



(Constituted in the Republic of Singapore pursuant to a trust deed dated 12 July 2007 (as amended))

ACQUISITION OF THREE PROPERTIES LOCATED IN JAPAN

1. INTRODUCTION

1.1 Agreement to Purchase Three Properties in Japan

Parkway Trust Management Limited, as manager of Parkway Life Real Estate Investment Trust ("**Parkway Life REIT**", and as manager of Parkway Life REIT, the "**Manager**"), is pleased to announce that HSBC Institutional Trust Services (Singapore) Limited, as trustee of Parkway Life REIT (the "**Trustee**"), has through its wholly owned-subsiary, Parkway Life Japan4 Pte. Ltd. (the "**SPV**"), entered into a *Tokumei-Kumiai* agreement (or silent partnership agreement, the "**TK Agreement**") with the TK Operator (as defined below) in relation to the acquisition of three properties located in Japan by the TK Operator (as hereinafter defined) (the "**Acquisition**") at a total purchase price of ¥3.0 billion (approximately S\$50.0 million¹) (the "**Purchase Price**"). Completion is expected to take place by March 2012 ("**Closing Date**").

Godo Kaisha Samurai 6 (the "**TK Operator**"), a *Godo Kaisha* incorporated under Japan law, has today entered into conditional purchase and sale agreements ("**Purchase and Sale Agreements**") with KK Sawayaka Club (the "**Shinkawa and Higashikagura Vendor**"), a Japanese *kabushiki kaisha*, for the purchase of Sawayaka Parkside Shinkawa property ("**Shinkawa Property**") and Sawayaka Higashikagura Kan property ("**Higashikagura Property**"), and KK Sawayaka Amanogawa (the "**Hirakata Vendor**") and together with the Shinkawa and Higashikagura Vendor, the "**Vendors**"), a Japanese *kabushiki kaisha*, for the purchase of Sawayaka Hirakata Kan property ("**Hirakata Property**") and together with the Shinkawa Property and Higashikagura Property, the "**Properties**", or each, the "**Property**").

1.2 The Vendors

KK Sawayaka Club currently operates 41 care service facilities (including nursing homes) across Japan, of which 33 are in the Fukuoka prefecture as at December 2011. It is currently the largest private nursing home operator in Kyushu with 14 years of operational experience.

KK Sawayaka Amanogawa, a wholly-owned subsidiary of KK Sawayaka Club, was set up to operate the Sawayaka Hirakata Kan property in Osaka, Japan.

1.3 Certain Information on the Properties

	Property	TK Operator acquiring Property	Lessee	Location	No. of Rooms
1.	Sawayaka Parkside Shinkawa	Godo Kaisha Samurai 6	KK Sawayaka Club	Kitakyushu City, Fukuoka, Japan	58

¹ Based on the exchange rate of S\$1.00 : ¥60.0 (the "**Exchange Rate**"). Unless otherwise stated, all conversions of ¥ amounts into S\$ in this announcement will be based on the Exchange Rate.

2.	Sawayaka Higashikagura Kan	Godō Kaisha Samurai 6	KK Sawayaka Club	Kamikawagun. Hokkaido, Japan	100
3.	Sawayaka Hirakata Kan	Godō Kaisha Samurai 6	KK Sawayaka Amanogawa	Hirakata City, Osaka, Japan	108

1.4 Manner of Acquiring and Holding the Properties

Under the TK Agreement, the TK Operator, a company established under Japanese law known as a "*Godō Kaisha*", will own the Properties. A *Godō Kaisha* is a company similar to a limited liability company in Singapore whose members are only liable to the extent of their contribution to the *Godō Kaisha*.²

Prior to the Closing Date, the SPV, which is wholly-owned by Parkway Life REIT, shall inject funds into the TK Operator (the "**Parkway Life REIT TK Investment**") and, as provided for in the Purchase and Sale Agreements, the TK Operator will acquire the Properties from the Shinkawa and Higashikagura Vendor, and the Hirakata Vendor. The Parkway Life REIT TK Investment in the TK Operator will be equivalent to 100.0% of the sum of the value of the Properties and the costs for the Acquisition.

