



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 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\$1.6 billion as at 31 March 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. This is inclusive of the five nursing homes and a group home acquired in 1Q 2015 (collectively, the “Japan Properties”).

Parkway Life REIT’s policy is to distribute at least 90% of its taxable income and net overseas income, with the actual level of distribution to be determined by the Manager. Since FY 2012, S\$3.0 million per annum of amount available for distribution has been retained for capital expenditure on existing properties.

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SUMMARY OF PARKWAY LIFE REIT'S RESULTS FOR THE QUARTER ENDED 31 MARCH 2015

	Notes	1Q	1Q	Increase	
		2015	2014	S\$'000	%
Gross Revenue		24,773	24,604	169	0.7
Net Property Income		23,165	22,984	181	0.8
Total Distributable Income to Unitholders		19,463	17,066	2,397	14.0
- from operations		17,936	17,816	120	0.7
- from distribution of divestment gains	(a)	2,277	-	2,277	n.m.
- amount retained for capital expenditure	(b)	(750)	(750)	-	-
Distribution per unit (cents)	(c)	3.21	2.82	0.39	14.0
Annualised distribution per unit (cents)		12.84	11.28	1.56	14.0
Distribution yield (%), based on - Closing market price of S\$2.36 as at 31 March 2015		5.44	4.78		14.0

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.

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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 2015 S\$'000	1Q 2014 S\$'000	Inc/ (Dec) %
Gross revenue		24,773	24,604	0.7
Property expenses		(1,608)	(1,620)	(0.7)
Net property income		23,165	22,984	0.8
Management fees	(a)	(2,534)	(2,445)	3.6
Trust expenses	(b)	(586)	(606)	(3.3)
Net foreign exchange gain		1,560	605	157.9
Interest income		7	3	133.3
Finance costs	(c)	(2,092)	(1,931)	8.3
Non-property expenses		(3,645)	(4,374)	(16.7)
Total return before changes in fair value of financial derivatives		19,520	18,610	4.9
Net change in fair value of financial derivatives	(d)	(1,533)	(874)	75.4
Total return for the period before tax and distribution		17,987	17,736	1.4
Income tax expense	(e)	(1,612)	(1,378)	17.0
Total return for the period after tax before distribution		16,375	16,358	0.1

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 2015 income tax expense is the withholding tax of S\$1.2 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.

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Distribution Statement

	Notes	1Q 2015 S\$'000	1Q 2014 S\$'000	Inc/ (Dec) %
Total return after tax before distribution		16,375	16,358	0.1
Non-tax deductible/(non-taxable) items:				
Trustee's fees		72	68	5.9
Amortisation of transaction costs relating to debt facilities		180	181	(0.6)
Net change in fair value of financial derivatives		1,533	874	75.4
Foreign exchange difference		(884)	(23)	3,743.5
Temporary differences	(a)	443	394	12.4
Others		217	(36)	702.8
Net effect of non-tax deductible/(non-taxable) items		1,561	1,458	7.1
Amount available for distribution to Unitholders		17,936	17,816	0.7
Distribution of divestment gains	(b)	2,277	-	n.m.
Amount retained for capital expenditure	(c)	(750)	(750)	-
Distributable income to Unitholders	(d)	19,463	17,066	14.0

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) 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, amount to S\$9,110,000 will be equally distributed to unitholders throughout the four quarters in FY2015.
- (c) 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).
- (d) Parkway Life REIT's distribution policy is to distribute at least 90% of its taxable income and net overseas income, with the actual level of distribution to be determined at the Manager's discretion.

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1(b)(i) Statement of financial position (for the issuer and group), together with a comparative statement as at the end of the immediately preceding financial year

	Notes	Group 31/03/15 S\$'000	Group 31/12/14 S\$'000	Trust 31/03/15 S\$'000	Trust 31/12/14 S\$'000
Current assets					
Trade and other receivables		10,218	10,360	80,182	29,606
Financial derivatives		215	398	215	398
Cash and cash equivalents	(a)	20,301	146,406	1,300	889
		30,734	157,164	81,697	30,893
Non-current assets					
Investment properties	(b)	1,616,094	1,500,610	1,055,735	1,053,600
Interests in subsidiaries		-	-	499,644	587,718
Security deposit receivable		689	662	-	-
Financial derivatives		6,815	10,515	6,815	10,515
Total assets		1,654,332	1,668,951	1,643,891	1,682,726
Current liabilities					
Financial derivatives		92	193	92	193
Trade and other payables		17,977	21,477	10,250	9,258
Current portion of security deposits		1,211	1,064	39	-
Loans and borrowings	(c)	4,455	80,864	4,455	80,864
Provision for taxation		1	1	-	-
		23,736	103,599	14,836	90,315
Non-current liabilities					
Financial derivatives		1,877	2,436	1,877	2,436
Non-current portion of security deposits		18,380	12,447	-	36
Loans and borrowings	(d)	563,038	503,347	563,038	503,347
Deferred tax liabilities		12,650	11,773	-	-
Total liabilities		619,681	633,602	579,751	596,134
Net assets		1,034,651	1,035,349	1,064,140	1,086,592
Represented by:					
Unitholders' funds		1,034,651	1,035,349	1,064,140	1,086,592
Total equity		1,034,651	1,035,349	1,064,140	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 repayment of short term loans ("STL") drawn down in December 2014 to partially bridge finance the 2 new property acquisitions in Japan. These Japanese Yen STL were repaid using part of the repatriated divestment proceeds and a 5-year term loan on 16 March 2015.
- (d) The increase in long term borrowings was mainly due to the drawdown of loan facility to term out the Japanese Yen STL and appreciation of the Japanese Yen.

