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 2014 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 41 properties located in the Asia-Pacific region, including three hospitals in Singapore, 37 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 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 721 beds.

In Japan, it owns one pharmaceutical product distributing and manufacturing facility in Chiba Prefecture, as well as 36 high quality nursing home and care facility properties located in various prefectures of Japan (collectively, the "Japan Properties"). After financial close date, Parkway Life REIT has in January 2015, further boosted its Japan presence with the purchase of another nursing home, bringing its total Japan Portfolio to 38 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.

SUMMARY OF PARKWAY LIFE REIT'S RESULTS FOR THE YEAR ENDED 31 DECEMBER 2014

		2014	2013	Increase/(Decrease)	
	Notes	S$'000	S$'000	S$'000	%
Gross Revenue		**100,382**	**93,693**	**6,689**	**7.1**
Net Property Income		**93,775**	**87,599**	**6,176**	**7.1**
Amount Available for Distribution		72,698	68,054	4,644	6.8
Amount Retained for Capital Expenditure	(a)	(3,000)	(3,000)	-	-
Distributable Income to Unitholders		**69,698**	**65,054**	**4,644**	**7.1**
Distribution per unit (cents)	(b)	**11.52**	**10.75**	**0.77**	**7.1**
Distribution yield (%), based on - Closing market price of S$2.38 as at 31 December 2014		**4.84**	**4.52**		**7.1**

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.

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 2014 S$'000	4Q 2013 S$'000	Inc/ (Dec) %	2014 S$'000	2013 S$'000	Inc/ (Dec) %
Gross revenue		**25,107**	**24,736**	**1.5**	**100,382**	**93,693**	**7.1**
Property expenses		(1,642)	(1,571)	4.5	(6,607)	(6,094)	8.4
Net property income		**23,465**	**23,165**	**1.3**	**93,775**	**87,599**	**7.1**
Management fees	(a)	(2,528)	(2,455)	3.0	(10,051)	(9,376)	7.2
Trust expenses	(b)	(950)	(952)	(0.2)	(2,736)	(2,470)	10.8
Net foreign exchange gain		442	768	(42.4)	2,313	1,683	37.4
Interest income		-	-	-	6	6	-
Finance costs	(c)	(1,978)	(2,512)	(21.3)	(8,255)	(8,133)	1.5
Non-property expenses		**(5,014)**	**(5,151)**	**(2.7)**	**(18,723)**	**(18,290)**	**2.4**
Total return before changes in fair value of financial derivatives and investment properties		**18,451**	**18,014**	**2.4**	**75,052**	**69,309**	**8.3**
Net change in fair value of financial derivatives	(d)	736	1,318	(44.2)	36	3,232	(98.9)
Net change in fair value of investment properties	(e)	45,051	32,045	40.6	45,051	32,045	40.6
Gain on disposal of investment properties	(f)	13,674	-	100.0	13,674	-	100.0
Total return for the period before tax and distribution		**77,912**	**51,377**	**51.6**	**133,813**	**104,586**	**27.9**
Income tax expense	(g)	(8,360)	(2,465)	239.1	(12,707)	(6,307)	101.5
Total return for the period after tax before distribution		**69,552**	**48,912**	**42.2**	**121,106**	**98,279**	**23.2**

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 2014. The net change in fair value of investment properties represents a gain of 3.1% in the total portfolio value.

(f) This relates to gain arising from the disposal of seven nursing home properties in Japan which was completed on 26 December 2014.

(g) Included in 4Q 2014 income tax expense is the withholding tax of S$6.1 million and deferred tax expense amounting to S$2.3 million. The withholding tax of S$6.1 million consists of a one-off S$5.1 million withholding tax imposed on the disposal gains in relation to the disposal of seven nursing home properties in Japan. At the same time, a S$2.5 million of deferred tax previously provided on these divested properties have been reversed.

The reversal of deferred tax due to divestment was offset by the deferred tax of S$4.8 million recognised in Q4 2014 in respect of the existing Japan and Malaysia investment properties for the temporary differences between the fair value and the tax written down value at the applicable tax rate.

