ParkwayLife REIT

NEWS RELEASE

FOR IMMEDIATE RELEASE

PARKWAY LIFE REIT ANNOUNCES DPU OF 9.60 CENTS FOR FY2011

- **Gross revenue increased 9.6% to S$87.8 million in FY2011**
- **Net property income increased 9.1% to S$80.3 million in FY2011**
- **DPU increased 9.2% to 9.60 cents in FY2011**
- **Achieved interest cost savings of S$2.5 million with dynamic debt management**
- **Retention of Distributable Income for capital expenditure in FY2012**
- **On solid ground with defensive strategies and healthy long-term prospects**

TOTAL PORTFOLIO	1 Oct 11 to 31 Dec 11 (4Q 2011) S$'000	1 Oct 10 to 31 Dec 10 (4Q 2010) S$'000	Increase %	1 Jan 11 to 31 Dec 11 (FY2011) S$'000	1 Jan 10 to 31 Dec 10 (FY2010) S$'000	Increase %
Gross revenue	22,847	21,492	6.3	87,763	80,048	9.6
Net property income	20,837	19,678	5.9	80,308	73,625	9.1
Income available for distribution	14,902	14,433	3.2	58,051	53,173	9.2
Available Distribution Per Unit (cents) [1] - DPU for the period - Annualised DPU	 2.47 9.88	 2.38 9.52	 3.2 3.2	 9.60 9.60	 8.79 8.79	 9.2 9.2
Annualised Distribution Yield (%), based on closing market price of S$1.79 as at 30 Dec 2011	5.52	5.32	3.2	5.36	4.91	9.2

Singapore, 27 January 2012 – Parkway Trust Management Limited (the "Manager"), as manager of Parkway Life Real Estate Investment Trust ("PLife REIT") is pleased to announce results for the fourth quarter ("4Q 2011") and full year ("FY2011") ended 31 December 2011.

For 4Q 2011, PLife REIT registered gross revenue of S$22.8 million, an increase of 6.3% from S$21.5 million in the previous corresponding period ("4Q 2010"). This was primarily due to revenue contribution from the Japan nursing home acquired in January 2011 and appreciation of the Japanese Yen. Revenue growth was further driven by higher rent from the Singapore Hospital Properties due to rental growth rate of 5.3% (under the CPI + 1% rent revision formula)

[1] The number of units used to calculate the Distribution per Unit ("DPU") for 2011 and 2010 comprise of the number of units in issue as at 31 December 2011 and units in issue and issuable as at 31 December 2010 respectively.

for Year 5 of the lease term commencing 23 August 2011. Property expenses were S$2.0 million, resulting in a S$1.2 million or 5.9% increase in net property income to S$20.8 million in 4Q 2011.

For FY2011, gross revenue increased 9.6% from S$80.0 million in the previous corresponding period ("FY2010") to S$87.8 million, mainly due to full year revenue contribution from the properties acquired in 2010 and 2011, and higher rent from existing properties. Property expenses were S$7.5 million, resulting in a S$6.7 million or 9.1% increase in net property income to S$80.3 million in FY2011.

As a result of the yield-accretive acquisitions made in Japan, higher rent from existing properties and savings from lower financing costs, distributable income for 4Q 2011 increased 3.2% to S$14.9 million, while distributable income for FY2011 increased 9.2% to S$58.1 million. Accordingly, distributable income per Unit ("DPU") for 4Q 2011 grew from 2.38 cents in 4Q 2010 to 2.47 cents, while DPU for FY2011 grew from 8.79 cents in FY2010 to 9.60 cents. Distribution payment is expected on 29 February 2012.

Mr Yong Yean Chau, Chief Executive Officer of the Manager said, "We are pleased with our overall performance in 2011. As we focused on consolidating our Japan business during the year, we remained steadfast in strengthening PLife REIT's financial position and generating organic growth across the portfolio to sustain earnings stability. Amid ongoing market uncertainty, we are glad to be able to consistently deliver DPU growth to our Unitholders; which has increased 55.3% since IPO."

Robust balance sheet strengthened by dynamic debt management

Whilst the portfolio expanded, overall financing costs for FY2011 fell S$2.2 million or 19.8% year-on-year, mainly due to interest cost savings from the refinancing and re-pricing exercises completed in August 2010 and January 2011. Finance costs were further reduced due to lower locked-in hedged rates arising from the recent extension of interest rates hedges with effect from August 2011. This resulted in overall interest cost savings of approximately S$2.5 million for FY2011.

As at 31 December 2011, PLife REIT's weighted average term to debt maturity was 2.92 years, and the effective all-in cost of debt was 1.64%. Gearing stands at a healthy level of 34.8%, representing further debt headroom of S$266.4 million before reaching 45% gearing.

Consolidating in Japan; seeking sustainable growth

In 2011, as PLife REIT consolidated its presence in Japan following a string of acquisitions in 2010, it continued to seek out collaborations with its local healthcare operators to extract further value and optimise the performance of its existing properties via asset enhancement initiatives ("AEI"). In July 2011, PLife REIT completed its second Japan nursing home AEI, which encompassed the conversion of an under-utilised indoor pool area to an income-producing Day Service facility area at Sawayaka Nokatakan. PLife REIT's approach in strengthening strategic partnerships with credible healthcare operators, commitment to exploring collaborative AEIs, and selective acquisition of attractively-priced and value-generating properties are indicative of its long-term strategy and confidence in the prospects of the Japan elderly care industry.

"Whilst consolidating our Japan presence, we continued to focus on organic growth while remaining committed to our lessees as well as end-users of our healthcare properties by providing facilities to suit their needs. Being in the healthcare business, PLife REIT is intrinsically connected to the well-being of patients and residents at our hospitals and nursing homes. Having a heart for the community and environment is the ethos driving our business and operating decisions. To this end, we aim to deliver the most equitable results to all our stakeholders", commented Mr Yong.

Retention of Distributable Income for capital expenditure in FY2012

Since IPO, Parkway Life REIT has been distributing 100% of its taxable income and net overseas income. As a prudent approach, the Manager will retain a portion of the Distributable Income to finance the recurring capital expenditure needs of its existing properties via operating cashflow with effect from FY2012. For FY2012, approximately S$3 million (which translates to about 0.5 cents of DPU) will be retained. By doing so, it will reduce the REIT's reliance on debt for the funding of its capital expenditure. Nonetheless, Parkway Life REIT will maintain its policy to distribute at least 90% of its taxable income and net overseas income.

Defensive fundamentals and healthy long-term prospects to support continued stability

The current global market outlook continues to be challenging, underscored by ongoing economic volatility in the West. PLife REIT remains cautiously optimistic about its near-term acquisition prospects and will continue to seek out organic growth opportunities, supported by its defensive model and strategies. With long-term rental structures, 100% occupancy, and 88% of the total portfolio having downside revenue protection and 65% pegged to CPI-linked rental revision formulae, PLife REIT is positioned to weather the market uncertainty and continue generating stable returns for its Unitholders.

Over the longer term, the Group remains optimistic about the overall prospects of the Asia Pacific healthcare sector, fuelled by ageing populations, growing affluence and increasing demand for better private healthcare services.

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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 hospitals in Singapore comprising Mount Elizabeth Hospital, Gleneagles Hospital and Parkway East Hospital, covering an aggregate of 730 beds[2]. 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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[2] As at 31 December 2011