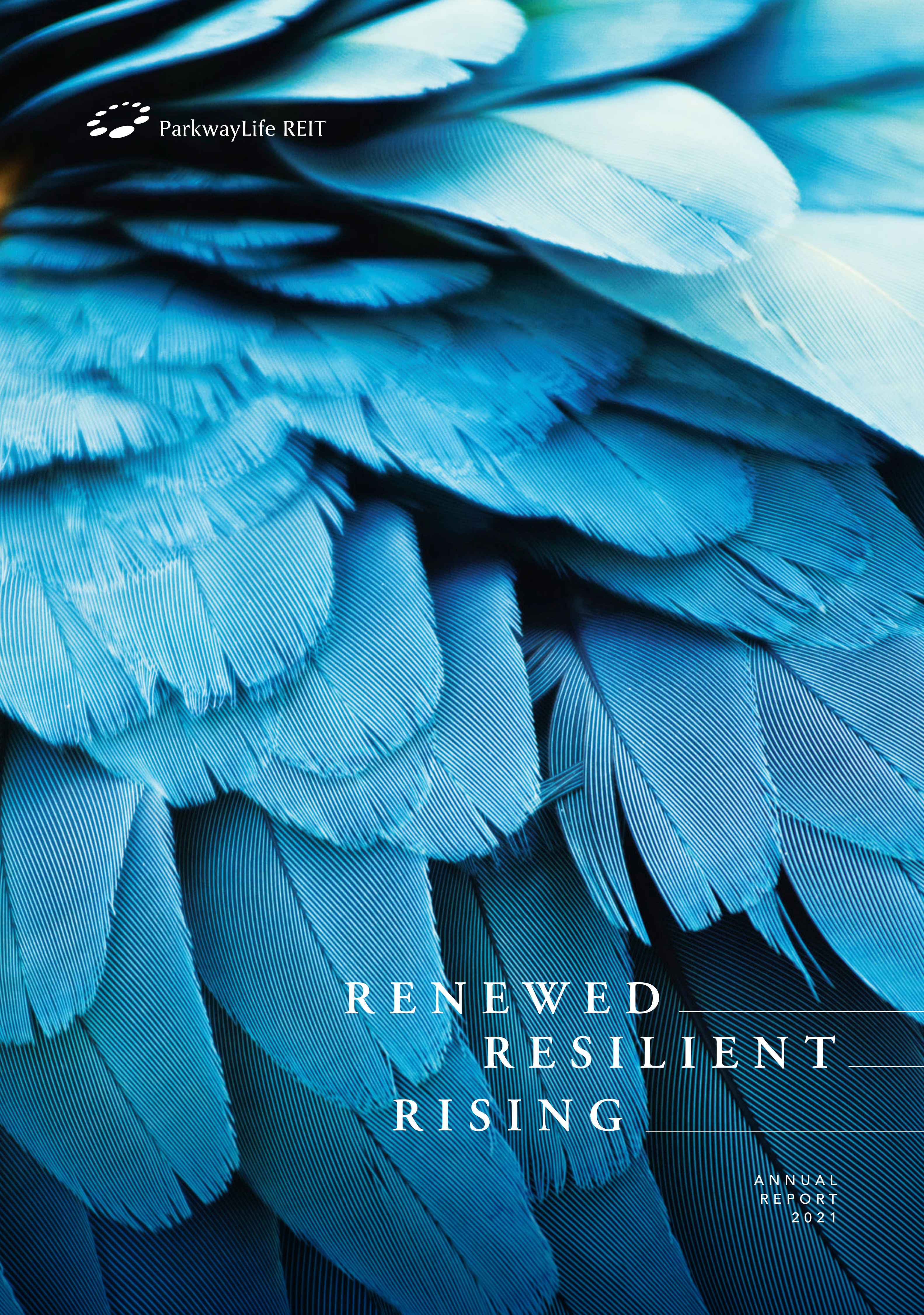


ParkwayLife REIT

RENEWED RESILIENT RISING

ANNUAL REPORT 2021

CORPORATE PROFILE

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 not limited to, hospitals, nursing homes, 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 56 properties with a total portfolio size of approximately S$2.29 billion as at 31 December 2021. 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 52 assets of high-quality nursing home and care facility properties in various prefectures of Japan. It also owns strata-titled units/lots in MOB Specialist Clinics, Kuala Lumpur in Malaysia. Managed by Parkway Trust Management Limited, PLife REIT has been listed on the Mainboard of the Singapore Stock Exchange since August 2007.

MISSION

To deliver regular and stable distributions
and achieve long-term growth for our Unitholders

VISION

To become the leading healthcare REIT
and the Partner of Choice for healthcare expansion

CONTENTS

TRUST STRUCTURE

[1] Refers to the properties acquired by the Trust, whether directly or indirectly held through the ownership of special purpose vehicles. In Singapore, the ownership of the properties is held directly by the Trustee. In Malaysia, the ownership of the properties is held indirectly by the Trustee. In Japan, the ownership of the properties is held through the Tokumei Kumiai ("TK") structure. Under the TK structure, the Trustee will, through its wholly-owned subsidiary incorporated under Singapore laws, enter into TK agreement (or silent partnership agreement) as TK investor ("TK investor") with a company incorporated under Japanese laws known as TK operator ("TK operator"). The TK operator is a company similar to a limited liability company in Singapore whereby the TK investor is only liable to the extent of its contribution to the TK operator. Under the TK agreement, the TK investor shall inject funds to the TK operator and the TK operator will acquire and own the property. Further details of the TK structure are set out in the relevant past announcements.

DRIVEN BY A

RENEWED

PURPOSE

Adapting to Changing Times

PLife REIT strengthens with the lease renewal of its Singapore hospitals, secured with sustained long-term rental income stream and poised for continual organic growth.

MESSAGE TO UNITHOLDERS

Dear Unitholders,

2021 was undoubtedly another year fraught with challenges as the world continues to deal with the evolving COVID-19 pandemic situation. Highly transmissible variants of the virus continue to trigger new waves of infections, posing headwinds to re-opening plans and global economic growth.

During the year, through disciplined execution of its core growth strategies, PLife REIT remained in a position of strength, soaring above the challenges to deliver yet another year of sustained growth and value to its Unitholders.

For the financial year ended 31 December 2021 ("FY2021"), PLife REIT recorded a full year Distribution per Unit ("DPU") of 14.08 Singapore cents, registering a steady growth of 122.8% since the REIT's listing in 2007.

Net Asset Value increased to S$2.37 per Unit as at 31 December 2021, from S$1.96 per Unit a year ago.

RENEWED STRENGTH AND STABILITY

With the Singapore Hospitals being key assets of the REIT[1] and its leases due for expiry on 22 August 2022, PLife REIT is cognisant of the importance of ensuring a valued lease renewal proposition in order to preserve the intrinsic value of the three Singapore hospitals – Mount Elizabeth Hospital, Gleneagles Hospital and Parkway East Hospital, and its long-standing strategic arrangement with IHH Healthcare Berhad ("IHH"), one of the world's largest healthcare networks.

With carefully calibrated lease structuring and planning, PLife REIT successfully secured the strong support from its Unitholders at an Extraordinary General Meeting ("EGM") held on 30 September 2021[2], for the transaction involving the New Master Lease Agreements of the Singapore Hospitals and the renewal capital expenditure agreement of S$150 million ("Renewal Capex Agreement"). As part of the transaction, PLife REIT was granted the right of first refusal ("ROFR") for the Mount Elizabeth Novena Hospital Property, demonstrating the strong support and alignment of interests with IHH.

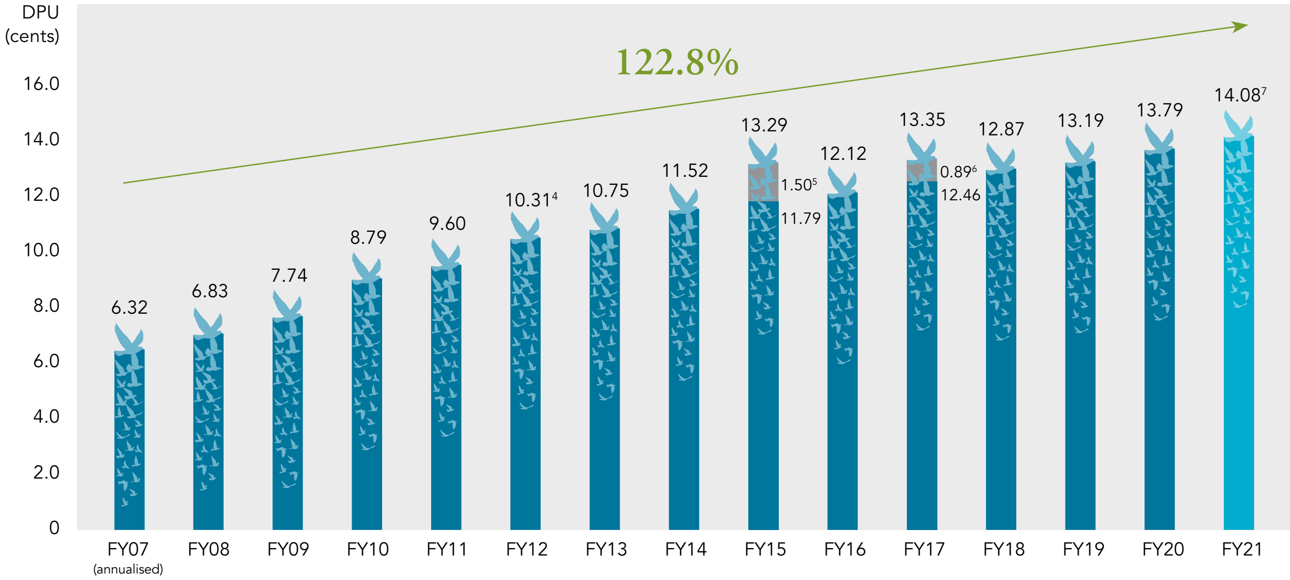
With long lease term of approximately 20.4 years, the New Master Lease Agreements represent an important milestone in providing long-term income certainty, stability, and sustainable occupancy for PLife REIT and the clear rent structure further cements the organic growth of PLife REIT which it delivered since its IPO in 2007.

"With renewed strength and stability, PLife REIT strives to build on its resilience continuum, as it spreads its wings and prudently navigates for growth opportunities in its strategic journey of rising above, rising beyond."

Ho Kian Guan
Chairman

UN-INTERRUPTED RECURRING DPU GROWTH SINCE IPO

DPU has grown 122.8%[3] since IPO



The works under the Renewal Capex Agreement to improve and upgrade the properties will enable the Singapore Hospitals to address emerging and evolving healthcare trends to better serve patient demand as well as enhance the top-notch service offerings that they are known for. This serves to improve the quality positioning and increase competitiveness of PLife REIT and the Master Lessee (Parkway Hospitals Singapore Pte. Ltd.).

The healthcare sector in Singapore is poised for strong growth, driven mainly by the rapidly ageing population, rising number of chronic disease patients and medical tourism. The Singapore Hospitals under the operations of the Master Lessee (one of the leading providers of private healthcare services in Asia), will remain well-positioned to ride on the growth potential of the Singapore healthcare industry.

Overall, the transaction marks a solid step in PLife REIT's growth journey as it charts forward with renewed strength and stability. More importantly, the extension of strategic arrangement between PLife REIT and IHH, paves the way for further collaborations with IHH.

RESILIENCE CONTINUUM

As PLife REIT grows, it recognises the importance of ensuring resilience continuum, in order to better deal with the constant challenges, changes and uncertainties. Its core fundamentals remain anchored on a business model that is flexible in adapting to changing market conditions, while continuing to deliver sustainable long-term returns to its Unitholders.

Fourteen years on since IPO in 2007, and as PLife REIT matures, portfolio revitalisation strategy is a key thrust as it proactively works on enhancing the competitiveness, value and strength of its overall asset portfolio.

The year saw the successful execution of PLife REIT's third strategic asset recycling initiative and further acquisitions of nursing home properties, to strengthen the quality of PLife REIT's portfolio and presence in Japan, which continues to be a valued core market.

In January 2021, PLife REIT divested its non-core industrial property, P-Life Matsudo, registering a gain on disposal (after tax) of approximately S$4.2 million. In July 2021, PLife REIT acquired two Japan nursing home properties in the key cities of Fukuoka and Tokyo Prefectures. By divesting P-Life Matsudo at an attractive sale yield of 4.3% and reinvesting the entire funds to acquire the 2 properties at higher net property yield of 5.7%, immediate yield uplift was recognised for PLife REIT.

In December 2021, PLife REIT acquired another nursing home property in Chiba Prefecture at a net property yield of 5.9%, bringing its Japan portfolio to 52 properties, totaling approximately S$810.2 million[8] in value. As PLife REIT grows its footprint in Japan, it continues to develop sustainable long-term partnership with credible operators with synergic business strategies. The acquisitions during the year saw PLife REIT deepened its collaboration with its largest nursing home operator, Habitation Group, a reputable and experienced healthcare and aged care operator.

As interest rates trend upwards and economic and financial risks persist, PLife REIT continued to reinforce its liquidity position and ability to deal with interest rate and foreign exchange rate risks. With an enlarged Japan portfolio which contributes 40.9% of PLife REIT's revenue, emphasis continues to be on prudent financial risk management. To enhance the stability of distributions to the Unitholders, the JPY net income hedges were further extended till 3Q 2026 and close to 70% of its interest rate exposure were hedged. PLife REIT also consistently adopts a natural hedge strategy for its foreign investments to maintain a stable net asset value.

During the year, PLife REIT successfully termed out all its current maturing debts, with no long-term debt refinancing requirement till June 2023. On 29 December 2021, PLife REIT further executed a 5-year committed JPY loan which will be drawn down to term out the short-term loans of approximately S$91.6 million ("ST Loans") when they fall due in March 2022. Following the series of financial initiatives

MESSAGE TO UNITHOLDERS

completed during the year, PLife REIT is in a strong financial position to support its growth strategies.

As at 31 December 2021, PLife REIT remains as one of the largest listed healthcare REIT in Asia with assets under management of 56 properties valued at approximately S$2.29 billion. With 98% of its portfolio having downside revenue protection[9], CPI-linked revision formula pegged to 60% of its portfolio and the WALE for its entire portfolio at 17.31 years, PLife REIT's favourable lease structures continue to provide steady rental growth whilst protecting revenue stability amid uncertainties in the macro economy. PLife REIT also continues to offer one of the strongest earnings visibilities among S-REITs. With one of the lowest effective all-in cost of debt among its S-REIT peers at 0.52%, its interest cover was improved from 18.1 times in FY2020 to 21.5 times in FY2021. Gearing remained healthy at 35.4%. Post terming out of the ST Loans, the weighted average debt term will also improve from 3.4 years to 3.9 years.

RISING ABOVE, RISING BEYOND

In 2021, despite the challenges and uncertainties, PLife REIT continues to stand out as a resilient and defensive stock. We are honoured to be named as one of 10 best performing S-REITs and property trusts with 10-year annualised total returns which also outperformed the major Asia-Pacific Reit markets[10].

Moving ahead, uncertainties remain with the recovery of the global economy clouded by various factors such as inflationary risk, Russia-Ukraine conflict and continual fresh threats from COVID-19 variants.

The healthcare industry continues to remain critically essential in a rapidly aging population and with greater demand for better quality healthcare and global aged care services. With an enlarged portfolio of quality healthcare assets, a bevy of partnerships with a range of established operators in the region and deep experience in this sector, PLife REIT remains well-positioned to ride on the back of strong growth in the healthcare sector.

With "**Renewed Strength and Stability**", PLife REIT strives to build on its "**Resilience Continuum**" as it spreads its wings and prudently navigates for growth opportunities in its strategic journey of "**Rising above, Rising beyond**".

ACKNOWLEDGEMENTS

We wish to extend our heartfelt appreciation to our Board members for their invaluable guidance and contributions. We would also like to record our appreciation for our preceding non-executive directors Mr. Low Soon Teck and Ms. Rossana Annizah Binti Ahmad Rashid, who have retired from the Board. We are pleased to welcome Mr. Joerg Ayrle and Mr. Takeshi Saito onto the Board with effect from 23 April 2021 and 11 August 2021 respectively. We are confident that their expertise and experience will contribute positively to PLife REIT.

We would also like to take this opportunity to thank our Management team and all staff for their hard work and dedication in delivering the sustained success of PLife REIT.

Lastly, our sincere gratitude to our Unitholders, business partners and lessees for their continued support, confidence and trust in PLife REIT.

With tenacity and focus to deliver long-term sustainable growth and value, we look forward to soaring to greater heights with all.

Ho Kian Guan
Chairman

Yong Yean Chau
Chief Executive Officer and Executive Director

1 Singapore Hospitals contribute approximately 64.3% by asset value as at 31 December 2021 and approximately 60.3% by net property income for the financial year ended 31 December 2021, of the total portfolio of PLife REIT.

2 On 30 September 2021, PLife REIT received 99.99755% Unitholders' approval at the EGM for the proposed transaction on the master lease renewal of the Singapore Hospitals. The transactional agreements were duly executed on 13 October 2021.

3 Since IPO till FY2021.

4 Since FY2012, S$3.0 million per annum of amount available for distribution has been retained for capital expenditure.

5 One-off divestment gain of 1.50 cents (S$9.11 million) relating to the divestment of seven Japan assets in December 2014 was equally distributed over the four quarters in FY2015.

6 One-off divestment gain of 0.89 cents (S$5.39 million) relating to the divestment of four Japan assets in December 2016 was equally distributed over the four quarters in FY2017.

7 Parkway Life REIT will make distributions on a semi-annual basis going forward. Accordingly, Parkway Life REIT will make its final quarterly distribution to unitholders for the last quarter of the financial year ending 31 December 2021 before commencing with half-yearly distributions.

8 Based on latest appraised values, as at 31 December 2021.

9 Based on existing lease agreements and subject to applicable laws.

10 10 S-Reits yielding long-term annualised returns, The Business Times, 30 August 2021.

CORPORATE DEVELOPMENT

In 2021, through clear execution of its key growth strategies "Targeted Investment", "Proactive Asset Management", "Asset Recycling and Development" and supported by "Dynamic Capital and Financial Management", PLife REIT continued to deliver value and growth for its Unitholders.

FORTIFYING THE GROWTH POTENTIAL AND INCOME SUSTAINABILITY OF EXISTING CORE MARKETS, SINGAPORE AND JAPAN

The looming pandemic of COVID-19, with new and more infectious variants of the virus continue to present uncertainties in the global economic recovery. As PLife REIT prudently monitors the COVID-19 situation of its properties, it also proactively manages its portfolio and strategically navigates for growth opportunities.

During the year, PLife REIT embarked on initiatives to strengthen the growth potential and income sustainability of its two existing key markets, Singapore and Japan. As a specialised healthcare REIT, PLife REIT also consciously seek out and bolster long-term and strategic partnerships with credible lessees/operators.

On 30 September 2021, a significant milestone was achieved as PLife REIT and IHH extend their strategic collaboration for Singapore Hospitals, following the approval from Unitholders for the transaction at the EGM.

With an extended lease term of approximately 20.4 years from 23 August 2022 to 31 December 2042 and an option to renew for a further 10 years, the New Master Lease Agreements will maintain IHH's ability to continue operating the three hospitals in the prime locations of Singapore, strengthening its long-term ability and commitment in serving patients in Singapore.

With clear rental step-up structure and rent review formula in place, the secured lease arrangements for the Singapore Hospitals continue to underpin the organic growth of PLife REIT and provide sustained quality rental income stream by ensuring 100% committed occupancy over a long lease term.

To sustain competitiveness and ride the growth potential of Singapore's healthcare industry, PLife REIT will inject a one-time renewal capital expenditure of up to S$150 million to revamp the Singapore Hospitals ("Renewal Capex Works").

The Renewal Capex Works which improve the utilisation of available space and resources, will enhance the overall performance, operations and architectural design of the existing high quality properties, allowing the Singapore Hospitals to meet patient demand and better serve the community as well as address emerging and evolving healthcare trends. The Renewal Capex Works, which will be carried out at the applicable Singapore Hospitals, are estimated to take approximately three years and targeted to commence no later than 1 January 2023.

Attesting to Sponsor's strong support and alignment of interests with the Unitholders, PLife REIT was also granted a ROFR over a high-quality Mount Elizabeth Novena Hospital Property for a period of 10 years, which is expected to further enhance PLife REIT's growth potential. Conveniently located in the city fringe district of Singapore, Mount Elizabeth Novena Hospital Property is a modern hospital which provides tertiary treatments in the comfort of single bedded rooms and has also received the Joint Commission International accreditation, the gold seal of approval for quality healthcare.

Overall, the strategic collaborative arrangement between PLife REIT and IHH underpins the sustained and continual growth of the parties, paving the way for further future collaborations.

The year saw PLife REIT successfully executing its third strategic asset recycling initiative in Japan, continuing its track record of creating greater value for its unitholders.

In January 2021, PLife REIT divested its non-core industrial property, P-Life Matsudo, for a total consideration of JPY2.9 billion (S$37.1 million)[1,2], approximately 12% premium over original purchase price. At an attractive sale yield of 4.3%, the gain on disposal (after tax) for PLife REIT was approximately S$4.2 million. In July 2021, the entire sales proceed was

CORPORATE DEVELOPMENT

channeled to acquire two freehold nursing homes in Japan (Will-Mark Kashiihama and Crea Adachi)[3], at a total purchase consideration of JPY4.1 billion (S$49.4 million)[1]. Acquired at a higher net property yield of 5.7%, the transaction delivered immediate yield growth to PLife REIT.

In December 2021, PLife REIT acquired another nursing home property, Habitation Kisarazu Ichiban-kan[4], for a total consideration of JPY3.2 billion (S$37.9 million)[1] with an expected net property yield of 5.9%.

Apart from enhancing the geographical diversification of the Japan Portfolio, the three new properties with good property attributes and fresh 20-year master lease arrangements, further strengthened the resiliency of PLife REIT's earnings.

The acquisitions also deepened PLife REIT's collaboration with the Habitation Group and further diversified its tenant base with the addition of another established nursing home operator, Kabushiki Kaisha Genki na Kaigo.

RESILIENT RETURNS BACKED BY SOLID FINANCIAL MANAGEMENT

During the year, PLife REIT continued to engage in disciplined financial management to mitigate any potential refinancing risk as well as the exposure to interest rate risk and foreign currency risk. Its ability to raise funds from both banks and capital markets has enabled PLife REIT to diversify its sources of funding to avoid over-reliance on any single source of funding.

In March 2021, PLife REIT successfully issued a 6-year JPY3.3 billion (S$41.3 million)[1] senior unsecured fixed rate notes at 0.51% ("Notes Issue"). The Notes Issue were used to repurchase the earlier 29 March 2016 issuance of JPY 3.3 billion 0.58% senior unsecured notes due in 2022 at par and without penalty. The ability to tap the capital markets to issue new notes at an attractive fixed rate, validated the continual strong support of the Japanese institutional investors and vote of confidence in PLife REIT's overall investment and

growth strategy in Japan. Denominated in JPY, the Notes Issue served as a natural hedge for PLife REIT's Japanese assets and mitigates any foreign exchange risk. Following the Notes Issue, PLife REIT has termed out the remaining long-term loan due in 2022 and there will be no immediate long-term refinancing need till June 2023. On 29 December 2021, PLife REIT further executed a 5-year up to JPY7.71 billion (approximately S$91.6 million)[1] committed JPY loan which will be drawn to term out existing short-term loans when they fall due in March 2022. Post terming out, the weighted average debt term will improve from 3.4 years (as at 31 December 2021) to 3.9 years.

To strengthen PLife REIT's resilience against potential interest rate hikes, interest rate risk is managed on an ongoing basis by hedging long-term committed borrowings using interest rate hedging financial instruments or issuance of fixed rate notes.

Foreign currency risk is also managed by adopting a natural hedge strategy for the Japanese investments to maintain a stable net asset value and putting in place Japanese Yen forward exchange contracts to shield against Japanese Yen currency volatility. During the year, PLife REIT entered into additional Japanese Yen forward exchange contracts to extend the hedge maturity till 3Q 2026.

Overall, capitalising on the various key initiatives, PLife REIT ended the year in a stronger financial position.

1 Based on the assumed exchange rate as at the respective date of announcements/press releases
2 P-Life Matsudo was acquired by Hulic Co. Ltd.
3 Will-Mark Kashiihama and Crea Adachi were acquired from Kabushiki Kaisha Strawberry Firm and Kabushiki Kaisha Anthebliss respectively.
4 Habitation Kisarazu Ichiban-kan was acquired from GK Japan Care Facilities & GK Japan Care Facilities 2.

MARKET REVIEW AND OUTLOOK

A BUMPY ECONOMIC RECOVERY AHEAD

It has been two years since the onset of the pandemic as COVID-19 continues to ebb and flow, playing a critical role in the global economic activity. Following a strong rebound in the first half of 2021, the momentum for economic recovery is expected to weaken as more uncertainties loom in 2022.

For 2021, the International Monetary Fund (IMF) has downgraded its growth forecasts to 5.9%[1] for the global economy and 6.5%[2] for Asia. The downward revisions were largely attributed to the peaks driven by the Delta variant as well as the worsening pandemic dynamics that have darkened the outlook for the low-income developing economies, while the advanced economies struggle with supply chain disruptions.

The IMF has also projected slower economic growth for 2022 - 4.4%[1] globally and 5.7%[2] for Asia. Moving forward, as economic recovery continues to be rattled by emergence of new COVID-19 variants such as Omicron, enforcement of global lockdowns to contain the spread of the virus will exacerbate the supply chain bottlenecks and disrupt international trade. Interest rates which have been benchmarked at near zero since early 2020 to combat the effects of the pandemic, have resulted in a rising inflation environment. In response, the Federal Reserve of the United States has started tapering its bond purchases in December 2021 and interest rate hikes are expected to progressively take place in 2022 and into 2023. Moreover, geopolitical tensions between the major economies and conflict between Russia and Ukraine will also see further turbulence in the financial markets.

SUSTAINED DEMAND FOR QUALITY ELDERLY CARE IN JAPAN

After witnessing a lacklustre economic growth in the latter half of 2021, Japan's economy is poised for a firmer recovery in 2022. Stronger growth is anticipated as Japan paves way for more in-person activities to boost economic consumption and in part due to the stimulus initiatives by new Prime Minister Fumio Kishida, who took office in October 2021, succeeding Mr. Yoshihide Suga. Upon appointment, Mr. Fumio Kishida has approved a 36 trillion yen extra stimulus for fiscal 2021[3] and budgeted a record high 107.6 trillion yen for fiscal 2022 to finance measures against the pandemic, swelling security costs and defense spending[4]. As Japan continues to ramp up its vaccination progress and transitions into endemic together with the rest of the world, the outlook of Japan's economic recovery is marked with optimism.

Against the backdrop of the overall economy, caring for the elderly remains to be a mammoth task given the proportion of ageing population in Japan, at record high of 29.1%[5]. Over the years, Japan's largest policy spending component has been on social security, growing to a record 36.3 trillion yen and accounting for more than a third of the overall budget, as ageing population and the battle against COVID-19 push up medical costs[5]. Plans to boost wages for care workers and nurses, a sector which faces acute labour shortage, are also in the pipeline[6].

In addition, the rapidly expanding elderly population has also prompted the government to prioritise the development of healthcare facilities, such as senior housing. For the past two decades, the elderly in Japan have been able to tap on a Long-Term Care Insurance System to finance nursing care services. However, growth in the number of care insurance-covered facilities has been relatively slow compared to the rapid expansion of private-sector senior housing with care services[7].

The significance of demand and importance in supply for quality elderly care therefore presents attractive opportunities in the sector for healthcare investors. As one of the earliest aged care investors in Japan, PLife REIT is well-positioned to benefit from the government initiatives and will continue to leverage on its first mover advantage for further opportunities to collaborate with strong operators in the silver economy.

RESILIENCY IN SINGAPORE'S HEALTHCARE SECTOR

In 2021, Singapore has generally been tempered by a range of challenges as the COVID-19 pandemic places tremendous strain on the healthcare system, including the deferment of routine non-COVID-19 related needs and manpower crunch. Overall, Singapore is projected to have a slower economic growth in 2022 as industries recover at uneven pace and inflation risks persist[8]. Nonetheless, its high vaccination rate and the easing in severity of new COVID-19 variants may pave way for a smoother trajectory as the nation reconnects with the rest of the world moving forward. Specifically, the healthcare sector is expected to remain resilient, prompted by the strong demand and consumption of healthcare services.

Singapore has strong fundamentals and emphasis in quality healthcare excellence, enabling the nation to achieve high life expectancies. However, coupled with low fertility rates, these have underlain the nation with a rapidly ageing population. Currently, 18% of the population in Singapore are aged 65 years and above and this is expected to spike to 25% by 2030[9]. Furthermore, advances in healthcare technology have also driven growth towards earlier diagnosis and treatment of chronic disease conditions.

Driven by the foregoing, the government has allocated a healthcare expenditure budget of S$19.3 billion for financial year 2022, 4.7% higher than the previous year to cater for the higher subvention to the aged and long-term care sectors, as well as the continued spending to maintain COVID-19 public health measures[10].

Within the private market, Frost & Sullivan[11] has estimated Singapore's private healthcare services to have generated a revenue of US$6.43 billion in 2020, with the hospital market contributing the highest revenue share of 46.5% or US$2.99 billion. From 2021 to 2025, they have projected a compound annual growth rate of 10%.

In addition, recognised to having one of ASEAN region's best skilled medical workforce and modern healthcare equipment, Singapore has been an attractive medical tourism destination. The nation's reopening and Vaccinated Travel Lane (VTL) expansion plans for 2022 will therefore further enhance the growth outlook for the healthcare tourism sector.

With the extension of strategic collaboration with IHH for its Singapore Hospitals and the ROFR secured for Mount Elizabeth Novena Hospital Property, PLife REIT remains well-positioned to ride on the growth potential of the Singapore healthcare industry.

ELEVATING MALAYSIA HEALTHCARE SECTOR

For 2021, Malaysia's economic growth is projected to have expanded by 3% to 4%. While modest compared to the regional countries, this represents a rebound from the economic contraction in 2020, which saw a contraction of 5.6% due to the COVID-19 pandemic. For 2022, it is set for further growth momentum, accelerating to between 5.5% and 6.5%, supported by the continuation of the various stimulus, significant improvement in global trade, and gradual improvement in consumer and business sentiments[12]. As Malaysia eases into reopening its borders, healthcare tourism, one of the key contributors to growth, is expected to be one of the sectors that will benefit the most.

Malaysia has been an attractive healthcare tourism destination with more than 1.2 million healthcare travelers in 2019 and revenue growing at a compound annual growth rate of 16.3% to RM1.7 billion over the 2015 to 2019 period[13]. However, the outbreak of the pandemic and the resultant closure of international borders have caused the sector to record a slump in revenue totaling RM2.2 billion since 2020[14].

To enhance and strengthen the current healthcare travel ecosystem, the government has budgeted RM20 million in 2022 to the Malaysian Healthcare Travel Council (MHTC), with the aim to grow the sector by RM800 million in revenue[15]. MHTC has also launched a Malaysia Health Travel Industry Blueprint 2021-2025[16] that charts the recovery and rebuilding strategies to continue growing the industry as one of the country's key export services. Anchoring to provide a high-quality, safe, affordable, hospitable and seamless journey, the blueprint also outlined MHTC's roadmap to achieving RM1.7 billion in healthcare traveler revenue by 2025.

BRIGHTER YEAR AHEAD FOR THE RESILIENT S-REIT SECTOR

The overall S-REIT sector has generally underperformed in 2021, weighed down by the prolonged pandemic-related restrictions, growing fears of inflation and rising interest rates. The iEdge S-REIT Index had edged up 0.9% in 2021 with a total return of 5.2%. In comparison, the benchmark Straits Times Index (STI) rose 9.8% and delivered a total return of 13.6% over the same period[17]. Amongst the S-REITs, healthcare, office and retail REITs stood out as the best performing sub-sectors generating total returns of 35.8%, 10.1% and 9.6% respectively[18].

