

NEWS RELEASE
FOR IMMEDIATE RELEASE

PARKWAY LIFE REIT EXPANDS FOOTPRINT IN THE REGION

- **Fortifies Japan nursing home portfolio through acquiring three more properties**
- **Makes entry into Malaysia through acquiring strata titled units/lots within Gleneagles Medical Centre, Kuala Lumpur**

Singapore, 28 February 2012 – Parkway Trust Management Limited, as the manager of Parkway Life Real Estate Investment Trust (“PLife REIT”, and as manager of PLife REIT, the “Manager”), is pleased to announce that it will be making further acquisitions in Japan and Malaysia to expand its portfolio.

Japan acquisition to fortify nursing home portfolio

HSBC Institutional Trust Services (Singapore) Limited, as trustee of PLife REIT (the “Trustee”) has through its wholly-owned subsidiary, Parkway Life Japan4 Pte. Ltd., entered into a *Tokumei-Kumiai* agreement (or silent partnership agreement, the “TK Agreement”, similar to the holding structure for all its previous acquisitions in Japan) for the acquisition of three nursing home properties in Japan (the “Properties”) at a combined purchase price of JPY3.0 billion (approximately S\$50 million)¹. The acquisition of the Properties will be at a discount to valuation² and is expected to generate a net property yield of 7.8%³. Completion of the acquisition is expected by March 2012.

The Properties, which comprise Sawayaka Parkside Shinkawa (“Shinkawa”), Sawayaka Hirakata Kan (“Hirakata”) and Sawayaka Higashikagura Kan (“Higashikagura”), are well maintained and strategically located. They enjoy a healthy weighted average operational occupancy of approximately 90% as at December 2011. Shinkawa and Hirakata are well nested in densely populated residential areas in the prefectures of Fukuoka and Osaka respectively, serving the needs of the local community within a 5-10 km radius. Higashikagura, being strategically located within a suburban residential area in the Hokkaido prefecture, serves the

¹ All JPY reference in this press release are based on the exchange rate of S\$1.00 = JPY60.0

² International Appraisals Incorporated has independently valued the acquisition as at 1 October 2011 at JPY3.14 billion.

³ The expected net property yield is computed by dividing the net property income (“NPI”) of the Properties by the purchase price of S\$50.0 million.

catchment area of the entire town as the only nursing home in the vicinity. Shinkawa and Higashikagura will be acquired from KK Sawayaka Club (“Sawayaka Club”) and Hirakata from KK Sawayaka Amanogawa (“Sawayaka Amanogawa” and together with KK Sawayaka Club, “Sawayaka”). Sawayaka is the largest private nursing home operator in Kyushu. It is a strategic partner of PLife REIT and currently operates 7 of its 29 Japan nursing homes.

Each of the Properties will be on a fresh 20-year master lease/ operating lease agreement with Sawayaka. This will lengthen the weighted average lease term to expiry (by gross revenue) for PLife REIT’s portfolio to approximately 12.35 years. To ensure greater sustainability of returns to PLife REIT’s Unitholders, the stability of the leases for the Properties is strengthened with backup operator arrangements being put in place. In addition, potential rental default risks are mitigated as KK Uchiyama Holdings and its wholly-owned subsidiaries, KK Bonheure and KK Sawayaka Club (with respect to Hirakata only) will jointly and severally provide rental income guarantees for the Properties.

Mr Yong Yean Chau, Chief Executive Officer of the Manager, said, “Leveraging on our strategic partnership approach, we are pleased to further expand our footprint in Japan with this acquisition. The Properties are of high quality, DPU accretive, geographically diversified and well managed by a credible and stable nursing home operator; a strategic fit based on our stringent acquisition criteria. Through such considerations, we aim to drive greater value for our Unitholders.”

The acquisition of the Properties is expected to be fully funded via a 5-year committed and unsecured JPY denominated Term Loan Facility of JPY3.2 billion (approximately S\$53.3 million), at an estimated all-in cost of 1.8%.

First step into Malaysia

The Trustee has, through its wholly-owned Malaysian incorporated subsidiary, Parkway Life Malaysia Sdn. Bhd., also entered into an agreement with Gleneagles Medical Centre (Kuala Lumpur) Sdn. Bhd. (the “Malaysian Vendor”) to acquire strata titled units/lots within Gleneagles Medical Centre, Kuala Lumpur, Malaysia (“GMCKL Portfolio”) at a purchase price of RM16.0 million (approximately S\$6.45 million⁴) in cash. The acquisition of GMCKL Portfolio is expected to be accretive and is at a discount to valuation⁵. This is an interested person transaction since the Malaysian Vendor is related to PLife REIT through common shareholding by Integrated Healthcare Holdings Limited. The acquisition of GMCKL Portfolio was negotiated on an arm’s

⁴ All RM reference in this press release are based on the exchange rate of S\$1.00 = RM2.48

⁵ DTZ Nawawi Tie Leung Property Consultants Sdn Bhd and Jones Lang Wootton have independently valued the GMCKL Portfolio as at 20 January 2012 at RM17.0 million and RM16.75 million respectively.

length basis between the Manager, on behalf of the Trustee, and the Malaysian Vendor. Completion of the acquisition is expected by August 2012.

