

FOR IMMEDIATE RELEASE

## PARKWAY LIFE REIT ACQUIRES ANOTHER NURSING HOME IN JAPAN FOR S\$21.2 MILLION TO STRENGTHEN ITS PRESENCE IN GREATER TOKYO

- DPU yield-accretive acquisition at net property yield of 6.4%<sup>1</sup>.
- Strong ageing demographics of Japan continue to favour PLife REIT to grow its aged care portfolio through close collaboration with key local partners.

**Singapore, 10 December 2020** – 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 a nursing home<sup>2</sup> (the “**Property**”) in the Greater Tokyo Region in Japan. The Property will be acquired from K. K. Habitation (the “**Vendor**”) for a total consideration of JPY1.65 billion (S\$21.2 million<sup>3</sup>).

### Yield-accretive acquisition boosts returns for PLife REIT

HSBC Institutional Trust Services (Singapore) Limited, as trustee of PLife REIT, has through its wholly owned subsidiary, Parkway Life Japan<sup>4</sup> 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 Property. The acquisition will be made at approximately 4.6% below the valuation and is expected to generate a net property yield of 6.4%<sup>4</sup> thereby delivering immediate yield growth to PLife REIT. The acquisition is expected to be completed over the fourth quarter of 2020 and will bring PLife REIT’s portfolio to 54 properties totalling approximately S\$2.01 billion<sup>5</sup> in value.

### Complements and fortifies PLife REIT’s portfolio in Japan

The Property is well located in the residential area of Kamagaya City within the Chiba Prefecture. Also known as the commuting town to Tokyo central business district, the Property is easily accessible via Shin-Kamagaya Station, which is approximately 40-minute train ride from Tokyo Station. The acquisition will see PLife REIT secure a fresh 20-year master lease agreement and further lengthen the weighted average lease expiry (“**WALE**”) (by gross revenue) for PLife REIT’s Japan portfolio from 11.19 years to 11.44 years<sup>6</sup>.

The Property is operated by Fuyo Shoji Kabushiki Kaisha, wholly owned subsidiary of Habitation Group which is PLife REIT’s largest nursing home operator in Japan. This acquisition presents an opportunity for PLife REIT to deepen its working relationship with the group, which is a reputable and experienced

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<sup>1</sup> Excludes capitalised cost.

<sup>2</sup> The property comprises licensed and residential nursing home and day service facilities.

<sup>3</sup> All JPY to SGD conversion in this press release is based on an assumed exchange rate of S\$1.00 to JPY78.00.

<sup>4</sup> Excludes capitalised cost.

<sup>5</sup> Based on the latest appraised values for the existing portfolio and appraised value of the Property, translated at the exchange rate used in the press release.

<sup>6</sup> In accordance with the terms in the building lease agreement. As at 31 October 2020, WALE for PLife REIT’s Japan portfolio will increase from 11.19 years to 11.44 years post-acquisition.

healthcare and aged cared operator in Japan. Established since 1982, Habitation Group currently operates 28 healthcare and aged cared facilities which include hospitals, clinics, nursing rehabilitation facilities and care homes in Japan.

**Commenting on the acquisition, Mr. Yong Yean Chau, Chief Executive Officer of the Manager, said:** “This acquisition not only strengthens our presence in Japan but also boosts the resilience of our portfolio by delivering immediate growth. We continue to build strong long-term relationships with local players with synergic business strategies to ensure that we continue to identify strong quality assets, which will lead to sustainable returns for Unitholders.”

#### **Funding for the acquisition**

The acquisition will be funded by long-term JPY loan facility. Similar to previous acquisition financing, the deployment of JPY funding provides a natural hedge for the foreign exchange risks arising from JPY denominated assets, thereby insulating PLife REIT from potential currency volatility and achieves a stable net asset value. PLife REIT’s gearing level post-acquisition will increase from 38.6% (as at 30 September 2020) to 39.3%, which is within the 50% regulatory gearing limit for Singapore REITs.

**ENDS**

### **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\$1.96 billion<sup>7</sup>. 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 assets located in Japan, including one pharmaceutical product distributing and manufacturing facility in Chiba Prefecture as well as 48 high quality nursing home and care facility properties in various prefectures of Japan. It also owns strata-titled units/lots at MOB Specialist Clinics, Kuala Lumpur in Malaysia.

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<sup>7</sup> Based on latest appraised values (excludes right-of-use assets), translated at the exchange rates as at 31 December 2019.

**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.