ParkwayLife REIT

NEWS RELEASE
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PARKWAY LIFE REIT OUTPERFORMS FORECAST TO DELIVER STERLING 4Q FY2008 RESULTS

- **Gross revenue exceeds forecast by 41.0% at S$16.2 million**
- **Net property income exceeds forecast by 39.2% at S$15.1 million**
- **Strong DPU growth of 17.9% above forecast at 1.84 cents**
- **Portfolio expanded to 13 properties worth approximately S$1.05 billion, with stable valuations despite challenging market conditions**
- **Zero refinancing risks with secured credit facilities with a weighted average tenor of 2.8 years**
- **Positive prospects with continued demand for quality services in resilient healthcare sector**

TOTAL PORTFOLIO	1 Oct 08 to 31 Dec 08 (4Q 2008) S$'000		Increase / (Decrease) %	1 Jan 08 to 31 Dec 08 (FY2008) S$'000		Increase / (Decrease) %
	Forecast[1]	Actual	Actual Vs Forecast	Forecast[1]	Actual	Actual Vs Forecast
Gross revenue	11,475	16,178	41.0	45,900	53,887	17.4
Net property income	10,823	15,070	39.2	43,294	50,357	16.3
Taxable income available for distribution	9,411	11,093	17.9	37,644	41,186	9.4
DPU for the period (cents)[2]	1.56	1.84	17.9	6.25	6.83	9.4
Annualised DPU (cents)	6.25	7.36	17.9	6.25	6.83	9.4

Singapore, 29 January 2009 – Parkway Trust Management Limited (the "Manager"), the manager of Parkway Life Real Estate Investment Trust ("PREIT"), is pleased to announce a sterling set of figures for the fourth quarter ("4Q FY2008") and full year ended 31 December 2008 ("FY 2008").

[1] The forecast figures are derived by pro-rating the forecast figures for the Projection Year 2008 (from 1 January 2008 to 31 December 2008) based on full exercise of the Over-allotment Units as disclosed in the Prospectus dated 7 August 2007.

[2] The number of units used to calculate the DPU comprises 602,347,258 units issued at 31 December 2008, and units to be issued as partial settlement of PREIT Manager's fees.

For quarter-on-quarter comparison, PREIT registered gross revenues of S$16.2 million in 4Q FY2008, representing a surge of 41.0% over forecast and 36.4% over the previous corresponding period ("4Q FY2007"). Total Net Property Income exceeded forecast by 39.2% to reach S$15.1 million, a 35.7% over 4Q FY2007 figures. Income distributable to Unitholders is 17.9% above forecast at S$11.1 million, a 15.9% increase from 4Q FY2007. In tandem with distributable income growth, distribution per unit ("DPU") for 4Q FY2008 is at 1.84 cents, representing an increase of 17.9% over forecast and 15.9% over 4Q FY2007. Distribution payment date is expected on 27 February 2009.

For comparison of FY2008 against forecast, gross revenues were 17.4% above forecast at S$53.9 million, while total Net Property Income was 16.3% over forecast at S$50.4 million. Income distributable to Unitholders for the period exceeded forecast by 9.4% at S$41.2 million, resulting in a corresponding increase in DPU over forecast to 6.83 cents.

Given its robust capital management structure and strong balance sheet, PREIT will maintain 100% distribution payout of its taxable income and net overseas income for FY2009.

Mr Yong Yean Chau, Chief Executive Officer of the Manager, said, "We are extremely pleased with our robust performance in 2008. This has been the result of a solid year of organic growth and yield-accretive acquisitions, backed by prudent capital and financial management that underpins the stellar performance of PREIT."

"Within a year and a half after our listing, we have also substantially expanded our property portfolio and footprint in Asia Pacific through our venture into Japan, putting us in a position to benefit from the increasing demand for high quality healthcare-related services in the region", noted Mr Yong.

Overall Growth Propelled by Favourable Lease Structure, Yield-Accretive Portfolio Expansion

Despite challenging market conditions, PREIT continued to enjoy good overall growth across its portfolio, supported by a favourable lease structure that protects against downside risk while providing for good future rental growth. As at FY2008, all its properties have a weighted average lease term to expiry of 13.9 years[3].

With annual rental review pegged to CPI + 1%, PREIT's Singapore Hospital Properties grew strongly at 6.25% over total rent payable in first year of lease term, following a CPI growth of 5.25% in FY2008. Correspondingly, since 23 August 2008, PREIT had also increased the annual minimum guaranteed rent[4]

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[3] Based on Gross Rental Income as at 31 December 2008

[4] The minimum guaranteed rent of the lease for Singapore Hospital Properties for FY2008 comprises 1st Year minimum guaranteed rent from 1 January to 22 August 2008 and revised 2nd Year minimum guaranteed rent from 23 August to 31 December 2008

for its Singapore Properties by 12.22% for the 2nd year of the lease term, further increasing earnings potential and ensuring stability of returns.

