

NEWS RELEASE**FOR IMMEDIATE RELEASE****PARKWAYLIFE REIT COMPLETES ASSET RECYCLING INITIATIVE WITH FURTHER ACQUISITION OF TWO NURSING HOMES IN JAPAN**

- **Driven by the REIT's 3rd strategic asset recycling initiative, the new acquisitions fortify the quality of the REIT's Japan portfolio**
- **Yield accretive acquisition delivers a net property yield of 5.7%¹**
- **Diversify the REIT's tenant risk exposure and enhance geographical diversification within Japan**

Singapore, 30 June 2021 – Parkway Trust Management Limited (the “**Manager**”), as manager of Parkway Life Real Estate Investment Trust (“**PLife REIT**”), one of Asia’s largest listed healthcare REITs, is pleased to announce the acquisition of two nursing home properties (the “**Properties**”) from Kabushiki Kaisha Strawberry Firm and Kabushiki Kaisha Anthelbliss (collectively as the “**Vendors**”) for a total consideration of JPY4,100 million (S\$49.4 million²). With the recent divestment of a non-core industrial property, P-Life Matsudo, completed in January 2021 and upon completion of the acquisition of the Properties, PLife REIT would have successfully implemented its third asset recycling initiative to enhance the overall quality of its Japan portfolio.

Key acquisition to drive yield growth for PLife REIT

HSBC Institutional Trust Services (Singapore) Limited, as trustee of PLife REIT, has through its wholly-owned subsidiary, Parkway Life Japan4 Pte. Ltd., entered into a *Tokumei Kumiai* agreement (or silent partnership, similar to the holding structure for PLife REIT’s previous acquisitions in Japan) for the acquisition of the Properties. The acquisition will be made at approximately 7.7% below the valuation³ and is expected to generate a net property yield of 5.7% thereby delivering immediate yield growth to PLife REIT. The acquisition is expected to be completed over the third quarter of 2021 and will bring PLife REIT’s portfolio to 55 properties totalling approximately S\$2.0 billion⁴ in value.

Commenting on the acquisition, Mr. Yong Yean Chau, Chief Executive Officer of the Manager, said: “PLife REIT is pleased to successfully implement yet another asset recycling initiative. Most importantly, with the acquisition of the Properties, we have further strengthened the quality of our

¹ The expected net property yield is computed by dividing the contractual net property income by the Purchase Price of the Properties (excludes capitalised cost).

² All JPY to SGD conversion in this press release is based on an assumed exchange rate of S\$1.00 to JPY82.92.

³ Enrix Co., Ltd. has independently valued the Properties as at 31 May 2021 at JPY4,440 million (approximately S\$53.5 million).

⁴ Based on the latest appraised values for the existing portfolio and appraised value of the Properties, translated at the exchange rate used in this press release.

portfolio and presence in Japan, which continues to be a valued core market for PLife REIT since our maiden entry in 2008. Leveraging on our robust strategic partnership and the resilient aging demographics⁵ in Japan, we continue to monitor aged care market of the nation vigilantly as we seek and seize opportunities in a timely and disciplined manner to optimise the resiliency of our portfolio and deliver immediate yield growth.”

Fortify the resilience & enhance diversification within the portfolio

The Properties are freehold and well-located in the key cities of Fukuoka and Tokyo Prefectures respectively, with good transportation connectivity. Upon the acquisition, PLife REIT will make its entry into Tokyo Prefecture and deepen its presence in Fukuoka Prefecture. The Properties are:

- 1) Will-Mark Kashiihama, located in Fukuoka City, Fukuoka Prefecture
- 2) Crea Adachi, located in Adachi City, Tokyo Prefecture

Aside from expanding its footprint in Japan, PLife REIT is able to collaborate and strengthen its relationship with Fukuoka Jisho Senior Life Co., Ltd., a wholly-owned subsidiary of Kabushiki Kaisha Habitation and to also work with a new partner, Kabushiki Kaisha Genki na Kaigo. Both aged care operators are established, experienced and credible in Japan. “We are pleased to strengthen our collaboration with one of our strong and long-standing partners, Habitation Group, and we are confident they will continue driving the operational performance of the facilities. The acquisition also adds another established operator to PLife REIT and further diversifies our tenant base.” Mr Yong added.

Long and stable lease terms boost PLife REIT’s resiliency

The acquisition of the Properties will enhance PLife REIT’s earnings resilience with long, stable master lease term as the REIT enters into fresh 20-year master lease agreement for each of the Properties. These are expected to improve the weighted average lease expiry (“WALE”) (by gross revenue) for PLife REIT’s entire portfolio from 5.22 years to 5.61 years⁶.

Funding for the acquisition

The acquisition will be funded via a mix of the capital proceeds from the divestment of P-Life Matsudo and the JPY facilities. Similar to previous acquisition financing, the deployment of JPY funding provides a natural hedge for the foreign exchange risk arising from JPY denominated assets, thereby insulating PLife REIT from potential currency volatility and achieves a stable net asset value. Post-acquisition, the leverage ratio will increase from 37.8% (as at 31 March 2021) to about 38.4%, which is within the 50% regulatory gearing limit for Singapore REITs under the Code on Collective Investment Schemes.

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⁵ Older people account for a record 28.7% of Japan’s population, The Japan Times, 21 September 2020.

⁶ As at 31 May 2021.

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 53 properties with a total portfolio size of approximately S\$1.99 billion⁷ as at 31 March 2021. It owns the largest portfolio of strategically located private hospitals in Singapore comprising Mount Elizabeth Hospital, Gleneagles Hospital and Parkway East Hospital. In addition, it has 49 private nursing homes located in various prefectures of Japan. It also owns strata-titled units/lots in MOB Specialist Clinics Kuala Lumpur in Malaysia.

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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 Based on latest appraised values (excludes right-of-use assets), translated at the exchange rates as at 31 December 2020.