



(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 subsidiary, Parkway Life Japan2 Pte. Ltd. (the “**SPV**”), entered into two *Tokumei Kumiai* agreements (or silent partnership agreements, collectively, the “**TK Agreements**”) with the TK Operators (as defined below) in relation to the acquisition of two nursing homes and one extended-stay lodging facility for the elderly located in Japan (the “**Properties**”, as described below) by the TK Operators (the “**Acquisition**”) at a total purchase price of approximately ¥3,000,000,000 (approximately S\$37.4 million¹) (the “**Purchase Price**”). Completion is expected to take place by June 2014 (“**Closing Date**”).

Godo Kaisha Tenshi 1 and Godo Kaisha Tenshi 2 (collectively, the “**TK Operators**”, and each, a “**TK Operator**”), each a *Godo Kaisha* incorporated under Japanese laws, have today entered into separate conditional purchase and sale agreements (“**Purchase and Sale Agreements**”) with Miyako Enterprise Co., Ltd. (the “**Vendor**” or “**Miyako Enterprise**”), for the purchase of the Maison des Centenaire Hannan property, the Maison des Centenaire Ohhama property and the Sunhill Miyako property (collectively, the “**Properties**”, and each, a “**Property**”).

1.2 Certain Information on the Properties

	Property	TK Operator acquiring Property	Location	No. of Rooms	Type of Property
1.	Maison des Centenaire Hannan	Godo Kaisha Tenshi 1	Hannan City, Osaka, Japan	95	Nursing home
2.	Maison des Centenaire Ohhama	Godo Kaisha Tenshi 1	Sakai City, Osaka, Japan	47	Nursing home
3.	Sunhill Miyako	Godo Kaisha Tenshi 2	Hannan City, Osaka, Japan	34	Extended-stay lodging facility

¹ Based on the exchange rate of S\$1.00 : ¥80.26 (the “**Exchange Rate**”). Unless otherwise stated, all conversions of ¥ amounts into S\$ in this announcement will be based on the Exchange Rate.

1.3 Manner of Acquiring and Holding the Properties

Under the respective TK Agreements, a company established under Japanese laws, and known as a "Godo Kaisha", will own the relevant Properties. A *Godo 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 *Godo Kaisha*².

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

1.4 Building Lease Agreements and Rental Income Guarantees

Each of the Properties will have a fresh 15 year building lease agreement with the existing operator, Miyako Enterprise (the "**Building Lease Agreements**"), pursuant to which the TK Operators will grant a building lease to Miyako Enterprise in respect of the Properties at an annual gross rental of approximately ¥240,000,000 (approximately S\$3.0 million).

In addition, Medical Corporation Miyako Kenkokai ("**Miyako Kenkokai**"), a Japanese medical corporation *shadan*, K.K. Jyusei Gakuin, a Japanese *kabushiki kaisha*, and K.K. Shinkyu Gakuin, a Japanese *kabushiki kaisha*, associated companies of Miyako Enterprise (collectively, the "**Guarantors**"), in connection with the entry into the Building Lease Agreements by Miyako Enterprise, irrevocably, unconditionally and absolutely, jointly and severally guarantee (*rentai hoshō*) the prompt payment or fulfilment of any and all obligations (including, without limitation, all obligations to make rental payments) of Miyako Enterprise to each of the TK Operators under the Building Lease Agreements (the "**Rental Income Guarantees**").

1.5 Asset Management Agreements

Each TK Operator has entered into an asset management agreement with Simplex Real Estate Management Inc. ("**Simplex**", or the "**Asset Manager**") in respect of the relevant Properties (the "**Asset Management Agreement**"). The Asset Manager is responsible for the servicing, administration and management of the Properties.

The Asset Manager shall be appointed for an initial term of 3 years and its appointment shall thereafter be automatically renewed for successive 3-year periods unless the TK Operators or the Asset Manager gives a notice of non-renewal in accordance with the terms of the relevant Asset Management Agreement.