Growth in FY2008 was also propelled by a series of yield-accretive acquisitions made during the year. PREIT completed the acquisition of 10 high quality healthcare assets in Japan, bringing its total portfolio to 13 properties totalling approximately S$1.05 billion, representing a 26% year-on-year increase from its initial portfolio of three properties worth S$831.6 million.

In line with PREIT's strategy to achieve greater geographical diversification, Singapore and Japan properties respectively account for 81% and 19% of Net Property Income[5]. Asset diversification has also improved portfolio weighting (based on asset value), which now comprises 81% hospitals and medical offices, 15% nursing homes, and 4% pharmaceutical facilities.

As a result of increased gross revenue contribution from the Singapore Hospital Properties driven by a higher variable rent component plus CPI-linked revision formulae, and contributions from the Japan Properties acquired in May and September 2008 amounting to S$3.6 million, 4Q FY2008 saw a set of robust earnings across the board.

"We are also pleased to report that the S$1.05 billion valuation of our Singapore and Japan Properties have maintained at a steady level despite adverse current market conditions, according to independent valuations by DTZ Debenham Tie Leung and Colliers Halifax. This reflects the intrinsic quality and resilience of our portfolio and REIT model", added Mr Yong.

Adequate Credit Sources Mitigate Refinancing Risk, Increase Acquisitive Power

To eliminate financing risks, PREIT has secured credit facilities for its borrowings, with an average tenor of 2.8 years. During FY2008, it secured three-year facilities, comprising a term loan facility and several revolving credit facilities, of JPY 13,660 million (S$218.2 million), fully drawn down to finance the acquisition of the Japan Properties. It further secured a two-year S$100 million revolving credit facility to refinance its S$34 million term loan maturing in 2009. As at 31 December, PREIT also has S$210 million worth of unutilised revolving credit facilities, in addition to its S$500 million Medium Term Note programme established in August 2008.

As at FY2008, PREIT has a strong balance sheet and gearing of 23.3%. Further debt headroom of S$300 million (before reaching 40% gearing), sufficient financing resources, and a strong BBB+ Investment Grade Credit Rating puts PREIT in good stead to support its future acquisitive opportunities.

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[5] Based on annualized net property income

In order to mitigate risks in interest rates and foreign currency, PREIT also entered into various interest rate swaps to fix the interest rates for 100% of its total debt for three years, as well as foreign currency forward contracts to hedge net foreign income from its Japan Properties.

Healthy Medium to Long Term Outlook in Asia and Singapore Healthcare Sector

Despite the market downturn, prospects for PREIT in the medium to long-term remain optimistic due to the inherent resilience of the healthcare sector, as well as continued demand for quality private healthcare led by growing affluence and ageing populations in Asia Pacific. Singapore, as a regional provider of world-class medical services, continues to see strong demand for private healthcare from both local and foreign patients.

"The defensive nature of PREIT has enabled us to weather the global financial storm. We will continue to implement proactive measures to enhance the value of our assets, and prudently manage our capital structure to maintain sustainability of returns to our Unitholders. Going forward, we will be looking to further diversify our financial sources and tenant mix, as well as identify a pipeline of yield-accretive targets which we can leverage on in a market upswing to take us to the next level", concluded Mr Yong.

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Awards

In October 2008, PREIT was awarded the "Most Transparent Company Award 2008" from SIAS (Securities Investors Association Singapore) Investors' Choice Awards 2008 in the New Issues Category. It provides recognition to PREIT for maintaining the highest standard of corporate governance and transparent communication.

About Parkway Life REIT

Parkway Life Real Estate Investment Trust ("PREIT") is Asia's largest listed healthcare REIT. It invests primarily 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 services).

PREIT's total portfolio size stands at approximately S$1.05 billion as at 31 December 2008. 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 products 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.

Citigroup Global Markets Singapore Pte. Ltd. and UBS AG, acting through its business group, UBS Investment Bank 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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Important Notice

This Announcement is for information only and does not constitute an invitation or offer to acquire, purchase or subscribe for 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 the Sponsor, the Manager, HSBC Institutional Trust Services (Singapore) Limited as trustee of Parkway Life REIT, the Joint Lead Underwriters, DBS Bank Ltd, or any of their affiliates.

Investors have no right to request the Manager to redeem their Units while the Units are listed. It is intended that Unitholders may only deal in their Units through trading on the SGX-ST. Listing of the Units on 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.