ParkwayLife REIT

NEWS RELEASE

FOR IMMEDIATE RELEASE

PARKWAY LIFE REIT FURTHER STRENGTHENS JAPAN PORTFOLIO WITH ACQUISITION OF TWO NURSING HOME PROPERTIES

- **Acquires properties at approximately S$23.1 million[1] at an attractive expected net property yield of 7.1%[2]**
- **Funded by 5-year committed and unsecured JPY term loan facility at an attractive all-in cost of approximately 1.55% per annum**
- **Japan's aged care market to continue providing growth opportunities for PLife REIT**
- **Pre-emptive terming out of existing JPY loan facilities due in 2nd Half 2014 eliminates about two-thirds of FY2014 refinancing requirements**

Singapore, 3 July 2013 – Parkway Trust Management Limited, as the manager of Parkway Life Real Estate Investment Trust ("PLife REIT", and as manager of PLife REIT, the "Manager"), is pleased to announce that it will be making two further acquisitions in Japan as part of plans to continue growing its Japan portfolio.

Properties to be acquired at attractive capitalisation rates

HSBC Institutional Trust Services (Singapore) Limited, as trustee of PLife REIT (the "Trustee") has through its wholly-owned subsidiary, Parkway Life Japan3 Pte. Ltd., entered into a *Tokumei-Kumiai* agreement (or silent partnership agreement, the "TK Agreement", similar to the holding structure for all its previous acquisitions in Japan) for the acquisition of two nursing home properties located in Japan (the "Properties") at a combined purchase price of approximately S$23.1 million[3] (JPY1.755 billion)[1]. 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. The acquisition of the Properties is expected to generate a net property yield of 7.1%[2], and is expected to be completed by 12 July 2013.

[1] All JPY reference in this press release are based on the exchange rate of S$1.00 = JPY76.

[2] The expected net property yield is computed by dividing the net property income ("NPI") of the Properties by the purchase price of the Properties.

[3] Colliers International has independently valued the Shin-Kobe Property and the Toyonaka Property as at 15 April 2013 at S$18.0 million (JPY 1.370 billion) and S$6.0 million (JPY 0.452 billion) respectively.

The acquisition will be funded via a 5-year committed and unsecured JPY term loan facility at an all-in cost of approximately 1.55% per annum. The deployment of JPY debt provides a natural hedge to mitigate foreign exchange risks arising from JPY denominated assets. With this funding, PLife REIT's gearing is expected to increase to approximately 31.8% as at 31 May 2013.

Mr Yong Yean Chau, Chief Executive Officer of the Manager, said, "With Abenomics afoot and the Japan government's support for the healthcare industry boosting interest in aged care facilities, this sector looks set to continue growing. Having already amassed a significant presence in Japan with 33 quality healthcare properties, PLife REIT is well-positioned to tap into the growth of the elderly care market as the population in Japan rapidly ages. Providing an attractive net property yield of 7.1% amid current market conditions, the Properties are a good addition to our stable of properties as we continue strengthening our Japan portfolio."

Well maintained and favourably situated properties with stable occupancy rate

The Properties, which comprise Palmary Inn Shin-Kobe ("Shin-Kobe Property") and Heart Life Toyonaka ("Toyonaka Property"), are well maintained and strategically located. Shin-Kobe Property is located in the Chuo ward within the Hyogo prefecture, strategically situated within the residential and commercial district, and is easily accessible from the Shin-Kobe Shinkansen (bullet train) station. Toyonaka Property is located in the city of Toyonaka within the Osaka prefecture, situated in a well populated residential area serving the needs of the local community, and is readily accessible within a 10-15 minute walk from the Sonoda subway station.

The Properties enjoy a stable and healthy average occupancy rate of approximately 85% as at 19 June 2013, which is expected to continue growing in tandem with increasing demand.

Credible vendor and diversified operator base provide multiple layers of security

The Properties will be acquired from the Kenedix Group[4] (the "Vendor"), which has a long-standing working relationship with PLife REIT since 2008. PLife REIT had previously acquired 20 nursing homes from the Vendor and continues to work closely with it to explore asset enhancement initiatives within PLife REIT's portfolio.