Moving forward, the economic expectation for 2022 is anticipated to be lukewarm, overhung with uncertainty arising from COVID-19 variants, rising interest rates, inflation and supply chain disruption. Nonetheless, as the world progresses into endemic COVID-19, property rental prices are expected to recover as restriction eases and business sentiment heightens. Hence, the S-REIT sector is expected to remain resilient with an optimistic outlook.

Since its listing in 2007, PLife REIT has weathered through various global uncertainties and ridden on potential economic growth. Recognised to be a resilient and defensive haven for investors, it is expected to continue its consistent delivery of sustainable and stable distributions to its Unitholders.

1 World Economic Outlook Update, January 2022.
2 Regional Economic Outlook, IMF, October 2021.
3 Cabinet approves draft extra budget to sponsor record spending stimulus, The Japan Times, 26 November 2021.
4 Japan's Cabinet approves largest-ever budget for next fiscal year, Nikkei Asia, 24 December 2021.
5 Japan's older population hits record high, The Japan Times, 20 September 2021.
6 Japan's new stimulus to include wage hikes for care workers, nurses, Kyodo News, 11 November 2021.
7 Valued Insights: Senior Housing, CBRE, 19 May 2021.
8 Singapore GDP growth to slow to 3-5% in 2022 after 7% gain this year, The Straits Times, 24 November 2021.
9 Amid a rapidly ageing population, what are the missing pieces in Singapore's residential eldercare puzzle?, CNA, 13 November, 2021.
10 Analysis of Revenue and Expenditure Financial Year 2022, Ministry of Finance Singapore, 18 February 2022.
11 Independent Market Research Report, Frost & Sullivan (S) Pte Ltd.
12 Malaysian economy on stronger recovery, The Malaysian Reserve, 9 December 2021.
13 Malaysia – The World's Healthcare Marvel, MHTC, 9 August 2021.
14 Malaysia aims RM800m in direct revenue from health tourism next year, Parliament told, The Edge Markets, 14 December 2021.
15 Budget 2022: Healthcare tourism shows potential as strong economic contributor, The Star, 30 October 2021.
16 Malaysia Healthcare Travel Industry Blueprint 2021 – 2025, MHTC, 1 November 2021.
17 S-REITs pivot to 'new economy' in tough 2021; look forward to brighter year ahead, The Business Times, 4 Jan 2021.
18 REIT Watch – S-Reits generate 6% total returns in 2021 to date, Singapore Stock Exchange, 20 Dec 2021.

BUILDING ON A RESILIENT PORTFOLIO

Navigating a Dynamic Economy

Despite the challenges of a tumultuous year, PLife REIT continues to deliver on its attractiveness as a resilient and defensive stock as it navigates an increasingly volatile, uncertain, complex, and ambiguous world.

BOARD OF DIRECTORS

MR. HO KIAN GUAN

Independent Director and Chairman of the Board of Directors and Member of the Audit Committee

Age: 76
Appointed on: 21/10/2016

WORK EXPERIENCE

Mr. Ho is the Executive Chairman of Keck Seng (Malaysia) Berhad since 1970 and also of Keck Seng Investments (Hong Kong) Limited since 1979. He was previously the Director of Parkway Holdings Limited/Parkway Pantai Limited from 1985 to 2013 and was the Chairman of the Tender Committee.

ACADEMIC AND PROFESSIONAL QUALIFICATIONS

- Business Administration and Commerce

PRESENT DIRECTORSHIPS OR CHAIRMANSHIP IN LISTED COMPANIES & MAJOR APPOINTMENTS

- Executive Chairman of Keck Seng Investments (Hong Kong) Limited
- Executive Chairman of Keck Seng (Malaysia) Berhad

PAST DIRECTORSHIPS OR CHAIRMANSHIP IN LISTED COMPANIES & MAJOR APPOINTMENTS HELD OVER THE PRECEDING 3 YEARS

- Non-Executive Director of Shangri-la Asia Limited

DR. JENNIFER LEE GEK CHOO

Independent Director and Chairman of the Nominating and Remuneration Committee and Member of the Audit Committee

Age: 69
Appointed on: 30/06/2016

WORK EXPERIENCE

Dr. Lee serves on the board of Parkway Trust Management Limited. Dr. Lee was the Chief Executive Officer (CEO) of KK Women's and Children's Hospital from 1991 to 2004. Before joining KK Hospital, she was the Chief Operating Officer of Singapore General Hospital from 1988 to 1991 during the period of its corporatisation, and prior to that served in the Ministry of Health in various portfolios. Her most recent work has been in development of the ageing sector, as Senior Consultant with the Ministry of Health's Ageing Planning Office from 2007 to 2015 and Chairperson of the Agency for Integrated Care from 2009 to 2018.

ACADEMIC AND PROFESSIONAL QUALIFICATIONS

- MBBS, National University of Singapore
- MBA, National University of Singapore

PRESENT DIRECTORSHIPS OR CHAIRMANSHIP IN LISTED COMPANIES & MAJOR APPOINTMENTS

- Director of Sheares Healthcare India Holdings Pte Ltd

PAST DIRECTORSHIPS OR CHAIRMANSHIP IN LISTED COMPANIES & MAJOR APPOINTMENTS HELD OVER THE PRECEDING 3 YEARS

- Director of Ministry of Health Holdings
- Chairman of Agency for Integrated Care Pte Ltd
- Director of The Esplanade Co Ltd

MS. CHEAH SUI LING

Independent Director and Chairman of the Audit Committee and Member of the Nominating and Remuneration Committee

Age: 50
Appointed on: 24/04/2017

WORK EXPERIENCE

Ms. Cheah serves as Executive Board Chair of privately held ESG startup ecoSPIRITS and sits on the boards of several publicly-listed companies in Singapore. She is also Operating Partner at Wavemaker Partners, a tech-focused venture capital fund dual headquartered in Singapore and Los Angeles.

She previously spent more than 20 years in the investment banking industry. She started her career with Merrill Lynch New York, followed by stints in Singapore and London. Subsequently, she became Executive Director of Investment Banking at JP Morgan Singapore and later served as Co-head of Corporate Finance SEA at BNP Paribas.

ACADEMIC AND PROFESSIONAL QUALIFICATIONS

- BA, Economics and French, Wellesley College, Massachusetts, USA

PRESENT DIRECTORSHIPS OR CHAIRMANSHIP IN LISTED COMPANIES & MAJOR APPOINTMENTS

- Executive Board Chair, ecoSPIRITS Pte Ltd
- Independent Non-Executive Director of Pathology Asia Holdings Pte Ltd (also Chairman of Audit Committee)
- Independent Non-Executive Director of TeleChoice International Limited (also Member of Audit Committee)
- Independent Non-Executive Director of M&C REIT Management Limited (also Member of Nominating and Remuneration Committee)
- Independent Non-Executive Director of M&C Business Trust Management Limited
- Operating Partner of Wavemaker Partners

PAST DIRECTORSHIPS OR CHAIRMANSHIP IN LISTED COMPANIES & MAJOR APPOINTMENTS HELD OVER THE PRECEDING 3 YEARS

- NIL

DR. KELVIN LOH CHI-KEON

Non-Executive Director and Member of the Nominating and Remuneration Committee

Age: 48
Appointed on: 01/10/2019

WORK EXPERIENCE

Dr. Loh was appointed Chief Executive Officer (Designate) and Executive Director of IHH Healthcare on 1 July 2019 and assumed the position as its Managing Director and Chief Executive Officer on 1 January 2020. He provides strategic direction and leadership for overall operations within IHH and its key operating subsidiaries – Parkway Pantai, Acibadem Healthcare, Fortis Healthcare and IMU Health. Today, IHH Healthcare offers a full spectrum of integrated services with a strong stable of 80 hospitals and more than 15,000 licensed beds in 10 countries.

An experienced healthcare executive with strong track record of delivery, Dr. Loh has extensive experience in leading large healthcare businesses, building relationships with stakeholders, managing hospital operations, financial management and developing people. He is also deeply familiar with the healthcare operating context in different countries across Asia.

Prior to joining IHH Healthcare, Dr. Loh was with Columbia Asia Group, where he oversaw its healthcare business comprising 28 hospitals across four countries in Asia as Chief Executive Officer since 2017.

Dr. Loh spent the early years of his career as a practising general physician. Driven by a passion for healthcare systems improvement, he embarked on the management track in the public healthcare sector and widened his healthcare portfolios to include clinical services development, hospital planning and hospital management. In 2008, he joined IHH Healthcare where he served nine years in numerous senior management roles, including as Chief Executive Officer of Singapore Operations Division where he steered the group's integrated healthcare businesses in Singapore.

Continued on next page >

BOARD OF DIRECTORS

MR. JOERG AYRLE

Non-Executive Director

Age: 53
Appointed on: 23/04/2021

WORK EXPERIENCE

Mr. Ayrle was appointed the Group Chief Financial Officer (GCFO) of IHH Healthcare Berhad (IHH) on 1 February 2021. With a wealth of international experience from United States, Germany, Singapore, China and Thailand, he will be responsible for providing financial leadership and strategic guidance for IHH and its operations and the business plan development. In his role, Mr. Ayrle will ensure effective management of resources, safeguard shareholders' interests and steer financial and management reporting, treasury, tax and investor relations functions and support the companies M&A activities.

Prior to joining IHH, Mr. Ayrle was the GCFO of Thai Union Group PLC and steered the Company's financial transformation journey, winning multiple awards including Best CFO Asia by Corporate Treasurer in 2016.

He also had a successful career with tech giants Osram and Siemens. Most notably, he was Chief Financial Officer & Treasurer of Osram Sylvania, USA, and Managing Director of Corporate Finance Mergers, Acquisitions & Post Closing (ASIA) for Siemens, China.

ACADEMIC AND PROFESSIONAL QUALIFICATIONS

- Master Degree in Business Administration, National University of Singapore, Business School
- Bachelor of Medicine and Bachelor of Surgery, National University of Singapore

PRESENT DIRECTORSHIPS OR CHAIRMANSHIP IN LISTED COMPANIES & MAJOR APPOINTMENTS

- Managing Director and Chief Executive Officer of IHH Healthcare Berhad
- Managing Director and Chief Executive Officer of Parkway Pantai Limited
- Non-Executive and Non-Independent Director of Fortis Healthcare Limited
- Executive Director and Managing Director of Parkway Holdings Ltd
- Director of SRL Limited
- Director of Acibadem Saglik Yatirimlari Holding A.S.
- Director of GHK Hospital Limited

PAST DIRECTORSHIPS OR CHAIRMANSHIP IN LISTED COMPANIES & MAJOR APPOINTMENTS HELD OVER THE PRECEDING 3 YEARS

- Chief Executive Officer (Designate) and Executive Director of IHH Healthcare Berhad
- Group Chief Executive Officer of Columbia Asia Group of Companies

ACADEMIC AND PROFESSIONAL QUALIFICATIONS

- Master of Business Administration major in Finance & Controlling, Marketing, Finance-Mathematics, University of Augsburg, Germany
- Certified fellow of the Institute of Directors, Thailand
- Advisory Professor, Tongji University, Shanghai, China

PRESENT DIRECTORSHIPS OR CHAIRMANSHIP IN LISTED COMPANIES & MAJOR APPOINTMENTS

- IHH Healthcare Berhad, Group Chief Financial Officer

PAST DIRECTORSHIPS OR CHAIRMANSHIP IN LISTED COMPANIES & MAJOR APPOINTMENTS HELD OVER THE PRECEDING 3 YEARS

- Thai Union Group PCL, Group Chief Financial Officer, Member of the Executive Committee, Member of the Risk Management Committee
- Red Lobster Master Holdings GP, LLC, President
- Thai Union Europe SAS, Director, Chairman of the Audit Committee
- King Oscar AS, Chairman of the Board of Directors
- Rügen Fisch AG, Chairman of the Supervisory Committee
- Thai Union China Co., Ltd, Director and Shareholder Representative
- Thamachart Seafood Retail Co., Ltd, Director
- Thai Union Ingredients Company Ltd., Director

MR. TAKESHI SAITO

Non-Executive Director

Age 50
Appointed on: 11/08/2021

WORK EXPERIENCE

Appointed to the Board of IHH Healthcare Berhad in 2019, Mr Takeshi Saito was an alternate director to Mr Satoshi Tanaka and Mr Koji Nagatomi, during their tenure as Directors of IHH between June 2015 and March 2019. He also serves on the Boards of a few IHH subsidiaries. Mr Saito currently serves as Chief Executive Officer of MBK Healthcare Management Pte Ltd (MHM), a wholly-owned subsidiary of Mitsui & Co., Ltd (Mitsui) based in Singapore, which manages the healthcare assets within the portfolio of Mitsui.

Preceding his appointment as CEO of MHM, he served as General Manager of Healthcare Business 1st Department in Healthcare Business Division of Mitsui. In 2017, he was an Executive Assistant to a Representative Director and Executive Vice President of Mitsui. Between 2015 and 2016, he was the General Manager of the Provider Network Department, Medical Healthcare Business Division 1, Consumer Service Business Unit of Mitsui and also sat on the Board and Executive Committee of Parkway Pantai Limited, a wholly-owned subsidiary of IHH, as an alternate director. In 2011, Mr Saito was seconded to Parkway Group Healthcare as Vice President of Strategic Planning, following his appointment as Director of the Medical Healthcare Business Department at Mitsui, where he led the investment in IHH.

Prior to this in 2007, Mr Saito was appointed Manager of the Strategic Planning/Business Development Department of the Life Science Division at Mitsui, which subsequently became the Medical Healthcare Division in 2008.

Continued on next page >

BOARD OF DIRECTORS

MR. SIM HENG JOO JOE

Non-Executive Director

Age: 50
Appointed on: 30/11/2019

WORK EXPERIENCE

Mr. Sim was appointed as Group Chief Operating Officer of IHH Healthcare on 1 January 2020.

He has more than 19 years' experience in the healthcare industry and was the winner of the Leading CEO Award by Singapore Human Resources Institute in 2014. Prior to joining Parkway Pantai in June 2017, he was Group Deputy Chief Executive of National University Healthcare System in Singapore and concurrently the Chief Operating Officer and Chief Executive Officer of National University Hospital. He also held the roles of Chief Corporate Development Officer, acting Chief Information Officer and acting Chief Executive Officer for new ventures at the National Healthcare Group in Singapore.

Mr. Sim began his career with the Singapore Administrative Service, building up a robust portfolio at the Ministry of Finance, Community Development Council and Ministry of Defence. In 2000, he founded a company that developed business-to-business trading hubs before joining the private sector where he was responsible for developing thought leadership, concepts and innovation on next-generation revenue agency for Accenture. Between 2008 and 2015, Mr. Sim was an Adjunct Lecturer at Nanyang Business School, during which he was recognised with a Teacher of the Year Award. He was also an Adjunct Associate Professor at the National University of Singapore's School of Public Health and Business School before he joined Parkway Pantai.

ACADEMIC AND PROFESSIONAL QUALIFICATIONS

- Bachelor of Political Science, Keio University, Japan
- Master of Business Administration, Kellogg School of Management, Northwestern University

PRESENT DIRECTORSHIPS OR CHAIRMANSHIP IN LISTED COMPANIES & MAJOR APPOINTMENTS

- Director and Chief Executive Officer of MBK Healthcare Management Pte Ltd
- Non-Executive Director of IHH Healthcare Berhad
- Non-Executive Director of Fortis Healthcare Limited
- Non-Executive Director of Acibadem Saglik Yatirimlari Holding A.S. and Acibadem Saglik Hizmetleri ve Ticaret A.S.

PAST DIRECTORSHIPS OR CHAIRMANSHIP IN LISTED COMPANIES & MAJOR APPOINTMENTS HELD OVER THE PRECEDING 3 YEARS

- Non-Executive Director of Acibadem Proje Yonetimi A.S.
- Non-Executive Director of Aplus Hastane Otelcilik Hizmetleri A.S.

ACADEMIC AND PROFESSIONAL QUALIFICATIONS

- Bachelor of Arts in Electronic and Information Science Tripos, University of Cambridge
- Masters in Public Administration, Kennedy School of Government, Harvard University

PRESENT DIRECTORSHIPS OR CHAIRMANSHIP IN LISTED COMPANIES & MAJOR APPOINTMENTS

- Director of Fortis Healthcare Limited
- Group Chief Operating Officer of IHH Healthcare Berhad
- Committee Member of Nanyang Business School Advisory Board
- Chairman of Health Sciences Advisory Committee of Ngee Ann Polytechnic

PAST DIRECTORSHIPS OR CHAIRMANSHIP IN LISTED COMPANIES & MAJOR APPOINTMENTS HELD OVER THE PRECEDING 3 YEARS

- Chief Executive Officer of Parkway Pantai Limited, Malaysia Operations Division

MR. YONG YEAN CHAU

Chief Executive Officer and Executive Director

Age: 56
Appointed on: 29/01/2009

WORK EXPERIENCE

Mr. Yong is the CEO and Executive Director of Parkway Trust Management Limited, the Manager of Parkway Life REIT.

Since Parkway Life REIT's listing in 2007, Mr. Yong has grown the REIT's portfolio, which more than doubled to over S$2 billion in assets now. PLife REIT has also consistently delivered, with Distributions Per Unit for FY2021 122.8% higher since listing. With his leadership, PLife REIT was included in the FTSE EPRA NAREIT Global Developed Index in 2020. The index inclusion affirms the REIT's strong position as one of the largest listed healthcare REITs in Asia and enhances its trading liquidity and visibility to investors and index funds worldwide.

Mr. Yong's deep expertise in finance and corporate strategy is attributed to his prior work experience as the CFO of the Singapore Tourism Board, overseeing its finance and corporate services functions. Prior to that, he was the CFO of Ascendas Pte Ltd (Ascendas). During his tenure with Ascendas, he was seconded to China-Singapore Suzhou Development Ltd and Singapore-Suzhou Township Development Pte Ltd as their CFO in Suzhou, China. Before joining Ascendas, Mr. Yong held other finance and audit positions at Beijing ISS International School, Housing and Development Board and Arthur Andersen.

ACADEMIC AND PROFESSIONAL QUALIFICATIONS

- B.ACC (Hons), Fellow Chartered Accountant of Singapore
- Advanced Management Programme with Harvard Business School

PRESENT DIRECTORSHIPS OR CHAIRMANSHIP IN LISTED COMPANIES & MAJOR APPOINTMENTS

- NIL

PAST DIRECTORSHIPS OR CHAIRMANSHIP IN LISTED COMPANIES & MAJOR APPOINTMENTS HELD OVER THE PRECEDING 3 YEARS

- NIL

MANAGEMENT TEAM

MR. YONG YEAN CHAU MR. LOO HOCK LEONG MR. TAN SEAK SZE

MR. YONG YEAN CHAU

Chief Executive Officer and Executive Director

(Please see biography under Board of Directors)

MR. LOO HOCK LEONG

Chief Financial Officer

Mr. Loo has 26 years of extensive banking and corporate experience. He currently serves as the Chief Financial Officer and Head of Corporate Services and Investor Relations at Parkway Trust Management Limited, the manager of Parkway Life REIT.

He was previously the Senior Vice President, Corporate Advisory of Global Financial Markets, with DBS Bank Ltd., where he provided advisory services on corporate treasury management to large companies in areas of corporate finance and mergers & acquisitions. He has extensive experience in financial structuring of interest rate and foreign exchange risk management solutions for these clients.

Mr. Loo graduated from the National University of Singapore with a Bachelor of Electrical Engineering (Honours) degree in 1995. In 2000, he obtained a Master of Applied Finance from the Macquarie University with three distinguished awards: Best Overall Performance, Best in Derivatives Valuation and Best in Legal & Tax Risk in Finance. He also possesses a professional qualification in accounting from ISCA and is a Chartered Accountant with ISCA.

MR. TAN SEAK SZE

Chief Investment Officer

Mr. Tan has more than three decades of work experience mainly in the real estate industry.

Prior to joining Parkway Trust Management Limited in June 2009, he was the Vice President, Investment, of CapitaLand Group overseeing the investment activities of CapitaLand's retail business unit in India. Before this appointment, he worked for two years in the Philippines as the Chief Operating Officer of a business process outsourcing firm. In 2004, he was seconded by Ascendas Pte Ltd to the position of Chief Executive Officer of L&T Infocity-Ascendas Ltd, a developer company of IT complexes in Hyderabad, India. He held various finance and corporate finance positions within the Ascendas Group between 2001 and 2003.

Mr. Tan was with JTC International Pte Ltd from 1994 to 2000 where he held various business development, investment and planning positions. After graduation, he worked as a loan officer with the Corporate Banking Department (Real Estate Division) of DBS Bank from 1991 to 1994.

Mr. Tan holds a Master of Business Administration with High Honours from the University of Chicago Booth School of Business and a Bachelor of Arts with Honours in Accounting and Law from the University of Kent at Canterbury, United Kingdom.

MS. LIU CHEN YIN

MS. TEO CHIN PING

MS. LIU CHEN YIN

Chief Portfolio Officer

Ms. Liu is a real estate veteran with more than 20 years of experience in the industry. Currently serving as Chief Portfolio Officer, Ms. Liu supports the CEO in formulating strategic plans to optimise the portfolio mix and returns of PLife REIT's assets. She leads the asset management and projects team in the execution of portfolio management, strategic divestment, asset enhancement and positioning.

Prior to her appointment with the Manager, she was with CapitaCommercial Trust Management Limited, the manager of CapitaCommercial Trust (CCT)[1] where she was involved in sourcing and evaluating potential investment opportunities as well as the development and implementation of asset management strategies and plans for CCT's asset portfolio.

From 2002 to 2006, she was with City Developments Limited where she was involved in the marketing and leasing of its office portfolio. From 1999 to 2002, she was a Senior Valuer with CKS Property Consultants Pte Ltd.

Ms. Liu graduated from National University of Singapore in 1999 with a Bachelor of Science (Honours) degree in Real Estate. She is also a registered licensed appraiser.

MS. TEO CHIN PING

Vice President (Head, Projects)

Ms. Teo has 26 years of extensive experience in architecture design, master planning, project and construction management of projects in Singapore and overseas.

She was previously a Project Manager with Thomson International Health Services Pte Ltd (subsidiary of Thomson Medical Center), Singapore General Hospital and PMLink Pte Ltd. Prior to that, she also worked as a senior architect on a variety of projects with ACP Construction Pte Ltd, ST Architects and Engineers Ptd Ltd. She has extensive experience in design, project management as well as construction management of greenfield and brownfield projects in the health care, residential, education, commercial, industrial and warehouse sectors both in Singapore and Overseas.

Ms. Teo graduated from University of Tasmania, Australia, in 1995 with a Bachelor of Architecture and Bachelor of Environmental Design. She was also awarded the Board of Architects Prize by the Singapore Board of Architects in conjunction with her Diploma in Architectural Technology. She is a Qualified Architect with the Board of Architects, Singapore.

1 Merged and renamed to CapitaLand Integrated Commercial Trust with effect from 3 November 2020

MANAGEMENT TEAM

MS. PATRICIA NG MR. SHAWN YAP MR. WAYNE LEE

MS. PATRICIA NG

Vice President (Head, Finance)

Ms. Ng brings with her more than two decades of accounting and finance experience in several public listed companies.

Prior to her appointment with the Manager, Ms. Ng has worked in Serial Microelectronics Pte Ltd (a wholly owned subsidiary of Serial System Limited), Raffles Medical Group, Stratech Systems Limited and Watsons Personal Care Stores Pte Ltd. Her experience encompasses financial and management reporting, consolidation, taxation, cash management, budgeting, compliance and risk management functions.

Ms. Ng graduated with the professional qualification from the Association of Chartered Certified Accountants. She is an ASEAN Chartered Professional Accountant and a Chartered Accountant with ISCA. She also holds an Executive Master of Business Administration from The University of Hull Business School, United Kingdom.

MR. SHAWN YAP

Vice President (Head, Asset Management)

Mr. Yap has 19 years of experience in the real estate sector, mainly in real estate asset management, marketing and leasing.

Prior to his appointment at Parkway Trust Management Limited, he was an Asset Manager with CapitaLand Limited. His responsibilities included managing commercial and industrial assets, monitoring and evaluating financial performance of assets, developing and implementing of asset management strategies as well as conducting studies to maximise asset yields. He was also involved in the divestment of CapitaLand's commercial assets, mainly Temasek Tower, Hitachi Tower and Chevron House.

From 2002 to 2004, he was with Singapore Land Authority where he gained considerable experience in marketing, managing and leasing of state properties. He was also involved in the formulation of policy papers.

Mr. Yap graduated from National University of Singapore in 2001 with a Bachelor of Business Administration (Honours) degree, majoring in Finance.

MR. WAYNE LEE

Vice President (Head, Investment)

Mr. Lee has 19 years of experience in the real estate and REIT sectors, focusing on business development, valuation, fund management, investment and asset management.

Prior to his appointment with the Manager, he was with Ascendas Property Fund Trustee, the trustee-manager of Ascendas India Trust. His responsibilities included portfolio management, financial modelling, feasibility and due diligence assessment of investment opportunities. He was also involved in the acquisition of aVance Business Hub in Hyderabad and the asset refurbishment of Tech Park Mall in Bangalore.

From 2002 to 2007, he was a Business Development Executive at Wing Tai Holdings Limited and Senior Valuer at Chesterton International Property Consultants Pte Ltd.

Mr. Lee holds a Master of Science (Real Estate) from National University of Singapore and a Bachelor's in Business majoring in Property from University of South Australia. He is also a registered licensed appraiser and member of the Singapore Institute of Surveyor and Valuer.

MS. ANNIE CHEN

MS. NICOLE CHUA

MS. ANNIE CHEN

Vice President (Head, Corporate Finance)

Ms. Chen brings with her more than 17 years of accounting experience, with about 12 years in corporate finance and treasury. She oversees the corporate finance function and is instrumental in securing the necessary banks and capital market financing to support the growth of the REIT. She also drives the financial risks management and treasury strategies, in ensuring that the REIT maintains a strong financial position.

Prior to joining the Manager, she was with the Singapore Tourism Board's Finance and Information department.

Ms. Chen graduated with a professional qualification from Association of Chartered Certified Accountants and is a Chartered Accountant with ISCA. She also holds a Bachelor of Science (Applied Accounting) from Oxford Brookes University of United Kingdom as well as a Bachelor of Commerce (IT) from Curtin University of Technology of Australia.

MS. NICOLE CHUA

Assistant Vice President (Head, Legal & Compliance/ Strategic Human Resource Management)

Ms. Chua is responsible for legal and compliance matters of the Manager and PLife REIT, as well as matters in relation to strategic human resource management in the area of management succession planning, corporate and business performance measurement and directors' remuneration review. She has more than 16 years of combined experience as practising lawyer and in-house legal counsel of Singapore listed real estate investment trusts. Before joining the Manager, she was a practising lawyer in the corporate banking and finance practice group at Messrs Zul Rafique & Partners in Kuala Lumpur, Malaysia.

Ms. Chua holds a Bachelor of Law (Honours) degree from Cardiff University of Wales, United Kingdom, and was admitted as an advocate and solicitor of the High Court of Malaya.

RISING
ABOVE CHALLENGES

Soaring with Greater Experience

Steady and unwavering, PLife REIT drives growth and creates sustainable value for all stakeholders, rising above and beyond to grow its portfolio of assets to approximately S$2.29 billion.

FINANCIAL HIGHLIGHTS

STRONG, STABLE GROWTH OVER THE YEARS

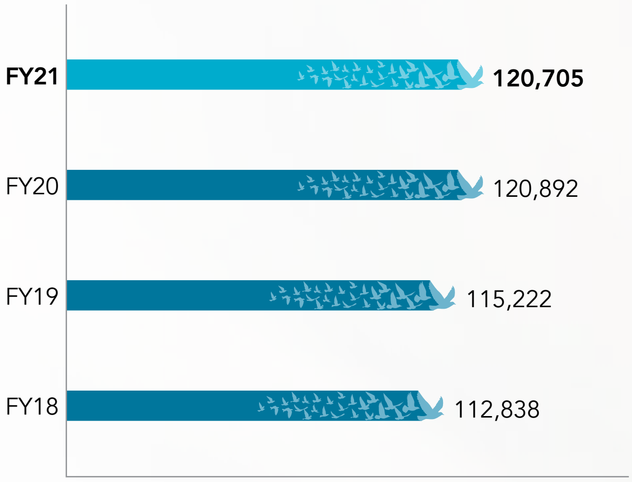
PLife REIT has consistently performed up to expectations and has successfully delivered yet another year of stable growth. Its robust fundamentals, focused growth strategy and prudent financial management strategies will support sustainable returns for Unitholders.

As at 31 December 2021, PLife REIT owns a resilient portfolio of 56 high-quality healthcare and aged care properties valued at approximately S$2.29 billion[1].

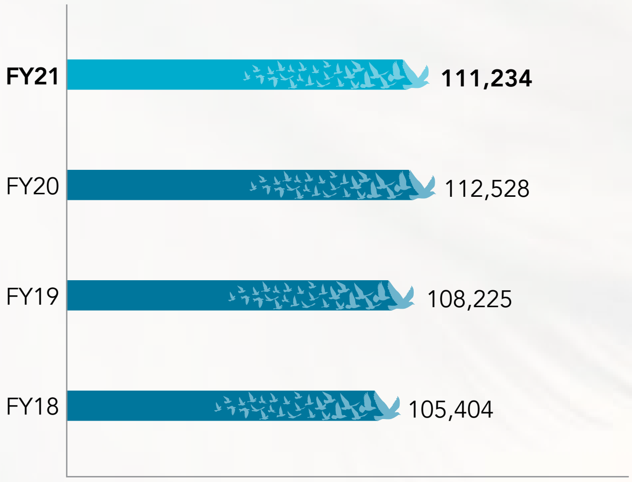
PORTFOLIO VALUE (S$)[1, 2]	Number of Properties	Portfolio Value (S$)	Number of Lessees
FY21	56	2.29b	32
FY20	54	2.02b	32
FY19	53	1.96b	31
FY18	50	1.86b	28
FY17	49	1.73b	27
FY16	44	1.66b	23
FY15	47	1.64b	25
FY14	41	1.50b	21
FY13	44	1.48b	21
FY12	37	1.43b	21
FY11	33	1.38b	18
FY10	32	1.30b	18
FY09	21	1.15b	14
FY08	13	1.05b	8
FY07	3	0.83b	1

FINANCIAL PERFORMANCE AT A GLANCE

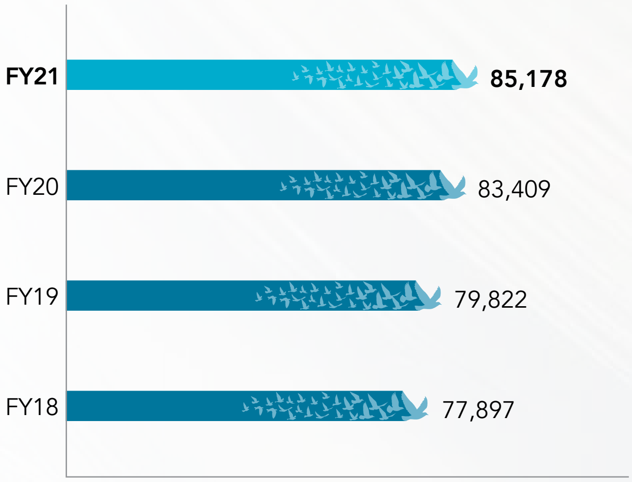
Gross Revenue
(S$'000)



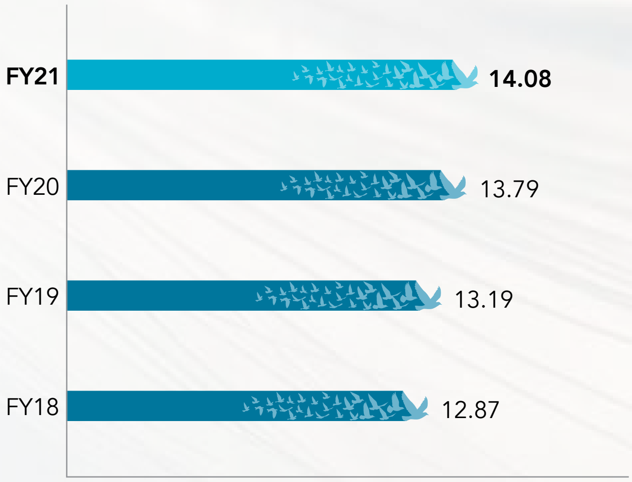
Net Property Income
(S$'000)



Distributable Income
(S$'000)



Distribution Per Unit
(Singapore Cents)



[1] Based on latest appraised values (excludes adjustment for the right-of-use assets)
[2] Total portfolio value as at 31 December of each year

FINANCIAL HIGHLIGHTS

SOUND FUNDAMENTALS

PLife REIT maintains a robust balance sheet which provides greater financial flexibility to explore compelling investment opportunities in line with its mission to deliver regular and stable returns for its Unitholders.

