia by asset size. It was established to invest primarily in income-producing real estate and/or real estate-related assets in the Asia-Pacific region (including Singapore) that are used primarily for healthcare and/or healthcare-related purposes (including but not limited to, hospitals, healthcare facilities and real estate and/or real estate assets used in connection with healthcare research, education, and the manufacture or storage of drugs, medicine and other healthcare goods and devices), whether wholly or partially owned, and whether directly or indirectly held through the ownership of special purpose vehicles whose primary purpose is to own such real estate.

Parkway Life REIT owns a well-diversified portfolio of 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\$1.6 billion as at 30 September 2015.

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”).

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 (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.

**PARKWAY LIFE REAL ESTATE INVESTMENT TRUST
2015 THIRD QUARTER UNAUDITED FINANCIAL STATEMENT & DISTRIBUTION ANNOUNCEMENT**

SUMMARY OF PARKWAY LIFE REIT'S RESULTS FOR THE NINE MONTHS ENDED 30 SEPTEMBER 2015

	Notes	YTD	YTD	Increase	
		3Q 2015	3Q 2014	S\$'000	%
		S\$'000	S\$'000	S\$'000	%
Gross Revenue		76,386	75,275	1,111	1.5
Net Property Income		71,414	70,310	1,104	1.6
Total Distributable Income to Unitholders		60,034	52,168	7,866	15.1
- from operations		55,451	54,418	1,033	1.9
- from distribution of divestment gains	(a)	6,833	-	6,833	n.m. ¹
- amount retained for capital expenditure	(b)	(2,250)	(2,250)	-	-
Distribution per unit (cents)	(c)	9.92	8.62	1.30	15.1
Annualised distribution per unit (cents)		13.23	11.50	1.73	15.1
Distribution yield (%), based on - Closing market price of S\$2.30 as at 30 September 2015		5.75	5.00		15.1

Note(s):

- (a) In relation to the divestment of seven Japan properties in December 2014 as announced on 26 December 2014. Divestment gains (after tax) of S\$9,110,000 will be equally distributed to unitholders throughout the four quarters in FY2015.
- (b) Since FY 2012, S\$3.0 million per annum of amount available for distribution has been retained for capital expenditure on existing properties.
- (c) In computing the Distribution per Unit ("DPU"), the number of units in issue as at the end of each period is used.

¹ The term "n.m." used throughout the financial statement and distribution announcement denotes "not meaningful".

PARKWAY LIFE REAL ESTATE INVESTMENT TRUST
2015 THIRD QUARTER UNAUDITED FINANCIAL STATEMENT & DISTRIBUTION ANNOUNCEMENT

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

Consolidated Statement of Total Return

	Notes	3Q 2015 S\$'000	3Q 2014 S\$'000	Inc/ (Dec) %	YTD 3Q 2015 S\$'000	YTD 3Q 2014 S\$'000	Inc/ (Dec) %
Gross revenue		25,965	25,332	2.5	76,386	75,275	1.5
Property expenses		(1,703)	(1,647)	3.4	(4,972)	(4,965)	0.1
Net property income		24,262	23,685	2.4	71,414	70,310	1.6
Management fees	(a)	(2,635)	(2,541)	3.7	(7,754)	(7,523)	3.1
Trust expenses	(b)	(671)	(623)	7.7	(1,720)	(1,786)	(3.7)
Net foreign exchange gain		388	605	(35.9)	2,495	1,871	33.4
Interest income		2	3	(33.3)	11	6	83.3
Finance costs	(c)	(2,114)	(2,260)	(6.5)	(6,496)	(6,277)	3.5
Non-property expenses		(5,030)	(4,816)	4.4	(13,464)	(13,709)	(1.8)
Total return before changes in fair value of financial derivatives		19,232	18,869	1.9	57,950	56,601	2.4
Net change in fair value of financial derivatives	(d)	(3,922)	861	555.5	(4,123)	(700)	489.0
Total return for the period before tax and distribution		15,310	19,730	(22.4)	53,827	55,901	(3.7)
Income tax expense	(e)	(1,484)	(1,490)	(0.4)	(4,562)	(4,347)	4.9
Total return for the period after tax before distribution		13,826	18,240	(24.2)	49,265	51,554	(4.4)

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 3Q 2015 income tax expense is the withholding tax of S\$1.1 million and deferred tax expense amounting to S\$0.4 million. The deferred tax was 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.