² See also paragraph 5.4 below.

1.6 Information on the Vendor and the Asset Manager

Miyako Enterprise has more than 10 years of experience operating nursing home properties. The associated company of the Vendor, Miyako Kenkokai, is currently operating two of Parkway Life REIT's nursing homes in Japan, namely Maison des Centenaire Ishizugawa and Maison des Centenaire Haruki.

Simplex is a wholly-owned subsidiary of Simplex Investment Advisors Group, which has a track record of managing 11 private real estate funds with cumulative assets under management of approximately ¥533.0 billion as at February 2013.

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 two nursing homes and one extended-stay lodging facility for the elderly, is 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

All the Properties are well-equipped and strategically located. Maison des Centenaire Hannan and Sunhill Miyako are situated on a scenic hill surrounded by greenery in Hannan City with close proximity to Kansai International Airport and Hakotsukuri train station, while Maison des Centenaire Ohhama is located in a residential area with good accessibility to the Sakai City centre and is within walking distance from the Sakai train station. In addition, the well-maintained facilities are managed and operated by an experienced operator who provides comprehensive range of nursing care services to the

residents. The facilities are currently enjoying a healthy weighted average occupancy of 87.0%, as at 31 January 2014.

3. CERTAIN PRINCIPAL TERMS OF THE ACQUISITION

3.1 Purchase Price

The Purchase Price for the Properties, exclusive of Japanese consumption tax and other estimated fees and expenses (including the acquisition fee, stamp duties, taxes payable, advisory fees, professional fees and expenses) 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 December 2013 are summarised in the table in paragraph 3.2 below.

The Purchase Price will be paid in cash to the Vendor 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 Trustee (in its capacity as trustee of Parkway Life REIT) to prepare an independent valuation of the Properties. In its valuation reports dated 24 February 2014, IAI stated that the total appraisal value of the Properties as at 1 December 2013 is approximately ¥3,168,000,000 (approximately S\$39.5 million).

The valuation was prepared using the Discounted Cash Flow Method and the Purchase Price is approximately 6.0% below the aggregate valuation of the Properties.

The following sets out the break-down of each Property’s Purchase Price and valuation:

	Property	Purchase Price (¥)	Valuation (¥)
1.	Maison des Centenaire Hannan	1,600,000,000	1,709,000,000
2.	Maison des Centenaire Ohhama	600,000,000	649,000,000
3.	Sunhill Miyako	800,000,000	810,000,000
	Total	3,000,000,000	3,168,000,000

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 ended 31 December 2013.

5. OTHER INFORMATION

5.1 Rule 1006 of the Listing Manual

Based on the relative figures as computed on the bases set out in Rule 1006 of the listing manual of Singapore Exchange Securities Trading Limited (the "**Listing Manual**"), the Acquisition is a "Non-Discloseable Transaction" within the meaning of Rule 1008 of the Listing Manual.

5.2 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.

5.3 Service Contracts

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

5.4 TK Operators

Pursuant to the Purchase and Sale Agreements, the TK Operators will acquire the Properties from the Vendor, and the title deeds to the Properties will be held by the TK Operators, as the legal owners of the respective Properties. It should be noted that the title deeds of the Properties are held by the TK Operators and not by the Trustee directly due to the nature of the arrangements under the TK Agreements. 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 Operators become insolvent, the Trustee's right to distribution under the TK Agreements would be treated as a bankruptcy claim, and would rank junior to all debt obligations owed by the TK Operators.

Given that only the TK Operators have 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.

5.5 Copies of the valuation reports of IAI on the Properties 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.

BY ORDER OF THE BOARD
Parkway Trust Management Limited
(Company Registration no. 200706697Z)
As manager of Parkway Life Real Estate Investment Trust

Chan Wan Mei
Company Secretary
13 March 2014

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 Limited, 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.