(Constituted in the Republic of Singapore pursuant to a Trust Deed dated 12 July 2007 (as amended))

PARKWAY LIFE REAL ESTATE INVESTMENT TRUST
2014 SECOND QUARTER UNAUDITED FINANCIAL STATEMENT & DISTRIBUTION ANNOUNCEMENT

INTRODUCTION

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

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

Parkway Life REIT owns a well-diversified portfolio of 47 properties located in the Asia-Pacific region, including three hospitals in Singapore, 43 healthcare and healthcare-related assets in Japan and strata titled units/lots in Gleneagles Intan Medical Centre, Kuala Lumpur, Malaysia. Its total portfolio size stands at approximately S$1.5 billion as at 30 June 2014.

In Singapore, Parkway Life REIT owns the largest portfolio of private hospitals comprising Mount Elizabeth Hospital, Gleneagles Hospital, and Parkway East Hospital (collectively, the "Singapore Hospital Properties"), covering an aggregate of 730 beds.

In Japan, it owns one pharmaceutical product distributing and manufacturing facility in Chiba Prefecture, as well as 42 high quality nursing home and care facility properties located in various prefectures of Japan (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.

SUMMARY OF PARKWAY LIFE REIT'S RESULTS FOR THE SIX MONTHS ENDED 30 JUNE 2014

		1H 2014	1H 2013	Increase	
	Notes	S$'000	S$'000	S$'000	%
Gross Revenue		**49,943**	**45,612**	**4,331**	**9.5**
Net Property Income		**46,625**	**42,615**	**4,010**	**9.4**
Amount Available for Distribution		36,108	33,390	2,718	8.1
Amount Retained for Capital Expenditure	(a)	(1,500)	(1,500)	-	-
Distributable Income to Unitholders		**34,608**	**31,890**	**2,718**	**8.5**
Distribution per unit (cents)	(b)	**5.72**	**5.27**	**0.45**	**8.5**
Annualised distribution per unit (cents)		**11.44**	**10.54**	**0.90**	**8.5**
Distribution yield (%), based on - Closing market price of S$2.36 as at 30 June 2014		**4.85**	**4.47**		**8.5**

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	2Q 2014 S$'000	2Q 2013 S$'000	Inc/ (Dec) %	1H 2014 S$'000	1H 2013 S$'000	Inc/ (Dec) %
Gross revenue		**25,339**	**22,583**	**12.2**	**49,943**	**45,612**	**9.5**
Property expenses		(1,698)	(1,472)	15.4	(3,318)	(2,997)	10.7
Net property income		**23,641**	**21,111**	**12.0**	**46,625**	**42,615**	**9.4**
Management fees	(a)	(2,537)	(2,264)	12.1	(4,982)	(4,558)	9.3
Trust expenses	(b)	(557)	(415)	34.2	(1,163)	(923)	26.0
Net foreign exchange gain/(loss)		661	424	55.9	1,266	578	119.0
Interest income		-	-	-	3	3	-
Finance costs	(c)	(2,086)	(1,768)	18.0	(4,017)	(3,685)	9.0
Non-property expenses		**(4,519)**	**(4,023)**	**12.3**	**(8,893)**	**(8,585)**	**3.6**
Total return before changes in fair value of financial derivatives		**19,122**	**17,088**	**11.9**	**37,732**	**34,030**	**10.9**
Net change in fair value of financial derivatives	(d)	(687)	300	329.0	(1,561)	2,373	165.8
Total return for the period before tax and distribution		**18,435**	**17,388**	**6.0**	**36,171**	**36,403**	**(0.6)**
Income tax expense	(e)	(1,479)	(1,246)	18.7	(2,857)	(2,473)	15.5
Total return for the period after tax before distribution		**16,956**	**16,142**	**5.0**	**33,314**	**33,930**	**(1.8)**

Note(s):

(a) Management fees comprise of the Manager's management fees and asset management fees payable to the asset managers of the Japan Properties.

(b) Trust expenses comprise mainly of Trustee's fees, professional fees and travelling expenses.