**PARKWAY LIFE REAL ESTATE INVESTMENT TRUST
2015 THIRD QUARTER UNAUDITED FINANCIAL STATEMENT & DISTRIBUTION ANNOUNCEMENT**

Distribution Statement

	Notes	3Q 2015 S\$'000	3Q 2014 S\$'000	Inc/ (Dec) %	YTD 3Q 2015 S\$'000	YTD 3Q 2014 S\$'000	Inc/ (Dec) %
Total return after tax before distribution		13,826	18,240	(24.2)	49,265	51,554	(4.4)
Non-tax deductible/(non-taxable) items:							
Trustee's fees		73	70	4.3	217	208	4.3
Amortisation of transaction costs relating to debt facilities		168	357	(52.9)	699	729	(4.1)
Net change in fair value of financial derivatives		3,922	(861)	555.5	4,123	700	489.0
Foreign exchange difference		320	30	966.7	(356)	(56)	535.7
Temporary differences	(a)	397	400	(0.8)	1,236	1,187	4.1
Others		62	74	(16.2)	265	96	176.0
Net effect of non-tax deductible/(non-taxable) items		4,942	70	6,960.0	6,184	2,864	115.9
Rollover adjustment	(b)	2	-	n.m.	2	-	n.m.
Amount available for distribution to Unitholders		18,770	18,310	2.5	55,451	54,418	1.9
Distribution of divestment gains	(c)	2,278	-	n.m.	6,833	-	n.m.
Amount retained for capital expenditure	(d)	(750)	(750)	-	(2,250)	(2,250)	-
Distributable income to Unitholders	(e)	20,298	17,560	15.6	60,034	52,168	15.1

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) The rollover adjustment represented the difference between the taxable income previously distributed and the quantum finally agreed with the Inland Revenue Authority of Singapore ("IRAS") for the Year of Assessment 2014 and had been adjusted under the rollover mechanism agreed with the IRAS.
- (c) This refers to the partial distribution of the gains arising from the divestment of seven Japan properties in December 2014 as announced on 26 December 2014. The gain is classified as capital distribution from a tax perspective. The divestment gains, after deducting all relevant taxes, of S\$9,110,000 will be equally distributed to unitholders throughout the four quarters in FY2015.
- (d) 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).
- (e) Parkway Life REIT's distribution policy is to distribute at least 90% of its taxable income and net overseas income, with the actual level of distribution to be determined at the Manager's discretion.

PARKWAY LIFE REAL ESTATE INVESTMENT TRUST
2015 THIRD QUARTER UNAUDITED FINANCIAL STATEMENT & DISTRIBUTION ANNOUNCEMENT

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 30/09/15 S\$'000	Group 31/12/14 S\$'000	Trust 30/09/15 S\$'000	Trust 31/12/14 S\$'000
Current assets					
Trade and other receivables		10,506	10,360	9,316	29,606
Financial derivatives		-	398	-	398
Cash and cash equivalents	(a)	28,960	146,406	715	889
		39,466	157,164	10,031	30,893
Non-current assets					
Investment properties	(b)	1,635,760	1,500,610	1,057,351	1,053,600
Interests in subsidiaries		-	-	570,693	587,718
Security deposit receivable		716	662	-	-
Financial derivatives		2,871	10,515	2,871	10,515
Total assets		1,678,813	1,668,951	1,640,946	1,682,726
Current liabilities					
Financial derivatives		-	193	-	193
Trade and other payables		16,023	21,477	9,495	9,258
Current portion of security deposits		1,209	1,064	3	-
Loans and borrowings	(c)	4,275	80,864	4,275	80,864
Provision for taxation		5	1	-	-
		21,512	103,599	13,773	90,315
Non-current liabilities					
Financial derivatives		4,047	2,436	4,047	2,436
Non-current portion of security deposits		19,129	12,447	-	36
Loans and borrowings	(d)	594,043	503,347	594,043	503,347
Deferred tax liabilities		14,020	11,773	-	-
Total liabilities		652,751	633,602	611,863	596,134
Net assets		1,026,062	1,035,349	1,029,083	1,086,592
Represented by:					
Unitholders' funds		1,026,062	1,035,349	1,029,083	1,086,592
Total equity		1,026,062	1,035,349	1,029,083	1,086,592