Distribution Statement

	Notes	4Q 2014 S$'000	4Q 2013 S$'000	Inc/ (Dec) %	2014 S$'000	2013 S$'000	Inc/ (Dec) %
Total return after tax before distribution		**69,552**	**48,912**	**42.2**	**121,106**	**98,279**	**23.2**
Non-tax deductible/(non-taxable) items:							
Trustee's fees		72	68	5.9	280	266	5.3
Amortisation of transaction costs relating to debt facilities		168	676	(75.1)	897	1,411	(36.4)
Net change in fair value of financial derivatives		(736)	(1,318)	(44.2)	(36)	(3,232)	(98.9)
Net fair value gain on investment properties (net of deferred tax impact)		(42,803)	(30,591)	39.9	(41,616)	(29,318)	41.9
Foreign exchange difference		278	(221)	225.8	222	44	404.5
Gain on disposal of investment property (net of withholding tax)		(8,598)	-	100.0	(8,598)	-	100.0
Others		347	268	29.5	443	584	(24.1)
Net effect of non-tax deductible/(non-taxable) items		**(51,272)**	**(31,118)**	**64.8**	**(48,408)**	**(30,245)**	**60.0**
Rollover adjustment	(a)	-	-	-	**-**	20	(100.0)
Amount available for distribution to Unitholders		**18,280**	**17,794**	**2.7**	**72,698**	**68,054**	**6.8**
Amount retained for capital expenditure	(b)	(750)	(750)	-	(3,000)	(3,000)	-
Distributable income to Unitholders	(c)	**17,530**	**17,044**	**2.9**	**69,698**	**65,054**	**7.1**

Note(s):

(a) The rollover adjustment in 2013 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 2012 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.

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 31/12/14 S$'000	Group 31/12/13 S$'000	Trust 31/12/14 S$'000	Trust 31/12/13 S$'000
Current assets					
Trade and other receivables		10,360	9,860	29,606	8,799
Financial derivatives		398	90	398	90
Cash and cash equivalents		146,406	27,474	889	786
		157,164	**37,424**	**30,893**	**9,675**
Non-current assets					
Investment properties	(a)	1,500,610	1,483,820	1,053,600	1,021,400
Interests in subsidiaries		-	-	587,718	505,026
Security deposit receivable		662	724	-	-
Financial derivatives		10,515	6,187	10,515	6,187
Total assets		**1,668,951**	**1,528,155**	**1,682,726**	**1,542,288**
Current liabilities					
Financial derivatives		193	342	193	342
Trade and other payables		21,477	14,649	9,258	8,257
Current portion of security deposits		1,064	1,710	-	115
Loans and borrowings	(b)	80,864	4,472	80,864	4,472
Provision for taxation		1	1	-	-
		103,599	**21,174**	**90,315**	**13,186**
Non-current liabilities					
Financial derivatives		2,436	1,383	2,436	1,383
Non-current portion of security deposits		12,447	14,122	36	-
Loans and borrowings	(c)	503,347	496,959	503,347	496,959
Deferred tax liabilities		11,773	8,719	-	-
Total liabilities		**633,602**	**542,357**	**596,134**	**511,528**
Net assets		**1,035,349**	**985,798**	**1,086,592**	**1,030,760**
Represented by:					
Unitholders' funds		1,035,349	985,798	1,086,592	1,030,760
Total equity		**1,035,349**	**985,798**	**1,086,592**	**1,030,760**

Note(s):

(a) The increase in investment properties was mainly due to gain on revaluation, acquisition of two nursing home properties and an extended-stay lodging facility on 28 March 2014 as well as one nursing home on 12 December 2014, offset by the depreciation of the Japanese Yen. As at 31 December 2014, the aggregate market value of the existing investment properties stands at S$1,500.6 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 Internation for the Japan Properties and Jones Lang Wootton for the Malaysia Portfolio. A revaluation surplus of S$45 million is recognised in the Statement of Total Return.

(b) The increase in current term borrowings was largely due to drawdown of short term loans ("**STL**") for the partial funding of new acquisitions in Japan. However, these Japanese Yen STL are fully backed by internal cash and a 5-year committed term loan facility that was put in place in December 2014. The intention was to term out these Japanese Yen STL by 1Q 2015.

(c) The increase in long term borrowings was mainly due to the drawdown of loan facility to finance the property acquisition in March 2014 offset by the depreciation of the Japanese Yen. Refer to 1(b)(ii) for details.

