

NEWS RELEASE
FOR IMMEDIATE RELEASE

PARKWAY LIFE REIT ANNOUNCES ACQUISITION OF THREE PROPERTIES IN JAPAN

- **DPU yield-accretive acquisition at net property yield of 6.8%¹**
- **Solidifies the REIT's position through geographical and tenant diversification within Japan**
- **Strong ageing demographics of Japan continue to favour PLife REIT as the acquisition fortifies the resiliency of its portfolio and delivers immediate growth**

Singapore, 3 December 2019 – 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 three nursing rehabilitation facilities² in Japan (collectively, the “**Properties**”) from K. K. Habitation, Fuyo Shoji Kabushiki Kaisha and Medical Corporation Shojinkai (collectively, the “**Vendors**”) for a total consideration of JPY3,700 million (approximately S\$46.3 million³).

Acquisition of yield-accretive Properties in Japan

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% below valuation and is expected to generate a net property yield of 6.8%, thereby delivering immediate yield growth to PLife REIT. The acquisition is expected to be completed by December 2019 and will bring PLife REIT’s portfolio to 53 properties with a total value of S\$1.92 billion⁴.

Acquisition complements and strengthens PLife REIT’s Japan portfolio

The Properties will contribute positively to the lease expiry profile and further enhance the resiliency of PLife REIT’s portfolio. With the new acquisition, PLife REIT will secure fresh 20-year master lease agreements for each of the Properties. The long lease arrangement serves to further improve the lease expiry profile of PLife REIT’s entire portfolio by lengthening the weighted average lease term (by gross revenue) from 6.29 years⁵ to 6.69 years.

¹ Expected net property yield is computed by dividing the contractual net property income by the purchase price of the Properties (excludes capitalised cost).

² A facility providing long-term elderly care with nursing care and functional training under the supervision of medical experts.

³ All JPY reference in this press release is based on an assumed exchange rate of S\$1.00 to JPY80.00 (“**Exchange Rate**”). Unless otherwise stated, all conversions of JPY amounts into S\$ in this press release will be based on the Exchange Rate.

⁴ Based on the latest appraised values for the existing portfolio and appraised values of the Properties.

⁵ As at 31 October 2019.

Risk mitigation through tenant and geographical diversification

The Properties are well located in the residential areas of the respective Prefectures. PLife REIT will make its maiden foray into Gifu and Wakayama Prefectures and deepens its presence in Yamaguchi Prefecture. They are:

- 1) Hodaka no Niwa, located in Takayama City, Gifu Prefecture;
- 2) Orange no Sato, located in Arita-gun, Wakayama Prefecture; and
- 3) Haru no Sato, located in Shunan City, Yamaguchi Prefecture.

In addition to the geographical diversification within Japan, PLife REIT's tenant risk exposure will be further diversified with the addition of three new operators. Two of the operators are associated companies of K. K. Habitation, which is PLife REIT's second largest nursing home operator in Japan.

Commenting on the acquisition, Mr. Yong Yean Chau, Executive Director and Chief Executive Officer of the Manager, said: "The strong ageing demographics of Japan continue to position PLife REIT favourably as we acquire aged care properties to fortify the resiliency and quality of our portfolio. Working in collaboration with one of our key partners in Japan, K. K. Habitation, we have further deepened our presence in Japan, which represents one of PLife REIT's growth engines."

Continuous growth of healthcare sector

Japan has one of the highest life expectancies in the world at 84.2 years⁶, according to the World Health Organization. With improving healthcare and lower incidence of morbidity in old age, this figure will increase to 87.92 by 2050⁷, leading to a high demand for senior care as 40% of the total population of Japan will comprise seniors above the age of 65⁸. This also comes on the back of the Japan government's efforts in building sustainable healthcare initiatives to support the population, which ages more rapidly than in most other countries⁹.

Funding for the acquisition

The acquisition will be funded by a long-term JPY bank facility. PLife REIT's gearing level post-acquisition will increase from 37.2% (as at 30 September 2019) to 38.0%. Similar to previous acquisitions, PLife REIT continues to adopt the natural hedge strategy for the acquisition through JPY funding to hedge against foreign exchange risks arising from JPY denominated assets, in protecting its asset value against potential currency volatility and achieves a stable net asset value.

⁶ USA Today (6 August 2018) – What countries have the longest life expectancies?

⁷ United Nations, Department of Economic and Social Affairs, Population Division, 2017.

⁸ World Population Review (2018). Japan Population

⁹ OECD (2018). Working Better with Age: Japan

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 50 properties with a total portfolio size of approximately S\$1.88 billion¹⁰ as at 30 September 2019. 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 46 assets located in Japan, including one pharmaceutical product distributing and manufacturing facility in Chiba Prefecture as well as 45 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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¹⁰ Based on latest appraised values.

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.