KEY METRICS

(As at 31 December 2021)

Gearing
35.4%

Total assets
S$2.3 Billion

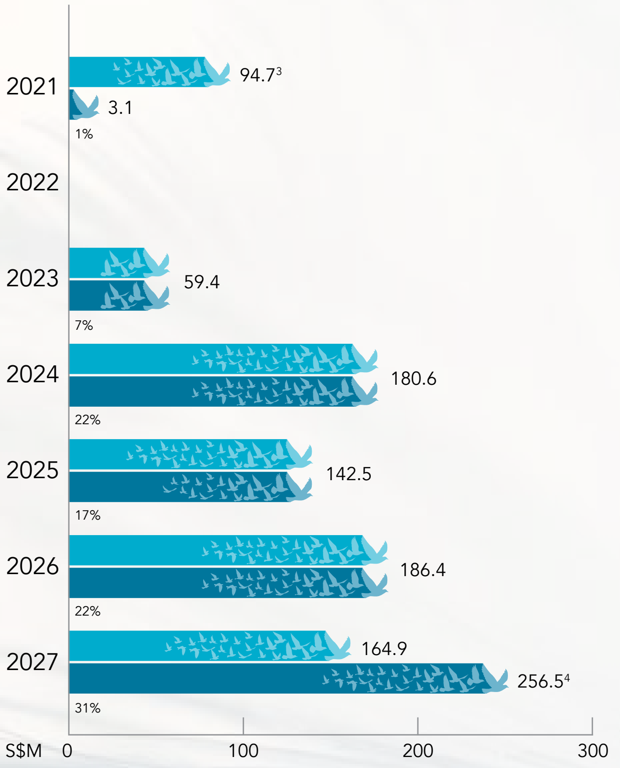
Weighted average debt term to expiry
3.9[1] Years

Effective all-in-cost of debt
0.52%

DEBT MATURITY PROFILE[2]

(As at 31 December 2021)

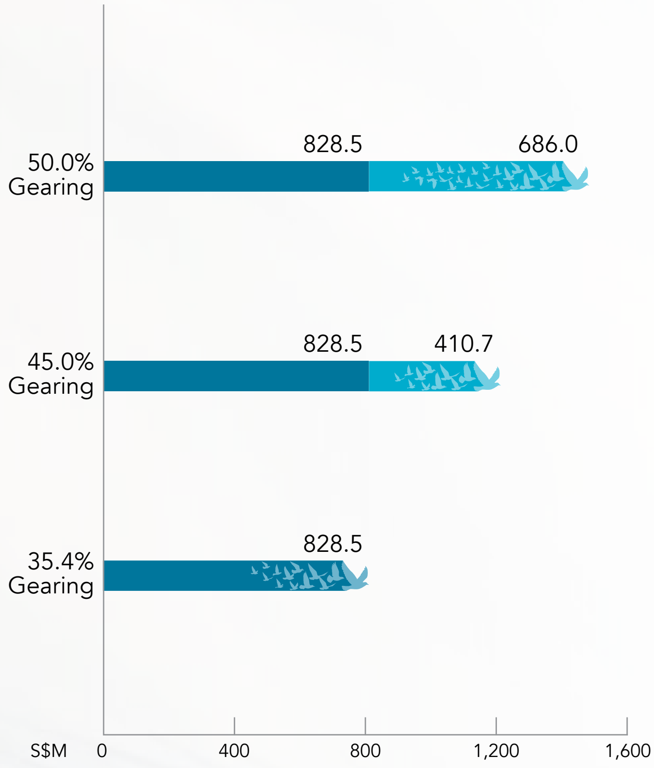
Pre & Post Terming Out STL Drawdown of JPY7.71 billion (S$91.6 million)



AMPLE DEBT HEADROOM

(As at 31 December 2021)

Ample debt headroom of S$410.7 million and S$686.0 million before reaching 45% and 50%[5] gearing respectively.



1 Extended from 3.4 years to 3.9 years post terming out of short term loans of approximately S$91.6 million ("STL")
2 Excludes lease liabilities, if any
3 As at 31 December 2021, short term loans amounted to JPY7.97 billion (S$94.7m) were drawn down for the purposes of general working capital and interim funding for recent acquisitions in Japan
4 Executed a 5-year up to JPY7.71 billion committed loan facility on 29 December 2021 which will be drawn down to term out the STL when they fall due in March 2022
5 On 16 April 2020, the MAS has raised the leverage limit for S-REITs from 45% to 50%

SIGNIFICANT EVENTS

29 JAN 2021

Completed the divestment of a non-core asset in Japan, P-Life Matsudo, for a total consideration of JPY2.9 billion (S$37.1 million[1]) which is 20.3% above valuation and 12.0% above the original purchase price. The divestment formed part of PLife REIT's 3rd strategic asset recycling initiative to rebalance and enhance the overall quality and growth potential of its Japan Portfolio.

29 MAR 2021

Completed the issuance of 6-year JPY3.3 billion (S$41.3 million[1]) senior unsecured Fixed Rate Notes due 2027 at a competitive rate of 0.51% per annum (the "Notes Issue"). The proceeds from the Notes Issue had been applied towards repurchasing of existing notes issued at fixed rate of 0.58% due in 1Q 2022 at par (without penalty).

23 APR 2021

Announced 1Q 2021 results: Year-on-year increase in gross revenue and total distributable income of 0.4% to S$30.0 million and 7.4% to S$21.6 million respectively. DPU of 3.57 Singapore cents for the period was declared.

09 JUL 2021

Completed PLife REIT's 3rd strategic asset recycling initiative with the acquisition of two nursing homes in Japan for a total purchase consideration of JPY4.1 billion (S$49.4 million[1]). With an expected net property yield of 5.7%, the properties were acquired at approximately 7.7% below valuation.

14 JUL 2021

Announced the extension of strategic collaboration with IHH Healthcare for the Singapore Hospitals with an agreement for lease framework entered into in relation to the agreed terms for the (i) New master lease agreements for the Singapore Hospitals ("New Master Lease Agreements") (ii) Agreement for the carrying out by PLife REIT of renewal capital expenditure of S$150 million at the Singapore Hospitals ("Renewal Capex Agreement") (iii) Right of first refusal ("ROFR") over the hospital block of the Mount Elizabeth Novena Hospital Development ("Mount Elizabeth Novena Hospital Property").

The proposed entry into the New Master Lease Agreements for the Singapore Hospitals and the Renewal Capex Agreement ("Proposed Transaction") would be subjected to approval of PLife REIT's Unitholders at an Extraordinary General Meeting ("EGM") to be convened in September 2021.

27 JUL 2021

Announced 2Q 2021 results: Gross revenue declined marginally by 2.3% year-on-year to S$29.6 million. Total distributable income increased by 0.7% year-on-year to S$20.5 million. DPU of 3.38 Singapore cents for the period was declared. Minimum Guaranteed Rent for the Singapore Hospitals to increase by 1.66% for the 15th year of lease term which commenced on 23 August 2021, under the CPI + 1% rental revision formula.

30 SEP 2021

Secured 99.99755% Unitholders' approval at the EGM[2] held on 30 September 2021 for the Proposed Transaction comprising the entry of New Master Lease Agreements and Renewal Capex Agreement for the Singapore Hospitals. As part of the Proposed Transaction, PLife REIT was granted a ROFR over the Mount Elizabeth Novena Hospital Property. The agreements were duly executed on 13 October 2021.

03 NOV 2021

Announced 3Q 2021 results: Year-on year increase in gross revenue and total distributable income of 1.2% to S$30.5 million and 0.8% to S$21.6 million respectively. DPU of 3.56 Singapore cents for the period was declared. Completed the refinancing of all long-term loans due in 2022 and extended the JPY net income hedge till 3Q 2026.

17 DEC 2021

Completed PLife REIT's third Japan nursing home acquisition in 2021 for a consideration of JPY3.2 billion (approximately S$37.9 million[1]). With an expected net property yield of 5.9%, the property was acquired at 7.0% below valuation.

24 JAN 2022

Announced full year DPU of 14.08 Singapore cents for FY2021, representing year-on-year increase of 2.1%. Executed a 5-year up to JPY7.71 billion (S$91.6 million[1])committed loan facility to term out the short term loans when they fall due in March 2022. Achieved a full year portfolio revaluation surplus of S$239.2 million, predominately the valuation uplift of the Singapore hospitals arising from the master lease renewal.

[1] Based on the assumed exchange rate as at the respective dates of announcements/ press releases.
[2] Refer to Press Release and Announcement dated 14 July 2021 and 30 September 2021 for full details.

FINANCIAL REVIEW

RISING ABOVE UNCERTAINTIES WITH STRONG FINANCIAL PERFORMANCE

The COVID-19 pandemic continued to dampen economic recovery in 2021 with emergence of highly transmissible variants of the virus triggering new waves of infections, posing headwinds to the re-opening plans and global economic growth. Despite these challenging conditions, PLife REIT rose above the turbulence and achieved a record Distribution per Unit ("DPU") of 14.08 cents as compared to 13.79 cents the previous year, delivering an uninterrupted recurring DPU growth of 122.8% since its listing in 2007.

Our ability to sustain growth in DPU was boosted by the renewal of master lease agreements with one of the world's largest healthcare networks, IHH Healthcare Berhad for PLife REIT's Singapore Hospitals – Mount Elizabeth Hospital, Gleneagles Hospital and Parkway East Hospital. The successful renewal of the master leases for the Singapore Hospitals marked the extension of the strategic collaboration between PLife REIT and IHH Healthcare Berhad, ensuring that we remain well-positioned to ride on the growth potential of the Singapore healthcare industry.

Consequently, PLife REIT's Unit Price soared over 30% in 2021, from S$3.87 to S$5.13, achieving a market capitalisation above S$3.0 billion.

Despite a marginal drop in the Group's gross revenue of 0.2% year-on-year to S$120.7 million in 2021, total return before fair value changes and gain on disposal of investment property has risen by 2.8% to S$92.3 million.

The drop in gross revenue is mainly due to the divestment of a non-core property in Japan (P-Life Matsudo) in January 2021 and the depreciation of Japanese Yen. This drop is partially offset by the higher rent from Singapore properties, revenue contribution from the Japan acquisitions completed in December 2020, 2021 and July 2021. Coupled with a one-off allowance for doubtful debts, the net property income has declined by 1.1% to S$111.2 million in 2021.

The Manager's management fees for 2021 of S$12.9 million was 1.6% higher than 2020. This was due to higher deposited property value led by significant asset valuation uplift for its three Singapore Hospitals following the successful renewal of the master leases for the Singapore hospitals. Further, the Group has registered higher deposited property value and higher net property income from the properties acquired during the year. This increase was partly offset by the divestment of P-Life Matsudo in January 2021 and depreciation of the Japanese Yen.

With a sizeable Japan portfolio of 52 assets, Manager continued to ensure that the Group remained proactive in managing its exposure to interest rate risk and foreign exchange risk. As a result, finance costs have decreased mainly due to finance cost savings arising from extension of interest rate hedges in 1Q 2020, loan refinancing initiative completed in 3Q 2020, lower interest costs for the Singapore dollars debts and depreciation of Japanese Yen. The Group is pleased to report an effective low all-in cost of debt at 0.52% as at 31 December 2021.

Of the net foreign exchange movement, the Group has registered a realised foreign exchange gain amounting to about S$1.0 million and S$104,000 from the delivery of Japan net income hedges in 2021 and 2020 respectively.

Lower trust expenses were also registered for 2021 due to lower professional fees incurred during the period. Total operating expenses[1] for the year were S$30.4 million, which represented 2.1% of PLife REIT's net asset value as at the end of the financial year. Tax incurred for year was S$8.9 million.

In the prior year, the Group has retained $1.7 million as part of the COVID-19 related relief measures for tenants announced. As of 31 December 2021, the Group has reversed the balance unutilised retention sum amounted to S$476,000.

Overall, DPU for 2021 of 14.08 cents has outperformed by 2.1% or 0.29 cents as compared with 2020's DPU of 13.79 cents, mainly led by accretion from acquisitions, rental growth of existing properties, financing costs savings, absence of one-off COVID-19 related relief measures for tenants incurred in 2020 and partly offset by one-off allowance for doubtful debts and loss of income from the divested property.

SUPPORTED BY A RESILIENT BALANCE SHEET

With prudent and pre-emptive capital management measures, PLife REIT continued to maintain its strong financial position in 2021.

LEVERAGE AND BORROWINGS

PLife REIT continues to deliver sustainable returns from a stable financial position with a healthy gearing of 35.4% (2020: 38.5%) and interest cover of 21.5 times. As compared to 2020, gearing has improved largely due to net asset valuation uplift of S$248.9 million registered for the Singapore Hospitals. This leaves the Group with ample debt headroom of S$410.7 million and S$686.0 million before reaching 45% and 50% gearing respectively[2] . Armed with the optimal gearing level and sufficient debt headroom, PLife REIT has the flexibility to capitalise on any compelling investment opportunities for growth.

[1] Made up of property expenses, management fees, trust expenses and finance costs

In 2021, PLife REIT has successfully term out all near-term maturing debts via notes issuance and bank loan facilities, with no long-term debt refinancing needs till June 2023.

PLife REIT also continues to engage in disciplined financial management to mitigate any potential refinancing risk as well as the exposure to interest rate risk and foreign currency risk. To that end, PLife REIT's interest rate exposure is managed on an ongoing basis by hedging long-term committed borrowings using interest rate hedging financial instruments or issuance of fixed rate notes. Foreign exchange risk is managed by adopting a natural hedge strategy for the Japanese investments to maintain a stable net asset value and putting in place Japanese Yen forward contracts till 3Q 2026. With that, this strengthens PLife REIT's resilience against potential interest rate hikes as well as to mitigate any foreign exchange risk.

On 29 December 2021, PLife REIT has further executed a 5-year up to JPY7.71 billion (approximately S$91.6 million) committed JPY loan which will be drawn down to term out the short-term loans when they fall due in March 2022. Post terming out, the weighted average debt term will improve from 3.4 years (as at 31 December 2021) to 3.9 years.

CASH POSITION

PLife REIT is in a net cash position with cash and cash equivalent for the year standing at S$25.8 million compared to S$22.7 million in 2020.

For the year under review, net cash from operating activities remained relatively stable in 2021 as compared 2020. It included rental income from the nursing homes acquired in December 2020, 2021 and July 2021 as well as higher rent from the Singapore properties, partially offset by the absence of rental income in relation to the divested property in January 2021. The cash outflow for investing activities was mainly due to the acquisition of two nursing home properties in July 2021, one nursing home property in December 2021 and payment of capital expenditure on existing properties partially offset by proceeds from the divestment of the P-Life Matsudo property in January 2021. The cash used in financing activities was mainly due to payment of distributions to Unitholders and repayment of short term borrowings using the divestment proceeds from P-Life Matsudo property, partially offset by the drawdown of loan facility to finance the property acquisitions in July and December 2021.

ASSET VALUATION

Following the successful divestment of a non-core asset in early 2021, completion of asset recycling with acquisition of three Japanese nursing homes in 2nd half of 2021, the Group has an enlarged portfolio of 56 quality healthcare and healthcare-related properties in Singapore, Japan, and Malaysia. According to the annual independent valuation performed for all properties, PLife REIT's portfolio valuation has increased to approximately S$2.3 billion from S$2.0 billion in 2020.

Net Asset Value (NAV) as at 31 December 2021 was S$2.37 per unit, up from S$1.96 in 2020. With PLife REIT's unit price closing at S$5.13 at end of the year, it has achieved a 116.5% premium to its NAV.

[2] On 16 April 2020, the Monetary Authority of Singapore raised the leverage limit for S-REITs from 45% to 50%

PORTFOLIO HIGHLIGHTS

Given the specialised nature of healthcare assets, the Group recognises the importance of working with credible operators and building strong landlord-lessee relationships. A big part of the Group's success is due to the close partnerships it has fostered with operators, who are long-standing local partners with deep knowledge in their respective markets.

As part of PLife REIT's initiative to drive organic growth, it engages in proactive asset management to maximise portfolio performance. The Group works in close collaboration with its lessees to assess asset enhancement opportunities in order to enhance the revenue-generating ability of its properties. Such strategic collaborative arrangements serve to benefit all parties and promote greater revenue sustainability for PLife REIT.

KEY PORTFOLIO STATISTICS[1]

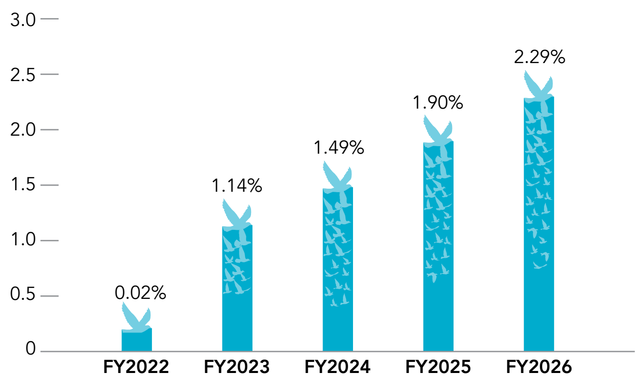
REVENUE STABILITY WITH DEFENSIVE LONG-TERM MASTER LEASE STRUCTURES[4]

TOP 10 TENANTS

	Tenant	%
1	Parkway Hospitals Singapore Pte. Ltd.	59.0
2	K.K. Sawayaka Club	7.7
3	K.K. Habitation	5.1
4	K.K. AlphaBetta	2.8
5	Miyako Enterprise Co., Ltd.	2.4
6	Riei Co., Ltd	2.0
7	K.K. Mirai Care (formerly K.K Fukuoka Jisho Senior Life)	1.9
8	Medical Corporation Kenkou Choju-kai	1.9
9	Japan Amenity Life Association	1.8
10	Green Life Higashi Nihon	1.3

LEASE EXPIRY PROFILE FOR THE NEXT 5 YEARS

(By % of Portfolio Revenue)



[1] As at 31 December 2021
[2] Based on latest appraised values as at 31 December 2021 (excludes adjustment for the right-of-use assets)
[3] Based on existing lease agreements and applicable laws
[4] Based on gross revenue as at 31 December 2021

PORTFOLIO DIVERSIFICATION[5]

By Asset Class

59.1% Hospitals and Medical Centres

40.9% Nursing Homes

By Geography

Singapore

58.9%

PORTFOLIO OF THREE STRATEGICALLY LOCATED WORLD-CLASS LOCAL PRIVATE HOSPITALS WORTH S$1.47 BILLION

Distinct Features of our Singapore Hospital Properties

Long-term Master Leases with Parkway Hospitals Singapore Pte. Ltd.

- Existing 15-year term from 23 August 2007 to 22 August 2022
- Renewal term of 20.4 years from 23 August 2022 to 31 December 2042. Option to renew for a further term of 10 years
- c.f. average industry lease period of 3-5 years
- 100% committed occupancy

Triple Net Lease Arrangement

- PLife REIT does not bear these costs: property tax, property insurance[6], property operating expenses
- Not affected by inflation-related escalating expenses

Favourable Lease Structure

- Existing 15-year term: Annual Rent Review Formula applies
- Renewal Term of 20.4 years:
  - Rents are guaranteed to increase from 23 August 2022 till FY2025 with 2.0% and 3.0% step-up in rent for the interim Period and the Downtime Period from preceding year/ period respectively
  - Annual Rent Review Formula shall be applicable for FY2026[7] to FY2042

Japan

40.9%

PORTFOLIO OF 52 HIGH QUALITY NURSING HOME PROPERTIES WORTH S$810.2 MILLION

Distinct Features of our Japan Properties

Well-diversified across 17 Prefectures

- Nursing Home Properties strategically located in dense residential districts in major cities
- Comply with strict seismic safety standards and covered by earthquake insurance on a country-wide consolidated basis

Unique Lease Features

- Long term lease structure with weighted average lease term to expiry of 12.03 years
- Approximately 95.2% of revenue from Japan portfolio is downside-protected[8]
- "Up only"[8] Rental Review Provision for most of the nursing homes
- Security Deposits at an average of 4 months of gross rental are secured for all properties
- Back-up operator arrangement for most of our Japan properties
- Rental guarantees[9] provided for most properties
- 100% committed occupancy

Malaysia

0.2%

STRATA UNITS AT MOB SPECIALIST CLINICS, KUALA LUMPUR WORTH S$6.5 MILLION

Distinct Features of our Malaysia Properties

MOB Specialist Clinics[10] is well known in Kuala Lumpur for providing quality medical care.

Parkway Life REIT owns approximately 23.1% of total share value of the freehold development.

Major tenants include Gleneagles Hospital Kuala Lumpur[11] (a branch of Pantai Medical Centre Sdn. Bhd.), Excel Event Networks Sdn. Bhd. and KL Stroke & Neuro Clinic Sdn. Bhd.

5 Based on gross revenue as at 31 December 2021
6 Except property damage insurance for Parkway East Hospital
7 The annual rent review formula for FY2026 is based on the higher of {1+(CPI+1%) X Initial Rent of S$97.2 million} or {Base Rent + Variable Rent}
8 Based on existing lease agreements and applicable laws
9 Vendors providing rental guarantees include K.K. Bonheure, K.K. Uchiyama Holdings, Miyako Kenkoukai, K.K. Excellent Care System , K.K. Habitation and K.K. Living Platform
10 Formerly known as Gleneagles Intan Medical Centre Kuala Lumpur
11 Formerly known as Gleneagles Kuala Lumpur

Singapore

MOUNT ELIZABETH HOSPITAL

Land Tenure	Leasehold of 67 years from 23 August 2007
Floor Area (sq m)[1]	58,139
Number of Beds	345
Number of Strata Units	232, of which 30 are owned by PLife REIT
Number of Car Park Lots	363
Number of Storeys	Hospital Building: 10-storey block and a 5-storey block Medical Centre: 17-storey medical and retail block (All blocks are linked by a common podium with basement car park)
Year of Completion	Hospital Building: 1979 Medical Centre: 1979 and 1992
Name of Lessee (s)	Parkway Hospitals Singapore Pte Ltd
Committed Occupancy[2]	100%
Gross Revenue (2021)	S$43,633,707
Gross Revenue (2020)	S$43,053,982
Purchase Price	S$524.43 million
Year of Purchase	2007
Appraised Value (as at 31 December 2021)	S$883.00 million
Name of Appraiser(s)	CBRE Pte. Ltd.

GLENEAGLES HOSPITAL

Land Tenure	Leasehold of 75 years from 23 August 2007
Floor Area (sq m)[1]	49,003
Number of Beds	257
Number of Strata Units	164, of which 10 are owned by PLife REIT
Number of Car Park Lots	402, of which 121 are owned by PLife REIT
Number of Storeys	Hospital Building: 10-storey block with 2 basements and a 5-storey annex block Medical Centre: 10-storey block with 3 basements
Year of Completion	Hospital Building: 1991 and 1993 Annex Block: 1979 Medical Centre: 1991 and 1993
Name of Lessee (s)	Parkway Hospitals Singapore Pte Ltd
Committed Occupancy[2]	100%
Gross Revenue (2021)	S$22,740,520
Gross Revenue (2020)	S$22,438,390
Purchase Price	S$216.00 million
Year of Purchase	2007
Appraised Value (as at 31 December 2021)	S$503.00 million
Name of Appraiser(s)	CBRE Pte. Ltd.

1 Based on gross floor area for Parkway East Hospital; strata areas owned by PLife REIT for Mount Elizabeth Hospital, Gleneagles Hospital and MOB Specialist Clinics, Kuala Lumpur
2 Committed occupancy of each property for Year 2020 and 2021 remain unchanged
3 Based on the exchange rate at point of acquisition
4 Based on the exchange rate of S$1.00:RM3.09.
5 Formerly known as Gleneagles Intan Medical Centre

PARKWAY EAST HOSPITAL

Land Tenure	Leasehold of 75 years from 23 August 2007
Floor Area (sq m)[1]	10,994
Number of Beds	143
Number of Strata Units	-
Number of Car Park Lots	75
Number of Storeys	Hospital Building: 4-storey block Medical Centre: 5-storey block (1st and 5th storey of the medical centre are linked to the 1st and 4th storey of the hospital block)
Year of Completion	Hospital Building: 1982 Medical Centre: 1987
Name of Lessee (s)	Parkway Hospitals Singapore Pte Ltd
Committed Occupancy[2]	100%
Gross Revenue (2021)	S$4,018,175
Gross Revenue (2020)	S$3,964,794
Purchase Price	S$34.19 million
Year of Purchase	2007
Appraised Value (as at 31 December 2021)	S$86.00 million
Name of Appraiser(s)	CBRE Pte. Ltd.

Malaysia

MOB SPECIALIST CLINICS, KUALA LUMPUR[5]

Land Tenure	Freehold
Floor Area (sq m)[1]	2,444
Number of Beds	-
Number of Strata Units	-
Number of Car Park Lots	69
Number of Storeys	Medical Centre: 8-storey block (PLife REIT owns approximately 23.1% of total share value of the building comprising three ground floor units, three medical consulting suites units at 2nd and 7th floors, the entire 8th floor and 69 car park lots)
Year of Completion	1999
Name of Lessee (s)	- Excel Event Networks Sdn. Bhd. - Gleneagles Hospital Kuala Lumpur (A Branch of Pantai Medical Centre Sdn. Bhd.) - KL Stroke & Neuro Clinic Sdn. Bhd.
Committed Occupancy[2]	31% (excluding car park)
Gross Revenue (2021)	RM907,541
Gross Revenue (2020)	RM936,822
Purchase Price[3]	RM16.00 million (S$6.38 million)
Year of Purchase	2012
Appraised Value[4] (as at 31 December 2021)	RM19.95 million (S$6.46 million)
Name of Appraiser(s)	Knight Frank Malaysia Sdn. Bhd.

PROPERTY PORTFOLIO
OUR PROPERTIES

Japan

1 FUKUOKA
- Hapine Fukuoka Noke
- Sawayaka Obatake Ichibankan
- Sawayaka Obatake Nibankan
- Sawayaka Shinmojikan
- Sawayaka Nogatakan
- Sawayaka Fukufukukan
- Sawayaka Mekari Nibankan
- Sawayaka Kiyotakan
- Habitation Jyosui
- Habitation Hakata I, II, III
- Will-Mark Kashiihama

2 YAMAGUCHI
- Kikuya Warakuen
- Sanko
- Haru No Sato

3 EHIME
- Sawayaka Niihamakan

4 OKAYAMA
- Sompo no Ie Nakasyo

5 HYOGO
- More Habitation Akashi
- More Habitation Suma
- More Habitation Shin-Kobe

6 OSAKA
- Fiore Senior Residence Hirakata
- Maison des Centenaire Ishizugawa
- Maison des Centenaire Haruki
- Iyashi no Takatsuki Kan
- Happy Life Toyonaka
- Maison des Centenaire Hannan
- Maison des Centenaire Ohhama
- Sunhill Miyako

7 WAKAYAMA
- Orange no Sato

8 MIE
- Sawayaka Seaside Toba

9 GIFU
- Hodaka no Niwa

10 AICHI
- Excellent Tenpaku Garden Hills

11 KANAGAWA
- Bon Sejour Yokohama Shin-Yamashita
- Hanadama no Ie Nakahara
- Ocean View Shonan Arasaki

12 NIIGATA
- Sawayaka Minatokan

13 SAITAMA
- Smiling Home Medis Musashi Urawa
- Smiling Home Medis Koshigaya Gamo
- As Heim Nakaurawa
- Konosu Nursing Home Kyoseien

14 AKITA
- Sawayaka Sakurakan

15 TOKYO
- Crea Adachi

16 CHIBA
- Senior Chonaikai Makuhari Kan
- Habitation Wakaba
- Habitation Hakusho
- Group Home Hakusho
- Habitation Kamagaya
- Habitation Kisarazu Ichiban-kan

17 HOKKAIDO
- Sawayaka Higashikagurakan
- Liverari Shiroishi Hana Ichigo-kan
- Liverari Shiroishi Hana Nigo-kan
- Sunny Spot Misono
- Silver Heights Hitsujigaoka (Ichibankan & Nibankan)




	HAPINE FUKUOKA NOKE	SAWAYAKA OBATAKE ICHIBANKAN	SAWAYAKA OBATAKE NIBANKAN	SAWAYAKA SHINMOJIKAN
Prefecture	FUKUOKA	FUKUOKA	FUKUOKA	FUKUOKA
Land Tenure	Freehold	Freehold	Freehold	Freehold
Land Area (sq m)	1,396	1,769	1,047	2,395
Floor Area (sq m)	2,912	3,491	1,538	5,094
Number of Units (Rooms)	64	78	26	112
Number of Storeys	5	5	3	6
Year of Completion	2006	2007	2007	2007
Name of Lessee (s)	Green Life Co. Ltd[4]	K.K. Sawayaka Club	K.K. Sawayaka Club	K.K. Sawayaka Club
Committed Occupancy[1]	100%	100%	100%	100%
Gross Revenue (2021)	¥57,996,000	¥57,099,996	¥28,724,467	¥75,799,992
Gross Revenue (2020)	¥57,996,000	¥57,099,996	¥28,840,234	¥75,799,992
Purchase Price[2]	¥723 million (S$11.15 million)	¥660 million (S$10.07 million)	¥276 million (S$4.21 million)	¥848 million (S$12.93 million)
Year of Purchase	2009	2010	2010	2010
Appraised Value[3] (as at 31 December 2021)	¥911 million (S$10.82 million)	¥843 million[3] (S$10.02 million)	¥404 million[3] (S$4.80 million)	¥1,080 million (S$12.83 million)
Name of Appraiser(s)	CBRE K.K.	CBRE K.K	CBRE K.K.	CBRE K.K.

