

NEWS RELEASE**FOR IMMEDIATE RELEASE****PARKWAY LIFE REIT GROWS PORTFOLIO IN JAPAN AS DEMAND FOR HEALTHCARE ASSETS INTENSIFIES**

- *Acquisition of two nursing homes and an extended-stay lodging facility for the elderly in Osaka, Japan generates accretive net property yield of 7.3%¹*
- *Strong industry momentum supports expansion and sharpening of portfolio with accretive, quality assets*

Singapore, 13th March 2014 – Parkway Trust Management Limited, the manager of Parkway Life Real Estate Investment Trust (“**PLife REIT**”, and as the manager of PLife REIT, the “**Manager**”), today announced PLife REIT’s acquisition of two nursing homes and an extended-stay lodging facility for the elderly in Japan (the “**Properties**”) from Miyako Enterprise Co., Ltd (the “**Vendor**”), which will manage and operate the Properties.

Acquisition of accretive Properties

HSBC Institutional Trust Services (Singapore) Limited, as trustee of PLife REIT (the “**Trustee**”) has through its wholly-owned subsidiary, Parkway Life Japan2 Pte. Ltd., entered into two *Tokumei Kumiai* agreements (or silent partnership agreements, the “**TK Agreements**”, similar to the holding structure for all its previous acquisitions in Japan) for the acquisition of the Properties at a combined purchase price of JPY3,000 million (approximately S\$37.4 million)². The purchase price of the Properties will be approximately 6.0% below the aggregate valuation³ of the Properties and the acquisition is expected to generate a net property yield of 7.3%¹. The acquisition is expected to be completed by June 2014.

“With the resurgence of Japan’s economy and the growth of the country’s healthcare industry for an aging population and the continuous strong government support to the healthcare market, private sector investors are intensifying their efforts to acquire

¹ The expected net property yield is computed by dividing the contractual net property income by the purchase price of the Properties.

² All JPY references in this press release are based on the exchange rate of S\$1.00 to JPY80.26.

³ International Appraisals Incorporated has independently valued the Properties as at 1 December 2013 at JPY3,168 million (approximately S\$39.5 million).

properties in this sector,” Mr Yong Yean Chau, Chief Executive Officer of the Manager, said. “Against the backdrop of the growing demand, PLife REIT continues to grow and acquire quality and accretive assets, which is a testament to its strong fundamentals and foundation as a first-mover in the sector.

“In addition, the new assets will bolster our market leadership in the prefecture of Osaka, which is Japan’s third largest city by population and historically the country’s commercial centre. Favorable locations and industry dynamics support our plans for expansion. At the same time, we look to sharpen our portfolio with income-producing assets that will fit into our long-term growth strategy.”

With the acquisition of the Properties, PLife REIT’s Japan portfolio will increase to 43 properties, to stand at approximately S\$505.0 million⁴ or about 33.0% of total assets under management.

The New Properties

Maison des Centenaire Hannan and Maison des Centenaire Ohhama are nursing homes while Sunhill Miyako, which is located within the same site as Maison des Centenaire Hannan, is an extended-stay lodging facility for the elderly. Both Sunhill Miyako and Maison des Centenaire Hannan sit on top of a scenic hill in Hannan City and are in close proximity to Kansai International Airport and the Hakotsukuri train station. Maison des Centenaire Ohhama is located in a dense residential area with good accessibility to the Sakai City centre and is within walking distance from Sakai train station.

The weighted average occupancy of the Properties as at 31 January 2014 is at a healthy level of 87.0%. Furthermore the fresh long-term lease of 15 years with the Vendor will also enhance the portfolio’s resilience and improve PLife REIT’s weighted average lease expiry (by gross revenue) from 10.52⁵ years to 10.72 years.

The Vendor and Operator

The Vendor and operator of the Properties have more than 10 years of operational experience and are not unfamiliar to PLife REIT. The associated company of the Vendor, Medical Corporation Miyako Kenkokai (“**Miyako Kenkokai**”), is currently operating two of PLife REIT’s nursing homes Maison des Centenaire Ishizugawa and Maison des Centenaire Haruki. Both properties are well-managed and maintain a good occupancy rate of 96.0% and 92.0% respectively as of 31 January 2014.

⁴ Excluding capitalised costs.

⁵ As at 31 January 2014.

Mr Yong said: “We are pleased to be engaging the Miyako Group again for the operation of our properties. Working with the Miyako Group is in line with our strategy of aligning ourselves with reputable operators that have proven track records. Through our partnership with Miyako Kenkokai, we have successfully undergone asset enhancement initiatives for Maison des Centenaire Ishizugawa and Maison des Centenaire Haruki.”

To provide greater sustainability to the returns of PLife REIT’s unitholders, the Vendor and certain associated companies of the Vendor, namely, Miyako Kenkokai, K.K. Jyusei Gakuin and K.K. Shinkyu Gakuin, will jointly and severally guarantee the prompt payment or fulfilment of any and all obligations (including, without limitation, all obligations to make rental payments) of the Vendor (as lessee) for the Properties.

Funding for the Acquisition

The acquisition cost is fully funded via a 6-year committed and unsecured JPY loan facility of up to JPY3,500 million (approximately S\$43.6 million) with an attractive all-in funding cost of approximately 1.65% per annum. This long loan tenure allows PLife REIT to continue the capitalization of the current low interest rate environment to extend its debt maturity profile and at the same time reduces PLife REIT’s immediate refinancing risk post acquisition. The deployment of JPY debt providing a natural hedge for foreign exchange risks arising from JPY-denominated assets, thereby insulating PLife REIT from JPY foreign exchange fluctuations, and enabling it to maintain a stable net asset value. This is the second 6-year tenor loan successfully raised by PLife REIT at an attractive interest rate which further reflects the bank’s confidence in PLife REIT’s defensive portfolio and effective financial risk management. Post-acquisition, PLife REIT’s gearing ratio will increase to 33.2% from 35.0%⁶.

The Healthcare Industry for the Elderly in Japan

According to the National Institute of Population and Social Security Research⁷, by 2040, elderly people over 65 years old will make up more than 40.0% of the total population in Japan. With the rising healthcare costs in the country, the government is pushing for more private sector investment into nursing home facilities to meet the growing demand. The supply of assisted living and elderly care facilities is therefore expected to increase to meet the demand.

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⁶ As at 31 January 2014.

⁷ Assumed Future Populations by Regions” of National Institute of Population and Social Security Research of March 2013

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 44 properties with a total portfolio size of approximately S\$1.5 billion as at 31 December 2013. 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. In Japan, PLife REIT has 40 assets, including one pharmaceutical product distributing and manufacturing facility in Chiba Prefecture as well as 39 high quality nursing home and care facility properties in various prefectures. It also owns strata-titled units/lots at Gleneagles Intan Medical Centre Kuala Lumpur in Malaysia.

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Important Notice

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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 (the “**Manager**”), 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.