(c) Finance costs largely comprise of interest expense on loans, settlement on interest rate swaps that provide fixed rate funding on loans and amortisation of transaction costs of establishing debt facilities.

(d) The Group entered into foreign currency forward contracts to hedge its net foreign income from Japan. The changes in fair value of the foreign currency forward contracts were recognised in Statement of Total Return.

(e) Included in 2Q 2014 income tax expense is deferred tax expense amounting to S$0.39 million recognised in respect of the Japan investment properties for the temporary differences between the fair value and the tax written down value at the applicable tax rate.

Distribution Statement

	Notes	2Q 2014 S$'000	2Q 2013 S$'000	Inc/ (Dec) %	1H 2014 S$'000	1H 2013 S$'000	Inc/ (Dec) %
Total return after tax before distribution		**16,956**	**16,142**	**5.0**	**33,314**	**33,930**	**(1.8)**
Non-tax deductible/(non-taxable) items:							
Trustee's fees		70	65	7.7	138	130	6.2
Amortisation of transaction costs relating to debt facilities		191	234	(18.4)	372	466	(20.2)
Net change in fair value of financial derivatives		687	(300)	329.0	1,561	(2,373)	165.8
Foreign exchange difference		(63)	59	206.8	(86)	226	138.1
Temporary differences	(a)	393	414	(5.1)	787	853	(7.7)
Others		58	61	(4.9)	22	158	(86.1)
Net effect of non-tax deductible/(non-taxable) items		**1,336**	**533**	**150.7**	**2,794**	**(540)**	**617.4**
Amount available for distribution to Unitholders		**18,292**	**16,675**	**9.7**	**36,108**	**33,390**	**8.1**
Amount retained for capital expenditure	(b)	(750)	(750)	-	(1,500)	(1,500)	-
Distributable income to Unitholders	(c)	**17,542**	**15,925**	**10.2**	**34,608**	**31,890**	**8.5**

Note(s):

(a) This relates to deferred tax expense provided on the temporary differences between the fair value and the tax written down value at the applicable income tax rate in respect of the Japan investment properties.

(b) Since FY 2012, 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 30/06/14 S$'000	Group 31/12/13 S$'000	Trust 30/06/14 S$'000	Trust 31/12/13 S$'000
Current assets					
Trade and other receivables		9,914	9,860	8,755	8,799
Financial derivatives		330	90	330	90
Cash and cash equivalents		35,735	27,474	1,160	786
		45,979	**37,424**	**10,245**	**9,675**
Non-current assets					
Investment properties	(a)	1,537,359	1,483,820	1,024,257	1,021,400
Interests in subsidiaries		-	-	545,776	505,026
Security deposit receivable		740	724	-	-
Financial derivatives		4,386	6,187	4,386	6,187
Total assets		**1,588,464**	**1,528,155**	**1,584,664**	**1,542,288**
Current liabilities					
Financial derivatives		399	342	399	342
Trade and other payables		16,020	14,649	8,899	8,257
Current portion of security deposits		1,703	1,710	114	115
Loans and borrowings	(b)	89,172	4,472	89,172	4,472
Provision for taxation		11	1	-	-
		107,305	**21,174**	**98,584**	**13,186**
Non-current liabilities					
Financial derivatives		2,622	1,383	2,622	1,383
Non-current portion of security deposits		15,668	14,122	-	-
Loans and borrowings	(c)	469,565	496,959	469,565	496,959
Deferred tax liabilities		9,701	8,719	-	-
Total liabilities		**604,861**	**542,357**	**570,771**	**511,528**
Net assets		**983,603**	**985,798**	**1,013,893**	**1,030,760**
Represented by:					
Unitholders' funds		983,603	985,798	1,013,893	1,030,760
Total equity		**983,603**	**985,798**	**1,013,893**	**1,030,760**

Note(s):

(a) The increase in investment properties was mainly due to the acquisition of two nursing home properties and an extended-stay lodging facility on 28 March 2014. The aggregate market value of the existing investment properties was last valued by independent valuers at S$1,483.8 million as at 31 December 2013.