Note(s):

- (a) The decrease in cash and cash equivalents was mainly due to the repatriation of divestment proceeds from Japan in March 2015. The divestment proceeds were subsequently redeployed to fund the acquisition of 5 Japan properties and to repay short term loans in the same month.
- (b) The increase in investment properties was mainly due to the acquisition of one nursing home on 6 January 2015 as well as another four nursing homes and a group home on 23 March 2015, and appreciation of the Japanese Yen.
- (c) The decrease in short term borrowings was largely due to the terming out of short term loans ("STL") drawn down in December 2014 to partially bridge finance the 2 Japanese new property acquisitions in December 2014 and January 2015. These Japanese Yen STL were repaid using part of the repatriated divestment proceeds and a 5-year term loan in March 2015. In addition, the SGD short term loans have been fully termed out via a long term credit facility that had been put in place in June 2015.

**PARKWAY LIFE REAL ESTATE INVESTMENT TRUST
2015 THIRD QUARTER UNAUDITED FINANCIAL STATEMENT & DISTRIBUTION ANNOUNCEMENT**

- (d) The increase in long term borrowings was mainly due to the drawdown of long term loan facilities to term out the Japanese Yen STL and SGD short term loans, and appreciation of the Japanese Yen.

1(b)(ii) Aggregate amount of borrowings

	Group 30/09/15 S\$'000	Group 31/12/14 S\$'000	Trust 30/09/15 S\$'000	Trust 31/12/14 S\$'000
Unsecured gross borrowings				
Amount repayable within one year	4,275	80,864	4,275	80,864
Amount repayable after one year	596,421	505,818	596,421	505,818
Less: Transaction costs in relation to the term loan and revolving credit facilities	(2,378)	(2,471)	(2,378)	(2,471)
	598,318	584,211	598,318	584,211

On 12 March 2015, Moody's affirmed Parkway Life REIT's Baa2 issuer rating, as well as a provisional (P)Baa2 senior unsecured rating to the S\$500 million multicurrency Medium Term Note Programme (the "MTN Programme"), with Stable Outlook.

As at 30 September 2015, Parkway Life REIT's gearing was 35.8%.

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

Unsecured Borrowings

As at 30 September 2015, the total facilities drawn of JPY35,698 million (approximately S\$426.2 million²) and S\$170.2 million credit facilities (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 has put in place two unsecured and uncommitted short term multi-currency facilities of S\$75 million each (the "**Short Term Facilities**") for the Group's general working capital purposes. As at 30 September 2015, the Group has drawn down JPY358.0 million (approximately S\$4.3 million²) of the Short Term Facilities for 3 months, 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 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.

As at 30 September 2015, there were no outstanding notes issued under the MTN Programme.

² Based on exchange rate of S\$1.194 per JPY100 as at 30 September 2015.

(b) **Interest Rate Swaps and Foreign Currency Forwards**

For the financing facilities put in place for the acquisitions of investment properties in Japan, the Group has entered into various interest rate swaps and fixed rate cross currency swap to hedge the floating rate loans. The Group has also entered into foreign currency forward contracts to hedge the net foreign income from Japan.

The appropriate hedge accounting treatment is applied to the interest rate swaps and fixed rate cross currency swap whereby 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 30 September 2015, the Group has in place Japan net income hedge till 1Q 2020, hence there is no impact from the recent volatility in Japanese Yen. This enhances the stability of distribution to Unitholders.

