

**NEWS RELEASE**
**FOR IMMEDIATE RELEASE**
**PARKWAY LIFE REIT POSTS STEADY GAINS FOR 2Q AND 1H 2010**

- **Gross revenue increased 16.4% and 15.3% for 2Q 2010 and 1H 2010 respectively**
- **DPU increased 10.9% and 10.3% for 2Q 2010 and 1H 2010 respectively**
- **Minimum guaranteed rent for Singapore Hospital Properties to grow by 1.73% for fourth year of lease term commencing 23 August 2010**
- **Continues to strengthen balance sheet and unlock value from existing portfolio for growth**

<b>TOTAL PORTFOLIO</b>	<b>1 Apr 10 to 30 Jun 10 (2Q 2010) S\$'000</b>	<b>1 Apr 09 to 30 Jun 09 (2Q 2009) S\$'000</b>	<b>Increase %</b>	<b>1 Jan 10 to 30 Jun 10 (1H 2010) S\$'000</b>	<b>1 Jan 09 to 30 Jun 09 (1H 2009) S\$'000</b>	<b>Increase %</b>
<b>Gross revenue</b>	<b>18,736</b>	<b>16,099</b>	<b>16.4</b>	<b>37,385</b>	<b>32,437</b>	<b>15.3</b>
<b>Net property income</b>	<b>17,304</b>	<b>14,973</b>	<b>15.6</b>	<b>34,510</b>	<b>30,150</b>	<b>14.5</b>
<b>Income available for distribution</b>	<b>12,624</b>	<b>11,382</b>	<b>10.9</b>	<b>25,124</b>	<b>22,774</b>	<b>10.3</b>
<b>Available Distribution Per Unit (cents)<sup>1</sup></b>						
<b>- DPU for the period</b>	<b>2.09</b>	<b>1.89</b>	<b>10.9</b>	<b>4.16</b>	<b>3.78</b>	<b>10.3</b>
<b>- Annualised DPU</b>	<b>8.35</b>	<b>7.55</b>	<b>10.9</b>	<b>8.31</b>	<b>7.55</b>	<b>10.3</b>
<b>Annualised Distribution Yield (%), based on closing market price of S\$1.36 as at 30 June 2010</b>	<b>6.14</b>	<b>5.55</b>	<b>10.9</b>	<b>6.11</b>	<b>5.55</b>	<b>10.3</b>

**Singapore, 6 August 2010** – Parkway Trust Management Limited (the “Manager”), as manager of Parkway Life Real Estate Investment Trust (“PLife REIT”) is pleased to announce a sterling set of figures for the second quarter (“2Q 2010”) and first six months (“1H 2010”) ended 30 June 2010.

PLife REIT registered gross revenue of S\$18.7 million for 2Q 2010, an increase of 16.4% over the previous corresponding period (“2Q 2009”). For 1H 2010, gross revenue increased 15.3% from the same period last year (“1H 2009”) to S\$37.4 million. This was primarily due to higher revenue contribution amounting to S\$1.8 million from the eight Japan nursing homes acquired in November 2009. The completion of the acquisition of six Japan nursing home and care facility properties in June

<sup>1</sup> The number of units used to calculate the Distribution Per Unit (“DPU”) comprises 604,245,217 units and 603,130,464 units issued as at 30 June 2010 and 30 June 2009 respectively, and units to be issued as partial satisfaction of the Manager’s management fees.

2010 also boosted revenue with its half-month rental contribution amounting to S\$0.2 million. Gross revenue was further driven by higher rent from the existing properties.

Net property income was S\$17.3 million for 2Q 2010, and S\$34.5 million for 1H 2010, rising 15.6% and 14.5% respectively from 2Q 2009 and 1H 2009.