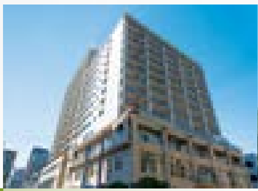
1 Committed occupancy of each property for year 2020 and 2021 remain unchanged
2 Based on the exchange rate at point of acquisition
3 At an exchange rate of S$1.00:JPY84.18. As at 31 December 2021, the property recorded depreciation on revaluation against corresponding value as at 31 December 2020.
4 Change of name with effect from 1 May 2013 due to organisational restructuring by GreenLife Co., Ltd, parent company of Care Link Co., Ltd

PROPERTY PORTFOLIO
OUR PROPERTIES




	SAWAYAKA NOGATAKAN	SAWAYAKA FUKUFUKUKAN	SAWAYAKA MEKARI NIBANKAN	SAWAYAKA KIYOTAKAN
Prefecture	FUKUOKA	FUKUOKA	FUKUOKA	FUKUOKA
Land Tenure	Freehold	Freehold	Freehold	Freehold
Land Area (sq m)	2,702	1,842	1,354	2,597
Floor Area (sq m)	3,147	3,074	2,133	5,661
Number of Units (Rooms)	78	72	61	108
Number of Storeys	4 + 1 (basement)	4 + 1 (basement)	3	8
Year of Completion	2005	2008	2012	2013
Name of Lessee (s)	K.K. Sawayaka Club	K.K. Sawayaka Club	K.K. Sawayaka Club	K.K. Sawayaka Club
Committed Occupancy[1]	100%	100%	100%	100%
Gross Revenue (2021)	¥57,799,992	¥50,393,604	¥24,799,992	¥73,226,443
Gross Revenue (2020)	¥57,799,992	¥50,300,004	¥24,799,992	¥72,569,292
Purchase Price[2]	¥ 631 million (S$9.62 million)	¥564 million (S$8.74 million)	¥310 million (S$3.97 million)	¥860 million (S$11.01 million)
Year of Purchase	2010	2011	2013	2013
Appraised Value[3] (as at 31 December 2021)	¥829 million (S$9.85 million)	¥746 million[3] (S$8.86 million)	¥339 million (S$4.03 million)	¥1,040 million (S$12.36 million)
Name of Appraiser(s)	CBRE K.K.	CBRE K.K	JLL Morii Valuation & Advisory K.K.	JLL Morii Valuation & Advisory K.K.

1 Committed occupancy of each property for year 2020 and 2021 remain unchanged
2 Based on the exchange rate at point of acquisition
3 At an exchange rate of S$1.00:JPY84.18. As at 31 December 2021, the property recorded depreciation on revaluation against corresponding value as at 31 December 2020.
4 Total land area of the integrated development
5 Strata area of the Property owned by PLife REIT
6 5-storey for Hakata I, 8-storey for Hakata II, 3-storey for Hakata III
7 Hakata I in 1984, Hakata II in 1995, Hakata III in 2003
8 Change of name with effect from 10 July 2021 (formerly K.K. Fukuoka Jisho Senior Life)

	HABITATION JYOSUI	HABITATION HAKATA I, II, III	WILL-MARK KASHIIHAMA	KIKUYA WARAKUEN
				
Prefecture	FUKUOKA	FUKUOKA	FUKUOKA	YAMAGUCHI
Land Tenure	Freehold	Freehold	Freehold	Freehold
Land Area (sq m)	3,259[4]	15,336	7,298	4,905
Floor Area (sq m)	6,076[5]	21,415	14,168	3,641
Number of Units (Rooms)	87	318	159	70
Number of Storeys	11	3 to 8[6]	11	2 to 4
Year of Completion	2005	1984 to 2003[7]	2005	1964 to 2004
Name of Lessee (s)	K.K. Habitation	K.K. Habitation	K. K. Mirai Care[8]	K.K. M.C.S.
Committed Occupancy[1]	100%	100%	100%	100%
Gross Revenue (2021)	¥245,000,004	¥276,000,000	¥93,393,540	¥67,602,606
Gross Revenue (2020)	¥245,000,004	¥276,000,000	-	¥60,644,496
Purchase Price[2]	¥3,535 million (S$39.17 million)	¥3,705 million (S$42.61 million)	¥3,000 million (S$36.2 million)	¥781 million (S$9.75 million)
Year of Purchase	2014	2015	2021	2017
Appraised Value[3] (as at 31 December 2021)	¥3,880 million (S$46.09 million)	¥4,070 million (S$48.35 million)	¥3,210 million (S$38.16 million)	¥870 million (S$10.34 million)
Name of Appraiser(s)	CBRE K.K.	JLL Morii Valuation & Advisory K.K.	Enrix Co., Ltd	Enrix Co., Ltd

PROPERTY PORTFOLIO
OUR PROPERTIES

	SANKO	HARU NO SATO	SAWAYAKA NIIHAMAKAN	SOMPO NO LE NAKASYO[4]
				
Prefecture	YAMAGUCHI	YAMAGUCHI	EHIME	OKAYAMA
Land Tenure	Freehold	Freehold	Freehold	Freehold
Land Area (sq m)	1,680	4,241	4,197	2,901
Floor Area (sq m)	2,018	3,568	7,382	3,231
Number of Units (Rooms)	53	100	135	75
Number of Storeys	3	3	7	3
Year of Completion	2011	2000; Additional works were completed in 2016	2012	2001
Name of Lessee (s)	K.K. M.C.S.	Medical Corporation Shojin-Kai	K.K. Sawayaka Club	Sompo Care Inc., Shakai Fukushi Houjin Keiyu - Kai
Committed Occupancy[1]	100%	100%	100%	100%
Gross Revenue (2021)	¥39,732,507	¥92,254,800	¥104,540,736	¥50,018,600
Gross Revenue (2020)	¥38,640,000	¥92,254,800	¥104,540,736	¥49,360,800
Purchase Price[2]	¥500 million (S$6.25 million)	¥1,200 million (S$15.00 million)	¥1,300 million (S$16.64 million)	¥555 million (S$8.56 million)
Year of Purchase	2017	2019	2013	2009
Appraised Value[3] (as at 31 December 2021)	¥555 million[3] (S$6.59 million)	¥1,360 million (S$16.16 million)	¥1,540 million (S$18.30 million)	¥733 million (S$8.71 million)
Name of Appraiser(s)	Enrix Co., Ltd	Cushman & Wakefield K.K.	JLL Morii Valuation & Advisory K.K.	Cushman & Wakefield K.K.

1 Committed occupancy of each property for year 2020 and 2021 remain unchanged
2 Based on the exchange rate at point of acquisition
3 At an exchange rate of S$1.00:JPY84.18. As at 31 December 2021, the property recorded depreciation on revaluation against corresponding value as at 31 December 2020.
4 Formerly known as Amille Nakasyo
5 Formerly known as Palmary Inn Akashi
6 New lessee replacing K.K. Asset with effect from 1 September 2021
7 Formerly known as Palmary Inn Suma
8 Formerly known as Palmary Inn Shin-Kobe
9 As at 31 December 2021, the property recorded transitory depreciation on revaluation against corresponding value as at 31 December 2020 due to the new 20-year master lease arrangements for the property effective 1 September 2021

	MORE HABITATION AKASHI[5]	MORE HABITATION SUMA[7]	MORE HABITATION SHIN-KOBE[8]	FIORE SENIOR RESIDENCE HIRAKATA
Prefecture	HYOGO	HYOGO	HYOGO	OSAKA
Land Tenure	Freehold	Freehold	Freehold	Freehold
Land Area (sq m)	5,891	2,676	1,034	727
Floor Area (sq m)	6,562	4,539	3,964	1,155
Number of Units (Rooms)	91	59	70	40
Number of Storeys	6	5/6 + 1 (basement)	10 + 1 (basement)	3
Year of Completion	1987; Conversion works were completed in 2003	1989	1992; Conversion works were completed in 2003	2007
Name of Lessee (s)	K.K AlphaBetta[6]	K.K AlphaBetta[6]	K.K AlphaBetta[6]	K.K. Vivac
Committed Occupancy[1]	100%	100%	100%	100%
Gross Revenue (2021)	¥86,264,649	¥52,014,734	¥76,257,512	¥33,600,000
Gross Revenue (2020)	¥113,400,000	¥68,316,000	¥99,732,000	¥33,600,000
Purchase Price[2]	¥1,456 million (S$19.62 million)	¥844 million (S$11.37 million)	¥1,310 million (S$16.70 million)	¥420 million (S$6.48 million)
Year of Purchase	2008	2008	2013	2009
Appraised Value[3] (as at 31 December 2021)	¥1,700 million[9] (S$20.20 million)	¥1,010 million[9] (S$12.00 million)	¥1,600 million[9] (S$19.01 million)	¥532 million (S$6.32 million)
Name of Appraiser(s)	Cushman & Wakefield K.K.	Cushman & Wakefield K.K.	Cushman & Wakefield K.K.	Cushman & Wakefield K.K.

PROPERTY PORTFOLIO
OUR PROPERTIES

	MAISON DE CENTENAIRE ISHIZUGAWA	MAISON DE CENTENAIRE HARUKI	IYASHI NO TAKATSUKI KAN	HAPPY LIFE TOYONAKA
				
Prefecture	OSAKA	OSAKA	OSAKA	OSAKA
Land Tenure	Freehold	Freehold	Freehold	Freehold
Land Area (sq m)	1,111	801	2,023	628
Floor Area (sq m)	2,129	1,263	3,956	1,254
Number of Units (Rooms)	52	36	87	42
Number of Storeys	5	4	6	4
Year of Completion	1988; Conversion works were completed in 2003	1996; Conversion works were completed in 2006	1997; Conversion works were completed in 2005	2007
Name of Lessee (s)	Miyako Kenkokai Medical Corporation	Miyako Kenkokai Medical Corporation	Riei Co., Ltd	K.K. Nihon Kaigo Iryo Center
Committed Occupancy[1]	100%	100%	100%	100%
Gross Revenue (2021)	¥61,452,000	¥47,124,000	¥101,429,376	¥35,280,000
Gross Revenue (2020)	¥61,452,000	¥47,124,000	¥101,416,844	¥35,280,000
Purchase Price[2]	¥671 million (S$10.35 million)	¥485 million (S$7.48 million)	¥1,107 million (S$17.07 million)	¥445 million (S$5.67 million)
Year of Purchase	2009	2009	2009	2013
Appraised Value[3] (as at 31 December 2021)	¥948 million (S$11.26 million)	¥719 million (S$8.54 million)	¥1,730 million (S$20.55 million)	¥555 million (S$6.59 million)
Name of Appraiser(s)	Cushman & Wakefield K.K.	Cushman & Wakefield K.K.	Cushman & Wakefield K.K.	CBRE K.K.

1 Committed occupancy of each property for year 2020 and 2021 remain unchanged
2 Based on the exchange rate at point of acquisition
3 At an exchange rate of S$1.00:JPY84.18. As at 31 December 2021, the property recorded depreciation on revaluation against corresponding value as at 31 December 2020.
4 Leasehold (Chijoken) 99 years with effect from 1 November 2019
5 Change of name with effect March 2021 due to merger of Medical Corporaton Misaki-kai and Medical Corporation Kenkou Choju-kai




	MAISON DES CENTENAIRE HANNAN	MAISON DES CENTENAIRE OHHAMA	SUNHILL MIYAKO	ORANGE NO SATO
Prefecture	OSAKA	OSAKA	OSAKA	WAKAYAMA
Land Tenure	Freehold	Freehold	Freehold	Leasehold[4]
Land Area (sq m)	7,827	1,281	10,867	2,377
Floor Area (sq m)	4,331	1,717	4,299	4,005
Number of Units (Rooms)	95	47	34	98
Number of Storeys	3	5	4	3
Year of Completion	2010	1990	1996	1997
Name of Lessee (s)	Miyako Enterprise Co., Ltd	Miyako Enterprise Co., Ltd	Miyako Enterprise Co., Ltd	Medical Corporation Kenko Choju-kai[5]
Committed Occupancy[1]	100%	100%	100%	100%
Gross Revenue (2021)	¥124,000,008	¥48,999,996	¥67,000,242	¥87,958,800
Gross Revenue (2020)	¥124,000,008	¥48,999,996	¥67,005,272	¥87,958,800
Purchase Price[2]	¥1,600 million (S$19.82 million)	¥600 million (S$7.43 million)	¥800 million (S$9.91 million)	¥1,200 million (S$15.00 million)
Year of Purchase	2014	2014	2014	2019
Appraised Value[3] (as at 31 December 2021)	¥2,020 million (S$24.00 million)	¥755 million (S$8.97 million)	¥945 million[3] (S$11.23 million)	¥1,240 million[3] (S$14.73 million)
Name of Appraiser(s)	CBRE K.K.	CBRE K.K.	CBRE K.K.	Cushman & Wakefield K.K.

PROPERTY PORTFOLIO
OUR PROPERTIES




	SAWAYAKA SEASIDE TOBA	HODAKA NO NIWA	EXCELLENT TENPAKU GARDEN HILLS	BON SEJOUR YOKOHAMA SHIN-YAMASHITA
Prefecture	MIE	GIFU	AICHI	KANAGAWA
Land Tenure	Freehold	Freehold	Freehold	Freehold
Land Area (sq m)	2,803	39,955	6,593	1,653
Floor Area (sq m)	7,360	6,117	4,000	3,273
Number of Units (Rooms)	129	100	94	74
Number of Storeys	7	1	4	5
Year of Completion	2012	2004	2013	2006
Name of Lessee (s)	K.K. Sawayaka Club	Medical Corporation Kenko Choju-kai	K.K. Kanomori	Benesse Style Care Co., Ltd[4]
Committed Occupancy[1]	100%	100%	100%	100%
Gross Revenue (2021)	¥110,704,560	¥100,974,258	¥108,000,000	¥100,845,408
Gross Revenue (2020)	¥110,704,560	¥100,925,198	¥108,000,000	¥100,721,354
Purchase Price[2]	¥1,380 million (S$17.66 million)	¥1,390 million (S$17.81 million)	¥1,645 million (S$18.92 million)	¥1,394 million (S$18.36 million)
Year of Purchase	2013	2019	2015	2008
Appraised Value[3] (as at 31 December 2021)	¥1,610 million (S$19.13 million)	¥1,380 million[3] (S$16.39 million)	¥1,890 million (S$22.45 million)	¥1,720 million (S$20.43 million)
Name of Appraiser(s)	JLL Morii Valuation & Advisory K.K.	Cushman & Wakefield K.K.	JLL Morii Valuation & Advisory K.K.	CBRE K.K.

1. Committed occupancy of each property for year 2020 and 2021 remain unchanged
2. Based on the exchange rate at point of acquisition
3. At an exchange rate of S$1.00:JPY84.18. As at 31 December 2021, the property recorded depreciation on revaluation against corresponding value as at 31 December 2020.
4. On 1 April 2012, Benesse Style Care Co., Ltd merged as the surviving company with Bon Sejour Corporation
5. Formerly known as Furei no Sono Musashi Nakahara
6. Change of name with effect from 1 March 2020 due to acquisition of Y.K. Shonan Fureai no Sono's operations by K.K. Japan Amenity Life Association
7. Change of name with effect from 1 June 2019 due to acquisition of K.K. Ouekikaku by K.K. Japan Amenity Life Association.
8. Change of name with effect from 1 May 2013 due to organisational restructuring by GreenLife Co., Ltd, parent company of Medis Corporation

	HANADAMA NO LE NAKAHARA[5]	OCEAN VIEW SHONAN ARASAKI	SAWAYAKA MINATOKAN	SMILING HOME MEDIS MUSASHI URAWA
				
Prefecture	KANAGAWA	KANAGAWA	NIIGATA	SAITAMA
Land Tenure	Freehold	Freehold	Freehold	Freehold
Land Area (sq m)	935	3,067	3,551	802
Floor Area (sq m)	1,847	5,304	2,246	1,603
Number of Units (Rooms)	47	79	50	44
Number of Storeys	4	6	3	3
Year of Completion	2006	2007	2010	1991; Conversion works were completed in 2004
Name of Lessee (s)	K.K. Japan Amenity Life Association[6]	K.K. Japan Amenity Life Association[7]	K.K. Sawayaka Club	Green Life Higashi Nihon[8]
Committed Occupancy[1]	100%	100%	100%	100%
Gross Revenue (2021)	¥52,800,000	¥132,989,484	¥52,174,820	¥44,820,000
Gross Revenue (2020)	¥52,800,000	¥132,989,484	¥52,076,820	¥44,820,000
Purchase Price[2]	¥628 million (S$9.83 million)	¥1,700 million (S$18.72 million)	¥650 million (S$8.32 million)	¥612 million (S$8.24 million)
Year of Purchase	2010	2015	2013	2008
Appraised Value[3] (as at 31 December 2021)	¥920 million (S$10.93 million)	¥2,160 million (S$25.66 million)	¥777 million (S$9.23 million)	¥826 million (S$9.81 million)
Name of Appraiser(s)	CBRE K.K.	JLL Morii Valuation & Advisory K.K.	JLL Morii Valuation & Advisory K.K.	Enrix Co., Ltd

PROPERTY PORTFOLIO
OUR PROPERTIES

	SMILING HOME MEDIS KOSHIGAYA GAMO	AS HEIM NAKAURAWA	KONOSU NURSING HOME KYOSEIEN	SAWAYAKA SAKURAKAN
				
Prefecture	SAITAMA	SAITAMA	SAITAMA	AKITA
Land Tenure	Freehold	Freehold	Freehold	Freehold
Land Area (sq m)	1,993	1,764	8,715	6,276
Floor Area (sq m)	3,834	2,712	5,634	5,044
Number of Units (Rooms)	100	64	120	110
Number of Storeys	6	4 + 1 (basement)	5	4
Year of Completion	1989; Conversion works were completed in 2005	2006	2015	2006
Name of Lessee (s)	Green Life Higashi Nihon[4]	As Partners Co., Ltd	Iryouhoujin Shadan Kouaikai	K.K. Sawayaka Club
Committed Occupancy[1]	100%	100%	100%	100%
Gross Revenue (2021)	¥91,951,000	¥60,000,000	¥113,399,688	¥72,474,276
Gross Revenue (2020)	¥91,260,000	¥60,000,000	¥113,404,188	¥70,599,996
Purchase Price[2]	¥1,289 million (S$17.37 million)	¥812 million (S$12.72 million)	¥1,500 million (S$17.80 million)	¥725 million (S$11.06 million)
Year of Purchase	2008	2010	2018	2010
Appraised Value[3] (as at 31 December 2021)	¥1,640 million (S$19.48 million)	¥1,130 million (S$13.42 million)	¥1,730 million (S$20.55 million)	¥915 million (S$10.87 million)
Name of Appraiser(s)	Enrix Co., Ltd	Cushman & Wakefield K.K	Cushman & Wakefield K.K	Enrix Co., Ltd

1 Committed occupancy of each property for year 2020 and 2021 remain unchanged
2 Based on the exchange rate at point of acquisition
3 At an exchange rate of S$1.00:JPY84.18
4 Change of name with effect from 1 May 2013 due to organisational restructuring by GreenLife Co., Ltd, parent company of Medis Corporation
5 Formerly known as Wakaba no Oka
6 Formerly known as Hakusho no Sato

	CREA ADACHI	SENIOR CHONAIKAI MAKUHARI KAN	HABITATION WAKABA[5]	HABITATION HAKUSHO[6]
				
Prefecture	TOKYO	CHIBA	CHIBA	CHIBA
Land Tenure	Freehold	Freehold	Freehold	Freehold
Land Area (sq m)	1,694	2,853	6,574	15,706
Floor Area (sq m)	2,499	4,361	5,431	6,959
Number of Units (Rooms)	87	108	135	124
Number of Storeys	4	5	3	3 + 1 (basement)
Year of Completion	2015	1992; Conversion works were completed in 2004	1993	1986
Name of Lessee (s)	Kabushiki Kaisha Genki na Kaigo	Riei Co., Ltd	K.K. Taijyu	K.K. Hakusho
Committed Occupancy[1]	100%	100%	100%	100%
Gross Revenue (2021)	¥34,555,634	¥101,496,000	¥129,680,000	¥119,679,996
Gross Revenue (2020)	-	¥101,496,000	¥129,674,923	¥119,696,893
Purchase Price[2]	¥1,100 million (S$13.2 million)	¥1,403 million (S$18.9 million)	¥1,766 million (S$22.06 million)	¥1,607 million (S$20.07 million)
Year of Purchase	2021	2008	2017	2017
Appraised Value[3] (as at 31 December 2021)	¥1,270 million (S$15.09 million)	¥1,870 million (S$22.22 million)	¥2,200 million (S$26.14 million)	¥1,680 million (S$19.96 million)
Name of Appraiser(s)	Enrix Co., Ltd	Enrix Co., Ltd	Enrix Co., Ltd	Enrix Co., Ltd

PROPERTY PORTFOLIO
OUR PROPERTIES

	GROUP HOME HAKUSHO	HABITATION KAMAGAYA	HABITATION KISARAZU ICHIBAN-KAN	SAWAYAKA HIGASHIKAGURAKAN
Prefecture	CHIBA	CHIBA	CHIBA	HOKKAIDO
Land Tenure	Freehold	Freehold	Freehold	Freehold
Land Area (sq m)	2,859	1,996	5,096	4,813
Floor Area (sq m)	416	5,118	7,065	5,467
Number of Units (Rooms)	9	100	150	110
Number of Storeys	2	6 + 1 (basement)	4	4
Year of Completion	2004	2006	2017	2010
Name of Lessee (s)	K.K. Hakusho	Fuyo Shoji Kabushiki Kaisha	Fuyo Shoji Kabushiki Kaisha	K.K. Sawayaka Club
Committed Occupancy[1]	100%	100%	100%	100%
Gross Revenue (2021)	¥8,000,004	¥116,065,400	¥7,982,451	¥81,240,396
Gross Revenue (2020)	¥8,000,004	¥4,367,887	-	¥81,240,396
Purchase Price[2]	¥105 million (S$1.31 million)	¥1,650 million (S$21.2 million)	¥3,200 million (S$37.9 million)	¥866 million (S$13.36 million)
Year of Purchase	2017	2020	2021	2012
Appraised Value[3] (as at 31 December 2021)	¥105 million (S$1.25 million)	¥1,750 million (S$20.79 million)	¥3,440 million (S$40.87 million)	¥1,050 million (S$12.47 million)
Name of Appraiser(s)	Enrix Co., Ltd	Enrix Co., Ltd	CBRE K.K.	Enrix Co., Ltd

1 Committed occupancy of each property for year 2020 and 2021 remain unchanged
2 Based on the exchange rate at point of acquisition
3 At an exchange rate of S$1.00:JPY84.18
4 Formerly known as Hana Kitago
5 Change of name due to Corporate Split with effect from 1 Oct 2020 (Formerly K.K. Living Platform)
6 Formerly known as Hana Kita 13 Jyo
7 Formerly known as Liverari Misono




	LIVERARI SHIROISHI HANA ICHIGO-KAN[4]	LIVERARI SHIROISHI HANA NIGO-KAN	SUNNY SPOT MISONO[7]	SILVER HEIGHTS HITSUJIGAOKA (ICHIBANKAN & NIBANKAN)
Prefecture	HOKKAIDO	HOKKAIDO	HOKKAIDO	HOKKAIDO
Land Tenure	Freehold	Freehold	Freehold	Freehold
Land Area (sq m)	628	436	429	5,694
Floor Area (sq m)	1,051	747	724	9,013
Number of Units (Rooms)	48	24	20	123
Number of Storeys	3	3 + 1 (basement)	3	5 to 6
Year of Completion	2011	1990	1993	1987 to 1991
Name of Lessee (s)	K.K. Living Platform Care[5]	K.K. Living Platform Care[5]	K.K. Challenge Care[5]	K.K. Silver Heights Sapporo
Committed Occupancy[1]	100%	100%	100%	100%
Gross Revenue (2021)	¥24,000,000	¥12,264,000	¥14,652,000	¥88,770,000
Gross Revenue (2020)	¥24,000,000	¥12,264,000	¥14,562,000	¥88,770,000
Purchase Price[2]	¥298 million (S$3.43 million)	¥152 million (S$1.75 million)	¥177 million (S$2.04 million)	¥1,100 million (S$13.23 million)
Year of Purchase	2015	2015	2015	2016
Appraised Value[3] (as at 31 December 2021)	¥384 million (S$4.56 million)	¥189 million (S$2.25 million)	¥208 million (S$2.47 million)	¥1,190 million (S$14.14 million)
Name of Appraiser(s)	Enrix Co., Ltd	Enrix Co., Ltd	Enrix Co., Ltd	Enrix Co., Ltd

INVESTOR RELATIONS

PROACTIVE ENGAGEMENTS WITH THE INVESTMENT COMMUNITY

Parkway Trust Management Limited, as the Manager of PLife REIT ("Manager"), is committed to upholding high standards in accountability and disclosure which is instrumental to its mission to create long-term value for all stakeholders, and to the sustainability of PLife REIT.

The Manager is also committed to fostering strong long-term relationships with all Unitholders and the wider investment community by engaging and communicating with them regularly. This includes practising active and timely disclosure about the REIT's operations and developments, ensuring that all necessary information is provided in a clear, concise and accurate manner for investors to make well-informed decisions.

As PLife REIT's master leases for its Singapore Hospitals Properties ("SHP") were due to expire on 23 August 2022, approval from Unitholders had to be sought at an Extraordinary General Meeting for the New Master Lease Agreements for its SHP and the Renewal Capital Expenditure Agreement with its Master Lessee ("The Proposed Transaction").

To assist stakeholders in their understanding of The Proposed Transaction, the Manager developed communications materials in addition to the Circular to enable Unitholders make informed decisions before voting at the EGM on 30 September 2021 as well as organised Analysts and Media briefings to answer queries from analysts and media.

In FY2021, the Manager held regular calls with investors and analysts. Some of the investor relations key activities conducted during the year are listed below:

INVESTOR RELATIONS KEY ACTIVITIES IN FY2021

1ST QUARTER
• Investors' Calls
• UOB Kay Hian Investors' luncheon meeting
2ND QUARTER
• Investors' Calls
• Virtual Annual General Meeting
• DBS-SGX-REITAS Virtual Conference
3RD QUARTER
• Investors' Calls
• Virtual Extraordinary General Meeting
• Analysts and Media Briefings
4TH QUARTER
• Investors' Calls

REGULAR NEWS AND MEDIA RELATIONS

The Manager seeks to inform and articulate its strategies and plans to the public and investors through various media platforms. PLife REIT also publishes news releases on its corporate developments and financial results, which are regularly picked up by the regional and local press. As such, the Manager is able to effectively reach out to both its existing and new investors to raise awareness and interest in the REIT.

The Manager endeavours to continue improving its communication efforts to further stakeholders' understanding of the REIT and its strategy.

ANALYST COVERAGE

The following brokerage houses provide research coverage on PLife REIT as of 31 December 2021:

- CGS-CIMB Research
- Citi Investment Research
- DBS Group Research
- UOB Kay Hian Research

MULTI-CHANNELS COMMUNICATIONS

Throughout the financial year, the Manager engaged with existing and potential investors, analysts, media and unitholders to increase their understanding of PLife REIT and its strategy through these channels:

CORPORATE WEBSITE

PLife REIT's corporate website (www.plifereit.com) allows for easy access to comprehensive information on the REIT. Information such as stock data, SGXNet announcements, financial statements, press releases, presentation slides, annual reports, and other corporate development are regularly updated to keep Unitholders and the investment community abreast of the REIT's performance on a timely basis. Through publishing information on the corporate website, the Manager provides insights into its growth strategy and latest developments. In addition, the Manager actively encourages Unitholders to provide feedback or submit their enquiries via the corporate website.

CORPORATE LITERATURE

All new announcements such as corporate developments, financial statements, press releases and presentation slides are posted on the corporate website immediately following its release to the SGX to ensure prompt dissemination of information to Unitholders. The REIT regularly publishes updates on its financials and operations in a clear, concise, and factual manner.

ANNUAL GENERAL MEETING ("AGM") / EXTRAORDINARY GENERAL MEETING ("EGM")

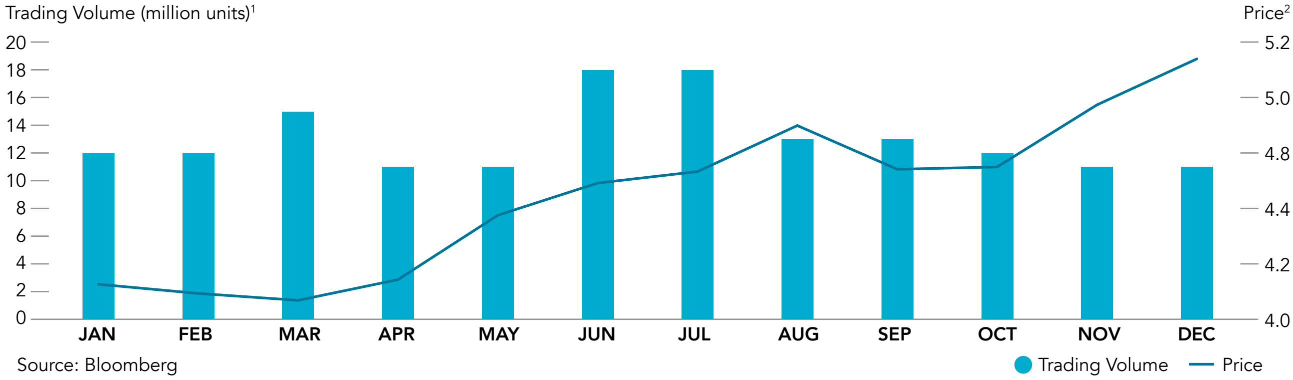
AGM and EGM serve as platforms for Unitholders communications with the Board of Directors and management of the REIT and to address their questions or concerns. Each year, the REIT holds its AGM in April in Singapore. An EGM may also be held, when relevant, to discuss specific issues. In 2021, due to COVID-19 pandemic, our AGM was held virtually on 22 April 2021 and EGM on 30 September 2021 to seek the approval of Unitholders for the Proposed Transaction: Entry into the New Master Lease Agreements for its Singapore Hospitals Properties (Mount Elizabeth Hospital Property, Gleneagles Hospital Property and Parkway East Hospital Property) and the Renewal Capex Agreement. The resolution was passed with 99.99755% in favour of the Proposed Transaction from Unitholders.

INVESTOR OUTREACH PROGRAMME

The Manager is committed to engaging investors and analysts on a regular basis as part of its outreach programme with the investment community. Through various media platforms, the REIT seeks to inform and articulate its strategies and plans to the investment community. Periodically, the Manager may arrange site visits to its key properties to help investors, analysts and the media further their understanding of the REIT's portfolio.

INVESTOR RELATIONS

PLIFE REIT MONTHLY TRADING PERFORMANCE IN FY2021



Source: Bloomberg

PLIFE REIT UNIT PRICE PERFORMANCE IN FY2021

	FY2020	FY2021
Opening Price (S$)	3.37	3.90
Closing Price (S$)	3.87	5.13
High (S$) [3]	4.52	5.20
Low (S$) [4]	2.56	3.85
Trading volume (million units) [5]	225.28	156.09
% of S-REIT Trading Volume	0.45%	0.38%
Market Capitalisation (S$ million) [6]	2,341.36	3,103.66

Source: Bloomberg

1 Sum of trading volume in the respective months
2 Based on the closing price at the end of the month
3 Based on the Intra-day high price
4 Based on the Intra-day low price
5 Total trading volume for the respective financial year
6 Based on last trading price of the respective financial year
7 SGX Research Chartbook: SREITs & Property Trusts, January 2022

PLife REIT is included in several indices which enhance trading liquidity as well as visibility to investors and index funds worldwide. The indices include:

- FTSE ST All Share Index
- FTSE ST Mid Cap Index
- FTSE ST Real Estate Investment Trust Index
- FTSE Global Equity Index Series
- iEdge S-Reit Index
- FTSE EPRA NAREIT Global Developed Index.

In FY2021, PLife REIT is also ranked amongst the top S-REITs by total shareholder returns, with total returns of 36.9%. During the same period, the Straits Times Index delivered total returns of 13.6%[7]. Amid uncertainties in the macro economy, PLife REIT's price performance outperformed the Straits Times Index. The outperformance reflects the REIT's resilience and commitment to long-term growth and value creation for its Unitholders and reaffirms PLife REIT's strong position as one of the largest listed healthcare REITS in Asia.

SUSTAINABILITY REPORT

BOARD STATEMENT

The Board of Directors ("the Board") of Parkway Trust Management Limited, the Manager of Parkway Life Real Estate Investment Trust ("PLife REIT" or "the REIT") are pleased to present Financial Year 2021 ("FY2021") Sustainability Report. We recognise the integral role that Sustainability plays in PLife REIT's operations and for this reason, our Board has undertaken ultimate responsibility for and continues to oversee development of sustainability reporting for PLife REIT. Our Board and management of the Manager are committed to sustainability and believe that incorporating sustainability considerations and practices across our portfolio will not only enhance performance of the REIT but also create value for our stakeholders and the society at large in the long run.