PARKWAY LIFE REAL ESTATE INVESTMENT TRUST
2015 THIRD QUARTER UNAUDITED FINANCIAL STATEMENT & DISTRIBUTION ANNOUNCEMENT

1(c) Statement of cash flows (for the group), together with a comparative statement for the corresponding period of the immediately preceding financial year

	Notes	3Q 2015 S\$'000	3Q 2014 S\$'000	YTD 3Q 2015 S\$'000	YTD 3Q 2014 S\$'000
Operating activities					
Total return before tax and distribution		15,310	19,730	53,827	55,901
Adjustments for					
Unrealised foreign exchange differences		225	-	219	-
Interest income		(2)	(3)	(11)	(6)
Finance costs		2,114	2,260	6,496	6,277
Net change in fair value of financial derivative		3,922	(861)	4,123	700
Operating income before working capital changes		21,569	21,126	64,654	62,872
Changes in working capital					
Trade and other receivables		(666)	(888)	(63)	(859)
Trade and other payables		626	461	(995)	1,281
Security deposits		36	(433)	5,536	755
Cash generated from operations		21,565	20,266	69,132	64,049
Income tax paid		(1,187)	(1,093)	(8,359)	(3,080)
Cash flows generated from operating activities	(a)	20,378	19,173	60,773	60,969
Investing activities					
Interest received		2	3	11	6
Capital expenditure on investment properties		(1,300)	(601)	(3,638)	(3,333)
Cash outflow on purchase of investment properties (including acquisition related costs)	(b)	(458)	(765)	(97,094)	(41,472)
Divestment related costs paid		-	-	(1,712)	-
Cash flows used in investing activities	(c)	(1,756)	(1,363)	(102,433)	(44,799)
Financing activities					
Interest paid		(1,930)	(1,978)	(5,747)	(5,540)
Distribution to Unitholders		(20,268)	(17,545)	(57,233)	(51,667)
Proceeds from borrowings		125,956	88,888	295,022	157,972
Repayment of borrowings		(118,839)	(85,529)	(314,100)	(106,578)
Borrowing costs paid		(27)	(564)	(606)	(858)
Cash flows used in financing activities	(d)	(15,108)	(16,728)	(82,664)	(6,671)
Net increase/(decrease) in cash and cash equivalents		3,514	1,082	(124,324)	9,499
Cash and cash equivalents at beginning of the period		22,146	33,832	144,702	25,613
Effects of exchange differences on cash balances		1,457	(2,193)	6,739	(2,391)
Cash and cash equivalents at end of the period³		27,117	32,721	27,117	32,721

³ Cash and cash equivalents at the respective period end exclude a cash deposit of JPY154.4 million (S\$1.8 million as at 30 September 2015 and 30 September 2014) placed with the Group by a vendor, for the purpose of Rental Income Guarantee. For more information on the Rental Income Guarantee, please refer to our announcement dated 13 July 2010 on the acquisition of five Japan properties.

**PARKWAY LIFE REAL ESTATE INVESTMENT TRUST
2015 THIRD QUARTER UNAUDITED FINANCIAL STATEMENT & DISTRIBUTION ANNOUNCEMENT**

Note(s):

- (a) The increase in cash flows from operating activities in 3Q 2015 is mainly due to additional operating cash flows from the existing properties and from the completion of the asset recycling initiative on 23 March 2015. The lower cash flows in YTD 3Q 2015 is mainly due to the delayed contribution prior to the completion of the asset recycling, payment of Japanese withholding tax on the divestment gains, offset by the receipt of security deposits for the new properties acquired in 1Q 2015 and higher cash flows from existing properties.
- (b) Net cash outflow on purchase of investment properties (including acquisition related costs) is as follows:

	3Q 2015 S\$'000	3Q 2014 S\$'000	YTD 3Q 2015 S\$'000	YTD 3Q 2014 S\$'000
Investment properties	-	-	92,810	38,182
Acquisition related costs	458	765	4,284	3,290
Net cash outflow/Cash consideration paid	458	765	97,094	41,472

- (c) The cash outflows in investing activities in 3Q 2015 is mainly due to payment of capital expenditure on existing properties and acquisition-related costs for the properties acquired in 1Q 2015. The cash outflows in YTD 3Q 2015 had included the acquisition of properties in 1Q 2015 and payment of acquisition-related costs for the property acquired in December 2014.
- (d) The cash flows in financing activities in 3Q 2015 primarily arose from the payment of 2Q 2015 distribution to Unitholders and YTD 3Q 2015 cash flows included the repayment of the Japanese Yen STL, offset by long term loans drawdown to finance the new acquisition of four nursing home and one group home on 23 March 2015.