The completion of the Acquisition will be subject to the satisfaction of a number of conditions including, *inter alia*, compliance with certain applicable laws and regulations and the obtaining of certain applicable governmental and regulatory approvals.

1.5 Building Lease Agreements

Shinkawa Property and Higashikagura Property will have a fresh 20 year building lease agreement with KK Sawayaka Club ("**Lessee 1**", which is also the Shinkawa and Higashikagura Vendor), and Hirakata Property will have a fresh 20 year building lease agreement with KK Sawayaka Amanogawa ("**Lessee 2**", which is also the Hirakata Vendor) (together, the "**Building Lease Agreements**") pursuant to which the TK Operator will grant a building lease to Lessee 1 and Lessee 2 in respect of the Properties at an annual gross rental of approximately ¥253.2 million (approximately S\$4.2 million). All of the Properties will also have backup operator agreements. (See paragraph 1.6 below for details.)

1.6 Backup Operator Agreements and Sub backup Operator Agreement

Senior Life Support Co., Ltd., ("**Backup Operator 1**"), has entered into two backup operator agreements with the TK Operator and Lessee 1 in relation to the Shinkawa Property and the Higashikagura Property respectively.

KK Sawayaka Club ("**Backup Operator 2**", which is also Lessee 1, and the Shinkawa and Higashikagura Vendor) has entered into a backup operator agreement with the TK Operator and Lessee 2 in relation to the Hirakata Property. Senior Life Support Co. Ltd. has also entered into a sub backup operator agreement with the TK Operator and KK Sawayaka Club with regards to the Hirakata Property.

The assumption of the role of a new lessee by Backup Operator 1, Backup Operator 2 and the sub backup operator in the respective agreements is to ensure that the business for the respective fee-charging nursing home for the aged and other ancillary businesses run smooth in the event any of the current lessee cancels or terminates the current lease.

² See also paragraph 5.3 below.

1.7 Rental Income Guarantee

KK Uchiyama Holdings (“**Uchiyama**”), the parent company of KK Sawayaka Club, KK Bonheure (“**Bonheure**”), a wholly-owned subsidiary of Uchiyama, and KK Sawayaka Club (with respect to Hirakata Property Only) (collectively, “**Guarantors**”) have provided a rental income guarantee in respect of all the Properties (the “**Rental Income Guarantee**”), in which they jointly and severally guarantee the prompt payment or fulfillment of all obligations (including, without limitations, all obligations to make rental payments) of the Vendors to the TK Operator under the Building Lease Agreement. This is an unconditional guarantee of payment and the TK Operator may enforce any or all Guarantors’ obligations hereunder without first suing, or enforcing its rights or remedies against, the Vendors or any other obligor.

1.8 Undertaking Letter

Uchiyama, the Shinkawa and Higashikagura Vendor and the Hirakata Vendor have collectively provided an undertaking letter to the TK Operator in respect of the Properties acquired by the TK Operator (the “**Undertaking Letter**”), in which they jointly and severally undertake to:

- (i) rectify the defects set forth in the Undertaking Letter (the “**Defects**”) at their own costs and expenses; and
- (ii) rectify the Defects within three months after the Closing Date.

The above Undertaking Letter is separate and in addition to the Building Lease Agreements.

1.9 Asset Management Agreement

The TK Operator has entered into an asset management agreement (the “**Asset Management Agreement**”) with Black Hills Investment Ltd. (the “**Asset Manager**” or “**Black Hills**”) in respect of the relevant Properties. The Asset Manager is responsible for the servicing, administration and management of the Properties. The Asset Manager shall be appointed for an initial term up to two (2) years, and its appointment shall thereafter be automatically renewed for successive 2-year periods unless the TK Operator or the Asset Manager gives a notice of non-renewal in accordance with the terms of the relevant Asset Management Agreement.