1(b)(ii) Aggregate amount of borrowings

	Group 31/12/14 S$'000	Group 31/12/13 S$'000	Trust 31/12/14 S$'000	Trust 31/12/13 S$'000
Unsecured gross borrowings				
Amount repayable within one year	80,864	4,472	80,864	4,472
Amount repayable after one year	505,818	499,205	505,818	499,205
Less: Transaction costs in relation to the term loan and revolving credit facilities	(2,471)	(2,246)	(2,471)	(2,246)
	584,211	**501,431**	**584,211**	**501,431**

On 8 May 2014, Moody's initiated credit rating on Parkway Life REIT with Baa2[1] issuer rating, as well as a provisional (P)Baa2[2] senior unsecured rating to the S$500 million multicurrency Medium Term Note Programme (the "MTN Programme"), with "Stable" outlook.

On 15 July 2014, Fitch Ratings affirmed Parkway Life REIT's long-term issuer default rating, senior unsecured rating and the MTN Programme at 'BBB', with "Stable" outlook.

As at 31 December 2014, Parkway Life REIT's gearing was 35.2%, well within the 60% limit allowed under the Monetary Authority of Singapore's Property Funds Appendix.

(a) <u>**Details of borrowings and collateral**</u>

Unsecured Borrowings

On 12 December 2014, the Group has entered into a JPY4,500 million (approximately S$49.7 million[3]) 5-year committed and unsecured term loan facility ("**5-year TLF**") for the purpose of funding the acquisitions of 2 nursing home properties in Japan announced on 12 December 2014 and 6 January 2015. As the Group has put in place a bridging loan for the acquisition of two nursing home properties in Japan, this 5-year TLF remain undrawn as at 31 December 2014.

As at 31 December 2014, the total facilities drawn of JPY31,760 million (approximately S$350.6 million[3]) and S$155.2 million revolving credit facility (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 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 2014, a total of S$80.9 million was drawn down via the Short Term Facilities with the following details:

1) The drawdown of S$19.2 million is utilised for working capital for 1 month at the bank's cost of fund; and

[1] Equivalent to Fitch's rating of BBB
[2] Moody's only assigns a provisional rating to all MTN programme and will issue a definitive rating upon specific notes issuance
[3] Based on the exchange rate of S$1.104 per JPY100 as at 31 December 2014

2) The drawdown of JPY5,585.5 million (approximately S$61.7 million[3]) is used as a bridging loan to partially fund the recent acquisition of two nursing home properties in Japan. The acquisition of the second nursing home was completed on 6 January 2015. The drawdown is for about 3 months at the bank's cost of fund, which will be fully repaid via the 5-year TLF and some internal funds by 1Q 2015.

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 31 December 2014, there were no outstanding notes issued under the MTN Programme.

(b) **<u>Interest Rate Swaps and Foreign Currency Forwards</u>**

For the investment properties acquired in Japan, the Group has entered into various interest rate swaps and fixed rate cross currency swap to hedge its floating rate loans. The Group has 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 31 December 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.

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 2014 S$'000	4Q 2013 S$'000	2014 S$'000	2013 S$'000
Operating activities					
Total return before tax and distribution		**77,912**	**51,377**	**133,813**	**104,586**
Adjustments for					
Interest income		-	-	(6)	(6)
Finance costs		1,978	2,512	8,255	8,133
Net change in fair value of financial derivatives		(736)	(1,318)	(36)	(3,232)
Net change in fair value of investment properties		(45,051)	(32,045)	(45,051)	(32,045)
Gain on disposal of investment properties		(13,674)	-	(13,674)	-
Operating income before working capital changes		**20,429**	**20,526**	**83,301**	**77,436**
Changes in working capital					
Trade and other receivables		(2)	(216)	(900)	(797)
Trade and other payables		709	(1,446)	2,041	707
Security deposits		(1,385)	108	(630)	2,692
Cash generated from operations		19,751	18,972	83,812	80,038
Income tax paid		(1,081)	(944)	(4,161)	(3,605)
Cash flows generated from operating activities	**(a)**	**18,670**	**18,028**	**79,651**	**76,433**
Investing activities					
Interest received		-	-	6	6
Capital expenditure on investment properties		(858)	(1,692)	(4,191)	(3,771)
Cash outflow on purchase of investment properties (including acquisition related costs)	**(b)**	(41,193)	(423)	(82,665)	(86,275)
Net proceeds from sale of investment properties		91,487	-	91,487	-
Cash flows generated from/(used in) investing activities	**(c)**	**49,436**	**(2,115)**	**4,637**	**(90,040)**
Financing activities					
Interest paid		(1,861)	(1,827)	(7,401)	(6,955)
Distribution to Unitholders		(17,545)	(16,093)	(69,212)	(64,251)
Proceeds from borrowings		76,758	16,072	234,730	186,467
Buy-back of Floating Rate Notes		-	-	-	(14,250)
Repayment of borrowings		(11,400)	(25,008)	(117,978)	(84,508)
Borrowing costs paid		(264)	(60)	(1,122)	(1,274)
Cash flows generated from/(used in) financing activities	**(d)**	**45,688**	**(26,916)**	**39,017**	**15,229**
Net increase/(decrease) in cash and cash equivalents		**113,794**	**(11,003)**	**123,305**	**1,622**
Cash and cash equivalents at beginning of the period/year		**32,721**	**37,313**	**25,613**	**28,399**
Effects of exchange differences on cash balances		(1,813)	(697)	(4,216)	(4,408)
Cash and cash equivalents at end of the period/year[4]		**144,702**	**25,613**	**144,702**	**25,613**