(b) The increase in current term borrowings was mainly due to a portion of the long term borrowings maturing in the next 12 months reclassified to current liabilities as at 30 June 2014.

(c) The decrease in long term borrowings was mainly due to the reclassification of debt due in next 12 months to current liabilities, offset by the drawdown of loan facility to finance the property acquisition in March 2014. Refer to 1(b)(ii) for details.

1(b)(ii) Aggregate amount of borrowings

	Group 30/06/14 S$'000	Group 31/12/13 S$'000	Trust 30/06/14 S$'000	Trust 31/12/13 S$'000
Unsecured gross borrowings				
Amount repayable within one year	89,304	4,472	89,304	4,472
Amount repayable after one year	471,601	499,205	471,601	499,205
Less: Transaction costs in relation to the term loan and revolving credit facilities	(2,168)	(2,246)	(2,168)	(2,246)
	558,737	**501,431**	**558,737**	**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 30 June 2014, Parkway Life REIT's gearing was 35.3%, well within the 60% limit allowed under the Monetary Authority of Singapore's Property Funds Appendix.

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

Unsecured Borrowings

As at 30 June 2014, the total facilities drawn of JPY38,010 million (approximately S$468.66 million[3], of which, JPY13,080 million will be due and payable within the next 12 months) and S$80 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 30 June 2014, JPY3.4 million (S$0.04 million) and S$12.2 million (totalling S$12.24 million) were drawn down via the Short Term Facilities for 3 month and 1 month 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").

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

[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$1.233 per JPY100 as at 30 June 2014

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

For the investment properties acquired in Japan, the Group has entered into various interest rate swaps and foreign currency forward contracts to hedge its floating rate loans and net foreign income from Japan respectively.

The interest rate swaps were designated as cash flow hedges, and the effective portion of changes in the fair value are recognised directly in Unitholders' funds. The changes in fair value of the foreign currency forward contracts were recognised in the Statement of Total Return.

As of 30 June 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	2Q 2014 S$'000	2Q 2013 S$'000	1H 2014 S$'000	1H 2013 S$'000
Operating activities					
Total return before tax and distribution		**18,435**	**17,388**	**36,171**	**36,403**
Adjustments for					
Interest Income		-	-	(3)	(3)
Finance costs		2,086	1,768	4,017	3,685
Net change in fair value of financial derivatives		687	(300)	1,561	(2,373)
Operating income before working capital changes		**21,208**	**18,856**	**41,746**	**37,712**
Changes in working capital					
Trade and other receivables		(106)	189	29	354
Trade and other payables		619	141	845	483
Security deposits		(344)	(4)	1,188	(5)
Cash generated from operations		21,377	19,182	43,808	38,544
Income tax paid		(990)	(850)	(1,988)	(1,773)
Cash flows generated from operating activities	**(a)**	**20,387**	**18,332**	**41,820**	**36,771**
Investing activities					
Interest received		-	-	3	3
Capital expenditure on investment properties		(1,349)	(804)	(2,732)	(1,590)
Cash outflow on purchase of investment properties (including acquisition related costs)	**(b)**	(893)	-	(40,731)	-
Cash flows used in investing activities	**(c)**	**(2,242)**	**(804)**	**(43,460)**	**(1,587)**
Financing activities					
Interest paid		(1,787)	(1,534)	(3,562)	(3,528)
Distribution to Unitholders		(17,061)	(15,972)	(34,122)	(32,247)
Proceeds from borrowings		16,617	2,400	69,084	58,150
Buy-back of Floating Rate Notes		-	-	-	(14,250)
Repayment of borrowings		(12,675)	-	(21,049)	(37,800)
Borrowing costs paid		(32)	-	(294)	-
Cash flows (used in)/ generated from financing activities	**(d)**	**(14,938)**	**(15,106)**	**10,057**	**(29,675)**
Net increase in cash and cash equivalents		**3,207**	**2,422**	**8,417**	**5,509**
Cash and cash equivalents at beginning of the period		**30,865**	**29,154**	**25,613**	**28,399**
Effects of exchange differences on cash balances		(240)	(1,121)	(198)	(3,453)
Cash and cash equivalents at end of the period[4]		**33,832**	**30,455**	**33,832**	**30,455**

[4] Cash and cash equivalents at the respective period end exclude a cash deposit of JPY154.4 million (S$1.9 million and S$2.0 million as at 30 June 2014 and 30 June 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 increase in cash flows from operating activities in 2Q 2014 mainly due to additional operating cash flows from the existing properties and properties acquired in 3Q 2013 and 1Q 2014.

