ParkwayLife REIT

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PARKWAY LIFE REIT'S GROSS REVENUE JUMPS 33.1% TO S$32.4 MILLION FOR 1H 2009

- **Net property income rises 32.1% to S$30.2 million; DPU rises 15.1% to 3.78 cents, representing annualised distribution yield of 8.16%**
- **Minimum guaranteed rent for Singapore Hospital Properties to grow by 4.36% for third year of lease term commencing 23 August 2009**
- **Offered $50.0 million three year revolving credit Islamic financing from the Islamic Bank of Asia, a first among Singapore-listed companies**
- **Completed maiden asset enhancement initiative with ROI of 17.4% and 40.0% increase in DPU for P-Life Matsudo**

TOTAL PORTFOLIO	1 Apr 09 to 30 Jun 09 (2Q 2009) S$'000	1 Apr 08 to 30 Jun 08 (2Q 2008) S$'000	Increase / (Decrease) %	1 Jan 09 to 30 Jun 09 (1H 2009) S$'000	1 Jan 08 to 30 Jun 08 (1H 2008) S$'000	Increase / (Decrease) %
Gross revenue	16,099	12,488	28.9	32,437	24,362	33.1
Net property income	14,973	11,704	27.9	30,150	22,817	32.1
Income available for distribution	11,382	10,009	13.7	22,774	19,781	15.1
Available Distribution Per Unit (cents) [1]						
- DPU for the period	1.89	1.66	13.7	3.78	3.29	15.1
- Annualised DPU	7.55	6.65	13.7	7.55	6.57	15.1
Annualised Distribution Yield (%), based on closing market price of S$0.925 as at 30 June 2009	8.16	7.19	13.7	8.16	7.10	15.1

Singapore, 6 August 2009 – Parkway Trust Management Limited (the "Manager"), the manager of Parkway Life Real Estate Investment Trust ("PLife REIT"), is pleased to announce a strong set of figures for the second quarter ("2Q 2009") and first six months ("1H 2009") ended 30 June 2009.

PLife REIT registered gross revenue of S$16.1 million and net property income of S$15.0 million for 2Q 2009, an increase of 28.9% and 27.9% respectively over the previous corresponding period ("2Q 2008"), primarily due to higher revenue contribution from its Japan properties amounting to S$3.5 million for 2Q

[1] The number of units used to calculate the Distribution Per Unit ("DPU") comprises 603,130,464 units and 601,885,618 units issued at 30 June 2009 and 30 June 2008 respectively, and units to be issued as partial satisfaction of the Manager's management fees.

2009 (2Q 2008: $0.5 million). This was further driven by the higher rent from the Group's Singapore Hospital Properties, due to a high growth rate of CPI + 1% (i.e. 6.25%) in the second year of the lease term commencing 23 August 2008 under its inflation-linked lease structure.

For 1H 2009, PLife REIT achieved gross revenue of S$32.4 million, up 33.1% from the same period last year ("1H 2008"), on the back of higher revenue from its Japan Properties and Singapore Hospital Properties amounting to S$6.7 million and S$1.4 million respectively. Net property income was S$30.2 million, 32.1% higher than in 1H 2008.

As a result of yield accretive acquisitions made in Japan and higher revenue from the Singapore Hospital Properties, income distributable to Unitholders increased 13.7% to S$11.4 million for 2Q 2009 and 15.1% to S$22.8 million for 1H 2009. Based on a market price of S$0.925 as at market close on 30 June 2009, PLife REIT's Unitholders would enjoy an annualised distribution yield of 8.16% for 1H 2009.

Mr Yong Yean Chau, Chief Executive Officer of the Manager said, "We are delighted to deliver a solid set of interim results amidst a challenging 2009. Earnings have remained resilient mainly due to the revenue-producing ability of our assets and effective capital management strategies."

Revenue stability ensured with long term leases and upward minimum rental revision

The defensiveness of PLife REIT is supported by its quality assets and favourable rental structure. All of PLife REIT's properties enjoy long term committed leases, with a weighted average lease term to expiry (by Gross Revenue) of 13.4 years as at 30 June 2009. The committed occupancy across the Group's property portfolio remains at 100%.

Under its unique CPI + 1% rental revision formulae, all of PLife REIT's Singapore Hospital Properties are assured of annual rental increments in tandem with the prevailing inflation rate, with a minimum growth of at least 1% in the event of a deflation.

For the third year of the lease term commencing 23 August 2009, the minimum rent for the Singapore Hospital Properties is set to increase by 4.36%. As at 30 June 2009, at least 96.0% of PLife REIT's total portfolio has downside revenue protection while providing for good future growth.

First Singapore-listed entity offered revolving credit Islamic financing, further diversifying funding sources

As part of ongoing efforts to enhance its financial strength and flexibility, PLife REIT has recently been offered a S$50 million three year revolving credit Islamic facility from the Islamic Bank of Asia ("IBA"), making it the first listed entity in Singapore offered such a facility. This funding will increase PLife REIT's future acquisitive power as well as spread out its loan maturity profile. For more details, please refer to the "Parkway Life REIT to receive Islamic Financing from the Islamic Bank of Asia" announcement released on 6 August 2009.

"The offering of the new Islamic credit facility is a strong endorsement of PLife REIT's asset quality and credit standing, and marks yet another proactive initiative by the Group to further strengthen our financial resources and enhance our flexibility to expand at opportune times", commented Mr Yong.