PARKWAY LIFE REAL ESTATE INVESTMENT TRUST
2015 THIRD QUARTER UNAUDITED FINANCIAL STATEMENT & DISTRIBUTION ANNOUNCEMENT

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

	Notes	Group 3Q 2015 S\$'000	Group 3Q 2014 S\$'000	Group YTD 3Q 2015 S\$'000	Group YTD 3Q 2014 S\$'000
Unitholders' funds at beginning of period		1,035,086	983,603	1,035,349	985,798
Operations					
Total return after tax		13,826	18,240	49,265	51,554
Translation transactions					
Net movement in foreign currency translation reserve	(a)	(2,068)	(614)	(2,339)	(705)
Hedging reserve					
Net movement in hedging reserve	(b)	(514)	642	1,020	(654)
Unitholders' transactions					
Distribution to Unitholders		(20,268)	(17,545)	(57,233)	(51,667)
Unitholders' funds at end of period		1,026,062	984,326	1,026,062	984,326

	Notes	Trust 3Q 2015 S\$'000	Trust 3Q 2014 S\$'000	Trust YTD 3Q 2015 S\$'000	Trust YTD 3Q 2014 S\$'000
Unitholders' funds at beginning of period		1,080,256	1,013,893	1,086,592	1,030,760
Operations					
Total return after tax		(30,391)	40,663	(1,296)	59,214
Hedging reserve					
Net movement in hedging reserve	(b)	(514)	642	1,020	(654)
Unitholders' transactions					
Distribution to Unitholders		(20,268)	(17,545)	(57,233)	(51,667)
Unitholders' funds at end of period		1,029,083	1,037,653	1,029,083	1,037,653

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.

**PARKWAY LIFE REAL ESTATE INVESTMENT TRUST
2015 THIRD QUARTER UNAUDITED FINANCIAL STATEMENT & DISTRIBUTION ANNOUNCEMENT**

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

	3Q 2015 '000	3Q 2014 '000	YTD 3Q 2015 '000	YTD 3Q 2014 '000
Units in issue at beginning and at end of period	605,002	605,002	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.

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 2014.

5 If there are any changes in the accounting policies and methods of computation, including any required by an accounting standard, what has changed, as well as the reasons for, and the effect of, the change.

Not Applicable.

**PARKWAY LIFE REAL ESTATE INVESTMENT TRUST
2015 THIRD QUARTER UNAUDITED FINANCIAL STATEMENT & DISTRIBUTION ANNOUNCEMENT**

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

	Notes	3Q 2015 '000	3Q 2014 '000	YTD 3Q 2015 '000	YTD 3Q 2014 '000
Number of units in issue at end of period		605,002	605,002	605,002	605,002
Weighted average number of units for the period Earnings per unit in cents (basic and diluted) (EPU)	(a)	605,002 2.28	605,002 3.01	605,002 8.14	605,002 8.52
Applicable number of units for calculation of DPU Distribution per unit in cents (DPU)	(b)	605,002 3.36	605,002 2.90	605,002 9.92	605,002 8.62

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 30/09/15 S\$	Group 31/12/14 S\$	Trust 30/09/15 S\$	Trust 31/12/14 S\$
Net asset value (“NAV”) per unit	(a)	1.70	1.71	1.70	1.80
Adjusted NAV per unit (excluding the distributable income)		1.66	1.68	1.67	1.77

Note(s):

(a) Net asset value per unit is calculated based on the number of units in issue as at the respective period end.