[4] Cash and cash equivalents at the respective period end exclude a cash deposit of JPY154.4 million (S$1.7 million and S$1.9 million as at 31 December 2014 and 31 December 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.

Note(s):

(a) The higher cash flows from operating activities in 4Q 2014 mainly due to the additional operating cash flows from the existing properties and properties acquired in 2014 offset by the refund of security deposits in relation to the seven divested properties in December 2014..

(b) Net cash outflow on purchase of investment properties (including acquisition related costs) is as follows:

	4Q 2014 S$'000	4Q 2013 S$'000	2014 S$'000	2013 S$'000
Investment properties	40,260	-	78,442	83,165
Acquisition related costs	933	423	4,223	3,110
Net cash outflow/Cash consideration paid	**41,193**	**423**	**82,665**	**86,275**

(c) The cash flows from investing activities in 4Q 2014 is mainly due to proceeds from the divestment of seven Japan nursing homes offset by the acquisition of one nursing home property in December 2014 and payment for capital expenditure on existing properties. The cash outflow in 2014 included the acquisition of the three Japan properties in March 2014.

(d) The cash flows in financing activities in 4Q 2014 primarily arose from the payment of 3Q 2014 distribution to Unitholders and new STL drawn down to act as a bridging loan to partially fund the recent acquisition of two nursing home properties in Japan whereby the acquisition of the second nursing home was completed on 6 January 2015. The cash flows for the full year had included the loan drawn down to finance the acquisitions completed in March 2014.

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

	Notes	Group 4Q 2014 S$'000	Group 4Q 2013 S$'000	Group 2014 S$'000	Group 2013 S$'000
Unitholders' funds at beginning of period/year		**984,326**	**953,065**	**985,798**	**951,354**
Operations					
Total return after tax		**69,552**	**48,912**	**121,106**	**98,279**
Translation transactions					
Net movement in foreign currency translation reserve	(a)	**(678)**	**(107)**	**(1,383)**	**103**
Hedging reserve					
Net movement in hedging reserve	(b)	**(306)**	**21**	**(960)**	**313**
Unitholders' transactions					
Distribution to Unitholders		**(17,545)**	**(16,093)**	**(69,212)**	**(64,251)**
Unitholders' funds at end of period/year		**1,035,349**	**985,798**	**1,035,349**	**985,798**

	Notes	Trust 4Q 2014 S$'000	Trust 4Q 2013 S$'000	Trust 2014 S$'000	Trust 2013 S$'000
Unitholders' funds at beginning of period/year		**1,037,653**	**968,785**	**1,030,760**	**931,132**
Operations		**66,790**	**78,047**	**126,004**	**163,566**
Total return after tax					
Hedging reserve					
Net movement in hedging reserve	(b)	**(306)**	**21**	**(960)**	**313**
Unitholders' transactions					
Distribution to Unitholders		**(17,545)**	**(16,093)**	**(69,212)**	**(64,251)**
Unitholders' funds at end of period/year		**1,086,592**	**1,030,760**	**1,086,592**	**1,030,760**

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.

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

	4Q 2014 ’000	4Q 2013 ’000	2014 ’000	2013 ’000
Units in issue at beginning and at end of period/year	**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 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.

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

	Notes	4Q 2014 '000	4Q 2013 '000	2014 '000	2013 '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		**605,002**	**605,002**	**605,002**	**605,002**
Earnings per unit in cents (basic and diluted) (EPU)	(a)	**11.50**	**8.08**	**20.02**	**16.24**
Applicable number of units for calculation of DPU		**605,002**	**605,002**	**605,002**	**605,002**
Distribution per unit in cents (DPU)	(b)	**2.90**	**2.82**	**11.52**	**10.75**

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 31/12/14 S$	Group 31/12/13 S$	Trust 31/12/14 S$	Trust 31/12/13 S$
Net asset value ("NAV") per unit	(a)	**1.71**	**1.63**	**1.80**	**1.70**
Adjusted NAV per unit (excluding the distributable income)		**1.68**	**1.60**	**1.77**	**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.