Shin-Kobe Property will be operated by K.K. Asset, which is currently operating two of PLife REIT's nursing homes in the Hyogo prefecture. Toyonaka Property will be operated by K.K. Nihon Kaigo Iryo Center ("Nihon Kaigo"), a new operator within PLife REIT's portfolio which will

[4] The Properties are held under Kenedix Inc's wholly owned subsidiary, Yugen Kaisha KSLC

enable PLife REIT to diversify its tenant risk exposure and grow its business partnerships with Japanese operators.

Furthermore, the Vendor will be providing a rental guarantee in respect of each Property until 31 December 2015, capped at 5% of the purchase price for each of the Properties. The Vendor has also secured K.K. Vivac, the incumbent operator of one of PLife REIT's existing property, as a back-up operator of the Properties, further reducing tenant risk for PLife REIT.

Long and stable lease terms enhance overall portfolio resiliency

Upon completion of the acquisition, PLife REIT will take over the existing lease arrangements with the respective operators of the Properties. The balance lease term of about 14.3 years before expiry in 2027 will help to improve the weighted average lease term to expiry (by gross revenue) of PLife REIT's portfolio from 10.73 to 10.80 years[5].

Japan's rapidly ageing population to fuel growth of elderly care industry

With Japan's life expectancy standing at 83 years today, the highest in the world[6], the Japanese government is taking active steps to ensure that the needs of the ageing population are well catered for. In doing so, it is encouraging private sector participation to invest in and increase the supply of assisted living centres and medical facilities.

Mr Yong noted, "The growing demands of Japan's elderly care industry continue to present attractive opportunities for us. Having invested in Japan since 2008, PLife REIT has gained a first-mover advantage in this market, building deep sector knowledge and an established network of local partners. Leveraging on our competitive edge, we intend to continue tapping into the strong market demand to achieve further growth, both organically and inorganically."

"In addition to Japan, we will continue seeking yield-accretive acquisition opportunities in the region to boost our earnings and returns to Unitholders", concluded Mr Yong.

Pre-emptive terming out of existing JPY loan facilities due in 2nd Half 2014

Leveraging on the financing exercise for the acquisition, the Manager has also proactively undertaken a pre-emptive terming out of about 65% of its FY2014 refinancing requirements. PLife REIT has successfully secured a 5 year committed and unsecured JPY bank loan totalling JPY9.43 billion (S$124.1 million), comprising acquisition financing of JPY2.0 billion and refinancing amount of JPY7.43 billion, at an attractive all-in cost of approximately 1.55% per annum. The committed facility of JPY7.43 billion will be used to term out the JPY loan facilities

[5] As at 31 May 2013.

[6] According to the IMF, August 2012.

maturing in FY2014, eliminating a large part of PLife REIT's FY2014 refinancing risks. At the same time, it will allow PLife REIT to spread out its debt maturity profile and lengthen the weighted average debt to maturity from 2.07 years to 3.01 years.

Documents on display

Copies of the following documents are available for inspection during normal business hours at the registered office of the Manager[7] at 80 Robinson Road, #02-00, Singapore 068898, from the date of this press release up to and including the date falling three months after the date of this press release:

1. the valuation report on the Properties;
2. the TK Agreement;
3. the purchase and sale agreements for each of the two Properties;
4. the asset management agreement;
5. the rental income guarantee; and
6. the undertaking letter.

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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 37 properties with a total portfolio size of approximately S$1.4 billion based on the appraised values as at 31 December 2012. It owns the largest portfolio of strategically-located private hospitals in Singapore comprising Mount Elizabeth Hospital, Gleneagles Hospital and Parkway East Hospital, covering an aggregate of 730 beds. In Japan, it has 33 assets, including one pharmaceutical product distributing and manufacturing facility in the Chiba Prefecture as well as 32 high quality nursing home and care facility properties in other various prefectures. It also owns strata-titled units/lots at Gleneagles Intan Medical Centre Kuala Lumpur in Malaysia.

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[7] Prior appointment with the Manager will be appreciated.

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.