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1(b)(ii) Aggregate amount of borrowings

	Group 31/03/15 S\$'000	Group 31/12/14 S\$'000	Trust 31/03/15 S\$'000	Trust 31/12/14 S\$'000
Unsecured gross borrowings				
Amount repayable within one year	4,455	80,864	4,455	80,864
Amount repayable after one year	565,358	505,818	565,358	505,818
Less: Transaction costs in relation to the term loan and revolving credit facilities	(2,320)	(2,471)	(2,320)	(2,471)
	567,493	584,211	567,493	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 31 March 2015, Parkway Life REIT's gearing was 34.4%, well within the 60% limit allowed under the Monetary Authority of Singapore's Property Funds Appendix.

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

Unsecured Borrowings

On 16 March 2015, the Group has drawn down JPY3,938 million (approximately S\$45.2 million¹) from the JPY4,500 million 5-year committed and unsecured term loan facility. This amount drawn, coupled with a portion of the repatriated divestment proceeds, was used to term out the existing short-term bridging loans, amounting to JPY5,585.5 million, which was previously put in place for the acquisition of two nursing home properties in Japan as announced on 28 November 2014 and 19 December 2014.

As at 31 March 2015, the total facilities drawn of JPY35,698 million (approximately S\$410.2 million¹) 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 1Q 2015, Parkway Life REIT has reviewed and consolidated the existing three unsecured and uncommitted short term multi-currency facilities of up to S\$50 million each, into two short term facilities of S\$75 million each (the "**Short Term Facilities**"). These Short Term Facilities are put in place to meet the Group's general working capital purposes. As at 31 March 2015, the Group has drawn down a total of S\$4.5 million via the Short Term Facilities, comprising of S\$3.8 million and JPY57 million (approximately S\$0.6 million), for 1 and 2 months, respectively, 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").

¹ Based on the exchange rate of S\$1.149 per JPY100 as at 31 March 2015

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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 March 2015, there were no outstanding notes issued under the MTN Programme.

(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 31 March 2015, the Group has in place the 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.

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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 2015 S\$'000	1Q 2014 S\$'000
Operating activities			
Total return before tax and distribution		17,987	17,736
Adjustments for			
Interest income		(7)	(3)
Finance costs		2,092	1,931
Net change in fair value of financial derivative		1,533	874
Operating income before working capital changes		21,605	20,538
Changes in working capital			
Trade and other receivables		228	134
Trade and other payables		(2,346)	616
Security deposits		5,523	1,532
Cash generated from operations		25,010	22,820
Income tax paid		(6,333)	(998)
Cash flows generated from operating activities	(a)	18,677	21,822
Investing activities			
Interest received		7	3
Capital expenditure on investment properties		(575)	(1,384)
Cash outflow on purchase of investment properties (including acquisition related costs)	(b)	(96,024)	(40,204)
Divestment related costs paid		(1,712)	-
Cash flows used in investing activities	(c)	(98,304)	(41,585)
Financing activities			
Interest paid		(1,905)	(1,775)
Distribution to Unitholders		(17,545)	(17,061)
Proceeds from borrowings		60,160	52,468
Repayment of borrowings		(93,822)	(8,374)
Borrowing costs paid		(29)	(261)
Cash flows (used in)/generated from financing activities	(d)	(53,141)	24,997
Net (decrease)/increase in cash and cash equivalents		(132,768)	5,234
Cash and cash equivalents at beginning of the period		144,702	25,613
Effects of exchange differences on cash balances		6,593	18
Cash and cash equivalents at end of the period²		18,527	30,865

² Cash and cash equivalents at the respective period end exclude a cash deposit of JPY154.4 million (S\$1.8 million and S\$1.9 million as at 31 March 2015 and 31 March 2014 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 lower cash flows from operating activities in 1Q 2015 mainly due to the lesser operating cash flows arising from the divestment of seven Japan properties in December 2014, payment of Japanese withholding tax on the divestment gains, offset by the receipt of security deposits for the new properties acquired in 1Q 2015.
- (b) Net cash outflow on purchase of investment properties (including acquisition related costs) is as follows:

	1Q 2015 S\$'000	1Q 2014 S\$'000
Investment properties	92,810	38,547
Acquisition related costs	3,214	1,657
Net cash outflow/Cash consideration paid	96,024	40,204

- (c) The cash flows from investing activities in 1Q 2015 is mainly due to acquisition of properties in 1Q 2015 and payment for capital expenditure on existing properties.
- (d) The cash flows in financing activities in 1Q 2015 primarily arose from the payment of 4Q 2014 distribution to Unitholders and the repayment of the Japanese Yen STL, offset by long term loans drawdown of JPY3,938 million to finance the new acquisition of four nursing home and one group home on 23 March 2015.