1.10 Information on the Asset Manager

Black Hills is a private real estate asset management firm that was founded in March 2007 in Japan with its core business being in the real estate markets. The asset under Black Hills’ management is approximately ¥30.0 billion (approximately S\$500.0 million) as at December 2011.

2. RATIONALE FOR THE ACQUISITION

2.1 DPU Accretion

Based on the property yield of the Acquisition, the Manager believes that the Acquisition will be DPU-accretive to the unitholders of Parkway Life REIT (“**Unitholders**”), using pro forma historical financial information for the purpose of analysis.

2.2 Consistency with Parkway Life REIT's principal investment strategy

The Acquisition is in line with the investment criteria stated in the prospectus of Parkway Life REIT dated 7 August 2007. The principal investment strategy of the Manager is to invest in income-producing real estate and/or real estate-related assets in the Asia-Pacific region (including Singapore) that are primarily used for healthcare and/or healthcare-related purposes (including but 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), whether wholly or partially owned, and whether directly or indirectly held through the ownership of special purpose vehicles whose primary purpose is to own such real estate. As such, the Acquisition, which comprises three nursing homes are consistent with Parkway Life REIT's principal investment strategy.

2.3 Income Diversification

The Acquisition is expected to benefit Unitholders by improving income diversification and reducing the reliance of Parkway Life REIT's income stream on any single property.

2.4 Competitive Strengths of the Properties

The Manager believes that the competitive strengths of the Properties are reflected by the high average occupancy rate of 90% as at December 2011. All the properties are well-equipped and strategically located in dense residential districts, which make them attractive retirement facilities. In addition, the facilities are well-maintained and in good physical condition, making them attractive residences to senior citizens. The facilities are operated by experienced service and nursing staff who provide a wide range of nursing care services to the residents, contributing to the competitiveness of these properties.

3. CERTAIN PRINCIPAL TERMS OF THE ACQUISITION

3.1 Purchase Price

The total acquisition cost is estimated to amount to ¥3.3 billion (approximately S\$54.3 million) and consists of the following:

- (i) the Purchase Price of ¥3.0 billion (approximately S\$50.0 million);
- (ii) the acquisition fee of ¥0.03 billion (approximately S\$500,000); and
- (iii) other estimated fees and expenses (including Japanese consumption tax, stamp duty, taxes payable, advisory fees, professional fees and expenses) incurred or to be incurred in connection with the Acquisition.

The Purchase Price for each of the Properties was arrived at on a willing-buyer and willing-seller basis after taking into account the valuation of the Properties by the independent valuer. Such valuations for the Properties as at 1 October 2011 are summarized in the table in Section 3.2 below. Cash will be paid to the Shinkawa and Higashikagura Vendor and the Hirakata Vendor by the TK Operator on the Closing Date after making the relevant adjustments for security deposits and allocations of taxes, expenses and revenues in relation to the Properties pursuant to the terms of the Purchase and Sale Agreements.

3.2 Valuation of the Properties

International Appraisals Incorporated (“IAI”) an independent valuer, has been commissioned by the Manager to prepare an independent valuation of the Properties. In its valuation reports dated 21 February 2012, IAI stated that the total appraisal value of the Properties as at 1 October 2011 is about ¥3.14 billion (approximately S\$52.3 million). The valuation was prepared using the Discounted Cash flow Method and the Purchase Price is 4.4% below the valuation. The following breaks down each of the Property’s Purchase Price and Valuation:

	Property	Purchase Price (¥)	Valuation (¥)
1.	Sawayaka Parkside Shinkawa	934,000,000	947,000,000
2.	Sawayaka Higashikagura Kan	866,000,000	886,000,000
3.	Sawayaka Hirakata Kan	1,200,000,000	1,304,000,000
	Total	3,000,000,000	3,137,000,000

4. MATERIAL IMPACT

The above transaction is not expected to have any material impact on the consolidated net tangible assets or distributions per Unit for the financial year ending 31 December 2011.

