

**NEWS RELEASE****FOR IMMEDIATE RELEASE****PARKWAY LIFE REIT KICK STARTS 2018 WITH THE ACQUISITION  
OF A NURSING REHABILITATION FACILITY IN JAPAN**

- **Yield-accretive Japan acquisition at net property yield of 6.7%<sup>1</sup>**
- **Good property attributes further strengthen PLife REIT's Japan Portfolio**
- **PLife REIT enjoys valued opportunities from the continuous growth of Japan aged care market**

**Singapore, 7 February 2018** – Parkway Trust Management Limited, as manager of Parkway Life Real Estate Investment Trust (“PLife REIT”, and as manager of PLife REIT, the “Manager”), is pleased to announce today the acquisition of a nursing rehabilitation facility<sup>2</sup>, Konosu Nursing Home Kyoseien (the “Property”), under a sale-and-leaseback agreement with Iryouhoujin Shadan Kouaikai (the “Vendor”) for a negotiated consideration of JPY1,500 million (approximately S\$17.8 million<sup>3</sup>).

**Acquisition of yield-accretive Property in Saitama prefecture, Japan**

HSBC Institutional Trust Services (Singapore) Limited, as trustee of PLife REIT has through its wholly-owned subsidiary, Parkway Life Japan2 Pte. Ltd., entered into a *Tokumei Kumiai* agreement (or silent partnership) for the acquisition of the Property. The acquisition will be made at approximately 7.4% below the valuation<sup>4</sup> and is expected to generate a net property yield of 6.7%<sup>1</sup> thereby delivering immediate yield growth to PLife REIT. The acquisition is expected to be completed in the first quarter of 2018 and will bring PLife REIT's portfolio to 50 properties with a total value of \$1.75 billion<sup>5</sup>.

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<sup>1</sup> The expected net property yield is computed by dividing the contractual net property income by the purchase price of the Property.

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

<sup>3</sup> All JPY reference in this press release are based on the exchange rate of S\$1.00 to JPY84.25 (“Exchange Rate”). Unless otherwise stated, all conversions of JPY amounts into S\$ in this press release will be based on the Exchange Rate.

<sup>4</sup> K.K. Halifax Associates has independently valued the Property as at 31 December 2017 at JPY1,620 million (approximately S\$19.2 million).

<sup>5</sup> Based on the latest appraised values for the entire portfolio as at 31 December 2017.

### **Good attributes of the acquisition further strengthens PLife REIT's Japan Portfolio**

The Property is strategically located in the residential neighbourhood of Konosu City, Saitama prefecture, within the Greater Tokyo Region. The Property is easily accessible by train via Kitamoto train station and is approximately 90-minute drive from the central business district of Tokyo.

Secured on a fresh 20-year master lease arrangement with the vendor, an experienced nursing home operator, the acquisition will further lengthen the weighted average lease expiry ("WALE"), which currently stands at approximately 7.91 years and 13.17 years<sup>6</sup> for PLife REIT's entire portfolio and Japan portfolio respectively. In addition, PLife REIT's nursing home tenant base will be increased from 22 to 23. As at 31 December 2017, the Property enjoys a stable operational occupancy of approximately 100% and is well maintained.

### **Continuous growth of healthcare sector**

Japan currently has the longest life expectancy in the world at 83.7 years<sup>7</sup>. The rapid ageing population means that the government has to reallocate national resources to provide the infrastructure and services for a different demographic. Private nursing-care recorded a spending of JPY8.6 trillion in 2014, which is expected to grow by 71% in 2020<sup>8</sup>. There are an estimated 366,000 elderly people waiting to be admitted to special nursing homes across Japan<sup>9</sup>. This indicates an undersupplied market where the number of nursing homes will likely to continue growing to meet the rising demand.

### **Funding for the acquisition**

The acquisition will be financed by internal funds and JPY-denominated debt, as such there is no significant impact on PLife REIT's leverage level post-acquisition.

PLife REIT's approach to deploy JPY funding provides a natural hedge for the foreign exchange risks arising from its JPY denominated assets. This hedging strategy mitigates the

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<sup>6</sup> Based on gross revenue as at 31 December 2017.

<sup>7</sup> WHO World Health Statistics 2017.

<sup>8</sup> Sompo Holdings presentation material Q1 2017.

<sup>9</sup> Kyodo. (2017, March 28). The Japan Times. Retrieved September 2017, from The Japan Times: <https://www.japantimes.co.jp/news/2017/03/28/national/social-issues/366000-seniors-waiting-nursing-homes-30-2013-amid-tougher-new-rules/#.WazqXfMjF0w>.

foreign exchange risks associated with this acquisition and ensures certainty of distributions to Unitholders.

**Commenting on the acquisition, Mr. Yong Yean Chau, Chief Executive Officer of the Manager, said:** “With the growing ageing population and shrinking family sizes continuing to contribute to the increase in demand for aged care facilities in Japan<sup>10</sup>, we are pleased to kick start 2018 with this Japan acquisition. As we work on strengthening PLife REIT’s portfolio attributes, this acquisition also brings about another new partnership with an established and experienced operator in Japan, signalling PLife REIT’s strategic presence in Japan.”

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<sup>10</sup> The Japan Times, Yoshida, R. (2016, July 29). Japan census report shows surge in elderly population, many living alone.

## **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 49 properties with a total portfolio size of approximately S\$1.73 billion as at 31 December 2017. 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 45 assets located in Japan, including one pharmaceutical product distributing and manufacturing facility in Chiba Prefecture as well as 44 high quality nursing home and care facility properties in various prefectures of Japan. It also owns strata-titled units/lots at Gleneagles Intan Medical Centre 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 (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.