GMCKL is strategically located next to Gleneagles Hospital Kuala Lumpur and the medical precinct is well known in Kuala Lumpur for providing high quality medical care. The GMCKL Portfolio constitutes approximately 23.1% of the total share value of GMCKL - comprising three ground floor units, three medical consulting suites units on the 2nd and 7th floors, the entire 8th floor and 69 car park lots. The GMCKL Portfolio is close to full occupancy and enjoys a good tenancy profile with the bulk of the strata area (excluding carpark) being leased to a strong healthcare operator, Gleneagles Hospital (Kuala Lumpur) Sdn. Bhd.

Moving forward, with pro-active asset management, the shorter multi-tenancy arrangement for the GMCKL Portfolio would serve as an added organic growth kicker through more regular rental reversions.

“Our prudent approach adopted in entering Malaysia is similar to our initial foray into Japan, where we embarked on a small-sized acquisition before consolidating our presence over time with enhanced market familiarity. This acquisition marks the beginning of our long term strategy to establish a significant presence in Malaysia, whose healthcare sector is flourishing. We believe PLife REIT is well poised to capitalise on growth opportunities in this new market,” said Mr Yong.

Plans moving forward

For Japan, the rapidly ageing population and the government’s continued encouragement for private sector participation in the elderly care industry will continue to bolster demand for quality senior care services and living facilities. PLife REIT, having an enlarged nursing home portfolio of 32 properties strategically located across the country, will continue to be a beneficiary of this trend.

As part of PLife REIT’s strategy to optimise its portfolio constitution to ensure diversified revenue sources, it intends to hold down its acquisition activities in Japan in the interim and focus on exploring yield accretive acquisition opportunities in the region.

“PLife REIT has already achieved a good asset size in Japan; we believe it is time for us to consolidate our presence and take a pause on acquisition activities there except where exceptional value opportunities arise. In the meantime, we look to diversify our portfolio in growth markets identified for revenue sustainability, such as with our maiden acquisition in Malaysia. With the latest acquisitions in Japan and Malaysia, PLife REIT’s gearing will increase from 34.8% as at 31 December 2011 to 37.4%.

“Moving forward, we remain committed to proactively managing and exploring value adding initiatives for our entire portfolio as we seek out acquisition opportunities in the region,” added Mr Yong.

Documents on display

Copies of the following documents are available for inspection during normal business hours at the registered office of the Manager⁶ at 80 Robinson Road, #02-00, Singapore 068898, from the date of this press release up to and including the date falling three months after the date of this press release:

Relating to the acquisitions in Japan:

1. the full valuation report on the Properties issued by International Appraisals;
2. the TK Agreement;
3. the purchase and sale agreements for each of the three Properties;
4. the asset management agreement;
5. the building lease agreements relating to each of the three Properties;
6. the rental guarantee letter; and
7. the undertaking letter;

Relating to the acquisition of GMCKL Portfolio in Malaysia:

1. the full valuation report on the GMCKL Portfolio issued by DTZ Nawawi Tie Leung Property Consultants Sdn. Bhd.;
2. the full valuation report on the GMCKL Portfolio issued by Jones Lang Woolton; and
3. the sale and purchase agreement.

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About Parkway Life REIT

Parkway Life Real Estate Investment Trust (“PLife REIT”) is one of Asia’s largest listed healthcare REITs 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 owns a well-diversified portfolio of 33 properties with a total portfolio size of approximately S\$1.38 billion as at 31 December 2011. It owns the largest portfolio of strategically-located private

⁶ Prior appointment with the Manager will be appreciated.

hospitals in Singapore comprising Mount Elizabeth Hospital, Gleneagles Hospital and Parkway East Hospital, covering an aggregate of 730 beds⁷. In addition, it has 30 assets located in Japan, including one pharmaceutical product distributing and manufacturing facility in Chiba Prefecture as well as 29 high quality nursing home and care facility properties in various prefectures of Japan.

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Important Notice

This press release 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 (“PLife REIT” and the units in PLife 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 PLife REIT, 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 PLife 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 PLife REIT or the Manager is not necessarily indicative of the future performance of PLife REIT or the Manager. An investment in Units is subject to investment risks, including the possible loss of the principal amount invested.

⁷ As at 31 December 2011