ParkwayLife REIT

NEWS RELEASE

FOR IMMEDIATE RELEASE

PARKWAY LIFE REIT DELIVERS SOLID RESULTS FOR FY2010; ACQUIRES NEW JAPAN PROPERTY; LOWERS DEBT COST

- **Gross revenue rises 20.0% to S$80.0 million for FY2010**
- **DPU rises 13.8% to 8.79 cents for FY2010**
- **Acquires yield-accretive Japan nursing home with net property yield of 8.0%**
- **Successful lowering of debt cost via re-pricing leads to significant cost savings of S$3.45 million[1] and strengthened balance sheet**

TOTAL PORTFOLIO	1 Oct 10 to 31 Dec 10 (4Q 2010) S$'000	1 Oct 09 to 31 Dec 09 (4Q 2009) S$'000	Inc / (Dec) %	1 Jan 10 to 31 Dec 10 (FY2010) S$'000	1 Jan 09 to 31 Dec 09 (FY2009) S$'000	Inc / (Dec) %
Gross revenue	21,492	17,744	21.1	80,048	66,679	20.0
Net property income	19,678	16,462	19.5	73,625	61,983	18.8
Income available for distribution	14,433	12,383	16.6	53,173	46,716	13.8
Available Distribution Per Unit (cents)[2] - DPU for the period - Annualised DPU	 2.38 9.52	 2.05 8.20	 16.6 16.6	 8.79 8.79	 7.74 7.74	 13.8 13.8
Annualised Distribution Yield (%), based on closing market price of S$1.65 as at 31 Dec 2010	5.77	4.97	16.6	5.33	4.69	13.8

Singapore, 24 January 2011 – Parkway Trust Management Limited (the "Manager"), as manager of Parkway Life Real Estate Investment Trust ("PLife REIT"), is pleased to announce another sterling set of results for the fourth quarter ("4Q 2010") and full year ("FY2010") ended 31 December 2010.

For 4Q 2010, PLife REIT registered a 21.1% increase in gross revenue from S$17.7 million in the previous corresponding period ("4Q 2009") to S$21.5 million. This was primarily due to the

[1] For the remaining loan term.

[2] The number of units used to calculate the Distribution per Unit ("DPU") comprise of the number of units in issue and issuable as at 31 December 2010 and 31 December 2009 respectively.

full quarter revenue contribution amounting to S$0.9 million from the eight Japan nursing home properties acquired in November 2009, and recognition of revenue contribution amounting to S$2.5 million from the 11 Japan nursing home properties acquired in June and July 2010. Revenue was further driven by higher rent from the Singapore Hospital Properties as a result of the rental growth rate of 1.73% (based on CPI + 1%) for Year 4 of the lease term commencing 23 August 2010. Property expenses were S$1.8 million, resulting in a 19.5% increase in net property income to S$19.7 million for 4Q 2010.

For FY2010, gross revenue increased 20.0% from S$66.7 million for FY2009 to S$80.0 million. Property expenses were S$6.4 million, resulting in an 18.8% increase in net property income to S$73.6 million for FY2010.

Financing costs were higher in 4Q 2010 and FY2010, mainly due to 100% debt funding of the Japan properties acquired in 2010. The increase was offset by interest cost savings from the completion of the refinancing exercise as announced on 16 August 2010.

As a result of the yield-accretive acquisitions, interest cost savings from the refinancing exercise and higher rent from the existing properties, distributable income for 4Q 2010 increased 16.6% to S$14.4 million, from S$12.4 million for 4Q 2009. For FY2010, distributable income rose 13.8% to S$53.2 million, from S$46.7 million for FY2009. Accordingly, DPU increased 16.6% from 2.05 cents to 2.38 cents for 4Q 2010, and 13.8% from 7.74 cents to 8.79 cents for FY2010. Distribution payment date is expected on 28 February 2011.