PARKWAY LIFE REAL ESTATE INVESTMENT TRUST
2015 THIRD QUARTER UNAUDITED FINANCIAL STATEMENT & DISTRIBUTION ANNOUNCEMENT

8 Review of the performance

	3Q 2015 S\$'000	3Q 2014 S\$'000	Inc/ (Dec) %	YTD 3Q 2015 S\$'000	YTD 3Q 2014 S\$'000	Inc/ (Dec) %
Gross revenue	25,965	25,332	2.5	76,386	75,275	1.5
Property expenses	(1,703)	(1,647)	3.4	(4,972)	(4,965)	0.1
Net property income	24,262	23,685	2.4	71,414	70,310	1.6
Management fees	(2,635)	(2,541)	3.7	(7,754)	(7,523)	3.1
Trust expenses	(671)	(623)	7.7	(1,720)	(1,786)	(3.7)
Net foreign exchange gain	388	605	(35.9)	2,495	1,871	33.4
Interest income	2	3	(33.3)	11	6	83.3
Finance costs	(2,114)	(2,260)	(6.5)	(6,496)	(6,277)	3.5
Non-property expenses	(5,030)	(4,816)	4.4	(13,464)	(13,709)	(1.8)
Total return before changes in fair value of financial derivatives	19,232	18,869	1.9	57,950	56,601	2.4
Net change in fair value of financial derivatives	(3,922)	861	555.5	(4,123)	(700)	489.0
Total return for the period before tax and distribution	15,310	19,730	(22.4)	53,827	55,901	(3.7)
Income tax expense	(1,484)	(1,490)	(0.4)	(4,562)	(4,347)	4.9
Total return for the period after tax before distribution	13,826	18,240	(24.2)	49,265	51,554	(4.4)
Net effect of non-tax deductible/(non-taxable) items	4,942	70	6,960.0	6,184	2,864	115.9
Rollover adjustment ⁴	2	-	n.m.	2	-	n.m.
Amount available for distribution to Unitholders	18,770	18,310	2.5	55,451	54,418	1.9
Distribution of divestment gains	2,278	-	n.m.	6,833	-	n.m.
Amount retained for capital expenditure	(750)	(750)	-	(2,250)	(2,250)	-
Distributable income to Unitholders	20,298	17,560	15.6	60,034	52,168	15.1
Distribution per Unit (cents)	3.36	2.90	15.6	9.92	8.62	15.1
Annualised Distribution per Unit (cents)	13.44	11.60	15.6	13.23	11.50	15.1

3Q 2015 Vs 3Q 2014

Gross revenue for 3Q 2015 was higher than 3Q 2014 by S\$0.6 million driven primarily by contribution from higher yielding properties acquired from the asset recycling initiative and higher rent from the Singapore properties. The increase in revenue was offset by the depreciation of the Japanese Yen as compared to the same period last year.

Lessing off property expenses, we have achieved a net property income of S\$24.3 million for 3Q 2015, which was S\$0.6 million higher than 3Q 2014.

The increase in management fees were mainly due to higher deposited property value and higher net property income from the properties acquired in 2014 and 1H 2015, as well as valuation gains on the existing property portfolio, which led to a corresponding increase in deposited property.

Lower finance costs in 3Q 2015 was due to an one-time amortisation of transactional costs relating to refinanced debt facilities in 3Q 2014 and depreciation of the Japanese Yen, offset by the additional financing costs incurred to finance the property acquisitions in 1Q 2015.

In 3Q 2015, the Group has recognised a realised foreign exchange gain of S\$0.7 million from the delivery of quarterly Japan net income hedge.

⁴ The rollover adjustment represented the difference between the taxable income previously distributed and the quantum finally agreed with the Inland Revenue Authority of Singapore ("IRAS") for the Year of Assessment 2014 and had been adjusted under the rollover mechanism agreed with the IRAS.

**PARKWAY LIFE REAL ESTATE INVESTMENT TRUST
2015 THIRD QUARTER UNAUDITED FINANCIAL STATEMENT & DISTRIBUTION ANNOUNCEMENT**

Overall, annualised distribution per unit (DPU) of 13.44 cents for 3Q 2015 outperformed 3Q 2014's annualised DPU of 11.60 cents by 15.6% or 1.84 cents, mainly due to capital distribution of S\$2.3 million being partial distribution of the gains arising from the divestment of seven Japan properties in December 2014 and higher rent from existing properties.