We aim to continually monitor and manage any potential risks or opportunities in the areas of Environmental, Social and Governance ("ESG") as we progress on our sustainability journey. The Board has considered sustainability issues as part of PLife REIT's business and strategy, determined the material ESG factors and overseen the management and monitoring of our material ESG topics. The Manager holds itself to high standards to ensure that the ESG factors are monitored on an ongoing basis and properly managed. We are charged with the responsibility management of our investments, our environment, our people's well-being and compliance with regulations. This includes selection of the material ESG factors and setting of performance measures and targets.

In line with the Monetary Authority of Singapore ("MAS") Guidelines on Environmental Risk Management for Asset Managers, in FY2021, we have commenced environmental risk management assessment with the intention to integrate environmental risk considerations into PLife REIT's enterprise risk management framework. We will adopt recommendations of the Task Force on Climate-related Financial Disclosures ("TCFD") and relevant recommendations from the World Health Organisation (WHO)'s guidance on climate resilient and environmentally sustainable health care facilities. We have also reassessed material topics and identified 3 new materiality topics of "Energy & GHG Emissions", "Climate Change Resilience" and "Ethics & Anti-Corruption" with targets setting accordingly to better assess and monitor our performance. Additionally, to demonstrate greater focus and commitment to ESG, we have refined our FY2022 targets by adding targets for "Employee Well-being" and "Diversity & Inclusiveness".

This sustainability report is aligned to the Singapore Exchange (SGX); SGX-ST Listing Rules 711A and 711B and with reference to the Global Reporting Initiative Standards (2021).

ABOUT THIS REPORT

The publication of this sustainability report is testament to our commitment to transparency. This sustainability report details PLife REIT's approach to sustainability and how we practice sustainability both within the Manager and with the tenants/ operators for the properties. We report on sustainability once every year, covering the period from 1 January to 31 December. This report is based on the financial year ended 31 December 2021 and is in compliance with the requirements of SGX-ST Listing Rules 711A and 711B. This report is compiled with reference to the Global Reporting Initiative ("GRI") Standards (2021), one of the most commonly used practice guides for sustainability reporting. PLife REIT has reviewed this report internally, and has not sought external assurance for information within.

REPORTING SCOPE

This report covers PLife REIT's well-diversified portfolio of 56 properties as at 31 December 2021, located in Singapore, Japan and Malaysia. In Singapore, it owns the largest portfolio of strategically-located private hospitals comprising Mount Elizabeth Hospital, Gleneagles Hospital and Parkway East Hospital. In Japan, it has 52 high quality nursing home and care facility properties in various prefectures. It also owns strata-titled units/lots at MOB Specialist Clinics, Kuala Lumpur in Malaysia. More details on our Portfolio can be found on page 32.

The primary focus of this sustainability report is on the activities of PLife REIT and the Manager for our Singapore and Japan portfolios which collectively account for more than 99% of PLife REIT's total portfolio value as at 31 December 2021. Our Malaysia portfolio has been assessed to be immaterial and scoped out as it represents less than 1% portfolio value for the same period. The REIT's Singapore hospitals are leased out on master lease arrangement to the subsidiary of IHH Healthcare Berhad ("IHH"), wherein IHH is the ultimate holding company of the Manager; and properties in Japan are leased out to various registered care home operators. To achieve sustainability at the property level, we work closely with the tenants/ operators with a focus of creating a positive influence in the areas of ESG.

This sustainability report is prepared in conjunction with this Annual Report. Please refer to page 26 of this Annual Report, under the Financial Highlights section for a summary of PLife REIT's economic performance.

Feedback

We welcome your feedback to assist us in the continual improvement in our sustainability journey. Please direct any enquiries, comments or feedback on both our sustainability performance and sustainability report to contact@plifereit.com.

SUSTAINABILITY GOVERNANCE

In 2017, the Manager established a Sustainability Steering Committee ("SSC"), which is responsible for guiding the sustainability approach and activities on the REIT and Manager. This team comprises the senior management of the Manager, setting the tone of sustainability from the top and integrating sustainability considerations into management decisions. The SSC supports the Board and is in turn supported by a Sustainability Task Force ("STF") which comprises cross-department representatives from Investment Management, Asset Management and Projects, Legal and Compliance, and Finance. During the year, the SSC and STF have met regularly to discharge their responsibilities. The sustainability governance structure is shown as below:

Board of Directors

The Board has ultimate responsibility for the sustainability reporting and should determine the ESG factors identified as material to the business and oversee the management and monitoring of the material ESG topics.

Sustainability Steering Committee ("SSC")

SSC provides oversight in terms of direction and management of sustainability practices within the REIT. It is also responsible for communicating sustainability-related performance and updates directly to the Board.

Sustainability Task Force ("STF")

STF is responsible for developing, implementing and maintaining sustainability-related practives and initiatives and monitoring the REIT's sustainability performance.

ASSESSMENT OF OUR ESG FACTORS

PLife REIT conducted our first formal materiality assessment in FY2017 to identify, prioritise and validate the ESG factors. This year, we reviewed the sustainability factors identified last year and reassessed our ESG factors through a four-step materiality assessment for our ESG matters to validate sustainability factors most material to us. We engaged key stakeholders across the organisation to consider relevant ESG issues including climate-related risks and potential impact to our operations. Our approach to materiality is in line with the GRI Materiality and Stakeholder Engagement Reporting Principles, as illustrated below:

Identification

We identify a list of potential ESG factors by surveying our peers, key industry and sustainability trends.

Prioritisation

Factors identified were rated and prioritised by our SSC and STF.

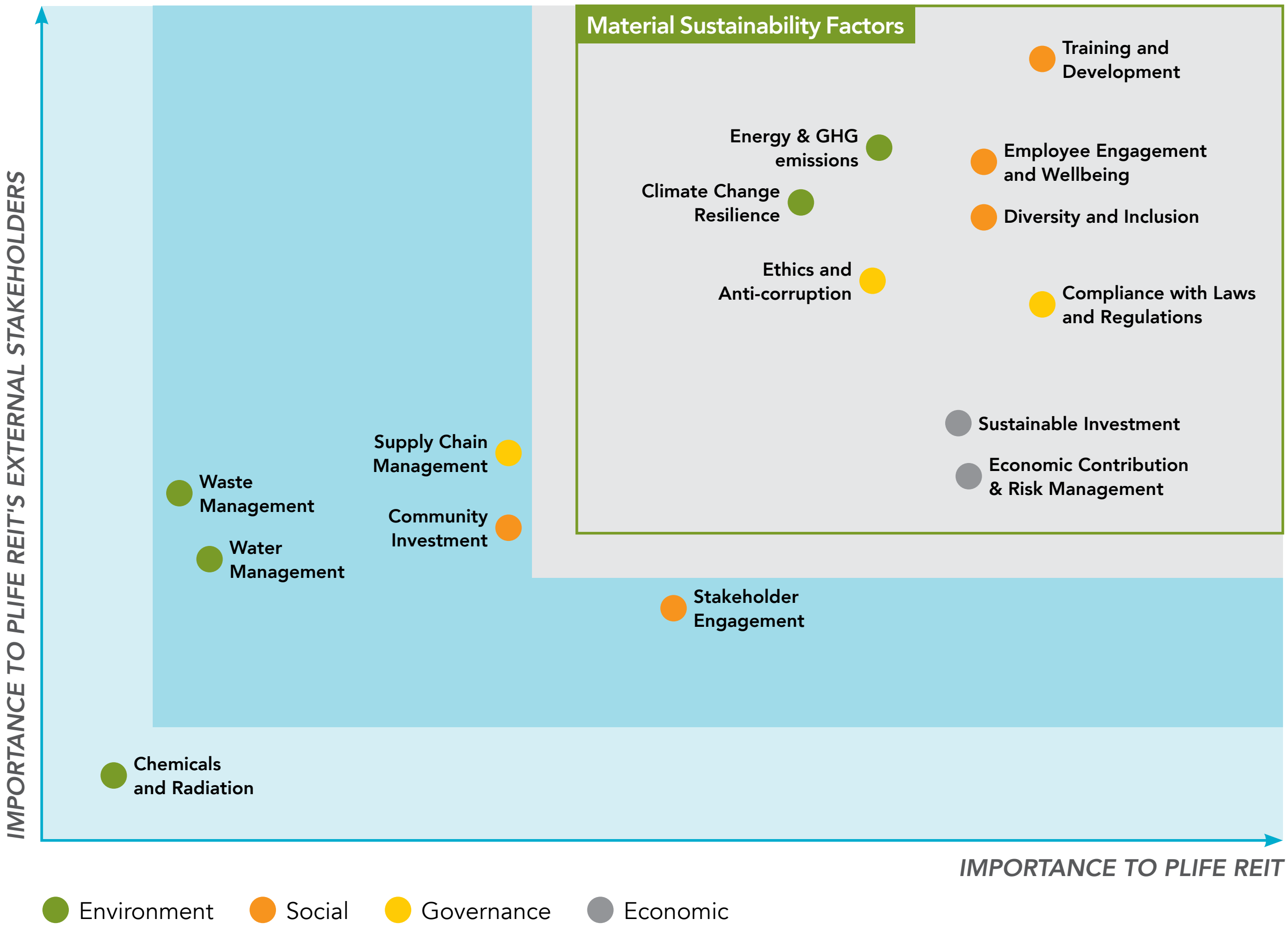
Validation

Factors prioritised were reviewed and approved by our Board.

Review

ESG factors' relevance were reviewed annually by our management.

After our review and re-assessment of over 15 relevant topics, we concluded that all ESG matters reported in FY2020 remain relevant, some of these have been renamed to better relate to GRI standards. In addition, 3 new material factors were identified. The results of the assessment are subsequently highlighted as below:



Category	Material Sustainability Factors
Economic	Economic Contribution and Risk Management
	Sustainable Investment
Environment	**Climate Change Resilience - NEW**
	Energy and GHG Emissions - NEW
Social	Diversity and Inclusion
	Employee Engagement and Well-being
	Training and Development
Governance	Compliance with Laws and Regulations
	Ethics and Anti-corruption - NEW

STAKEHOLDER ENGAGEMENT

Our stakeholders' concerns and opinions shape the work that we do and the way that we operate. Our interactions with our stakeholders are regular and take on a number of different forms. This way, we ensure that we get to know our stakeholders well and are able to accurately identify, capture and address their sustainability priorities whilst making all business-related decisions. These interactions are highlighted in the table below:

Stakeholders	Key Concerns of Each Stakeholder Group	Engagement methods	Frequency of Engagement
Unitholders and prospective investors	• Business performance and strategy • Economic, social and environment concerns • Sustainable returns	• Annual general meeting • Corporate website • Corporate literature • Investor outreach programmes • News and media releases	• Throughout the year • Throughout the year • Throughout the year • Throughout the year • Throughout the year
Employees	• Communicate business strategy and development • Employee wellness • Reward and recognition • Training and development	• Company staff bonding • Employment incentives and benefits • Informal and formal staff communications • Training courses • Corporate retreat • Performance appraisal	• Throughout the year • Throughout the year • Throughout the year • Throughout the year • Annually • Bi-annually
Tenants / Operators	• Health and safety • Quality of properties • Tenancy matters	• Established channels of communication on property-related issues, such as dedicated asset manager to each property • Regular site visits • Tenants' satisfaction survey	• Throughout the year • Throughout the year • Annually
Community	• Community investment • Impact of business to environment and society	• Corporate social responsibility events • Donation to charity events	• Throughout the year • Throughout the year

ECONOMIC

ECONOMIC CONTRIBUTION AND RISK MANAGEMENT

The Manager is committed to deliver regular and stable distributions and achieve long-term growth for our Unitholders. To achieve this commitment, firm partnership with credible operators is prioritised to ensure sustainable long-term value creation.

Economic contribution is key to the success of the REIT and our practices and performance in this area are detailed in the financial statements. Please refer to Message to Unitholders on pages 4 to 6, Financial Highlights on pages 26 to 28, and Financial Statements on pages 119 to 209, of this Annual Report for more details.

In addition, we have set in place an enterprise risk management framework to maintain a robust risk management system to enable assessment and management of financial, operational and technical risks within PLife REIT. We are in the process of integrating environmental risk assessment and management into our enterprise risk management framework and expect to complete this in FY2022. Detailed FY2021 Enterprise Risk Management Report can be found on pages 77 to 79.

SUSTAINABLE INVESTMENT

Investment and asset management decisions and activities are crucial in driving the growth of the REIT. Therefore, formulating and executing investment and asset management strategic plans will be important to delivering long-term sustainable returns for PLife REIT. There are several policies and practices put in place to ensure acquisitions, divestments and asset management activities are carried out in accordance with our strategic direction and with proper levels of due diligence. With the adoption of TCFD disclosures, we will be integrating environmental risk assessment into our investment policy. For the evaluation of new investments, we will ensure the acquisitions fulfil the REIT's investment criteria and considerations. The evaluation procedure and process are governed by the internal investment guidelines and the Manager's Operating Policy – Investment / Divestment ("Operating Policy"). The Operating Policy ensures the acquisition / divestment is in compliance with relevant regulatory requirements and in line with the investment / divestment objectives of the REIT. In 2021, PLife REIT divested a non-core industrial property and fortified the quality of the REIT's Japan portfolio with the acquisition of three nursing homes in Japan. These were completed in compliance with our Operating Policy. Post-acquisition, we continue to actively assess our assets and operators.

Policies and Guides:	2021 Performance:	2022 Target:
Operating Policy	**Target met** – 100% of our acquisition in the last 12 months were screened following the Operating Policy	100% of our new acquisitions to be screened following the Operating Policy
Operating Policy on Asset Management	**Target met** – 100% of our assets have a 10-year CAPEX projection in place	100% of our assets to have a 10-year CAPEX projection
	Target met – 100% of our assets were checked for enhancement opportunities in the last year	100% of our assets to be regularly checked for enhancement opportunities

Asset Stewardship

The REIT's portfolio of assets largely consist of long-term lease arrangements, therefore, day-to-day operation and maintenance falls under the responsibility of and are performed by tenants/ operators. Nonetheless, as part of our active ownership strategy, we regularly review and manage Capital Expenditure ("CAPEX") requirements of our assets to ensure sustainability of value and use in the long-run. A 10-year CAPEX projection, tailored to the specific needs of each asset and its operator, is being developed and periodically reviewed to ensure relevancy. Since 2018, we have expanded our review to include assessment of environmental, social and governance factors. Recognising the specialised nature of healthcare assets, we value the importance of fostering strong relationships with our operators. Working closely with them, we seek to support their operational needs through implementation of collaborative asset enhancement initiatives ("AEI") for the assets. As part of our joint efforts with tenants/ operators to drive sustainability, we have conducted AEIs for the REIT's portfolio including the installation of energy efficient equipment at various properties as well as refurbishment works to maintain the competitiveness of older properties. In 2021, as part of the lease restructuring exercise to enhance the sustainability and competitiveness of one of PLife REIT's Japan properties (Sompo no le Nakasyo), the REIT will be reconfiguring and replacing the existing kitchen areas with a central kitchen within the facility, to improve tenant's operational capability and the works are expected to be completed by first half of 2022.

In 2021, we secured the Unitholders' approval on the transaction involving the new master lease agreements of approximately 20.4 years for the Singapore hospitals as well as the one-time injection of renewal capital expenditure costs of up to S$150 million to revamp the Singapore hospitals ("Renewal Capex Works"). The Renewal Capex Works will serve to enhance the overall performance, operations and architectural design of the properties. With improved utilisation of available space and resources, the Singapore Hospitals will be able to better meet patient demand and better serve the community as well as address emerging evolving healthcare trends. The Renewal Capex Works are estimated to take approximately 3 years and PLife REIT will work in close collaboration with the tenant/ operator i.e. IHH to ensure patient safety and minimise operation disruptions. Following the completion, the competitiveness of the parties and the sustainability and value of the properties will be enhanced. The Renewal Capex Works shall be substantially based on the following, subject to changes and variations based on the findings of feasibility studies and the ongoing design and development. Bulk of the works is expected to be carried out at Mount Elizabeth Hospital:

- Future proofing through improvement works of the safety features and utilities infrastructure;
- Enhancing building performance with eco-friendly and sustainability features through Green Mark certification and technological advances such as building management system; and
- Refreshing aesthetic and the experience of the space of the property as well as addressing patient demand and evolving healthcare trends through upgrading and reconfiguration of the hospital space and functions.

During the year, we have also dedicated CAPEX investments to enhance the safety, reliability and environmental sustainability of properties, including:

- Replacement of direct current (DC) motor to electronically communicated (EC) motor for the air-conditioning and mechanical ventilation equipment for the Singapore hospitals, where possible;
- Replacement of lifts with variable voltage and variable frequency (VVVF) drive and enhanced with sleep mode features for the Singapore hospitals;
- Replacement of hot water systems with energy efficient air source heat pumps for the Singapore hospitals;
- Considering sustainable design and planning in replacement of existing equipment, where feasible;
- Exploring Green Mark initiatives with operator of the hospitals

Operator Sustainability (Social) Performance

As part of the evaluation and due diligence process in acquiring new healthcare/ healthcare related properties, emphasis is placed in conducting background research and assessment of the operators to better assess and manage potential counterparty risks of the REIT. On top of the independent credit and financial valuation of the business operation of the operators, due diligence checks are carried out to ensure relevant licenses are complete, up to date and in compliance with the local regulatory requirements. The operator's operational history and management background, as well as credit and financial assessment of the operator's business profitability are further clarified and checked via information provided by local asset managers, consultants and vendors in their independent assessment of the target operators' financial, regulatory and social performance.

Post-acquisitions, the Manager continues to maintain constant communication with our tenants/ operators and asset managers on-the-ground to ensure sustained performance and management of the properties. Tenants/ operators must abide by the terms under the lease agreements e.g. in the case of Japan, there is provision of non-anti-social clause in preventing operators from engaging in anti-social activities. The Manager also conducts annual credit assessment as well as tenant satisfaction surveys to potentially minimise any unexpected operational, financial or social issues. Key tenants have expressed their general satisfaction in the most recent survey conducted in 2021. As the COVID-19 situation continues to evolve, we work closely with our tenants/ operators to ensure precautionary measures are being implemented at the properties to manage business continuity and ensure the safety of the employees, patients and nursing care residents.

ENVIRONMENTAL

We understand the interdependence of our assets with the environment and interaction with the ecosystems it services. As such, striving for long-term environmental sustainability is not only the right thing to do but imperative to the success of our business.

In line with the Singapore Government's aim to have at least 80% of all buildings to be green over the next decade as part of the Singapore Green Plan 2030 initiatives, we are committed to work closely with our tenants/ operators in supporting their efforts towards energy efficiency across all our properties in Singapore.

CLIMATE CHANGE RESILIENCE

In December 2020, the Monetary Authority of Singapore issued guidelines on environmental risk management ("MAS Guidelines") to enhance financial institutions', including asset managers', resilience to and management of environmental risk. We have set out our response to meeting these requirements, aligned with the disclosure recommendations by the Financial Stability Board's Task Force on Climate-related Financial Disclosures (TCFD) and World Health Organisation (WHO)'s guidance on climate resilient and environmentally sustainable health care facilities, covered below:

Key Components of TCFD Recommendations	Key Requirements of MAS Guidelines	PLife REIT's Response
Governance a) Describe the board's oversight of climate-related risks and opportunities. b) Describe management's role in assessing and managing climate-related risks and opportunities.	**Governance and Strategy** Board and Senior Management to be involved in identifying environmental risks and opportunities, evaluating their impact on the Manager's strategies, business plans and products, and ensuring the appropriate management of risks and opportunities	• The Board will take overall responsibility for climate-related risks and opportunities. Sustainability and climate-related performance will be reviewed and updated at least once a year. The Board and Management will ensure evaluation of the actual and potential impact of climate-related risks and opportunities on PLife REIT's strategies, business plans and properties. • The Sustainability Steering Committee (SSC) has been appointed by the Board to design, implement, and monitor internal controls and risk management systems, develop tools and metrics to monitor exposures to environmental risk. The SSC will take responsibility for identifying, assessing, mitigating, monitoring, and reporting such environmental risks to the Board. • Please refer to page 54 on "Sustainability Governance" for more information.

Key Components of TCFD Recommendations	Key Requirements of MAS Guidelines	PLife REIT's Response
Strategy a) Describe the climate-related risks and opportunities the organisation has identified over the short, medium, and long term. b) Describe the impact of climate related risks and opportunities on the organisation's businesses, strategy, and financial planning. c) Describe the resilience of the organisation's strategy, taking into consideration different climate-related scenarios, including a 2°C or lower scenario.	**Governance and Strategy** Integrate environmental risk into overall investment risk management framework to identify, address and monitor the risks **Research and Portfolio Construction** In assessing environmental risk, to consider both transition and physical risks on an individual asset and/ or portfolio level To embed relevant environmental risk considerations in this process and evaluate the potential impact of relevant environmental risk on return potential **Portfolio Risk Management** Where environmental risk is material, develop capabilities in scenario analysis to evaluate impact on portfolio and portfolio resilience to financial losses	• The Manager has identified and assessed the impact of climate-related risks and aims to integrate environmental risk management into current Risk Management Policy and Investment Policy to ensure that environmental risks are considered and appropriately managed during research and portfolio construction. • The Manager has also conducted a qualitative assessment of climate-related transition and physical risks for all its properties, considering short-term, medium-term to 2030 and long-term to 2050. Please refer to pages 63 to 67 for more information on the climate-related risks identified and assessed impact under different scenarios.

Key Components of TCFD Recommendations	Key Requirements of MAS Guidelines	PLife REIT's Response
Risk Management a) Describe the organisation's processes for identifying and assessing climate-related risks. b) Describe the organisation's processes for managing climate-related risks. c) Describe how processes for identifying, assessing, and managing climate-related risks are integrated into the organisation's overall risk management.	**Portfolio Risk Management** Put in place policies and processes to assess, monitor and manage environmental risk **Stewardship** Consider implementing Asset Enhancement Initiatives ("AEIs") to improve the efficiency of resource use, or attain green building certification Consider collaborative opportunities with other asset managers to build knowledge and skills	• In February 2022, the Manager has integrated a set of Environmental Risk Management guidelines into its existing Risk Management Policy to introduce process and systems to identify, monitor, assess and manage the potential and actual impact of environmental risk. • With the refinement of Risk Management Policy, the Manager will assess and implement collaborative AEIs to improve the environmental performance of its properties where feasible. • Moreover, the Manager will introduce training to upskill in environmental and climate-related risk and will consider collaborating with other asset managers where such opportunities arise. • Please refer to pages 63 to 67 for more information on PLife REIT's climate-related risks identification and assessment, and the applicable mitigation measures.
Metrics and Targets a) Disclose the metrics used by the organisation to assess climate-related risks and opportunities in line with its strategy and risk management process. b) Disclose Scope 1, Scope 2, and, if appropriate, Scope 3 greenhouse gas (GHG) emissions, and the related risks. c) Describe the targets used by the organisation to manage climate related risks and opportunities and performance against targets.	**Disclosure** Make regular and meaningful disclosure of environmental risks and exposure, with clear metrics and targets	• Climate-related and environmental metrics such as energy consumption and intensity, Scope 1 and Scope 2 GHG emissions and intensity are disclosed in this sustainability report. Please refer to page 69 for more information on PLife REIT's target for "Energy & GHG Emissions". • Moving forward, PLife REIT is also exploring longer-term targets of environmental risk and opportunities such as exploring Green Mark initiatives with hospital operator.

In FY2021, PLife REIT conducted our inaugural qualitative environmental risk assessment and scenario analysis exercise to identify and assess the potential impacts of:

- Transition risks[1], under a Net Zero scenario, and a Business-as-usual (BAU) scenario
- Physical risks[2], under a BAU scenario

The Net Zero scenario assumes that global mean temperature increase by 2100 from pre-industrial levels would be 1.5°C or less, and will attract higher transition risks arising from the regulatory, market, and technological changes in a lower-carbon and more environmentally-sustainable economy. We have assumed that physical risks would be insignificant in a Net Zero scenario.

The BAU scenario assumes that global mean temperature increase by 2100 would be more than 4°C, with higher physical risks arising from changes in the physical environment and climate. The physical risk exposure of our assets was determined using data from the CMIP5 and CMIP6 climate models for the RCP 8.5 pathway[3].

The identified transition and physical risks were assessed for the following time horizons:

- Short-term: Within the next 5 years (by 2025)
- Medium-term: Within the next 6 to 10 years (by 2030)
- Long-term: Within the next 30 to 40 years (by 2050)

Our short- and medium-term time horizons are aligned with our capital planning and investment time horizons of 5 to 10 years or more. Given that close to 60% of our portfolio comprises hospital buildings in Singapore, our medium- and long-term time horizons are aligned with Singapore's enhanced nationally determined contribution under the Paris Agreement to peak emissions by 2030 and halve 2030 peak emissions by 2050, with a view to achieving net zero emissions as soon as viable in the second half of the century from 2050. For our Japan portfolio, we continue to work closely with our operators to keep current on relevant initiatives, with a view to actively address and manage climate-related risks.

1 Transition risks arise from the process of shifts towards a low-carbon economy, and can include regulatory changes, disruptive technological developments, and shifts in consumer and investor preferences.

2 Physical risks arise from the impact of weather events and long-term or widespread environmental changes and can include increased severity of extreme weather events such as floods, and rising mean temperatures, sea levels, and weather patterns.

3 The Coupled Model Intercomparison Project (CMIP) phases 5 and 6 provide climate modelling datasets produced under the World Climate Research Programme (WCRP), which have been used to inform the Intergovernmental Panel on Climate Change (IPCC) Fifth and Sixth Assessment Reports. Representative Concentration Pathway (RCP) 8.5 is a greenhouse gas concentration trajectory by the IPCC that assumes that emissions continue to rise throughout the 21st century.

To better manage climate-related risks, we have set a perpetual target for continuous monitoring and management of ongoing and additionally identified climate-related risks. Our mitigating measures through our strategy, portfolio and risk management policies and processes in response to the results of the assessment are detailed in the tables below.

Transition risks

Risk Categories	Impact Description	Key Mitigating Measures	Risk Rating				
			Short 2025	Medium 2030		Long 2050	
				Net Zero	BAU	Net Zero	BAU
Recommendation by WHO - Increased costs to ensure facilities are climate-resilient	World Health Organisation (WHO) issued guidance with aim to enhance capacity of healthcare facilities. Aspects of this guidance applied to private healthcare wherein PLife REIT operates: • Climate resilient facilities are capable of anticipating, responding, coping, recovering from and adapting to climate-related shocks and stress, and able to sustain delivery of healthcare to target population despite an unstable climate • Requires an understanding of current and projected climate conditions, healthcare system demands and capacity • Key interventions include training, improvements to existing infrastructure and technology, review of back-up energy sources	• Carry out environmental risk assessment for entire portfolio to understand the climate-related risk that we are facing. • Assess and implement collaborative asset enhancement initiatives to improve the environmental performance of its properties where feasible. • Explore Green Mark initiatives with tenants/ operators. • Committed to expend S$150 million Renewal Capex Works to upgrade the Singapore hospitals.	🟢	🟢	🟢	🟡	🟡

Note: Green dot and yellow dot represent low and medium risk rating respectively. Risk ratings are calculated on the basis of combined likelihood and financial impact.

Risk Categories	Impact Description	Key Mitigating Measures	Risk Rating				
			Short 2025	Medium 2030		Long 2050	
				Net Zero	BAU	Net Zero	BAU
Recommendation by WHO - Costs incurred to ensure facilities are environmentally sustainable	WHO guidance for private healthcare sector covers environmental suitability of healthcare facilities: • Environmentally sustainable facilities improve, maintain or restore health while minimising impact and leveraging opportunities to improve • Optimise use of natural resources, reduction of hazards (biological, radiation) and contamination • Circular healthcare - using less raw materials and minimising waste	• Carry out environmental risk assessment for entire portfolio to understand the climate-related risk that we are facing. • Assess and implement collaborative asset enhancement initiatives to improve the environmental performance of its properties where feasible. • Explore Green Mark initiatives with tenants/ operators. • Committed to expend S$150 million Renewal Capex Works to upgrade the Singapore hospitals.	🟢	🟢	🟢	🟡	🟡
Policy and Legal - Increased pricing of GHG	The REIT's majority portfolio are located in countries with existing carbon taxes, namely Japan at JPY289/ tCO_2e and Singapore at S$5/ tCO_2e (2021). Based on our scenario analysis, carbon prices are expected to rise in the medium and long term, with higher rate of increase under the Net Zero scenario, compared to BAU. However, PLife REIT does not expect direct financial impact to arise from rising carbon taxes, as PLife REIT's portfolio of assets largely consist of long-term lease arrangements whereby day-to-day operation and maintenance falls under the responsibility of and are performed by tenants/ operators.	• Work closely with tenants/ operators to support their efforts/collaborate on opportunities of operating expenses reduction via improving energy efficiency along with other cost management measures. • Work closely with tenants/ operators to support their efforts/ collaborate on energy and resource efficiency opportunities, and to improve emissions intensity of portfolio.	🟢	🟢	🟢	🟢	🟢

Note: Green dot and yellow dot represent low and medium risk rating respectively. Risk ratings are calculated on the basis of combined likelihood and financial impact.

Risk Categories	Impact Description	Key Mitigating Measures	Risk Rating				
			Short 2025	Medium 2030		Long 2050	
				Net Zero	BAU	Net Zero	BAU
Policy and Legal - Increased climate risk reporting obligations, including loan covenants	As regulators and investors continue to push for greater transparency from businesses, compliance costs to meet reporting obligations are likely to increase. Singapore where PLife REIT is listed has laid out a roadmap for mandatory climate reporting from 2023 onwards for listed companies. Compliance cost is expected to increase over the long term. Non-compliance in ESG disclosures can also lead to the loss of credibility and sustainable finance opportunities.	• Implemented the MAS Environmental Risk Management Guidelines and made qualitative disclosures in accordance with TCFD recommendations. • Conduct periodic scans of exposure for regulatory developments.	🟡	🟡	🟡	🟡	🟡
Policy and Legal - Exposure to litigation	With increasing number of climate change litigations led by activists in Asia, the risk is expected to increase over the long term. Such lawsuits can drain a company's time, resources and potentially incur financial losses and diminish investors' confidence.	• Regularly communicate with stakeholders including investors and tenants/ operators to understand their expectations and address their concerns regarding environmental issues. • Conduct regular media scans to monitor climate litigation events.	🟢	🟡	🟡	🟡	🟡

Note: Green dot and yellow dot represent low and medium risk rating respectively. Risk ratings are calculated on the basis of combined likelihood and financial impact.

Risk Categories	Impact Description	Key Mitigating Measures	Risk Rating				
			Short 2025	Medium 2030		Long 2050	
				Net Zero	BAU	Net Zero	BAU
Policy and Legal - Mandates on regulation of existing products and services	Countries where the REIT is present have published or plan to publish Green building roadmaps with improvements on building energy efficiency standards in the near future. • In Singapore, the government has announced plans to have at least 80% of buildings by gross floor area in Singapore to be green by 2030. • Japan has plans to improve its Building Energy Efficiency Standard in near future. Improvements in coverage of energy-saving laws and/or energy efficiency standards and green building certification mandates across different countries demand higher capital expenditure to ensure asset compliance. Failure to adopt lower emissions technology may result in decline in asset value in the long term.	• Collaborate with tenants/ operators to establish a green building roadmap for its portfolio on energy efficiency measures and towards net zero buildings. • Identify relevant green building programmes to actively leverage governmental grant schemes/sustainable financing as part of the green building roadmap. • Maintain the transitional risk register to continue monitoring the developments of various ESG regulations • Committed to expend S$150 million Renewal Capex Works to upgrade the Singapore hospitals.	🟢	🟢	🟢	🟡	🟡
Market/ Reputation Risk - Enhanced emissions-Responsible Investment	More institutional investors have become signatories to the Principle of Responsible Investment (PRI). As a long-term investment platform, ESG is particularly relevant to Real Estate Investment Trusts (REITs) in delivering sustainable returns to unitholders in the present and future. As investors become increasingly focused on investee entity ESG initiatives, inadequate attention to ESG may result in more limited access to capital.	• Adopted and maintained sustainable investment policy • Closely communicate with stakeholders through stakeholder survey • Conduct regular scans to understand investee entity ESG demands.	🟢	🟡	🟢	🟡	🟢

Note: Green dot and yellow dot represent low and medium risk rating respectively. Risk ratings are calculated on the basis of combined likelihood and financial impact.