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

	2Q 2014 S$'000	2Q 2013 S$'000	1H 2014 S$'000	1H 2013 S$'000
Investment properties	-	-	38,182	-
Acquisition related costs	893	-	2,549	-
Net cash outflow/Cash consideration paid	**893**	**-**	**40,731**	**-**

(c) The cash outflow in investing activities in 2Q 2014 is mainly due to payment for capital expenditure on existing properties and acquisition costs for the properties acquired in 1Q 2014.

(d) The cash flows in financing activities in 2Q 2014 primarily arose from the payment of 1Q 2014 distribution to Unitholders.

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

	Notes	Group 2Q 2014 S$'000	Group 2Q 2013 S$'000	Group 1H 2014 S$'000	Group 1H 2013 S$'000
Unitholders' funds at beginning of period		**984,416**	**953,507**	**985,798**	**951,354**
Operations					
Total return after tax		**16,956**	**16,142**	**33,314**	**33,930**
Translation transactions					
Net movement in foreign currency translation reserve	(a)	**3**	**65**	**(91)**	**329**
Hedging reserve					
Net movement in hedging reserve	(b)	**(711)**	**482**	**(1,296)**	**858**
Unitholders' transactions					
Distribution to Unitholders		**(17,061)**	**(15,972)**	**(34,122)**	**(32,247)**
Unitholders' funds at end of period		**983,603**	**954,224**	**983,603**	**954,224**

	Notes	Trust 2Q 2014 S$'000	Trust 2Q 2013 S$'000	Trust 1H 2014 S$'000	Trust 1H 2013 S$'000
Unitholders' funds at beginning of period		**1,020,879**	**962,083**	**1,030,760**	**931,132**
Operations					
Total return after tax		**10,786**	**25,170**	**18,551**	**72,020**
Hedging reserve					
Net movement in hedging reserve	(b)	**(711)**	**482**	**(1,296)**	**858**
Unitholders' transactions					
Distribution to Unitholders		**(17,061)**	**(15,972)**	**(34,122)**	**(32,247)**
Unitholders' funds at end of period		**1,013,893**	**971,763**	**1,013,893**	**971,763**

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

	2Q 2014 ’000	2Q 2013 ’000	1H 2014 ’000	1H 2013 ’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 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	2Q 2014 '000	2Q 2013 '000	1H 2014 '000	1H 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)	**2.80**	**2.67**	**5.51**	**5.61**
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**	**2.63**	**5.72**	**5.27**

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 30/06/14 S$	Group 31/12/13 S$	Trust 30/06/14 S$	Trust 31/12/13 S$
Net asset value ("NAV") per unit	(a)	**1.63**	**1.63**	**1.68**	**1.70**
Adjusted NAV per unit (excluding the distributable income)		**1.60**	**1.60**	**1.65**	**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