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

	Notes	Group 1Q 2015 S\$'000	Group 1Q 2014 S\$'000
Unitholders' funds at beginning of period		1,035,349	985,798
Operations			
Total return after tax		16,375	16,358
Translation transactions			
Net movement in foreign currency translation reserve	(a)	(546)	(94)
Hedging reserve			
Net movement in hedging reserve	(b)	1,018	(585)
Unitholders' transactions			
Distribution to Unitholders		(17,545)	(17,061)
Unitholders' funds at end of period		1,034,651	984,416

	Notes	Trust 1Q 2015 S\$'000	Trust 1Q 2014 S\$'000
Unitholders' funds at beginning of period		1,086,592	1,030,760
Operations			
Total return after tax		(5,925)	7,765
Hedging reserve			
Net movement in hedging reserve	(b)	1,018	(585)
Unitholders' transactions			
Distribution to Unitholders		(17,545)	(17,061)
Unitholders' funds at end of period		1,064,140	1,020,879

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 2015 '000	1Q 2014 '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.

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.

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

	Notes	1Q 2015 '000	1Q 2014 '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)	2.71	2.70
Applicable number of units for calculation of DPU		605,002	605,002
Distribution per unit in cents (DPU)	(b)	3.21	2.82

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 31/03/15 S\$	Group 31/12/14 S\$	Trust 31/03/15 S\$	Trust 31/12/14 S\$
Net asset value (“NAV”) per unit	(a)	1.71	1.71	1.76	1.80
Adjusted NAV per unit (excluding the distributable income)		1.68	1.68	1.73	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.

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8 Review of the performance

	1Q 2015 S\$'000	1Q 2014 S\$'000	Inc/ (Dec) %
Gross revenue	24,773	24,604	0.7
Property expenses	(1,608)	(1,620)	(0.7)
Net property income	23,165	22,984	0.8
Management fees	(2,534)	(2,445)	3.6
Trust expenses	(586)	(606)	(3.3)
Net foreign exchange gain	1,560	605	157.9
Interest income	7	3	133.3
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Non-property expenses	(3,645)	(4,374)	(16.7)
Total return before changes in fair value of financial derivatives	19,520	18,610	4.9
Net change in fair value of financial derivatives	(1,533)	(874)	75.4
Total return for the period before tax and distribution	17,987	17,736	1.4
Income tax expense	(1,612)	(1,378)	17.0
Total return for the period after tax before distribution	16,375	16,358	0.1
Net effect of non-tax deductible/(non-taxable) items	1,561	1,458	7.1
Amount available for distribution to Unitholders	17,936	17,816	0.7
Distribution of divestment gains	2,277	-	100.0
Amount retained for capital expenditure	(750)	(750)	-
Distributable income to Unitholders	19,463	17,066	14.0
Distribution per Unit (cents)	3.21	2.82	14.0
Annualised Distribution per Unit (cents)	12.84	11.28	14.0

1Q 2015 Vs 1Q 2014

Notwithstanding the divestment of seven Japan properties in December 2014, gross revenue for 1Q 2015 was higher than 1Q 2014 by S\$0.2 million driven primarily 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. The five Japan properties acquired on 23 March 2015 have contributed 9 days of rental income which was not significant.

Lessing off property expenses, the result was a net property income of S\$23.2 million for 1Q 2015, which was S\$0.2 million higher than 1Q 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, as well as valuation gains on the existing property portfolio, which led to a corresponding increase in deposited property. The increase in fees was offset by the depreciation of the Japanese Yen as compared to the same period last year.

In 1Q 2015, the Group has recognized a realised foreign exchange gain of S\$1.5 million comprised of S\$0.7 million from the delivery of quarterly Japan net income hedge and the balance FX gain arose 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.

Finance costs have increased mainly due to the additional financing costs incurred to finance the properties acquired in 2014, offset by depreciation of the Japanese Yen in 1Q 2015 as compared to the same period last year.

Overall, annualised distribution per unit (DPU) of 12.84 cents for 1Q 2015 outperformed 1Q 2014's annualised DPU of 11.28 cents by 14.0% or 1.56 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.

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 in March 2015 to start contributing to the Group's results.

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 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: First quarter distribution for the period from 1 January 2015 to 31 March 2015

Distribution Type	Distribution Rate (cents per unit)
Taxable Income	2.20
Exempt Income	0.35
Capital Distribution	0.66
Total	3.21

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 2014 to 31 March 2014

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

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Units for the purpose of calculating the amount of taxable trading gains arising from the disposal of the Units.

(c) **Book closure date:** 8 May 2015

(d) **Date payable:** 29 May 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 31 March 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; 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 Yeau Chau
Chief Executive Officer and Executive Director

Lim Kok Hoong
Chairman and Independent Director

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

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

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

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

Chan Wan Mei
Company Secretary
29 April 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.