Physical risks

Risk Categories	Impact Description	Key Mitigating Measures	Risk Rating		
			Short 2025	Medium 2030	Long 2050
				BAU	BAU
Acute - Risk of flooding	Increased flood events could lead to operational disruptions, increased insurance premiums, and increased costs from damage to property.	• Regularly review the portfolio constitution and ensure diversification. • Put in place a business continuity plan to minimise operational disruptions. • Conduct periodic scans of exposure to physical risks of existing properties and takes relevant actions to minimise damage to properties. • Regularly review the insurance coverage to ensure the properties are adequately insured. • Included environmental risk considerations in the investment due diligence process. • Regularly monitor updates by government statutory boards.	🟢	🟡	🟡
Chronic - Extreme weather – Rising temperature, increasing wind speed, water stress	Increased average temperatures could cause overheating in buildings which may lead to increased capital expenditure and operating costs. Increasing wind speeds and water stress could lead to increased costs from property damage, and operational disruptions due to water scarcity issues.		🟢	🟡	🟡
Non TCFD Physical Risk - Natural Disasters - Earthquake	Japan is vulnerable to earthquakes by virtue of its geographical location. There is growing scientific evidence that climate change may also play a role in geological phenomena such as earthquakes, tsunamis and volcanic eruptions. The remedy, which includes repairing, rebuilding, and insuring against earthquakes, may cause extra significant cost.		🟢	🟡	🟡

Note: Green dot and yellow dot represent low and medium risk rating respectively. Risk ratings are calculated on the basis of combined likelihood and financial impact.

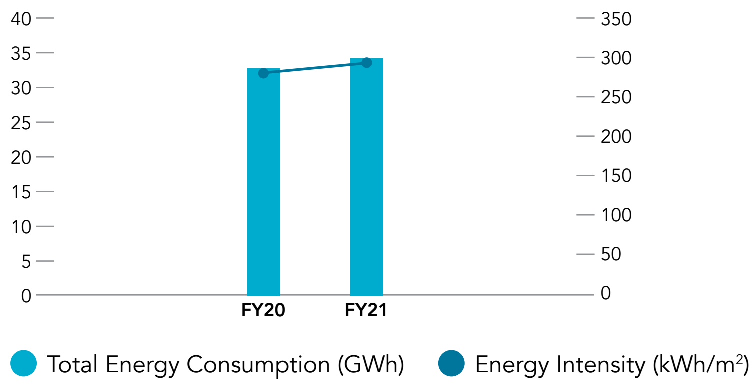
Guidelines:	2022 Target:
Adopted the recommendations of the Task Force on Climate-related Financial Disclosures ("TCFD")	Annual review and update of environmental risk register - reassessment of transitional and physical risk

ENERGY & GHG EMISSIONS

While the day-to-day operation and maintenance of bulk of PLife REIT's portfolio falls under the responsibility of and are performed by our tenants/ operators, we recognised that energy consumption contributes a significant portion of a property's operating expenses and the carbon footprint. In our execution of the CAPEX works, we will consider sustainable design and planning in the replacement of existing equipment, where feasible, to enhance the safety, reliability and environmental sustainability of our properties. We also remain committed to work closely with our tenants/ operators to support our partners' sustainability efforts and explore opportunities of collaboration to reduce the energy consumption and carbon emission of the properties. Our aim is to collectively create a positive influence in the areas of sustainability. For this inaugural disclosure on energy consumption and GHG emissions, we have covered the Singapore assets which represent close to 60% of PLife REIT's portfolio in FY2021. We are working closely with our Japan asset managers on the data collection of the Japan properties, with a view to review and disclose energy and emissions metrics for the Japan portfolio in our next report.

Carbon emissions of our Singapore hospitals mainly fall under Scope 2 carbon emissions, i.e. indirect energy consumption from purchased electricity. In FY2021, total energy consumed was 34.6 GWh with energy consumption intensity of 293 kWh/m^2, which translates to 4.5% increase in energy intensity compared to 2020. The primary reasons for increased energy consumption include new patient care facilities and equipment installations in our hospitals to expand hospital capacity and improve processing ability to cope with growing number of patients and further improve our healthcare environment. Additionally, adequately equipped triage tents areas were set up outside of the Accident and Emergency department within our hospital properties for the purpose of diagnosing and early isolation of potential COVID-19 patients.

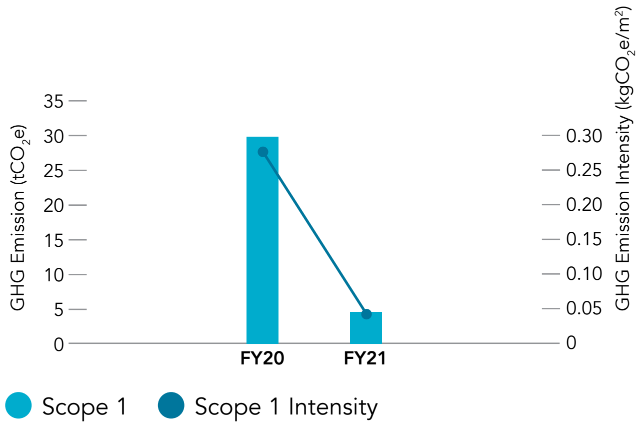
ENERGY CONSUMPTION AND ENERGY INTENSITY



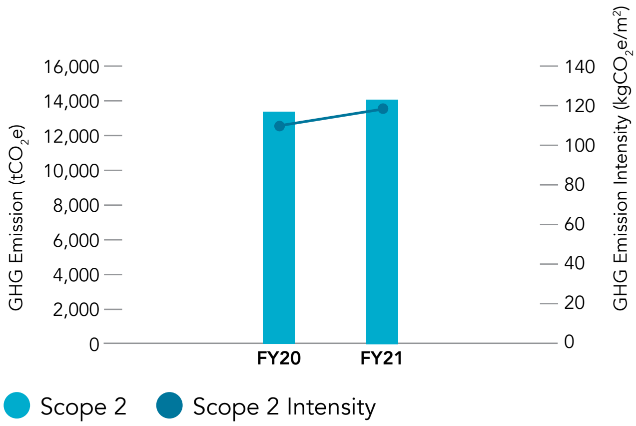
For the same reasons detailed above, carbon emissions[4] in 2021 increased slightly to 14,134 tonnes CO_2e and the carbon emission intensity was 119.6 kg CO_2e/m^2, a slight increase of 4.30% from 2020. In 2021, PLife REIT had successfully converted the last of the diesel boilers in the hospitals to heat pumps. With this replacement, our Singapore hospitals had recorded a scope 1 carbon emission intensity of 0.04 kg CO_2e/m^2, representing a significant reduction of 86% compared to 2020, owing to lower diesel consumption.

[4] This is computed mostly from purchased electricity consumption under scope 2, and some direct energy consumption under scope 1 as defined by the Greenhouse Gas (GHG) Protocol (operational control approach) and using latest CO_2 emission factors retrieved from Singapore Energy Statistics 2021.

GHG EMISSION AND INTENSITY (SCOPE 1)



GHG EMISSION AND INTENSITY (SCOPE 2)



Guidelines:	2022 Target:
• Taking guidance from Singapore's Green Plan • PLife REIT's roadmap towards carbon neutral and subsequently net zero	Maintain or reduce energy and electricity intensity of the properties

SOCIAL

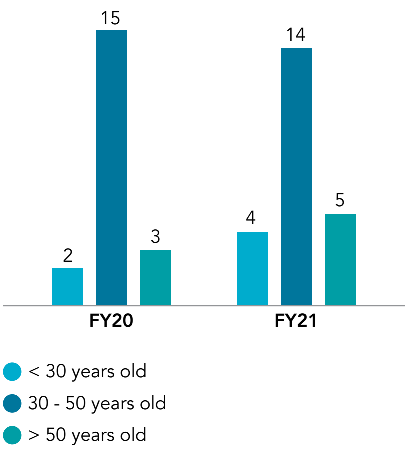
DIVERSITY AND INCLUSION

The Manager is committed to fostering an inclusive culture that respects individual differences. This creates a conducive workplace for all staff to successfully use their talents in achieving business results, thus driving shareholder value in the longer term. As a subsidiary of IHH, the Manager adheres to IHH Group's policy on Diversity and Inclusion which sets out the belief in embracing diversity at the workplace, where all employees will be granted equal opportunities regardless of any differences amongst individuals or groups.

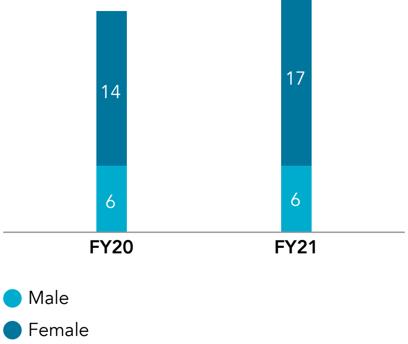
Staff hiring is based solely on merit and potential where prospective candidates are assessed based on their skills and competencies that best fit to the specific role requirements. The Manager has expanded its employee headcount from 20 in 2020 to 23 as at 31 December 2021. In FY2021, there were three new female hires. Two were under 30 years of age and one was between 30 and 50 years old. There was no turnover during the year. The majority of employees are aged between 30 – 50 years-old, which constitutes approximately 61% of the Manager's workforce. The total workforce is made up of about 74% females and 26% males. The average tenure of the employees is approximately 8.7 years and 65% of the employees have been with the Manager for more than 5 years. All our employees are permanent and based locally. There were no incidents of discrimination reported in 2021.

Employee Profile

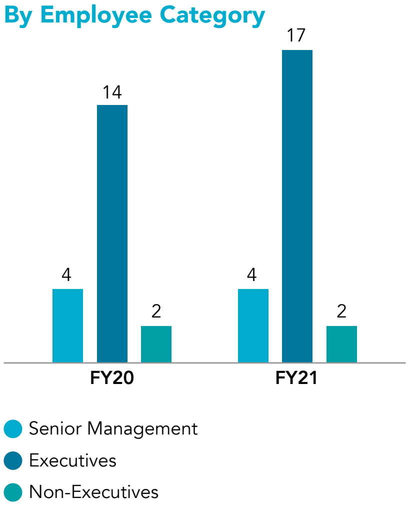
By Age



By Gender



By Employee Category



Policy and Guides:	2022 Target:
Adheres to IHH Group's policy on Diversity and Inclusion	Zero validated incidents of discrimination

EMPLOYEE ENGAGEMENT AND WELL-BEING

Given the lean Manager's team, health and safety of each and every employee is of utmost importance to the company. The Manager adheres to IHH Group's policy on Workplace Safety and Health (WSH) Program which ensures that all workplace safety and health-related matters are in compliance to the WSH Act and its subsidiary Legislations. The PLifeCARES Committee is tasked to organise quarterly employee bonding activities including educational talks, sports activities, and festive celebrations. There were no incidents of serious office injury reported in 2021. Due to the emergence of fresh threats from COVID-19 variants, the Manager has put on hold all bonding activities for the second year. The Manager continues to ensure the well-being of all its staff through regular check-in sessions and the arrangement of tokens of appreciation such as festive gift cards and one-off staycation allowance in lieu of the company retreat, as a form of recognition and reward in appreciation of the hard work of all staff.

To further ensure the health and safety of our people during the pandemic outbreak, safe management measures in accordance with the authorities' guidelines were accordingly implemented within the office premises. To minimise COVID-19 transmission risk, the Manager continues to work-from-home as the default mode of work arrangement and limits the number of staff allowed to return to office at any one time. For staff that need to address work exigency in the office, staggered working hours were implemented to avoid crowding when commuting on public transport. The company has also issued all staff with antigen rapid test (ART) kits to perform weekly self-tests for monitoring of their health.

The Manager also has a long-term incentive plan for retention of key personnel in place. Apart from ensuring that the staff are competitively remunerated, we also actively promote a conducive family-like working environment. We believe that transparency is essential for alignment of expectations and a more content workforce. Therefore, the employee handbook clearly states what is required of employees through various policies and practices such as the Code of Conduct, Collective Agreements and Grievance procedures. It also details employees' welfare entitlements, including leave, health benefits, and insurance, among others.

Policy and Guides:	2022 Target:
Adheres to IHH Group's policy on Workplace Safety and Health (WSH) Program to compliance with WSH Act and subsidiary Legislations	Zero incident of serious office injury

TRAINING AND DEVELOPMENT

We aim to build a strong and competent professional team to drive the goal toward the success of the REIT. To invest in our human capital, the Manager sets aside sufficient training budget and encourages employees to build their core and functional competencies and to keep abreast of the latest changes in the industry and REIT management.

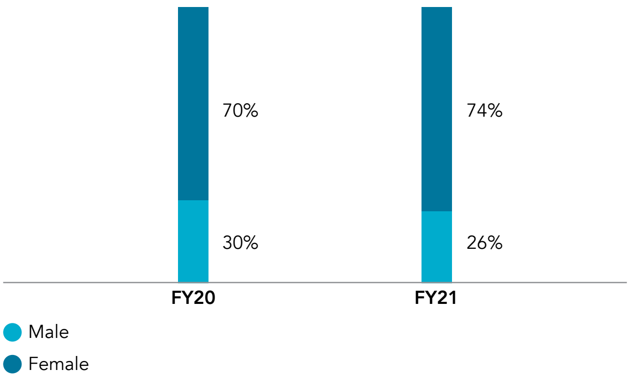
New employees are required to attend the New Employee Orientation which inculcates them with the organisation's mission, vision and values. An overview of the Hospital/ Corporate Structure, Employee Self-Service System and Human Resource ("HR") processes are introduced by the respective HR Business Partners. As part of the orientation, employees are also introduced to the Employee Handbook that details the various learning and development policies, procedures and entitlements for each employee.

We believe an employee's journey involves personal motivation and mutual accountability of the employee and the employer. We will continue to enhance existing succession planning and career development frameworks and setting clear and established career pathways while establishing robust business continuity plans, to ensure the sustainability of PLife REIT. A more structured leadership development training programme was put in place in 2021, to be rolled out in 2022.

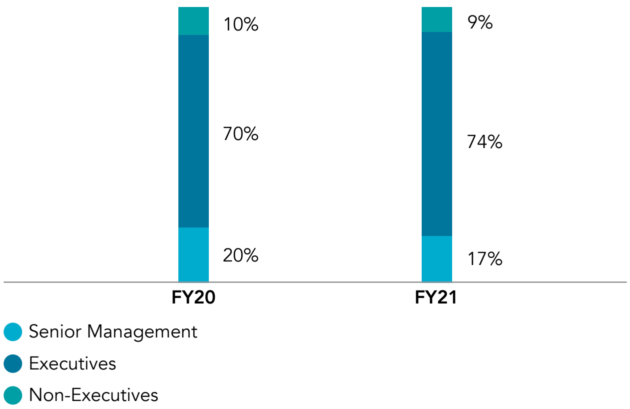
All permanent employees undergo bi-annual performance review. Performance appraisals are two-way, and employees are encouraged to provide feedback to management. This review is important for employees to understand how they are performing to improve in the areas needed, as well as to discuss training and development needs.

Detailed Information of Employees Received Performance and Career Development Reviews

By Gender



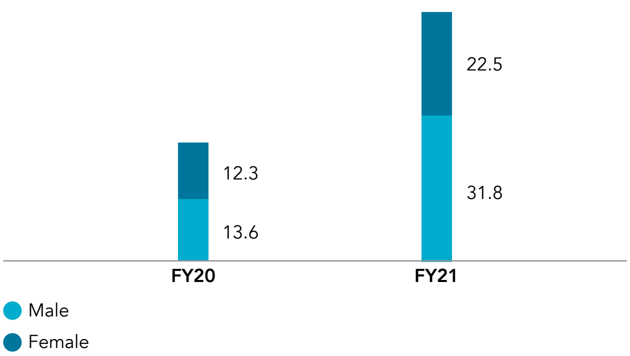
By Employee Category



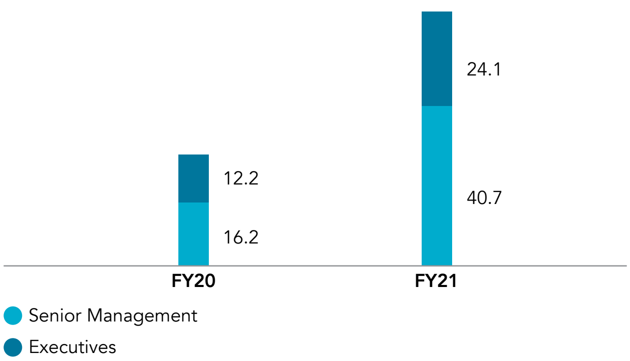
There are also mandatory trainings needed for employees of the Manager who are appointed representatives in pursuant to the Capital Markets Services ("CMS") Licence issued by the Monetary Authority of Singapore. Employees must keep updated on developments in the REIT industry and, therefore, we have developed a policy on training requirements for appointed CMS representatives. We also maintain a training register to keep track of the trainings and seminars attended by all employees. In 2021, the average training hours per employee was approximately 24.9 hours, an increase of 12.2 hours per employee from 2020.

Detailed Information of Employees Received Training

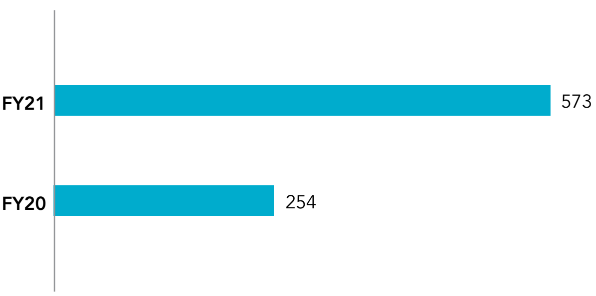
Average Training Hours Per Employee Per Year – By Gender



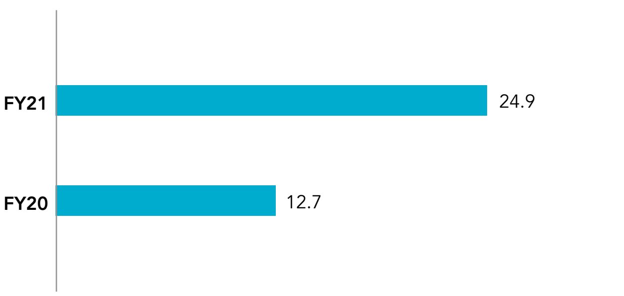
Average Training Hours Per Employee Per Year – By Employee Category



Total Training Hours Completed



Average Training Hours Per Employee Per Year



Policy and Guides:	2021 Performance:	2022 Target:
• Employee handbook with details on Manager's human resource policies • Compliance Training Manual	**Target met** – 100% of employees met all mandatory training requirements for their role	100% of employees continue to meet all mandatory training requirements for their role

COMMUNITY OUTREACH

The Manager endeavours to contribute positively to the local community in need. To this end, the Corporate Social Responsibility ("CSR") Committee was set up and it is tasked to plan and execute community events on a regular basis.

As the pernicious effects of COVID-19 place increasing pressure on all industries and sectors, including healthcare, it is imperative for PLife REIT to stand in solidarity with its tenants/ operators to ride through this unprecedented challenging period together. In line with PLife REIT's ethos of working in collaboration with its strategic partners for sustainable long-term relationships, the REIT had in 2020, set aside S$1.7 million to provide targeted assistance and support measures for its affected tenants, as needed. Over the last 2 years, approximately 72% of the amount set aside had been utilised. As of 31 December 2021, the REIT had reversed the balance unutilised retention sum which amounted to S$476,000.

During the year, the Manager participated in a charity event organised by SGX Cares Bull Charge with cash donation to support the needs of underprivileged children and families, persons with disabilities, as well as the elderly. All proceeds from the SGX Cares Bull Charge fundraising activities will be channelled to their adopted beneficiaries - AWWA Ltd, Autism Association (Singapore), Fei Yue Community Services, HCSA Community Services and Shared Services for Charities.

GOVERNANCE

COMPLIANCE WITH LAWS AND REGULATIONS

As a REIT and REIT Manager, we are subject to numerous laws and regulations. Compliance with these laws and regulations is essential and breaches could lead to the loss of our operating licence. In addition, a breach could cause reputational damage and will lead to a loss of trust in the Manager from stakeholders such as the Board of Directors, Unitholders, regulators and employees. Being in the healthcare industry, there are also regulations that affect operations at our properties. Any failures in compliance with such health and safety regulations will call into question the integrity of the Manager and our ability to operate in an ethical way.

The Manager has a strong commitment to good corporate governance and regulatory compliance. Compliance for PLife REIT generally covers the following areas:

- Compliance with CMS License for Real Estate Investment Trust Management issued by the Monetary Authority of Singapore ("MAS")
- Compliance with Anti-Corruption and Anti-Money Laundering regulation
- Compliance with Personal Data Protection Policy
- Compliance with health and safety regulations of our properties
- Compliance with Whistle-Blowing Policy

ETHICS AND ANTI-CORRUPTION

The Manager has a strong commitment to ethical business and anti-corruption. We adopt a zero-tolerance stance on fraud, corruption and other unethical behaviour and are committed to a high standard of compliance with accounting, financial reporting, internal controls, corporate governance and auditing requirements, as well as any legislation that is relevant to our business. The Manager adheres to IHH Group's Anti-Bribery and Corruption Policy that sets out key principles for corporations to adopt and demonstrate commitments towards creating a business environment that is fair, transparent and free from corruption. The IHH Group's Policy elaborates the core principles, and promotes compliance by all employees with the anti-corruption laws that apply to IHH Group operations, including the anti-corruption laws of all countries in which IHH Group conducts business.

Policy and Regulations:	2021 Performance:	2022 Target:
• Anti-Bribery and Corruption Policy • Additional relevant policies and regulations listed under Compliance with Laws and Regulations section above	**Target met** – Zero incident of significant[5] fines and non-monetary sanctions against PLife REIT and the Manager	Zero incident of significant[5] fines and non-monetary sanctions against PLife REIT and the Manager

[5] Significant shall mean more than 1% of the Profit Before Tax of PLife REIT and the Manager respectively

GRI INDEX

GRI Standards 2021	Disclosure Number	Disclosure Title	Section and Page Reference / Notes
Universal Standards			
GRI 2: General Disclosures (2021)	**The Organisational and its reporting practices**		
	2-1	Organisational details	Corporate Profile
	2-2	Entities included in the organisation's sustainability reporting	• Corporate Profile • Sustainability Report, Reporting Scope, page 53
	2-3	Reporting period, frequency and contact point	Sustainability Report, Reporting Scope, page 53
	2-5	External assurance	We have not sought external assurance and will consider it in the future.
	The Organisational and its reporting practices		
	2-6	Activities, value chain and other business relationships	Corporate Profile
	2-7	Employees	Sustainability report, Social, Diversity and Inclusion, page 69
	Governance		
	2-9	Governance structure	Sustainability Report, Sustainability Governance, page 54
	2-10	Nomination and selection of the highest governance body	Annual Report, Corporate Governance, Board Composition and Guidance, page 83
	2-11	Chair of the highest governance body	Annual Report, Corporate Governance, Chairman and Chief Executive Officer, page 86
	2-12	Role of the highest governance body in overseeing the management of impacts	Sustainability Report, Board Statement, page 53
	2-13	Delegation of responsibility for managing impacts	Sustainability Report, Stakeholder Engagement, page 56
	2-14	Role of the highest governance body in sustainability reporting	Sustainability Report, Board Statement, page 53
	2-15	Conflicts of interest	Annual Report, Dealings with Conflicts of interest, page 96
	2-18	Evaluation of the performance of the highest governance body	Annual Report, Corporate Governance, Board Membership, page 86
	2-19	Remuneration policies	Annual Report, Corporate Governance, Remuneration Matters, page 88
	2-20	Process to determine remuneration	

GRI Standards 2021	Disclosure Number	Disclosure Title	Section and Page Reference / Notes
	Strategy, policies and practices		
	2-22	Statement on sustainable development strategy	Sustainability Report, Board Statement, page 53
	2-23	Policy commitments	• Sustainability Report, Economic, sustainable investment, page 57; • Sustainability Report, Social, Employee engagement and well-being, page 70; • Training and development, page 71 • Sustainability Report, Governance, Ethics and Anti-corruption, page 73
	2-27	Compliance with laws and regulations	Sustainability Report, Governance, Compliance with Laws and Regulations, page 73
	Stakeholder engagement		
	2-29	Approach to stakeholder engagement	Sustainability Report, Stakeholder Engagement, page 56
GRI 3: Material Topics (2021)	**Disclosures on material topics**		
	3-1	Process to determine material topics	Sustainability Report, Assessment of Our ESG Factors, pages 54-55
	3-2	List of material topics	Sustainability Report, Assessment of Our ESG Factors, pages 54-55
	3-3	Management of material topics	Sustainability Report, Sustainability Governance, Assessment of Our ESG Factors, pages 54-55
Topic Standards			
Economic Performance			
GRI 201: Economic Performance (2016)	201-1	Direct economic value generated and distributed	Financial Highlight, page 26 Sustainability Report, Economic, Economic Contribution and Risk Management, page 57
Energy & Emission			
GRI 302: Energy (2016)	302-1	Energy consumption within the organisation	Sustainability Report, Environmental, Climate Resilience, Energy & GHG Emissions, pages 59-69
	302-3	Energy intensity	
GRI 305: Emissions (2016)	305-1	Direct (Scope 1) GHG emissions	
	305-2	Energy indirect (Scope 2) GHG emissions	
	305-4	GHG emissions intensity	

GRI Standards 2021	Disclosure Number	Disclosure Title	Section and Page Reference / Notes
Employment			
GRI 401: Employment (2016)	401-1	New employee hires and employee turnover	Sustainability Report, Social, Diversity and Inclusion, Employee Engagement and Well-Being, Training and Development, pages 69-72
GRI 404: Training and Education (2016)	404-1	Average hours of training per year per employee	
	404-3	Percentage of employees receiving regular performance and career development reviews	
GRI 405: Diversity and Equal Opportunity (2016)	405-1	Diversity of governance bodies and employees	
GRI 406: Non-discrimination (2016)	406-1	Incidents of discrimination and corrective actions taken	
Compliance with Laws and Regulations			
GRI 417: Marketing and Labelling (2016)	417-3	Incidents of non-compliance concerning marketing communications	Sustainability Report, Governance, Compliance with Laws and Regulations, page 73
Ethics and Anti-corruption			
GRI 205: Anti-corruption (2016)	205-3	Confirmed incidents of corruption and actions taken	Sustainability Report, Governance, Ethics and Anti-corruption, page 73
Community Impact			
GRI 413: Local Communities (2016)	413-1	Operations with local community engagement, impact assessments, and development programs	Sustainability Report, Social, Community Outreach, page 73

ENTERPRISE RISK MANAGEMENT REPORT

Proactive and effective risk management plays a critical role in PLife REIT's operations. While all operations are aligned to PLife REIT's focus on generating rental income to deliver regular and stable distributions and achieve long-term growth for our Unitholders, the Board of Directors ("Board") of the Manager is cognisant of the risks entailed, be it inherent or operational, and endeavours to maintain a robust internal controls and risk management system to safeguard the interest of Unitholders and the Group's business and assets. The internal control system incorporates the risk management and this system encompasses 3 key principles that facilitate an effective and efficient operation, enabling the Manager and the Group to respond to a variety of operational, financial, compliance, environmental, human capital and information technology risks. These principles include:

- **Corporate Culture** - Build a strong risk management and control culture by setting the appropriate tone at the top, promoting awareness, ownership and proactive management of key risks.
- **Organisation Structure** - Put in place an organisation structure that ensures proper segregation of duties, defines risk management responsibility and authority and promotes ownership and accountability of risk management.
- **Process** - Implement robust and effective processes and systems for identification, monitoring and controls of risk.

The following outlines the key aspects and approaches of the risk management process of PLife REIT:

(1) Governance

The Board has the ultimate overall responsibility for the internal controls and risk management systems. The Board is assisted by the Audit Committee which provides dedicated oversight of internal controls and risk management system of PLife REIT and its subsidiaries ("Group").

(2) ERM Framework and Policies

The Manager maintains a robust risk management system to assess, mitigate and monitor risks and this has been implemented through an Enterprise Risk Management ("ERM") programme. An overall framework for ERM has been put in place and documented in the Manager's Risk Management Policy. The Risk Management Policy sets out the responsibility of the Board and Audit Committee, the structure and responsibilities of the ERM Committee who is responsible for oversight and monitoring of risk and operations of risk countermeasures. The ERM Committee comprises head of department of the Manager from the operational, financial and technical areas, and is responsible for managing risks in their respective areas by identifying key risks that may affect the risk exposure of the Manager and the Group, and evaluating the relevancy and adequacy of existing controls and mitigating factors associated with the risks.

The ERM process entails assessment of key risks that are relevant to the Manager and the Group based on the business and macro conditions of the current year, taking into consideration the strategic goals and broad value drivers of PLife REIT. An external risk consultant is engaged to facilitate the ERM process and the Manager works closely with the external risk consultant to conduct regular risk workshops for a structured approach of identification and assessment of risks and the risk appetite of the Group. The external risk consultant also validates the sufficiency and adequacy of the internal controls and the mitigating factors associated with the key risks identified on an annual basis by reviewing the control self-assessment on the key risks identified which requires respective risk owners to identify, assess and document material risks along with their key controls and mitigating measures.

The Group's risk profile is reviewed on a semi-annual basis and identified key risks are reported to the Audit Committee. The key risks are reported to the Board on an annual basis. If any material non-compliance and internal control weaknesses are identified during the ERM assessment, the recommendations to address them and the mitigating controls or gaps (if any) will also be reported to the Audit Committee and the Board accordingly.

(3) Key Risks Identified in FY2021

The Manager identifies key risks, assesses their likelihood and materiality to the Group's businesses and documents their corresponding controls and mitigating factors in a risk register. The key risks that were identified in FY2021 include:

Investment Related / Specific – Geopolitical / Macro-environment Factors / Economic & Financial Outlooks / Geographical Expansion / Competitor / Property Related / Industry / Availability of Information to make the investment decision

Investment or making an acquisition can expose PLife REIT to external forces from the macro environment as well as industry specific risks associated with local government, related sectorial and real estate market conditions, such as changes in local regulations, fluctuation of capital values of properties and change of demand and supply of the healthcare and healthcare-related industry in regions where the Group plans to invest. Increase in demand from real estate investors, developers, investment funds, REITs and other alternative investors, can heighten the competition against PLife REIT for the investment of healthcare, aged care or healthcare related opportunities. Black-swan event such as the COVID-19 pandemic or other geopolitical tensions which has adversely affected worldwide economies will in turn impact the sub markets which PLife REIT has currently invested in or plans to invest into.

To mitigate such risks, PLife REIT carries out various measures:

- Diversify into new markets/countries
- Work closely with the Sponsor and third parties to identify alternative opportunities and growth platforms
- Monitor asset class concentration
- Focus on more mature healthcare/aged care markets such as Singapore, Japan, Australia, Europe and UK
- Observe established quantitative and qualitative investment criteria
- Monitor, evaluate and assess the event impacted environment (COVID-19 pandemic) and its risk implications to the Group's business and sectors.