8 Review of the performance

	4Q 2014 S$'000	4Q 2013 S$'000	Inc/ (Dec) %	2014 S$'000	2013 S$'000	Inc/ (Dec) %
Gross revenue	**25,107**	**24,736**	**1.5**	**100,382**	**93,693**	**7.1**
Property expenses	(1,642)	(1,571)	4.5	(6,607)	(6,094)	8.4
Net property income	**23,465**	**23,165**	**1.3**	**93,775**	**87,599**	**7.1**
Management fees	(2,528)	(2,455)	3.0	(10,051)	(9,376)	7.2
Trust expenses	(950)	(952)	(0.2)	(2,736)	(2,470)	10.8
Net foreign exchange gain	442	768	(42.4)	2,313	1,683	37.4
Interest income	-	-	-	6	6	-
Finance costs	(1,978)	(2,512)	(21.3)	(8,255)	(8,133)	1.5
Non-property expenses	**(5,014)**	**(5,151)**	**(2.7)**	**(18,723)**	**(18,290)**	**2.4**
Total return before changes in fair value of financial derivatives and investment properties	**18,451**	**18,014**	**2.4**	**75,052**	**69,309**	**8.3**
Net change in fair value of financial derivatives	736	1,318	(44.2)	36	3,232	(98.9)
Net change in fair value of investment properties	45,051	32,045	40.6	45,051	32,045	40.6
Gain of disposal of investment properties	13,674	-	100.0	13,674	-	100.0
Total return for the period before tax and distribution	**77,912**	**51,377**	**51.6**	**133,813**	**104,586**	**27.9**
Income tax expense	(8,360)	(2,465)	239.1	(12,707)	(6,307)	101.5
Total return for the period after tax before distribution	**69,552**	**48,912**	**42.2**	**121,106**	**98,279**	**23.2**
Net effect of non-tax deductible/(non-taxable) items	(51,272)	(31,118)	64.8	(48,408)	(30,245)	60.0
Rollover Adjustment[5]	-	-	-	-	20	(100.0)
Amount available for distribution to Unitholders	**18,280**	**17,794**	**2.7**	**72,698**	**68,054**	**6.8**
Amount retained for capital expenditure	(750)	(750)	-	(3,000)	(3,000)	-
Distributable income to Unitholders	**17,530**	**17,044**	**2.9**	**69,698**	**65,054**	**7.1**
Distribution per Unit (cents)	**2.90**	**2.82**	**2.9**	**11.52**	**10.75**	**7.1**
Annualised Distribution per Unit (cents)	**11.60**	**11.28**	**2.9**	**11.52**	**10.75**	**7.1**

4Q 2014 Vs 4Q 2013

Gross revenue for 4Q 2014 was S$25.1 million, which was higher than 4Q 2013 by S$0.4 million. The higher revenue was primarily due to rental income contributed from the Japan properties acquired in 2H 2013 and 2014 offset by the depreciation of the Japanese Yen. The Japan property acquired in December 2014 has contributed close to half a month of rent income, which is not significant towards the Group. Similarly, there is no significant income impact from the seven Japan properties which were divested on 26 December 2014. Revenue was also driven by higher rent from the Singapore properties mainly due to increased growth rate of CPI + 1% (i.e. 2.81%) in Year 8 of lease commencing 23 August 2014.

Lessing off property expenses, the result was a net property income of S$23.5 million for 4Q 2014, which was S$0.3 million higher than 4Q 2013.

[5] In FY 2013, 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 Year of Assessment 2012 and had been adjusted under the rollover adjustment mechanism agreed with the IRAS.

The increase in management fees were mainly due to higher deposited property value and higher net property income from the properties acquired in 2H 2013 and 2014, 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.

A realised foreign exchange gain of S$0.7 million was recognized in 4Q 2014 from the delivery of quarterly Japan net income hedge.

Finance costs have increased in tandem with the growth of the portfolio whereby additional financing costs are incurred to finance the properties acquired in 2H 2013 and 2014. Notwithstanding the enlarged portfolio, the drop in finance cost between 4Q 2013 and 4Q 2014 was due to the depreciation of the Japanese Yen and lower financing costs locked in from the pre-emptive refinancing initiative done in 2013 and 2014. In addition, the loan repayment in 4Q 2013 had resulted in a one-off expense of un-amortised transaction costs relating to debt facilities recognised in Q4 2013.

