

**NEWS RELEASE****FOR IMMEDIATE RELEASE****PARKWAY LIFE REIT DIVESTS FOUR NURSING HOMES IN JAPAN**

- **The divestment is in line with PLife REIT’s strategic intent to rebalance and enhance the overall resiliency of its Japan portfolio amidst challenging macro environment**
- **Sale price represents approximately 34.4% premium over original purchase price**
- **Divestment proceeds will provide greater financial flexibility for PLife REIT to seize other attractive investment opportunities offering better value**

**Singapore, 22 December 2016** – Parkway Trust Management Limited (the “**Manager**”), as manager of Parkway Life Real Estate Investment Trust (“**PLife REIT**” or the “**Group**”), one of Asia’s largest listed healthcare REITs, is pleased to announce that PLife REIT, has through its special purpose entities incorporated in Japan (collectively, the “**Vendors**”), entered into purchase and sale agreements with the special purpose vehicles of a leading global investment firm, Fortress Japan Investment Holdings LLC (the “**Purchasers**”), for the sale of four nursing homes in Japan (the “**Divestment Properties**”) for a total sale consideration of ¥3.72 billion (approximately S\$48.9 million)<sup>1</sup>. Completion has taken place on the same day. The sale consideration has been paid in cash by the Purchasers to the Vendors today after the relevant adjustments have been made for security deposits, allocations of taxes, expenses and revenues in relation to the Divestment Properties pursuant to the terms of the respective purchase and sale agreements.

The Divestment Properties were originally purchased by PLife REIT for ¥2.77 billion (approximately S\$36.4 million) (the “**Original Purchase Price**”). Arising from the investment exuberance in the nursing home market in Japan in recent years, there has been much compression in terms of cap rates for the nursing home properties. For the Divestment Properties, the net book value as at 31 December 2015 was ¥3.54 billion (approximately S\$46.6 million) (the “**Net Book Value**”) and the valuation as at 30 November 2016 stands at ¥3.55 billion (approximately S\$46.7 million) (the “**Latest Valuation**”)².

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<sup>1</sup> All ¥ references in this press release are based on the exchange rate of S\$1.00 : ¥76.00

<sup>2</sup> Based on the latest independent valuation conducted by K.K. Halifax Associates, Colliers International Tokyo as at 30 November 2016. The valuations were prepared with the emphasis on the income capitalization approach value (estimated using direct capitalization and discounted cash flow methods) with reference to the cost approach value.

The total sale consideration of ¥3.72 billion (approximately S\$48.9 million) was arrived at on a willing-buyer, willing-seller basis taking into account the Latest Valuation, and is 4.8% above the Latest Valuation, 5.1% above the Net Book Value and 34.4% above the Original Purchase Price of the Divestment Properties.

PLife REIT is expected to recognise an estimated divestment gain (before tax but inclusive of the Japanese consumption tax rebate receivable) of approximately S\$5.2 million over the Net Book Value. The proceeds received from the divestment will provide greater financial flexibility to seize other attractive investment opportunities offering better value.

Mr. Yong Yean Chau, Chief Executive Officer of the Manager, said: “As part of the Group’s proactive asset management approach, we continuously monitor the performance of PLife REIT’s portfolio of assets in all regions. Given the recent macroeconomic shocks that have reverberated across the global markets, it is ever more paramount for us to work towards preserving our portfolio quality to maintain our competitive position.”

“Leveraging on our first mover advantage in the growing elderly care healthcare market in Japan, PLife REIT continues to be well placed as we capitalise on this opportunity to divest the four properties at a good price while strengthening our Japan portfolio mix. As with our maiden asset recycling initiative which was successfully completed in 1Q2015, the proceeds from this second divestment will enable us to acquire other attractive assets to rebalance and enhance the overall resiliency of our Japan portfolio and deliver better value for our Unitholders amidst the volatile environment”, added Mr. Yong.

### **The Divestment Properties**

- Bon Sejour Ibaraki, located at Ibaraki City, Osaka Prefecture
- Legato Higashi Sumiyoshi, located at Osaka City, Osaka Prefecture
- Legato Katano, located at Katano City, Osaka Prefecture
- Royal Residence Gotenyama, located at Hirakata City, Osaka Prefecture

Details of the Divestment Properties can be found in the announcement dated 22 December 2016 entitled “*Divestment of Four Nursing Home Properties Located in Japan*”.

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## 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 48 properties with a total portfolio size of approximately S\$1.6 billion<sup>3</sup> as at 30 September 2016. 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 44 assets located in Japan, including one pharmaceutical product distributing and manufacturing facility in Chiba Prefecture as well as 43 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, 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.

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<sup>3</sup> Based on latest appraised values