In addition, all investment proposals are subject to rigorous and disciplined assessment/evaluation of the available information obtained by the Manager to consider the appropriateness of the potential transaction before making a recommendation to the Board. The Manager adheres to a stringent set of policies and procedures and conducts comprehensive due diligence reviews to address the legal, financial, tax and physical property aspects of the investments. During unprecedented outbreak of the COVID-19 pandemic, some modification to the due diligence process has been made to ensure the required evaluation is still carried out within the current constraints.

Capital Availability / Financing / Refinancing

The ability to raise funds from both banks and capital markets has enabled PLife REIT to diversify its sources of funding to avoid over-reliance on any single source of funding. To mitigate refinancing risks post acquisition, the Manager is mindful to put in place long-term financing (at least 3 years or more). In addition, the Manager is constantly monitoring the market to extend debt maturities and typically pre-emptively refinance maturing loan ahead of its maturity. PLife REIT aims to have no more than 30% of the total debts due in a single year, to avoid bunching effect. The Manager also put in place policies and designated personnel to observe the compliance of the financial covenants in loan agreements and the leverage limit regulated under the MAS' Property Funds Appendix. The Board is kept apprised on PLife REIT's debt and capital management at every meeting held quarterly. There is no long-term debt refinancing need till June 2023.

Project Management

Following unitholders' approval on 30 September 2021 for the transaction which involved the Renewal Capex Agreement for the Singapore Hospitals, the Manager engaged consultants in November 2021 to proceed with the design development stage and beyond for the Renewal Capex Works at Mount Elizabeth Hospital ("RCW"). As the RCW entails additions and alterations ("A&A") works involving major retrofitting and reconfiguration within a "live" hospital environment, it is important to ensure that the works are executed appropriately. Few recognising key risks are identified from the safety and health, time and budget aspects and the Manager has set up a series of countermeasures to mitigate the respective risks. The safety and health aspect shall be prioritised given the nature of the working environment, a "live" operating hospital. The appointed contractor shall conduct extensive risk assessments and develop a workable action plan to overcome the risks identified. Furthermore, all relevant stakeholders shall be made aware of their respective roles in the project and be committed to cooperate in order to cover the risks identified from all aspects so that preventive and corrective measures, if necessary, would be implemented. In addition, clauses pertaining to penalties would be included as part of the Work Agreement. By doing so, it serves as a deterrent to prevent the appointed Contractor(s) from being negligent in terms of the site work and to strictly adhere to the renovation guidelines put forth. In terms of the time and budget aspects, all approvals, procurements and significant milestone events will be closely tracked to ensure attainment of targeted schedule and predetermined budget.

Rent Review Mechanism and / or Lease Restructuring Opportunities / Divestment

In ensuring sustainable returns throughout the life cycles of the properties, the Manager has established relevant measures to monitor and ensure prompt lease renewals, prudent control of property expenses and an annual capital expenditure programme to maintain and enhance PLife REIT's properties. For new acquisitions, terms and conditions will be negotiated to incorporate periodic rental review clauses. Monthly management meetings are also conducted to discuss asset recycling opportunities and initiatives as well as potential opportunities for divestment, if any, to unlock value for better yield investments. In addition, the Board is provided with quarterly updates on key operational activities of the Group.

As the Singapore hospital properties contributes close to 60% of PLife REIT's gross revenue, the New Master Lease Agreements for the Singapore Hospitals together with the Renewal Capex Agreement had been negotiated and approved by unitholders on 30 September 2021.

Leadership Development and Retention

The Manager has put in place a framework for management succession planning, with the key objective to identify and groom potential successors for business critical roles within the Manager, in the event of any disruption to business operations due to attrition of key personnel. Assessment was performed to identify the business critical roles within the Manager as well as to identify potential successors and implement development plans. The Manager reviewed the management succession plan from time to time and will provide leadership development plan for the business critical roles and their successors accordingly with the objective to expedite the readiness of the successors and also to increase staff retention. The Manager conducts staff performance review and career progression opportunities for all staff on an annual basis. The head of departments of the Manager is tasked to look after the human resource matters and the career development plan for the staff. The Manager also conducts salary benchmarking exercise regularly to ensure that its staff is competitively remunerated vis-à-vis the market and that the salary adjustments are based on performance. The Manager also promotes a conducive family-like working environment.

Catastrophic Loss (including COVID-19)

The Group reviews the insurance procurement of PLife REIT's assets on an annual basis, to ensure that the entire portfolio is adequately insured. On the whole, PLife REIT's portfolio is secured with standard insurance covers such as property damage, business interruption as well as liability insurances.

Recognising specific risk associated with the respective portfolios, additional insurance covers are also procured, where deemed appropriate, to mitigate such risk.

In consideration of the heightened terrorist attacks worldwide. PLife REIT worked with the respective MCSTs to secure terrorism insurance covers for two of its Singapore hospital properties, Mount Elizabeth Hospital and Gleneagles Hospital, which are centrally located and within a vicinity deemed to be of higher terrorism risks.

For the Japan portfolio, earthquake insurance is procured on a "Policy Limit" basis, to reasonably manage the inherent risk associated with the Japan properties. With PLife REIT's Japan portfolio well diversified across various prefectures, concentration risk is lowered. In assessing the sum insured for the earthquake insurance, a fine balance was sought between costs and coverage. With all our Japan properties built in accordance with strict seismic compliance and as earthquake ("EQ") tends to impact the properties within the same region, the basis of determining the EQ sum insured is to ensure that the amount is at least sufficient to cover the total estimated loss of our most concentrated region on probable maximum loss basis.

Similar to previous renewal, the infectious / communicable disease coverage for Singapore properties business interruption policies were removed as insurers were unable to provide such coverage in view of the on-going COVID-19 pandemic.

In addition, Business Continuity Plan ("BCP") has been established for PLife REIT's entire portfolio, to minimise the potential impact of disruptions to critical businesses from events such as terrorism, pandemics and natural disasters. Service providers, as well as tenants, are required to be involved in drills to ensure operational preparedness.

Interest rate and foreign exchange

To maintain stable distribution and steady net asset value of PLife REIT, the Manager exercises prudent financial risk management to manage the exposure to interest rate volatility on its borrowings and foreign exchange risk on foreign investments. The Manager constantly monitors the exposure and utilises various financial instruments, such as interest rate swap, interest rate cap and cross currency interest rate swap etc. to hedge against the market fluctuations. The Group adopts a natural hedge strategy for its Japanese investments to maintain a stable net asset value and has also entered into foreign currency forward exchange contracts to hedge the net foreign income from Japan. Our policy is to hedge at least 50% (up to 100%) of all financial risks. As of 31 December 2021, the Group has put in place JPY forward contracts till 3Q 2026 and also hedged a large portion of its interest rate exposure.

Credit Default (Tenants)

The Group has put in place procedures to assess the credit worthiness of the lessees to safeguard its cashflow stability. Periodic review of the existing lessees are conducted which includes checks on their financial status to assess the likelihood of potential rent default. Overseas revenue is further secured through the following means:

- Security deposits (mainly between 3 to 6 months) have been collected in advance for Japan properties; and
- Some property operators were required to pay additional security deposit should occupancy rate drop below certain percentages.
- Rental and Lease Guarantees have also been secured for some properties.

CORPORATE GOVERNANCE

Parkway Trust Management Limited, in its capacity as the Manager of PLife REIT recognises that an effective corporate governance culture is critical to the performance of the Manager and consequently, the success of PLife REIT. The Manager is firmly committed to good corporate governance and has adopted a comprehensive corporate governance framework that meets best practice principles. In particular, the Manager has an obligation to act with due care and diligence, and in the best interests of Unitholders.

The following sections describe the Manager's main corporate governance policies and practices with reference to the Code of Corporate Governance 2018 ("CG Code"). They encompass proactive measures for avoiding situations of conflict and potential conflicts of interest and ensuring that applicable laws and regulations such as the Securities and Futures Act 2001 of Singapore ("SFA"), the listing manual ("Listing Manual") of the Singapore Exchange Securities Trading Limited ("SGX-ST"), the Code on Collective Investment Schemes ("CIS Code") issued by the Monetary Authority of Singapore ("MAS") including the Property Funds Appendix in Appendix 6 of the CIS Code (the "Property Funds Appendix"), the CMS Licence (as defined below), the tax ruling issued by the Inland Revenue Authority of Singapore on the taxation of PLife REIT and its Unitholders are complied with, and that the Manager's obligations under PLife REIT's Trust Deed (as defined below) are properly and efficiently carried out. The Manager confirms that it has complied with the CG Code in all material respects and to the extent that there are any deviations from the CG Code, the Manager will provide explanations for such deviation and details of the alternative practices which have been adopted by the Company which are consistent with the intent of the relevant principle of the CG Code.

THE MANAGER OF PLIFE REIT

The Manager has general powers of management over the assets of PLife REIT. The Manager's main responsibility is to manage PLife REIT's assets and liabilities for the benefit of Unitholders.

The Manager sets the strategic direction of PLife REIT and makes recommendations to the Trustee on the acquisition, divestment and enhancement of assets of PLife REIT in accordance with its stated investment strategy.

Other main functions and responsibilities of the Manager are as follows:

1. using its best endeavours to carry on and conduct its business in a proper and efficient manner, to ensure that the business of PLife REIT is carried on and conducted in a proper and efficient manner and to conduct all transactions with or on behalf of PLife REIT at arm's length and on normal commercial terms;

2. preparing property plans on an annual basis for review by the directors of the Manager, which may contain proposals and forecasts on net income, capital expenditure, sales and valuations, explanations of major variances to previous forecasts, written commentary on key issues and underlying assumptions on inflation, annual turnover, rental rates, occupancy costs and any other relevant assumptions. The purpose of these plans is to explain the performance of PLife REIT's assets;

3. ensuring compliance with the applicable provisions of the SFA and all other relevant laws and regulations, the Listing Manual, the CIS Code (including the Property Funds Appendix), the CMS Licence, the Trust Deed, the tax ruling issued by the Inland Revenue Authority of Singapore on the taxation of PLife REIT and its Unitholders and all relevant contracts;

4. attending to all regular communications with Unitholders; and

5. provision of project management services including co-ordination of pre-qualification and tender exercises as well as project meetings, recommendation of project budget and appointment of project consultants as well as monitoring and supervising any third parties engaged to provide such services.

PLife REIT, constituted as a trust, is externally managed by the Manager and accordingly, has no personnel of its own. The Manager appoints experienced and well-qualified management personnel to handle its day-to-day operations. All directors and employees of the Manager are remunerated by the Manager, and not PLife REIT.

Parkway Trust Management Limited has been appointed as the Manager of PLife REIT in accordance with the terms of the trust deed constituting PLife REIT dated 12 July 2007 (as amended, the "Trust Deed"). The Trust Deed outlines certain circumstances under which the Manager can be retired in favour of a corporation approved by the Trustee or be removed by notice given in writing from the Trustee upon the occurrence of certain events.

On 1 August 2008, a licensing regime for managers of real estate investment trusts ("REITs") was implemented under the SFA. A person conducting REIT management activities is required to hold a capital markets services licence ("CMS Licence") pursuant to the SFA. On 11 August 2009, the Manager obtained a CMS Licence from MAS to conduct REIT management. As a holder of a CMS Licence, the Manager is required to comply with various laws and regulations applicable to CMS Licence holders which include, among others, the SFA, the Securities and Futures (Licensing and Conduct of Business) Regulations, the Securities and Futures (Financial and Margin Requirements for Holders of Capital Markets Services Licences) Regulations and the Securities and Futures (Disclosures of Interests) Regulations.

BOARD MATTERS

The Board's Conduct of Affairs

Principle 1: The company is headed by an effective Board which is collectively responsible and works with Management for the long-term success of the company.

The board of directors of the Manager ("Board'') is responsible for the overall management and corporate governance of the Manager including establishing strategic objectives, providing entrepreneurial leadership, establishing goals for management and monitoring the achievement of these goals. All Board members participate in matters relating to corporate governance, business operations and risks, financial performance and the nomination and review of directors. The Board has established a framework for the management of the Manager including a system of internal controls and a business risk management process which enables risks to be assessed and managed.

The Board meets regularly, at least once every quarter, to deliberate the strategic objectives and policies of PLife REIT. Matters requiring the Board's decision and approval include investments, acquisitions and disposals, leasing, assets enhancement initiatives, operating/capital expenditure, loan or debt financing or refinancing taking into consideration PLife REIT's commitment in terms of capital and other resources, the annual budget, the release of the quarterly and full year results, the appointment of directors and other material transactions. Such matters have been clearly communicated to the management in writing. The Board also reviews the financial performance of PLife REIT against a previously approved budget, assesses the risks to the assets of PLife REIT, examines liability management, and acts upon any comments from the auditors of PLife REIT. Where necessary, additional Board meetings are held to address significant transactions or issues.

In the discharge of its functions, the Board is supported by an Audit Committee ("AC") that provides independent oversight of the Manager. The Board is also supported by a Nominating and Remuneration Committee ("NRC") which oversees the remuneration matters of the directors and key management personnel of the Manager, nomination of directors and the effectiveness of the Board. Each of these Board committees operates under delegated authority of the Board and is governed by its respective terms of reference which have been approved by the Board.

The Board has adopted a set of internal controls which it believes is adequate in safeguarding Unitholders' interests and PLife REIT's assets. Appropriate delegation of authority has been provided to management to facilitate operational efficiency.

The Board recognises that Directors of the Manager have the fiduciary duties to act objectively in the best interest of PLife REIT and hold the management accountable for performance. As such, any Director who has or appears to have a direct/deemed interest that may conflict with a subject under discussion by the Board shall declare his interest and recuse himself from the information flow and discussion of the subject matter. He will also abstain from any decision-making on the subject matter. The Manager adopts the holding company's group policy on code of conduct with necessary adaptation to its business and the applicable legal requirements. The core basic values of the code of conduct include upholding ethical standards of professional practice, to treat all internal and external parties with mutual respect and without prejudice, to uphold the confidential information relating to its business and to avoid conflict of interest. All Manager's staff shall abide by the code of conduct, policies and guidelines pertaining to employment and accountability.

The number of Board and Board committee meetings during the financial year ended 31 December 2021 ("FY2021"), as well as the attendance of each Board member at these meetings, are set out below.

Director	Board Meetings	Audit Committee Meetings	Nominating and Remuneration Committee Meetings	Annual General Meeting
Mr. Ho Kian Guan	5	7	-	1
Dr. Jennifer Lee Gek Choo	5	7	2	1
Ms. Cheah Sui Ling	5	7	2	1
Dr. Kelvin Loh Chi-Keon	5	-	2	1
Ms. Rossana Annizah Binti Ahmad Rashid (1)	4	-	-	1
Mr. Takeshi Saito (2)	1	-	-	-
Mr. Low Soon Teck (3)	3	-	-	1
Mr. Joerg Ayrle (4)	2	-	-	-
Mr. Sim Heng Joo Joe	5	-	-	1
Mr. Yong Yean Chau	5	-	-	1
No. of Meetings held in FY2021	**5**	**7**	**2**	**1**

Notes:
(1) Resigned as a director on 11 August 2021.
(2) Appointed as a director on 11 August 2021.
(3) Resigned as a director on 23 April 2021.
(4) Appointed as a director on 23 April 2021.

Changes to laws, regulations, accounting standards and commercial risks are monitored closely. To keep pace with such changes where these changes have an important bearing on the Manager's or directors' obligations, the directors will be briefed either during Board meetings or at specially-convened sessions involving the relevant professionals. The Board may also participate in seminars and/or discussion groups to keep abreast of the latest developments which are relevant to the Manager and PLife REIT. All newly-appointed directors receive letters of appointment explaining their roles, duties and obligations as a director of the Manager. Orientation and induction programmes will be conducted for new directors, which include briefings on the Board structure and responsibilities and overall strategic business plans and direction for PLife REIT. New directors will also be briefed on their duties and statutory obligations as a director of the Manager. First-time directors will also be provided training in areas such as accounting, legal and industry-specific knowledge as appropriate. In compliance with the training requirements under Rule 210(5)(a) of the Listing Manual, Mr. Joerg Ayrle who was appointed to the Board on 23 April 2021, has completed the following core modules of the Listed Entity Director Programme:-

(i) LED 1 – Listed Entity Director Essentials, completed on 5 October 2021;
(ii) LED 2 – Board Dynamics, completed on 7 October 2021;
(iii) LED 3 – Board Performance, completed on 8 October 2021; and
(iv) LED 4 – Stakeholder Engagement, completed on 12 October 2021.

The management provides the Board with complete and adequate information on the business and the operations of PLife REIT and the Manager, on a regular and quarterly basis, at Board meetings.

The annual calendar of the Board meeting is scheduled in advance. Board papers are circulated to directors about 5 days in advance before the scheduled meetings so that directors have sufficient time to review and consider matters being tabled and discussed at the meetings. The senior executives are also requested to attend the Board meetings to provide insights into matters being discussed and to respond to any queries from the directors.

The Board has separate and independent access to management and the company secretary at all times. The Board is entitled to request from management and is provided with such additional information in a timely manner as needed to make informed decisions. The company secretary attends to corporate secretarial administration, ensures that Board procedures are followed and that applicable rules and regulations are complied with. The company secretary also attends all Board meetings. The appointment and removal of the company secretary is a Board reserved matter. The Board also has access to independent professional advice where appropriate, at the Manager's expense.

BOARD COMPOSITION AND GUIDANCE

Principle 2: The Board has an appropriate level of independence and diversity of thought and background in its composition to enable it to make decisions in the best interests of the company.

The Board presently consists of eight members, seven of whom are non-executive directors (including three independent directors). The Chairman of the Board is Mr. Ho Kian Guan. None of the directors has entered into any service contract directly with PLife REIT.

Current Director's Appointment and Membership on Board Committees

Director	Board Membership	Audit Committee	Nominating and Remuneration Committee
Mr. Ho Kian Guan	Chairman and Independent Director	Member	-
Dr. Jennifer Lee Gek Choo	Independent Director	Member	Chairman
Ms. Cheah Sui Ling	Independent Director	Chairman	Member
Dr. Kelvin Loh Chi-Keon	Non-Executive Director	-	Member
Mr. Takeshi Saito [1]	Non-Executive Director	-	-
Mr. Joerg Ayrle [2]	Non-Executive Director	-	-
Mr. Sim Heng Joo Joe	Non-Executive Director	-	-
Mr. Yong Yean Chau	Executive Director	-	-

Notes:
(1) Appointed on 11 August 2021.
(2) Appointed on 23 April 2021.

The composition of the Board is determined using the following principles:

1. the Chairman of the Board and Chief Executive Officer ("CEO") should in principle be separate persons;

2. the Board should comprise directors with a broad range of expertise and commercial experience (including expertise in funds management and the property industry), and knowledge of PLife REIT; and

3. at least one-third of the Board should comprise independent directors.

Independent Directors

The Board has three independent directors, namely Mr. Ho Kian Guan, Dr. Jennifer Lee Gek Choo and Ms. Cheah Sui Ling. None of the independent directors has served beyond nine years on the Board.

CORPORATE GOVERNANCE

When evaluating the independence of the Directors, the Board follows the guidance in the CG Code where an "independent" director is defined as one who is independent in conduct, character and judgement, and has no relationship with the Manager, its related corporations, its substantial shareholders or its officers that could interfere, or be reasonably perceived to interfere, with the exercise of a director's independent business judgement in the best interests of the Manager and PLife REIT. Further, additional independence requirements were imposed under regulations 13D to 13H of the Securities and Futures (Licensing and Conduct of Business) Regulations ("SFLCB Regulations"). Under the SFLCB Regulations, a director is considered to be independent if the director (i) is independent from the management of the Manager and PLife REIT; (ii) is independent from any business relationship with the Manager and PLife REIT; (iii) is independent from every substantial shareholder of the Manager and every substantial unitholder of PLife REIT; (iv) is not a substantial shareholder of the Manager or a substantial unitholder of PLife REIT; and (v) has not served as a director on the Board for a continuous period of 9 years or longer. The Chairman of the Board also cannot be an executive director or a person who is a member of the immediate family of the CEO.

For FY2021, the NRC has conducted an annual review of the directors' independence taking into consideration the independence criterion given in the CG Code and the SFLCB Regulations. The NRC considered that Mr. Ho Kian Guan, Dr. Jennifer Lee Gek Choo and Ms. Cheah Sui Ling are independent as they have each demonstrated independence of view and conduct at both Board meetings and Board committee meetings and has been exercising independent judgment in the best interests of PLife REIT. Based on the review and recommendation of the NRC, the Board concurred that Mr. Ho, Dr. Lee and Ms. Cheah are considered independent. In view of the above, at least one-third of the Board comprises Independent Directors.

The Board has considered the relevant requirements under the SFLCB Regulations and its views in respect of each of the Directors as follows:

Name of Director	(i) had been independent from the management of the Manager and PLife REIT during FY2021	(ii) had been independent from any business relationship with the Manager and PLife REIT during FY2021	(iii) had been independent from every substantial shareholder of the Manager and every substantial unitholder of PLife REIT during FY2021	(iv) had not been a substantial shareholder of the Manager or a substantial unitholder of PLife REIT during FY2021	(v) has not served as a director of the Manager for a continuous period of 9 years or longer as at the last day of FY2021
Mr. Ho Kian Guan	√	√	√	√	√
Dr. Jennifer Lee Gek Choo	√	√	√	√	√
Ms. Cheah Sui Ling	√	√	√	√	√
Dr. Kelvin Loh Chi-Keon (1)		√		√	√
Mr. Takeshi Saito (1)		√		√	√
Mr. Joerg Ayrle (1)		√		√	√
Mr. Sim Heng Joo Joe (1)		√		√	√
Mr. Yong Yean Chau (1)		√		√	

Note:

(1) Each of Dr. Kelvin Loh Chi-Keon, Mr. Joerg Ayrle and Mr. Sim Heng Joo Joe is currently employed by related corporation of the Manager and each of them is a director of various subsidiaries or associated companies of IHH Healthcare Berhad ("IHH") which wholly-owns the Manager and is a substantial unitholder of PLife REIT. Mr. Takeshi Saito is currently a director on the board of IHH and is accustomed to act in the accordance with the directions, instructions and wishes of IHH. Mr. Yong Yean Chau is currently the Executive Director and Chief Executive Officer of the Manager, which is wholly-owned by IHH. As such, during FY2021, each of them is deemed (a) to have a management relationship with the Manager and PLife REIT; and (b) connected to a substantial shareholder of the Manager and substantial unitholder.

The Board of the Manager is satisfied that, as at 31 December 2021, each of them was able to act in the best interests of all Unitholders of PLife REIT as a whole. For the purposes of Regulation 13E(b)(ii) of the SFLCB Regulations, as at 31 December 2021, each of the abovementioned directors were able to act in the best interests of all the Unitholders as a whole.

The Board has not appointed a lead independent director given that the Chairman is an independent director who is not part of the management team, as described under section of "Chairman and CEO" below.

Non-executive Directors

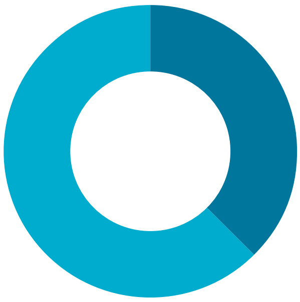
Non-executive directors exercise no management functions in the Manager or PLife REIT or any of its subsidiaries. Although all the directors have equal responsibility for the performance of the Manager and PLife REIT, the role of the non-executive directors is particularly important in ensuring that the performance of management in meeting agreed goals and objectives is reviewed and the reporting of performance is monitored; and the strategies proposed by management are fully discussed, rigorously examined and developed, taking into account the long-term interests of PLife REIT's assets and the Unitholders. The non-executive and/or independent directors meet regularly without the presence of the management on a need-to basis, and feedback will be communicated by the chairman of such meetings to the Chairman of the Board or the Board, as appropriate.

The majority of the directors are non-executive and/or independent of the management. This enables the management to benefit from their external, diverse and objective perspective on issues that are brought before the Board. It would also enable the Board to interact and work with the management through a robust exchange of ideas and views to help shape the strategic process. This, together with a clear separation of roles of the Chairman and CEO described below, provides a healthy professional relationship between the Board and the management, with clarity of roles and robust oversight as they deliberate the business activities of the Manager.

The composition of the Board is reviewed regularly to ensure that the Board has the appropriate mix of expertise and experience and is of the appropriate size. In carrying out this review, the Board looks to achieve a balance in matters such as skill representation, experience, diversity (Board is guided by their policies on gender and age diversity) and knowledge of the company. The current Board comprises eight members with two female directors, and the Board members are with varied backgrounds, expertise and experience including in finance, banking, investment, real estate, healthcare business and operations, business and general management. The Board composition in terms of age group, independence, tenure and gender as at 31 December 2021 are as follows:-

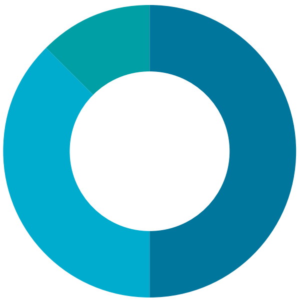
AGE SPREAD

50 and below	4
51 - 60	2
61 and above	2



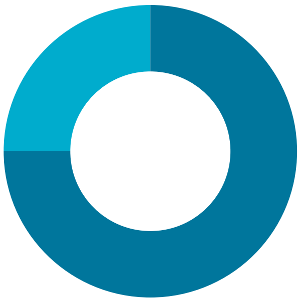
BOARD INDEPENDENCE

Independent	3
Non-Independent	5



TENURE MIX

0 to 3 years	4
>3 to <6 years	3
>6 years	1



BOARD GENDER DIVERSITY

Male	6
Female	2

During the financial year 2021, the Board has reviewed its composition, the level of independence and diversity of the Board and is satisfied that the existing size and composition is appropriate in facilitating effective decision-making and constructive debate, taking into account the scope and nature of operations of the Manager and PLife REIT, the requirements of the business and the need to avoid undue disruptions from changes to the composition of the Board and its committees.

The profiles of the directors are set out on pages 14 to 19 of this Annual Report.

CHAIRMAN AND CHIEF EXECUTIVE OFFICER

Principle 3: There is a clear division of responsibilities between the leadership of the Board and the Management, and no one individual has unfettered powers of decision-making.

The positions of Chairman and CEO are separately held by two persons in order to maintain an effective check and balance and ensure increased accountability and greater capacity for the Board for independent decision making. The Chairman of the Board, Mr. Ho Kian Guan is an independent director. The CEO is Mr. Yong Yean Chau who is also an executive director of the Manager. The Chairman and the CEO are not immediate family members and are not related to each other.

There is a clear and written separation of the roles and responsibilities between the Chairman and the CEO. The Chairman is responsible for the overall management of the Board as well as ensuring that the directors and the management work together with integrity and competency, and that the Board engages the management in constructive debate on strategy, business operations, enterprise risk and other plans. The Chairman also ensures effective communication with the Unitholders and takes a leading role in promoting high standards of corporate governance with support of the Board and the management.

The CEO has full executive responsibilities over the business directions and operational decisions in the day-to-day management of the Manager and PLife REIT.

BOARD MEMBERSHIP

Principle 4: The Board has a formal and transparent process for the appointment and re-appointment of directors, taking into account the need for progressive renewal of the Board.

The NRC of the Manager currently comprises Dr. Jennifer Lee Gek Choo (Chairman of the NRC) and Ms. Cheah Sui Ling, both of whom are non-executive and independent directors, and Dr. Kelvin Loh Chi-Keon, a non-executive director. The NRC members meet, at least once every year to deliberate the remuneration matters and matters relating to Board members' appointment and succession, Board performance evaluation and directors' independence.

The NRC has a set of terms of reference defining its scope of responsibility and authority, which includes the following:

(a) recommending to the Board a framework of remuneration for key management personnel, and to determine specific remuneration packages for the Board and key management personnel covering all aspects of remuneration including but not limited to director's fees, salaries, allowances, bonuses, options, unit-based incentives, awards and benefits-in-kind;

(b) reviewing the appropriateness of remuneration award to attract, retain and motivate the executive director and key management personnel needed to manage the Manager and PLife REIT successfully;

(c) reviewing the pay and employment conditions within the industry and those of the peer companies to ensure that the executive director and key management personnel are adequately remunerated;

(d) reviewing the adequacy and form of remuneration to the directors and key management personnel to ensure that the remuneration realistically commensurate with the responsibilities and risks involved in being an effective member, as well as corporate and individual performance;

(e) considering the eligibility of the executive director and key management personnel for benefits under long-term incentive schemes and the administration thereof;

(f) reviewing the use of long-term incentives, including share schemes, for the executive director and key management personnel;

(g) proposing candidates to the Board and Board committees of the Manager;

(h) overseeing the succession planning for the Board and key management personnel;

(i) assessing the performance and effectiveness of the Board as a whole and the Board committees and assessing the contribution of each director to the effectiveness of the Board;

(j) recommending the training and professional development programs for the Board; and

(k) assessing independence of each director on an annual basis.

The members of the NRC do not participate in any decisions concerning their own remuneration.

The NRC ensures that non-executive directors are not over-compensated to the extent that their independence may be compromised. Further, the NRC shall have the authority to consult experts (inside and/or outside the Manager) on the remuneration of all directors, if it considers necessary.

The appointment of director is a matter reserved for Board approval. The search for candidates is conducted through contacts and recommendations. The NRC will evaluate and assess the candidate based on the directors' criteria approved by the Board, candidate's academic and professional qualifications, expertise, commercial experience and knowledge, taking into account the scope and nature of operations of the Manager and PLife REIT. Suitable candidates are recommended by the NRC to the Board for approval. The Board will deliberate and review the proposed appointment of a new director taking into account the recommendation by the NRC. Such appointment is subject to the approval of MAS. A formal letter setting out the director's duties and responsibilities will be given to the new director upon his/her appointment to the Board.

As the Manager is not a listed company, directors of the Manager are not subject to periodic retirement by rotation. Pursuant to an undertaking given by Parkway Holdings Limited to the Trustee on 16 March 2017 ("Undertaking"), Unitholders are given the right to endorse the appointment of the directors of the Manager by way of ordinary resolution at the annual general meetings ("AGM") of Unitholders. Accordingly, one-third of the directors of the Manager were put forth for Unitholders' endorsement of appointment during PLife REIT's AGM since 2017. Pursuant to Rule 720(6) of the Listing Manual, information relating to the directors who will be subject to Unitholders' endorsement or re-endorsement at the upcoming AGM is provided on pages 99 to 106 of this Annual Report.

The Board has set a general policy that a director should not have more than six listed company board representations to take into account the market practices and the level of commitment required. This helps to ensure that the Board is effective as a whole and that each director is capable of contributing time and attention to the affairs of PLife REIT and the Manager, including attending and contributing at Board meetings. The Board and the NRC have assessed the effectiveness and performance of the Board and its Board Committees on an annual basis. Based on the attendance and level of participation at the Board and Board Committee meetings held in the financial year, all directors were able to adequately and diligently carry out their duties.

BOARD PERFORMANCE

Principle 5: The Board undertakes a formal annual assessment of its effectiveness as a whole, and that of each of its board committees and individual directors.

A review of the Board's performance is conducted annually to assess the effectiveness of the Board and the Board committees. The review of the Board's performance includes the Board composition, directors' contribution and commitment at board meetings, access to information, procedures, accountability and standards of conduct, skills and any specific areas where improvement may be made by an individual director and the Board collectively. Attendance at meetings as well as the contributions of each director to the Board are also considered. The Board has not engaged any external facilitator to facilitate the assessment. Each of the directors are required to complete a questionnaire evaluating the Board and the Board committees for the financial year under review. A summary of the feedbacks and recommendations from the directors was prepared and presented to the NRC and the Board respectively. The NRC has reviewed the summary and put forward its comments and recommendations, if any, to the Board for approval. The Board is satisfied with the effectiveness of the Board and that all directors have demonstrated commitment to their roles and contributed effectively to the Board.

REMUNERATION MATTERS

Principle 6: The Board has a formal and transparent procedure for developing policies on director and executive remuneration, and for fixing the remuneration packages of individual directors and key management personnel. No director is involved in deciding his or her own remuneration.