The divestment of seven Japan properties in December 2014 resulted in a S$13.7 million gain (before tax) on disposal of investment properties.

Overall, annualised distribution per unit (DPU) of 11.60 cents for 4Q 2014 outperformed 4Q 2013's annualised DPU of 11.28 cents by 2.9% or 0.32 cents, mainly led by acquisitions and rental growth of existing properties.

<u>2014 Vs 2013</u>

Gross revenue for 2014 was S$100.4 million compared with S$93.7 million for 2013, an increase of S$6.7 million or 7.1%. This was mainly due to revenue contribution from the properties acquired in 2H 2013 and 2014, and higher rent from the existing properties offset by the depreciation of the Japanese Yen. As explained above, the divestment of seven Japan properties and acquisition of one nursing home in December 2014 did not have significant impact to the Group.

Correspondingly, property expenses for 2014 were S$6.6 million, an increase of S$0.5 million or 8.4% as compared to 2013. The result was a net property income of S$93.8 million for 2014, which was S$6.2 million higher than 2013.

The Manager's management fees for 2014 were S$10.1 million, an increase of S$0.7 million or 7.2% higher than 2013. 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 and trust expenses have increased with the enlarged portfolio. During 2014, the Group had registered a realised foreign exchange gain amounting to S$2.3 million from the delivery of Japan net income hedges.

The divestment of seven Japan properties in December 2014 resulted in a S$13.7 million gain (before tax) on disposal of investment properties.

Overall, annualised DPU for 2014 of 11.52 cents outperformed 2013's DPU of 10.75 cents by 7.1% or 0.77 cents, mainly due to the acquisitions made in 2H 2013 and 2014, and 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.

We believe that the acquisition outlook is improving. 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 42 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 69% 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 2014 to 31 December 2014

Distribution Type	Distribution Rate (cents per unit)
Taxable Income	2.20
Exempt Income	0.45
Capital	0.25
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.

(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 2013 to 31 December 2013

Distribution Type	Distribution Rate (cents per unit)
Taxable Income	2.15
Exempt Income	0.32
Capital Income	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.

(c) Book closure date: 4 February 2015

(d) Date payable: 27 February 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.

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 2014, 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 36 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 2014 S$'000	FY 2013 S$'000	Change %
Hospital Properties (Singapore) [1]	63,294	61,000	3.8
Nursing Homes (Japan) [2]	34,389	29,903	15.0
Pharmaceutical Product Distributing and Manufacturing Facility (Japan)	2,144	2,297	(6.7)
Medical Centre Units (Malaysia) [3]	555	493	12.6
Total gross revenue	100,382	93,693	7.1

	FY 2014 S$'000	FY 2013 S$'000	Change %
Hospital Properties (Singapore) [1]	60,177	57,916	3.9
Nursing Homes (Japan) [2]	31,151	27,158	14.7
Pharmaceutical Product Distributing and Manufacturing Facility (Japan)	2,041	2,184	(6.5)
Medical Centre Units (Malaysia) [3]	406	341	19.1
Total net property income	93,775	87,599	7.1

Footnotes

(1) The higher revenue and net property income was driven by the higher rent as a result of the high growth rate of the inflation-linked CPI + 1% formula.

(2) The increase was mainly due to full year revenue contribution of the properties acquired in 2013, additional contributions from the four Japan properties acquired in 2014 offset by the depreciation of the Japanese Yen.

(3) The increase was mainly due to new lease secured for the Gleneagles Intan Medical Centre's level 8 asset enhancement initiative which was completed in early 2014.

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 2014 S$'000	FY 2013 S$'000	Change %
Gross revenue reported for first half year	49,943	45,612	9.5
Total return after tax before distribution for first half year	33,314	33,930	(1.8)
Gross revenue reported for second half year	50,439	48,081	4.9
Total return after tax before distribution for second half year	87,792	64,349	36.4

17 Breakdown of the total distribution

In respect of the period:

	FY 2014 S$'000	FY 2013 S$'000
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
1 October 2013 to 31 December 2013	17,061	
1 January 2014 to 31 March 2014	17,061	
1 April 2014 to 30 June 2014	17,545	
1 July 2014 to 30 September 2014	17,545	

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.

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
27 January 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.