Mr Yong Yean Chau, Chief Executive Officer of the Manager, commented, “2010 was an eventful period of growth for PLife REIT, driven by yield-accretive acquisitions and asset enhancements, alongside the reinforcement of our financial position. Building on our solid fundamentals, we are delighted to have grown from strength to strength, with DPU registering an increase of 49.7% since IPO. It is our long-term commitment to deliver good results and returns for our Unitholders, and we will continue to work tirelessly to achieve this.”

Acquisition of yield-accretive nursing home in Japan

The Manager is also pleased to announce that 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 an amendment to a Tokumei-Kumiai agreement for the acquisition of a nursing home property (“Property”) located in Fukuoka, Japan.

The Property, named “Fukufuku-kan”, will be acquired at a purchase price of JPY564 million (approximately S$8.9 million[3]) from KK Sawayaka Club (“Sawayaka” or the “Vendor”), the largest private nursing home operator in Kyushu Island. This follows from six nursing homes acquired from Sawayaka in June 2010. Based on a Manager-commissioned valuation conducted by independent valuer Colliers Halifax, the appraised value of the Property using the Discounted Cash Flow method is JPY614 million (approximately S$9.7 million[3]) as at 12 January 2011, placing the purchase price at a 8.2% discount to valuation. The acquisition is expected to be completed by 31 January 2011, and will be fully funded by a long-term unsecured committed term loan facility due in June 2015.

Mr Yong said, “Further to the string of acquisitions made in FY2010, we are pleased to kick off 2011 with yet another yield-accretive addition to our Japan portfolio. This marks the fruition of PLife REIT’s strategic partnership approach as we strengthen our relationship with strong operators. More importantly, this represents PLife REIT’s commitment to continue seeking long-term partnerships with credible and stable operators in the markets we operate in for sustainable growth.”

The Property will have a fresh 20-year master lease/ operating lease agreement with Sawayaka, thereby improving the total portfolio weighted average lease term to expiry (by gross revenue) which stands at 13.15 years as at 31 December 2010. Well-renovated and strategically located in a dense residential district, the 72-room Property enjoys a high operational occupancy rate of 96% as at 31 December 2010. Its wide offering of nursing care services and team of experienced nursing staff further enhances the Property’s appeal as a choice residence to senior citizens in the area. With an expected net property yield of 8.0%, this acquisition is expected to contribute positively to PLife REIT’s performance over the long term.

Strengthening of balance sheet through dynamic debt cost management

As part of ongoing efforts to ensure a competitive level of debt cost and maintain a strong balance sheet, PLife REIT has successfully completed the re-pricing of an existing five-year JPY5.3 billion (approximately S$84.0 million[3]) loan facility maturing in 2H 2014. The lower credit spread, which took effect from 1 January 2011, represents a 49% reduction in interest rates and would result in total interest cost savings of 106bps, or approximately S$3.45 million for the remaining loan term.

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[3] Based on the exchange rate of S$1.584 per JPY100 as at 31 December 2010.

Mr Yong added, “With the re-pricing, the weighted average all-in cost of debt for PLife REIT has been reduced from 2.13% to 1.94%. This further demonstrates PLife REIT’s commitment to proactively manage our loan portfolio and ability to respond nimbly to market opportunities to keep overall costs of debt competitive.”

Multi-pronged approach for steady growth ahead

Notwithstanding positive sentiments about the recovery prospects in Asia, the global economic outlook remains uncertain. Parkway Life REIT remains cautiously optimistic about its medium to long term prospects. This is due to our favourable rental lease structures where at least 87.9% of the Singapore and Japan portfolio has downside revenue protection with good future rental growth.

The demand for quality private healthcare will remain resilient and continue to grow, driven by growing affluence, fast-ageing populations and social acceptance of the elderly living in care facilities.

Moving ahead, PLife REIT will continue to boost its asset class and geographical diversity for optimal portfolio mix through its clustering and partnership strategies. These include pursuing growth opportunities in developed and expanding regional healthcare markets, as well as seeking strategic collaborative partnerships with established operators/ owners which would provide PLife REIT with a pipeline of potential assets for acquisition. At the same time, PLife REIT will continue to focus on extracting value from its existing properties and generating operating synergies within the portfolio for sustainable organic growth.

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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, 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 31 December 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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