As a result of yield-accretive acquisitions made in Japan and higher revenue from the existing properties, distributable income increased 10.3% from S\$22.8 million in 1H 2009 to S\$25.1 million for 1H 2010. Accordingly, annualised Distribution per Unit (“DPU”) rose 10.3% from 7.55 cents to 8.31 cents for 1H 2010. Based on a market price of S\$1.36 as at market close on 30 June 2010, PLife REIT’s Unitholders would enjoy an annualised distribution yield of 6.11% for 1H 2010.

Mr Yong Yean Chau, Chief Executive Officer of the Manager said, “We are delighted to continue making steady gains for the first six months of 2010. This has been an exciting and fruitful period of growth for PLife REIT as we forged ahead in our expansion plans with two highly yield-accretive acquisition exercises. A strengthened portfolio of income-generating assets, supported by our defensive REIT model, has enabled us to continue delivering good and sustainable returns for our Unitholders.”

### **Upward rental revision and strengthening balance sheet**

Under its CPI + 1% rental revision formula, all of PLife REIT’s Singapore Hospital Properties are assured of annual rental increments in tandem with the prevailing inflation rate. For the fourth year of lease term commencing 23 August 2010, the minimum guaranteed rent for the Singapore Hospital Properties is set to increase by 1.73%.

With the funding landscape for S-REITs improving significantly on the back of improving economic conditions, PLife REIT is now proactively looking to refinance its JPY13.66 billion loan facilities (S\$207.0 million)<sup>2</sup> that will fall due in 2H 2011, capitalising on tightening credit spreads for interest cost savings. This will allow PLife REIT to further strengthen its balance sheet, extend its loan maturity profile, as well as eliminate near term refinancing risks.

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<sup>2</sup> Based on exchange rate of S\$1.00 to JPY66.00

## **Consolidating regional presence with yield-accretive Japan acquisitions**

In line with its clustering strategy to generate greater synergies and economies of scale, PLife REIT further consolidated its position in Japan with its acquisition of six nursing care properties on 17 June 2010 and five other properties on 16 July 2010.

The two acquisitions, completed in June 2010 and July 2010, provide an expected net property yield of 8.08% and 8.35% respectively, which compare favourably to the property yield of 6.97% for PLife REIT's existing Japan portfolio.<sup>3</sup> Both acquisitions are fully funded via five-year committed unsecured credit facilities at a relatively low all-in funding cost of approximately 1.7%, reflecting financiers' strong confidence in the quality of PLife REIT's assets and investment strategy.

PLife REIT's enlarged portfolio of 32 quality healthcare assets of approximately S\$1.3 billion continues to depict its defensive nature with favourably structured leases and 100% overall committed occupancy. As at 16 July 2010, the weighted average lease term to expiry (by Gross Revenue) of the portfolio improved to 13.60 years, with 98.4% of its leases having rent review provision and 88.1% with downside revenue protection.

## **Well-positioned for continued growth**

The real estate industry has shown positive signs of growth on the back of global economic recovery, while demand for quality healthcare properties remains resilient. PLife REIT is firmly positioned for the upturn given its robust balance sheet and strong acquisition pipeline, providing it with the flexibility to move quickly to capture market opportunities.

"PLife REIT remains opportunistic in its search for yield-accretive acquisitions in high-growth regional healthcare markets. We will also continue to proactively pursue initiatives to unlock value from our existing properties, in order to maximise risk-adjusted returns for the overall portfolio", concluded Mr Yong.

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## **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,

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<sup>3</sup> Existing Japan Portfolio excludes the two acquisitions completed in June 2010 and July 2010

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\$1.3 billion as at 16 July 2010. It owns the largest portfolio of strategically located private hospitals in Singapore comprising Mount Elizabeth Hospital, Gleneagles Hospital, and Parkway East Hospital, covering an aggregate of 1,039 licensed beds. In addition, it has 29 assets located in Japan, namely one pharmaceutical product distributing and manufacturing facility in Chiba Prefecture, and 28 high quality nursing home and care facility properties in various prefectures of Japan.

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