YTD 3Q 2015 Vs YTD 3Q 2014

Gross revenue for YTD 3Q 2015 was S\$76.4 million compared with S\$75.3 million for YTD 3Q 2014, an increase of S\$1.1 million or 1.5%. This was mainly due to revenue contribution from the properties acquired in 1Q 2014 and from the asset recycling initiative, and higher rent from the existing properties offset by the depreciation of the Japanese Yen.

Correspondingly, property expenses for YTD 3Q 2015 were S\$5.0 million, which is the same as compared to YTD 3Q 2014. The result was a net property income of S\$71.4 million for YTD 3Q 2015, which was S\$1.1 million higher than YTD 3Q 2014.

The Manager's management fees for YTD 3Q 2015 were S\$7.8 million, an increase of S\$0.2 million or 3.1% higher than YTD 3Q 2014. This was due to higher deposited property value and higher net property income as explained earlier offset by the depreciation of the Japanese Yen.

Finance costs have increased mainly due to the additional financing costs incurred to finance the properties acquired in 1Q 2014 and 1Q 2015 offset by depreciation of the Japanese Yen and higher amortisation of transactional costs relating to debt facilities that were refinanced as compared to the same period last year. There were lesser Trust expenses incurred in YTD 3Q 2015.

During YTD 3Q 2015, the Group had registered a realised foreign exchange gain amounting to S\$2.1 million from the delivery of Japan net income hedges. In March 2015, the Group has also recognised a realised foreign exchange gain arising from the capital repatriation for the cash trap in Japan, which unlocked the FX gains in the foreign currency translation reserve for its earlier Japan acquisitions.

Overall, annualised DPU for YTD 3Q 2015 of 13.23 cents outperformed YTD 3Q 2014's DPU of 11.50 cents by 15.1% or 1.73 cents, mainly due to capital distribution of S\$6.8 million being partial distribution of the gains arising from the divestment of seven Japan properties in December 2014, additional contributions from the property acquisition in 1Q 2014 and the asset recycling initiative, as well as higher rent from 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.

The long-term prospects of the regional healthcare industry is expected to 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 93% 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: Third quarter distribution for the period from 1 July 2015 to 30 September 2015

Distribution Type	Distribution Rate (cents per unit)
Taxable Income	2.14
Exempt Income	0.28
Capital Distribution	0.56
Other Gains Distribution	0.38
Total	3.36

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.

Other Gains Distribution

Other gains distribution refers to partial distribution from the gain on divestment of seven Japan properties as announced on 26 December 2014. It is not taxable in the hands of all Unitholders.

(b) Corresponding period of the immediately preceding year

Any distributions declared for the previous corresponding financial period: Yes

Name of distribution: Third quarter distribution for the period from 1 July 2014 to 30 September 2014

Distribution Type	Distribution Rate (cents per unit)
Taxable Income	2.18
Exempt Income	0.38
Capital Distribution	0.34
Total	2.90

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: 16 November 2015

(d) Date payable: 7 December 2015

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 30 September 2015:

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;
2. In addition, PLife REIT will distribute the one-off divestment gains arising from the divestment of seven properties in Japan in December 2014. The divestment gains (after tax) will be equally distributed to Unitholders throughout the four quarters in FY 2015; and
3. 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
2015 THIRD QUARTER UNAUDITED FINANCIAL STATEMENT & DISTRIBUTION ANNOUNCEMENT**

This announcement may contain forward-looking statements that involve assumptions, risks and uncertainties. Actual future performance, outcomes and results may differ materially from those expressed in forward-looking statements as a result of a number of risks, uncertainties and assumptions. Representative examples of these factors include (without limitation) general industry and economic conditions, interest rate trends, cost of capital and capital availability, competition, shifts in expected levels of property rental income, changes in operating expenses, property expenses, governmental and public policy changes and the continued availability of financing in the amounts and the terms necessary to support future business.

You are cautioned not to place undue reliance on these forward-looking statements, which are based on the Manager's current view of future events.

Any discrepancies in the tables included in this announcement between the listed amounts and total thereof are due to rounding.

By Order of the Board
Parkway Trust Management Limited
(as Manager of Parkway Life REIT)
Company Registration No. 200706697Z

Chan Wan Mei
Company Secretary
5 November 2015

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.