5. OTHER INFORMATION

5.1 Interests of the Directors and Controlling Unitholders

Based on information available to the Manager, as at the date of this announcement, none of the directors of the Manager or the controlling unitholders has any interest, direct or indirect, in the Acquisition.

5.2 Service Contracts

No person is proposed to be appointed as a director of the Manager in connection with the Acquisition.

5.3 TK Operator

Pursuant to the Purchase and Sale Agreements, the TK Operator will acquire the Properties from the Shinkawa and Higashikagura Vendor and the Hirakata Vendor, and the title deeds to the Properties will be held by the TK Operator, as the legal owner of the Properties. It should be noted that the title deeds of the Properties are held by the TK Operator and not by the Trustee directly due to the nature of the arrangements under the TK Agreement. As such, the Trustee is not the legal owner of the Properties and has no direct control over the Properties or how they are managed. Should the TK Operator become insolvent, the Trustee’s right to distribution under the TK Agreement would be treated as a bankruptcy claim, and would rank junior to all debt obligations owed by the TK Operator.

Given that only the TK Operator has rights against and obligations to third parties as the legal owner of the Properties, third parties will have no recourse against the SPV, as the silent partner, and the liability of Parkway Life REIT (as a TK investor through the SPV) is thus limited to the amount of the Parkway Life REIT TK Investment.

5.4 Documents for Inspection

Copies of the following documents are available for inspection during normal business hours at the registered office of the Manager at 80 Robinson Road #02-00 Singapore 068898 for a period of three months commencing from the date of this announcement:

- 5.4.1** the Purchase and Sale Agreements between the TK Operator and the Shinkawa and Higashikagura Vendor, and the TK Operator and the Hirakata Vendor;
- 5.4.2** the Asset Management Agreement between the TK Operator and the Asset Manager;
- 5.4.3** the TK Agreement between the TK Operator and the SPV;
- 5.4.4** the Building Lease Agreements between the TK Operator and Lessee 1, and the TK Operator and Lessee 2;
- 5.4.5** the Rental Income Guarantee between the TK Operator, Uchiyama, Bonheure and the Shinkawa and Higashikagura Vendor;
- 5.4.6** the Undertaking Letter; and
- 5.4.7** the valuation reports of IAI on the Properties.

BY ORDER OF THE BOARD

Parkway Trust Management Limited

(Company Registration no. 200706697Z)

As manager of Parkway Life Real Estate Investment Trust

Tan Ping Ping

Company Secretary

28 February 2012

Important Notice

This Announcement 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 ("**Parkway Life REIT**") and the units in Parkway Life REIT, the "**Units**".

The value of Units and the income from them may fall as well as rise. The Units are not obligations of deposits in, or guaranteed by, Parkway Trust Management Ltd, as manager of Parkway Life REIT (the "**Manager**") or any of its affiliates. An investment in Units is subject to investment risks, including the possible loss of the principal amount invested.

Investors have no right to request the Manager to redeem their Units while the Units are listed. It is intended that unitholders of Parkway Life 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 Parkway Life REIT or the Manager is not necessarily indicative of the future performance of Parkway Life REIT or the Manager.

This announcement may contain forward-looking statements that involve assumptions, risks and uncertainties. Actual future performance, outcomes and results may differ materially from those expressed in these forward-looking statements as a result of a number of risks, uncertainties and assumptions. Representative examples of these factors include (without limitation) general industry and economic conditions, interest rate trends, cost of capital and capital availability, competition, shifts in expected levels of property rental income, changes in operating expenses, property expenses, governmental and public policy changes and the continued availability of financing in the amounts and on the terms necessary to support Parkway Life REIT's future business. Investors are cautioned not to place undue reliance on these forward-looking statements, which are based on the Manager's current view of future events.