	2Q 2014 S$'000	2Q 2013 S$'000	Inc/ (Dec) %	1H 2014 S$'000	1H 2013 S$'000	Inc/ (Dec) %
Gross revenue	**25,339**	**22,583**	**12.2**	**49,943**	**45,612**	**9.5**
Property expenses	(1,698)	(1,472)	15.4	(3,318)	(2,997)	10.7
Net property income	**23,641**	**21,111**	**12.0**	**46,625**	**42,615**	**9.4**
Management fees	(2,537)	(2,264)	12.1	(4,982)	(4,558)	9.3
Trust expenses	(557)	(415)	34.2	(1,163)	(923)	26.0
Net foreign exchange gain/(loss)	661	424	55.9	1,266	578	119.0
Interest income	-	-	-	3	3	-
Finance costs	(2,086)	(1,768)	18.0	(4,017)	(3,685)	9.0
Non-property expenses	**(4,519)**	**(4,023)**	**12.3**	**(8,893)**	**(8,585)**	**3.6**
Total return before changes in fair value of financial derivatives	**19,122**	**17,088**	**11.9**	**37,732**	**34,030**	**10.9**
Net change in fair value of financial derivatives	(687)	300	329.0	(1,561)	2,373	165.8
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Total return for the period after tax before distribution	**16,956**	**16,142**	**5.0**	**33,314**	**33,930**	**(1.8)**
Net effect of non-tax deductible/(non-taxable) items	1,336	533	150.7	2,794	(540)	617.4
Amount available for distribution to Unitholders	**18,292**	**16,675**	**9.7**	**36,108**	**33,390**	**8.1**
Amount retained for capital expenditure	(750)	(750)	-	(1,500)	(1,500)	-
Distributable income to Unitholders	**17,542**	**15,925**	**10.2**	**34,608**	**31,890**	**8.5**
Distribution per Unit (cents)	**2.90**	**2.63**	**10.2**	**5.72**	**5.27**	**8.5**
Annualised Distribution per Unit (cents)	**11.60**	**10.52**	**10.2**	**11.44**	**10.54**	**8.5**

2Q 2014 Vs 2Q 2013

Gross revenue for 2Q 2014 was S$25.3 million, which was higher than 2Q 2013 by S$2.8 million. The higher revenue was primarily due to rental income contributed from the Japan properties acquired in 2H 2013 and 1Q 2014 offset by the depreciation of the Japanese Yen. Revenue was also driven by higher rent from the Singapore properties mainly due to increased growth rate of CPI + 1% (i.e. 4.44%) in Year 7 of lease commencing 23 August 2013.

Lessing off property expenses, the result was a net property income of S$23.6 million for 2Q 2014, which was S$2.5 million higher than 2Q 2013.

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 1Q 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.

Higher professional fees primarily resulted in an increase in trust expenses for 2Q 2014. A realised foreign exchange gain of S$0.6 million was recognized in 2Q 2014 from the delivery of quarterly Japan net income hedge.

Finance costs have increased in tandem with the growth of the portfolio. The increase is mainly due to the additional financing costs incurred to finance the properties acquired in 2H 2013 and 1Q 2014, offset by the depreciation of the Japanese Yen and lower financing costs locked in from the pre-emptive refinancing initiative done in 2013.

Overall, annualised distribution per unit (DPU) of 11.60 cents for 2Q 2014 outperformed 2Q 2013's annualised DPU of 10.52 cents by 10.2% or 1.08 cents, mainly led by acquisitions and rental growth of existing properties.

1H 2014 Vs 1H 2013

Gross revenue for 1H 2014 was S$49.9 million compared with S$45.6 million for 1H 2013, an increase of S$4.3 million or 9.5%. This was mainly due to revenue contribution from the properties acquired in 2H 2013 and 1Q 2014, and higher rent from the existing properties offset by the depreciation of the Japanese Yen.

Correspondingly, property expenses for 1H 2014 were S$3.3 million, an increase of S$0.3 million or 10.7% as compared to 1H 2013. The result was a net property income of S$46.6 million for 1H 2014, which was S$4.0 million higher than 1H 2013.

The Manager's management fees for 1H 2014 were S$5.0 million, an increase of S$0.4 million or 9.3% higher than 1H 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 1H 2014, the Group had registered a realised foreign exchange gain amounting to S$1.2 million from the delivery of Japan net income hedges.

Overall, annualised DPU for 1H 2014 of 11.44 cents outperformed 1H 2013's DPU of 10.54 cents by 8.5% or 0.90 cents, mainly due to the acquisitions made in 2H 2013 and 1Q 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 medium-term acquisition outlook is improving and the global financial markets are beginning to show signs of stabilising. The long-term prospects of the regional healthcare industry will continue to be robust due to rising demand for better quality private healthcare services driven by the fast-ageing populations.