In addition to traditional bank financing, the Group had in 2008 established a S$500.0 million multicurrency Medium Term Note ("MTN") Programme, rated BBB by Fitch Ratings on 12 June 2009, which can be tapped to refinance existing debt, fund acquisitions and for general working capital purposes. As at 30 June 2009, all of the Group's borrowings have a weighted average term to maturity of 2.1 years.

PLife REIT's gearing level stands at 22.7% as at 30 June 2009, one of the lowest among the Singapore REITs and well within the 60% limit allowable under the Monetary Authority of Singapore's Property Funds Guidelines. The Group was assigned a BBB investment grade rating by Fitch Ratings on 12 June 2009.

To effectively hedge its floating rate loans and net foreign income from Japan, the Group had entered into various three year interest rate swaps and five year foreign currency forward contracts in 2008.

Successful completion of maiden asset enhancement initiative ("AEI") at Japan property

PLife REIT is pleased to announce the completion of its first asset enhancement initiative carried out at its Japan pharmaceutical product distributing and manufacturing facility, P-Life Matsudo. This follows the Group's announcement in June 2009 to emphasise on asset management and strengthen its investment capability, with the re-designation of its Asset Management VP and appointment of a new Investment VP.

P-Life Matsudo, which was acquired in May 2008, is the Group's first investment in Japan. The freehold built-to-suit 2-storey pharmaceutical product distributing and manufacturing facility located in Chiba Prefecture, Japan is leased to a Master Lessee, Nippon Express Co., Ltd, until 13 December 2016 with a back-to-back sublease arrangement with drug development, manufacturing, export and sales company, Inverness Medical Japan Co Ltd. ("Inverness Japan"), a subsidiary of global rapid point-of-care diagnostic and health management services company Inverness Medical Innovations Inc. ("Inverness Med"). The AEI involves the conversion of an existing utility space at P-Life Matsudo to a device manufacturing room to cater for Inverness Japan's manufacturing of a new product line, as part of Inverness Med's global efforts to increase operational efficiency.

Rationale

P-Life Matsudo offers strong potential for growth via asset enhancements as the allowable plot ratio has not been maximised, and there also exists the possibility to reconfigure lower yielding areas to higher yielding areas. The AEI further maximises the performance of the property, thereby enhancing its property value. The AEI, which is customised to closely cater to the sub-lessee's operational requirements, will also promote good Landlord-Lessee relationship and facilitate further potential value-adding opportunities.

Investment Amount and Funding

The estimated total capital expenditure for the AEI is approximately JPY160.1 million (S$2.56 million)[2]. There are no fresh funding requirements as PLife REIT will tap on the cash available in its Japan SVP for the P-Life Matsudo AEI.

Expected Returns on Investment ("ROI")

With the completion of the AEI, P-Life Matsudo will enjoy a significant 19.4% increase in gross rental revenue for the unexpired lease term of approximately 7.5 years, with effect from 1 July 2009 to 13 December 2016. The AEI investment is expected to yield an attractive ROI of 17.4% and a 40.0% increase in DPU for P-Life Matsudo.

Mr Yong noted, "Securing a high 17.4% yield for the P-Life Matsudo AEI clearly demonstrates PLife REIT's ability to maximise the performance of our properties and extract greater value from our portfolio. This is part of our double-pronged strategy to achieve growth organically and externally, and will serve as a basis for similar future initiatives."

Positive medium to long term prospects with resilient healthcare demand

While the economic outlook for the rest of 2009 remains challenging, PLife REIT remains optimistic about its medium to long term prospects as demand for quality private healthcare remains resilient and continues to grow, driven by rising affluence, fast-ageing populations and increasing social acceptance of the aged living in elderly care facilities.

"With the current market sentiment showing early signs of recovery, our low gearing, diversified funding sources, a lease structure that provides upside potential while protecting against downside risks, and ability to value-add our properties puts us at a distinct advantage to respond nimbly and capture upcoming growth opportunities", concluded Mr Yong.

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Awards

In October 2008, PLife REIT was awarded the "Most Transparent Company Award 2008" from SIAS (Securities Investors Association Singapore) Investors' Choice Awards 2008 in the New Issues Category,

[2] Based on an assumed exchange rate of JPY62.50 to S$1.00.

providing recognition to PLife REIT for maintaining the highest standard of corporate governance and transparent communication. In February 2009, PLife REIT was awarded the 2008 "Best Managed Small-Cap Corporate" in Singapore by Asiamoney, for its effective management vision and strategy, exemplary business achievements, and commitment to growing Unitholders' value.

About Parkway Life REIT

Parkway Life Real Estate Investment Trust ("PLife REIT") is Asia's largest listed healthcare REIT by asset size. It invests in income-producing real estate and real estate-related assets that are used primarily for healthcare and healthcare-related purposes (including but are 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).

PLife REIT's total portfolio size stands at approximately S$1.04 billion as at 30 June 2009. It owns the largest portfolio of strategically located private hospitals in Singapore comprising Mount Elizabeth Hospital, Gleneagles Hospital, and East Shore Hospital, covering an aggregate of 1,039 licensed beds. In addition, it has 10 assets located in Japan, namely a pharmaceutical product distributing and manufacturing facility in Chiba Prefecture, and nine high quality nursing homes in Chiba Prefecture, Hyogo Prefecture, Kanagawa Prefecture, Osaka Prefecture, Saitama Prefecture and Tokyo Prefecture.

UBS AG, acting through its business group, UBS Investment Bank ("**UBS**") was the sole financial advisor and manager to the initial public offering. Citigroup Global Markets Singapore Pte. Ltd. and UBS were the joint global co-ordinators, joint bookrunners and joint lead underwriters to the initial public offering of Parkway Life REIT.

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