Parkway Life REIT's enlarged portfolio of 47 high-quality healthcare and healthcare-related assets places it in a good position to benefit from the resilient growth of the healthcare industry in the Asia Pacific region.

In addition, Parkway Life REIT is supported by favourable rental lease structures, where at least 91% of its Singapore and Japan portfolios have downside revenue protection and 64% of the total portfolio is pegged to CPI-linked revision formulae, ensuring steady future rental growth whilst protecting revenue stability amid uncertain market conditions.

11 Distributions

(a) Current financial period

Any distributions declared for the current financial period: Yes

Name of distribution: Second quarter distribution for the period from 1 April 2014 to 30 June 2014

Distribution Type	Distribution Rate (cents per unit)
Taxable Income	2.14
Exempt Income	0.31
Capital	0.45
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: Second quarter distribution for the period from 1 April 2013 to 30 June 2013

Distribution Type	Distribution Rate (cents per unit)
Taxable Income	2.08
Exempt Income	0.29
Capital Income	0.26
Total	**2.63**

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%.

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(c) Book closure date: 12 August 2014

(d) Date payable: 2 September 2014

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

Not Applicable.

13 If the group has obtained a general mandate from shareholders for IPTs, the aggregate value of such transactions as required under Rule 920(1)(a)(ii). If no IPT mandate has been obtained, a statement to that effect.

Parkway Life REIT has not obtained a general mandate from Unitholders for interested parties transactions.

14 Certification pursuant to Paragraph 7.3 of the Property Funds Appendix

The Manager hereby certifies that in relation to the distribution to the Unitholders of Parkway Life REIT for the quarter ended 30 June 2014:

1. Parkway Life REIT will declare a distribution ("Distribution") in excess of its profits (defined as the total return for the period after tax before distribution for the purpose of this certification). The excess is mainly a result of differences between, Financial Reporting Standards ("FRS") and income tax rules, applied to certain items reported in the statement of total return; and

2. In consultation with the Trustee, the Manager is satisfied on reasonable grounds that, immediately after making the Distribution, Parkway Life REIT will be able to fulfil from its deposited property, its liabilities as and when they fall due.

Parkway Life REIT's distribution policy is to distribute at least 90% of its taxable income and net overseas income, with the actual level of distribution to be determined at the Manager's discretion.

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

CONFIRMATION BY THE BOARD PURSUANT TO RULE 705(5) OF THE LISTING MANUAL

We confirm that, to the best of our knowledge, nothing has come to the attention of the Board of Directors of Parkway Trust Management Limited (as Manager of Parkway Life REIT) which may render these unaudited interim financial results to be false or misleading in any material aspect.

On behalf of the Board of Directors of
Parkway Trust Management Limited
(as Manager of Parkway Life REIT)

Yong Yean Chau	**Lim Kok Hoong**
Chief Executive Officer and Executive Director	Chairman and Independent Director

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
4 August 2014

This announcement has been prepared and released by Parkway Trust Management Limited, as manager of Parkway Life REIT.

Important Notice

This Announcement is for information only and does not constitute an invitation or offer to acquire, purchase or subscribe for units in Parkway Life Real Estate Investment Trust ("**Parkway Life REIT**" and the units in Parkway Life REIT, the "**Units**").

The value of the Units and the income derived from them may fall as well as rise. The Units are not obligations of, deposits in, or guaranteed by, Parkway Trust Management Limited, as manager of Parkway Life REIT (the "**Manager**"), or any of its affiliates. Investors have no right to request the Manager to redeem their Units while the Units are listed. It is intended that unitholders of Parkway Life REIT may only deal in their Units through trading on Singapore Exchange Securities Trading Limited (the "**SGX-ST**"). Listing of the Units on the SGX-ST does not guarantee a liquid market for the Units. The past performance of Parkway Life REIT or the Manager is not necessarily indicative of the future performance of Parkway Life REIT or the Manager. An investment in Units is subject to investment risks, including the possible loss of the principal amount invested.