Principle 7: The level and structure of remuneration of the Board and key management personnel are appropriate and proportionate to the sustained performance and value creation of the company, taking into account the strategic objectives of the company.

Principle 8: The company is transparent on its remuneration policies, level and mix of remuneration, the procedure for setting remuneration, and the relationships between remuneration, performance and value creation.

As highlighted above, the NRC reviews and recommends to the Board a general framework of remuneration for the Board and the key management personnel. In current practice, the NRC reviews and recommends to the Board the specific remuneration packages for each Director and key management personnel to ensure that the remuneration payable is in line with the objectives of the Manager's remuneration guidelines.

The directors' fees and remuneration of staff of the Manager are paid in its own capacity using its own funds and fees received from PLife REIT and not from the funds of PLife REIT.

The Manager advocates a performance based remuneration system for the CEO/executive director and key management personnel. The NRC, which has an independent majority, helps to ensure that there is an effective and formal process to establish the remuneration system. The remuneration of the CEO/executive director and the key management personnel is reviewed by the NRC on an annual basis based on the financial and non-financial key performance indicators ("KPIs") linked to the performance of PLife REIT for the financial year under review, and individual performance of each of the CEO/executive director and key management personnel in contribution to the long-term strategic goals of PLife REIT and the Manager. The financial KPI entails distributable income of PLife REIT and the non-financial KPIs entail analyst coverage, tenant satisfaction, retention of key staffs and regulatory compliance ("Performance Criteria").

The remuneration for the CEO/executive director and key management personnel comprises fixed pay and short-term and long-term incentives. The fixed pay component includes fixed salary and allowances. The short-term and long-term incentives are tied to the individual performance based on their value creation capability, being the ability in contributing and achieving the Performance Criteria in their respective roles, and the overall performance of PLife REIT for the financial year.

The Performance Criteria and its target were approved by the Board prior to each financial year. Under the long-term incentive plan ("LTI Plan"), the eligible employee will be awarded with the PLife REIT's units owned by the Manager based on the achievement of the Performance Criteria for the financial year under review.

The LTI Plan is designed to enhance executive performance, encourage talent retention and provide eligible employees with a personal direct interest in PLife REIT, so as to create better alignment of the interest between management and the interest of unitholders of PLife REIT. The LTI Plan will also serve to motivate eligible employees to achieve the performance targets of PLife REIT. The Manager believes that the LTI Plan will make the Manager's remuneration package sufficiently competitive to recruit, reward, retain and motivate outstanding employees which are paramount to the Manager's long-term objective of achieving sustainable returns for unitholders of PLife REIT.

The non-executive Directors receive their Directors' fees in accordance with their various levels of contributions, taking into account factors such as their responsibilities, effort and time spent for serving on the Board and the Board Committees, and their value creation capability, being the Directors' ability to provide valuable experiences and expertise in various aspects of PLife REIT's operations and providing stewardship to PLife REIT and the management of the Manager. The fees received by non-executive directors are at fixed rates and determined by the shareholder of the Manager on an annual basis. In addition to their basic fee, the non-executive directors who hold the position of chairman in the Board and any Board committee will be paid an additional fee. For the avoidance of doubt, the CEO/executive director does not receive any director's fee. None of the directors was involved in any decisions concerning their own remuneration. In discharging their duties, the NRC may seek advice from external consultants, whenever necessary.

Directors' Fees

The director's remuneration of the following non-executive directors for the FY2021 is as follows:

Name of Director	Director's Fee (%)	Base/ Fixed Salary (%)	Variable/ Performance-Related Income/ Bonuses (%)	Benefits-in-kind (%)	Stock Options granted (%)	Share-based incentives & awards (%)	Other long-term incentives (%)	Total (S$)
Mr. Ho Kian Guan	100	-	-	-	-	-	-	120,000
Dr. Jennifer Lee Gek Choo	100	-	-	-	-	-	-	94,000
Ms. Cheah Sui Ling	100	-	-	-	-	-	-	99,500
Dr. Kelvin Loh Chi-Keon (1)	100	-	-	-	-	-	-	64,000
Ms. Rossana Annizah Binti Ahmad Rashid (2)	100	-	-	-	-	-	-	32,844
Mr. Takeshi Saito (3)	100	-	-	-	-	-	-	21,156
Mr. Low Soon Teck (4)	100	-	-	-	-	-	-	16,570
Mr. Joerg Ayrle (5)	100	-	-	-	-	-	-	37,430
Mr. Sim Heng Joo Joe (1)	100	-	-	-	-	-	-	54,000

Notes:
(1) Director's fees are paid to Parkway Group Healthcare Pte. Ltd.
(2) Resigned as a director on 11 August 2021.
(3) Appointed as a director on 11 August 2021. Director's fees are paid to Mitsui & Co., Ltd.
(4) Resigned as a director on 23 April 2021.
(5) Appointed as a director on 23 April 2021. Director's fees are paid to Parkway Group Healthcare Pte. Ltd.

The Board has assessed and decided against the disclosure of (a) the breakdown (in percentage or dollar terms) of the CEO/executive director's remuneration earned through base/fixed salary, variable or performance-related income/bonuses, benefits-in-kind, stock options granted, share-based incentives and awards, and other long-term incentives, (b) the breakdown (in percentage or dollar terms) of each key management personnel's remuneration earned through base/fixed salary, variable or performance-related income/bonuses, benefits-in-kind, stock options granted, share-based incentives and awards, and other long-term incentives, and (c) the total remuneration paid to the top five key management personnel (who are not directors or the CEO), on a named basis whether in exact quantum or in bands of S$250,000, for the following reasons:

1. The remuneration of directors and employees of the Manager are not paid out of the deposited property of PLife REIT (which is the listed entity), but is remunerated directly by the Manager from the fees that it receives.

2. The Manager is of the view that disclosure of specific remuneration information may give rise to recruitment and talent retention issues in light of the competitiveness between REIT managers in Singapore because there are relatively few REIT manager companies compared to the number of listed companies in Singapore so there are competitiveness issues in recruiting and retaining competent personnel in this limited space.

3. There is already full disclosure of the total amount of fees payable to the Manager on page 182 of this Annual Report.

The Manager does not consider it prejudicial to unitholders' interests if the remuneration of the CEO/executive director and key management personnel is not specifically disclosed. Instead, the Manager believes that such disclosure would be disadvantageous given the highly competitive conditions in the REIT industry where poaching of executives is commonplace. As the retention of the CEO/executive director and key management personnel is crucial for continuity and a stable management platform for the interest of PLife REIT, the Manager does not wish to disclose such specific remuneration information.

No director or key management personnel of the Manager is paid in the form of shares or interests in the Manager's controlling shareholder or its related entities.

The NRC considers all aspects of remuneration, including termination terms, to ensure they are fair. For FY2021, there were no termination, retirement and post-employment benefits granted to directors, the CEO/executive director and the key management personnel other than the payment in lieu of notice in the event of termination in the employment contracts of the CEO/executive director and the key management personnel.

No employee of the Manager was an immediate family member of a director and CEO/executive director and whose remuneration exceeded S$100,000 during the FY2021. "Immediate family member" means the spouse, child, adopted child, stepchild, sibling and parent.

RISK MANAGEMENT AND INTERNAL CONTROLS

Principle 9: The Board is responsible for the governance of risk and ensures that Management maintains a sound system of risk management and internal controls, to safeguard the interests of the company and its shareholders.

The Board acknowledges that it is responsible for the overall internal control framework and the maintenance of a sound system of internal controls. The system includes, *inter alia*, enterprise risk management and internal auditing. However, the Board recognises that no cost-effective internal control system and risk management will preclude all errors and irregularities, as a system is designed to manage rather than eliminate the risk of failure to achieve business objectives, and can provide only reasonable and not absolute assurance against material misstatement or loss.

The Manager has appointed experienced and well-qualified management personnel to handle the day-to-day operations of the Manager and PLife REIT. In assessing business risks, the Board will consider the economic environment and risks relevant to the property and healthcare industry. It reviews management reports and feasibility studies on investment risks prior to approving all investment decisions. The Board meets regularly to review the operations of the Manager, the business risks of PLife REIT, examine liability management and will act upon any comments from the auditors of PLife REIT.

To ensure a robust risk management system is maintained, the Manager has put in place an Enterprise Risk Management ("ERM") framework and policies to determine the nature and the extent of the significant financial, operational, compliance and information technology risks in order to achieve strategic objectives and value creation of PLife REIT. An outline of the Manager's ERM framework and policies is set out on pages 77 to 79 of this Annual Report. Any material non-compliance and internal control weakness, together with the recommendations to address them, the mitigating controls or gaps (if any) are also presented to the AC and the Board accordingly.

The system of risk management is embedded in the internal control system of the Manager to address on-going changes and challenges and to reduce uncertainties to PLife REIT. The AC, through the assistance of internal and external auditors and the external risk consultant, reviews and reports to the Board on the adequacy and effectiveness of the Manager's internal control systems, including financial, compliance, operational and information technology controls.

The AC and the Board review the adequacy and efficiency of the risk management system and internal controls on an annual basis. Based on the up-to-date evaluation of the controls by the internal and external auditors and the external risk consultant, the CEO and the Chief Financial Officer ("CFO") of the Manager have provided written assurance to the Board that the financial records of PLife REIT have been properly maintained and the financial statements give a true and fair view of the operations and finances of PLife REIT for FY2021. The CEO, the CFO, the Chief Investment Officer ("CIO") and Chief Portfolio Officer ("CPO") have also provided the Board with written assurance that the Manager's internal controls and risk management systems are effective and adequate for the year under review.

Nonetheless, the AC will:

(a) satisfy itself, by such means as it shall consider appropriate, that adequate counter measures (i.e. mechanisms and processes, such as sound internal control systems) are in place to identify and mitigate any material business risks associated with the Manager and PLife REIT;

(b) ensure that a review of the effectiveness and adequacy of the Manager's internal controls, including financial, operational, compliance and information technology controls, and risk management policies and systems, is conducted at least annually. Such review can be carried out by internal auditors, external auditors and/or the ERM Committee;

(c) ensure that the internal control recommendations made by internal auditors, external auditors and/or the ERM Committee have been implemented by the Manager; and

(d) ensure that the Board is in a position to comment on the adequacy of the internal controls of the Manager.

The Board believes that the ERM framework is adequate and effective taking into account the size of PLife REIT and the business environment it operates in. The Board has also observed that the management, being familiar with the ERM framework, implements it effectively and provides the AC and the Board with timely updates on risk management activities. In relation to the Manager's internal controls, the Board derives comfort that such internal controls are being audited by both internal and external auditors on an annual basis and any lapses in internal controls are promptly brought to the attention to the Board in order for corrective measures to be implemented as soon as practicable. The AC concurs with the Board's comments regarding PLife REIT's internal controls and risk management systems provided in the foregoing.

Taking into account the abovementioned evaluation of the controls by the internal and external auditors and the external risk consultant, the review by the Manager's ERM committee, and the assurance received from the CEO, CFO, CIO and CPO of the Manager, the Board is of the opinion that PLife REIT's financial, operational, compliance and information technology controls, and risk management systems were adequate and effective as at 31 December 2021. For the financial year ended 31 December 2021, the Board and the AC have not identified any material weaknesses in the Manager's internal controls and risk management systems.

AUDIT COMMITTEE

Principle 10: The Board has an Audit Committee which discharges its duties objectively.

The AC comprises Ms. Cheah Sui Ling (Chairman of the AC), Dr. Jennifer Lee Gek Choo and Mr. Ho Kian Guan, all of whom are independent non-executive directors. The members of the AC collectively have recent and relevant expertise or experience in financial management and are appropriately qualified to discharge their responsibilities.

The role of the AC is to monitor and evaluate the adequacy of the Manager's internal controls and the effectiveness of the Manager's internal audit function. The AC also reviews the fairness and accuracy of information prepared for inclusion in the financial reports and statements, and is responsible for the nomination of external auditors and reviewing the adequacy of external audits in respect of cost, scope and performance. The AC members meet, at least once every quarter to deliberate matters under its responsibility.

The AC has a set of terms of reference defining its scope of responsibility and authority, which includes the following:

(a) monitoring the procedures established to regulate related party transactions, including ensuring compliance with the provisions of the Listing Manual relating to "interested person transactions" and the provisions of the Property Funds Appendix relating to "interested party transactions";

(b) reviewing the policy and arrangements by which employees of the Manager may, in confidence, raise concerns about possible improprieties in matters of financial reporting or other matters and ensuring that arrangements are in place for such concerns to be safely raised, independently investigated, and for appropriate follow-up action to be taken;

(c) reviewing external and internal audit reports to ensure that where deficiencies in internal controls have been identified, appropriate and prompt remedial action is taken by the management;

(d) reviewing internal audit reports at least twice a year to ascertain that the guidelines and procedures established to monitor related party transactions have been complied with;

(e) reviewing, on an annual basis, the internal audit function to ensure that is adequately resourced, is independent of the activities it audits, has appropriate standing within the Manager, is staffed with persons with the relevant qualifications and experience and has unfettered access to all documents, records, properties and personnel, including access to the AC;

(f) monitoring the procedures in place to ensure compliance with applicable legislation, the Listing Manual and the CIS Code including the Property Funds Appendix;

(g) reviewing the nature and extent of non-audit services performed by external auditors;

(h) reviewing the adequacy, effectiveness, independence, scope and results of the external audit and the company's internal audit function;

(i) meeting with external and internal auditors, without the presence of the executive director and key management personnel at least annually;

(j) examining the effectiveness of financial, operational, compliance and information technology controls at least annually;

(k) reviewing the adequacy and effectiveness of the internal controls and risk management systems at least annually;

(l) reviewing the significant financial reporting issues and judgements so as to ensure the integrity of the financial statements of PLife REIT and any formal announcements relating to PLife REIT's financial performance;

(m) reviewing the assurance from the CEO and the CFO on the financial records and financial statements and the assurance from the key management personnel regarding the adequacy and effectiveness of the risk management and internal control systems;

(n) investigating any matters within the AC's terms of reference, whenever it deems necessary;

(o) reporting to the Board on material matters, findings and recommendations; and

(p) making recommendations to the Board on the appointment, re-appointment and removal of the external auditors and the remuneration and terms of engagement of the external auditors.

The AC has authority to investigate any matter within its terms of reference. It also has full access to and co-operation by management and full discretion to invite any director or executive officer to attend its meetings.

During the year under review, the AC has reviewed:

- financial statements of PLife REIT before the announcement of quarterly and full-year results of PLife REIT;
- reports on audit findings reported by the internal and external auditors;
- reports on material business risk of PLife REIT reported by the external risk consultant;
- compliance work plan and updates reported by the compliance officer; and
- related party transactions of PLife REIT.

In addition, the AC has conducted a review of all non-audit services provided by the external auditors and is satisfied that the nature and extent of such services will not prejudice the independence and objectivity of the external auditors. For FY2021, the aggregate amount of fees paid and payable by PLife REIT to the external auditors was S$347,000, comprising non-audit service fees of S$64,000 and audit service fees of S$283,000. In appointing the audit firms for the Group, the AC is satisfied that PLife REIT has complied with the Listing Rules 712 and 715 of the Listing Manual.

The AC meets with the external auditors, without the presence of management, at least once a year.

The AC is briefed regularly on the impact of the new accounting standards on PLife REIT's financial statements by the external auditors.

The AC does not comprise former partners or directors of the Manager's and PLife REIT's external auditors, within a period of two years, or who holds any financial interest in the existing auditors engaged by PLife REIT and the Manager.

INTERNAL AUDIT

The Manager has put in place a system of internal controls of procedures, including financial, operational, compliance and information technology controls, and risk management systems to safeguard PLife REIT's assets, Unitholders' interests as well as to manage risk.

The internal audit function of the Manager is outsourced to BDO LLP, Singapore, a member of the international BDO network of independent member firms. BDO conducts their internal audits based on the BDO Global Internal Audit Methodology which is consistent with the International Standards for the Professional Practice of Internal Auditing adopted by The Institute of Internal Auditors. The internal audit team is well-resourced and is led by an engagement partner who is also the Head of Risk Advisory Services in BDO Singapore with more than 20 years of audit and advisory experience and is a Chartered Accountant (Singapore), Certified Internal Auditor and Certified Information System Auditor.

The AC reviews the adequacy and effectiveness of the internal auditor at least once a year. The AC is satisfied that the internal auditor has the relevant qualifications and experience and has met the standards established by internationally recognised professional bodies including the Standards for the Professional Practice of Internal Auditing set by The Institute of Internal Auditors. The internal auditor reports directly to the AC on audit matters and the AC approves the hiring, removal, evaluation and fees of the internal auditor. The internal auditor has unfettered access to all documents, records, properties and personnel in the Manager, including unrestricted access to the AC, the Board and the Management. The AC also reviews and approves the annual internal audit plan and reviews the internal audit reports and activities.

The AC meets with the internal auditor, without the presence of management, at least once a year. The AC is of the view that the internal auditor has adequate resources to perform its functions and has to the best of its ability, maintained its independence from the activities that it audits.

WHISTLE-BLOWING POLICY

The Manager has put in place a fraud and whistle-blowing policy (the "Whistle-Blowing Policy") which reflects the Manager's commitment to conduct its business within a framework that fosters the highest ethical and legal standards. In line with this commitment and PLife REIT's commitment to open communications, the Whistle-Blowing Policy provides for procedures and mechanisms by which employees and external parties may, in confidence, raise their concerns about possible improprieties in financial reporting or other matters relating to the Manager and its staff. The Whistle-Blowing Policy aims to foster and maintain an environment where employees of the Manager and external parties can act appropriately, without fear of retaliation, and provides reassurance that the report will be independently investigated and the whistle-blower will be protected from reprisals or victimisation for whistle-blowing in good faith.

Whistle-blowers may report any matters of concern by email at whistleblow@parkwaylifereit.com. The report submitted through this channel would be received by the AC who has the absolute discretion to set up an investigation team independent from the alleged person to investigate the report. The investigation team shall investigate the alleged misconduct and report the findings directly to the Chairman of the AC. The AC, who is responsible for oversight and monitoring the implementation of the Whistle-Blowing Policy, reviews and ensures that independent investigations and any appropriate follow-up actions are carried out.

The Manager is committed to ensuring that whistle-blowers in good faith will be treated fairly and protected from reprisals and victimisation. All reports and related communications, including the identity of the whistle-blower will be documented and kept in confidence provided that it does not hinder or frustrate the investigations, and except where disclosure is required to the relevant authorities. The whistle-blow report should be as precise as possible so as to allow for proper investigation to be made. The whistle-blower shall provide contact details so that the investigation team may contact for more information if need be.

The AC reviewed the Whistle-Blowing Policy and was satisfied that the arrangements are in place for the independent investigation of such matters and for appropriate follow-up action. All employees of the Manager are informed of the Whistle-Blowing Policy and are required to confirm their understanding of the Whistle-Blowing Policy.

UNITHOLDER RIGHTS AND RESPONSIBILITIES

Principle 11: The company provides shareholders with the opportunity to participate effectively in and vote at general meetings of shareholders and informs them of the rules governing general meetings of shareholders.

Principle 12: The company communicates regularly with its shareholders and facilitates the participation of shareholders during general meetings and other dialogues to allow shareholders to communicate their views on various matters affecting the company.

Principle 13: The Board adopts an inclusive approach by considering and balancing the needs and interests of material stakeholders, as part of its overall responsibility to ensure that the best interests of the company are served.

Communication with Unitholders

The Listing Manual of the SGX-ST requires that a listed entity discloses to the market, among others, matters that would likely have a material effect on the price or value of the entity's securities. The Manager upholds a strong culture of continuous disclosure and transparent communication with Unitholders, various stakeholders and the investing community, and has put in place an investor relations policy which sets out the policies and practices which the Manager adopted. Investors can also subscribe to email alerts of all announcements and press releases issued by PLife REIT or submit questions at their convenience via an enquiry form on PLife REIT's corporate website.

The investor relations function is headed by the CEO and the CFO of the Manager. The Manager adopts a proactive approach in reaching out to the Unitholders, existing and potential investors, analyst and media through various communication channels and programmes such as the corporate website, corporate literature, annual general meeting and investor outreach programmes, throughout the year. The sustainability report of the PLife REIT set out on pages 53 to 76 of this Annual Report provide PLife REIT's approach to address stakeholders' concerns and methods of engagement and also set out the key areas of focus in relation to the management of stakeholders for the financial year ended 31 December 2021.

In line with the Manager's objective of transparent communication, timely and full disclosure of all material information relating to PLife REIT are disclosed by way of public releases or announcements through the SGX-ST via SGXNET at first instance and then including the release on PLife REIT's website at www.plifereit.com. The Manager ensures that unpublished price sensitive information are not disclosed selectively, and in the event of any inadvertent disclosure of such information, the Manager shall make necessary disclosure to the public via SGXNET and release on PLife REIT's website promptly.

It is the aim of the Board to provide the Unitholders with a balanced and comprehensive assessment of PLife REIT's performance, position and prospects.

The Unitholders are encouraged to attend the annual general meeting ("AGM") of PLife REIT to ensure a high level of accountability and to stay informed of the strategies and goals of PLife REIT. In view of the COVID-19 pandemic, PLife REIT's AGM held in 2021 was by electronic means in accordance with the COVID-19 (Temporary Measures) (Alternative Arrangement for Meetings for Companies, Variable Capital Companies, Business Trusts, Unit Trusts and Debenture Holders) Order 2020 ("Alternate Arrangement for AGM"). The Unitholders were encouraged to attend the AGM via electronic means, to submit questions in advance of the AGM and to vote via proxy form. The live webcast of the AGM was chaired by the Manager's Board Chairman in the presence of the CEO and CFO of the Manager. The other directors and company secretary of the Manager had joined the AGM through video conference, while the representatives of the Trustee and the independent auditors of PLife REIT had attended the AGM through webcast. The live webcast of the AGM was accessible by the Unitholders either via live audio-visual webcast or live audio-only streamed. The substantial and relevant questions from the Unitholders were addressed prior to the AGM via announcement on the SGXNET, and selective questions were also addressed during the live webcast of the AGM by the CEO and CFO of the Manager.

The followings are the usual AGM arrangements of PLife REIT when there is no COVID-19 pandemic risk and the Alternate Arrangement for AGM is not in force.

All Unitholders are entitled to attend and vote at general meetings in person or by proxy. The directors of the Manager attend the AGMs and the external auditors are also present to address Unitholders' queries including queries about the conduct of audit and the preparation and content of the auditors' report.

The notice of AGM is dispatched to the Unitholders in the manner set out in the Listing Manual. The Board welcomes questions from the Unitholders who have an opportunity to raise issues either informally or formally before or at the AGM.

Each item of special business included in the notice of AGM is accompanied, where appropriate, by an explanation for the proposed resolution and a proxy form with instructions on the appointment of proxies. Separate resolutions are prepared for substantially separate issues at the AGM. The resolutions approved in the AGM will be announced on or after the day AGM is held. The minutes of general meetings, which include substantial comments or queries raised by Unitholders and the responses from the Board and management are made available on PLife REIT's corporate website.

In support of the greater transparency of voting in AGM and good corporate governance, the Manager employed electronic polling whereby all resolutions are voted by poll and detailed results showing the number of votes cast for and against each resolution and the respective percentage are published at the meeting. Prior to voting at the AGM, the voting procedures will be made known to the Unitholders. The votes cast by each Unitholder are in direct proportion to their respective unitholdings in PLife REIT. If any Unitholder is unable to attend the AGM, the Trust Deed allows for the Unitholder to appoint up to two proxies to attend, speak and vote on his/her behalf at the general meeting.

Please refer to page 163 of this Annual Report on the distribution policy and "Distribution Statements" on pages 121 and 122 of this Annual Report for more details.

DEALINGS IN PLIFE REIT'S UNITS

The Trust Deed requires each director to give notice to the Manager of his acquisition of units or of changes in the number of units which he holds or in which he has an interest, within two business days after such acquisition or the occurrence of the event giving rise to changes in the number of units which he holds or in which he has an interest. This is in line with the requirements of the Section 137Y of the SFA *(relating to notification of unitholdings by directors and CEO of the Manager)*. The CEO of the Manager is also required to give similar notice under the new section.

All dealings in units by the directors and the CEO will be announced via SGXNET, with the announcement to be posted on the SGX-ST website at http://www.sgx.com.

The directors and employees of the Manager are encouraged, as a matter of internal policy, to hold units but are prohibited from dealing in the units:

(a) in the period commencing one month before the public announcement of PLife REIT's annual results and (where applicable) property valuations and two weeks before the public announcement of PLife REIT's quarterly results, and ending on the date of announcement of the relevant results or as the case may be, property valuations; and

(b) at any time while in possession of unpublished price sensitive information.

The directors and employees of the Manager have been directed to refrain from dealing in units on short-term considerations.

In addition, the Manager has undertaken that it will not deal with the units during the period commencing one month before the public announcement of PLife REIT's annual results and (where applicable) property valuations and two weeks before the public announcement of PLife REIT's half-year results, and ending on the date of announcement of the relevant results or as the case may be, property valuations.

Further, the Section 137ZC of the SFA *(relating to notification of unitholdings by responsible persons)* requires the Manager to, *inter alia*, announce via SGXNET the particulars of any acquisition or disposal of interest in PLife REIT's units by the Manager no later than the end of the business day following the day on which the Manager became aware of the acquisition or disposal.

DEALINGS WITH CONFLICTS OF INTEREST

The Manager has instituted the following procedures to deal with potential conflicts of interest issues:

(a) The Manager will be a dedicated manager to PLife REIT and will not manage any other REIT which invests in the same type of properties as PLife REIT.

(b) All resolutions in writing of the Board in relation to matters concerning PLife REIT must be approved by a majority of the directors, including at least one independent director.

(c) At least one-third of the Board shall comprise independent directors.

(d) All related party transactions are reviewed by the AC. Where a related party transaction is subject to approval by AC, majority approval of AC is required. If a member of the AC has an interest in a transaction, he or she will abstain from voting.

(e) In respect of matters in which Parkway Holdings Limited, the sponsor of PLife REIT ("Sponsor") and/or its subsidiaries have an interest, direct or indirect, any nominees appointed by the Sponsor and/or its subsidiaries to the Board to represent its/their interest will abstain from voting and recuse from meetings and decisions in respect of such matters. In such matters, the quorum must comprise a majority of the independent directors and must exclude the nominee directors of the Sponsor and/or its subsidiaries.

(f) In respect of matters in which a director or his associates have an interest, direct or indirect, such interested director will abstain from voting. In such matters, the quorum must comprise a majority of the Board and must exclude such interested director.

(g) Under the Trust Deed, the Manager and its associates are prohibited from being counted in a quorum for or voting at any meeting of Unitholders convened to approve any matter in which the Manager or any of its associates has a material interest. For so long as the Manager is the manager of PLife REIT, the controlling shareholders (as defined in the Listing Manual) of the Manager and their respective associates are prohibited from being counted in the quorum for or voting at any meeting of Unitholders convened to consider a matter in respect of which the relevant controlling shareholders of the Manager and/or their associates have a material interest.

(h) It is also provided in the Trust Deed that if the Manager is required to decide whether or not to take any action against any person in relation to any breach of any agreement entered into by the Trustee for and on behalf of PLife REIT with a related party of the Manager, the Manager shall be obliged to consult with a reputable law firm (acceptable to the Trustee) which shall provide legal advice on the matter. If the said law firm is of the opinion that the Trustee, on behalf of PLife REIT, has a prima facie case against the party allegedly in breach under such agreement, the Manager shall be obliged to take appropriate action in relation to such agreement. The Board (including its independent directors) will have a duty to ensure that the Manager so complies. Notwithstanding the foregoing, the Manager shall inform the Trustee as soon as it becomes aware of any breach of any agreement entered into by the Trustee for and on behalf of PLife REIT with a related party of the Manager and the Trustee may take such action as it deems necessary to protect the rights of Unitholders and/or which is in the interests of Unitholders. Any decision by the Manager not to take action against a related party of the Manager shall not constitute a waiver of the Trustee's right to take such action as it deems fit against such related party.

PLife REIT's properties are located in Singapore, Japan and Malaysia and its strategy is to invest primarily in income-producing real estate and/or real estate-related assets in the Asia-Pacific region (including Singapore) that are used primarily 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. The Sponsor has interests in several healthcare and/or healthcare-related properties in the Asia-Pacific region such as those located in Malaysia. Potential conflicts of interest between the Sponsor and PLife REIT may arise in respect of acquisition and ownership of healthcare and/or healthcare-related assets in the Asia-Pacific region, including Singapore where PLife REIT's initial properties are located, and where PLife REIT's investment strategy is to invest in healthcare and/or healthcare-related properties located therein.

In order to mitigate any conflict of interest between the Sponsor and PLife REIT in the Asia-Pacific region, the AC will, during the course of its review of transactions to be entered into by PLife REIT in the future, take into account the expiry of the right of first refusal granted by the Sponsor, together with any other relevant factors that may arise during the assessment process and arrive at its view based on all relevant factors. The existing internal control systems on dealings with conflict of interest will be reviewed periodically to ascertain its effectiveness and suitability and further measures will be considered and implemented to fine-tune the internal control procedures to deal with potential conflicts of interest issues.

In addition, the nominee directors appointed by the Sponsor to the Board are committed not to disclose to the Sponsor information concerning offers to PLife REIT in respect of potential acquisition of new properties as well as offers made by PLife REIT in respect of the potential acquisition of new properties, save for properties which the nominee directors are in a position to confirm that the Sponsor has no intention of acquiring.

The Manager has also established a conflict of interest policy for its employees to ensure that any conflict of interest or potential conflicts of interest are disclosed and approvals are sought where required.

RELATED PARTY TRANSACTIONS

The Manager's Internal Control System

The Manager has established an internal control system to ensure that all future related party transactions (which term includes an "interested person transaction" as defined under the Listing Manual and an "interested party transaction" under the Property Funds Appendix) will be undertaken on normal commercial terms and will not be prejudicial to the interests of PLife REIT or the Unitholders. As a general rule, the Manager must demonstrate to the AC that such transactions satisfy the foregoing criteria, which may entail obtaining (where practicable) quotations from parties unrelated to the Manager, or obtaining one or more valuations from independent professionals valuers (in accordance with the Property Funds Appendix).

The Manager maintains a register to record all related party transactions which are entered into by PLife REIT and the bases, including any quotations from unrelated parties and independent valuations obtained to support such bases, on which they are entered. The Manager also incorporates into its internal audit plan a review of all related party transactions entered into by PLife REIT. The AC reviews the internal audit reports at least twice a year to ascertain that the guidelines and procedures established to monitor related party transactions have been complied with. In addition, the Trustee will also have the right to review such audit report to ascertain that the Property Funds Appendix have been complied with.

Further, the following procedures will be undertaken:

- transactions (either individually or as part of a series or if aggregated with other transactions involving the same related party during the same financial year) below 3.0% of the value of PLife REIT's net tangible assets will be subject to review by the AC at regular intervals;

- transactions (either individually or as part of a series or if aggregated with other transactions involving the same related party during the same financial year) equal to or exceeding 3.0% but below 5.0% of the value of PLife REIT's net tangible assets will be subject to the review and prior approval of the AC. Such approval shall only be given if the transactions are on normal commercial terms and are consistent with similar types of transactions made by the Trustee with third parties which are unrelated to the Manager; and

- transactions (either individually or as part of a series or if aggregated with other transactions involving the same related party during the same financial year) equal to or exceeding 5.0% of the value of PLife REIT's net tangible assets will be reviewed and approved prior to such transactions being entered into, on the basis described in the preceding paragraph, by the AC which may, as it deems fit, request advice on the transaction from independent sources or advisers, including the obtaining of valuations from independent professional valuers. Further, under the Listing Manual and the Property Funds Appendix, such transactions would have to be approved by the Unitholders at a meeting of Unitholders.

Where matters concerning PLife REIT relate to transactions entered into or to be entered into by the Trustee for and on behalf of PLife REIT with a related party of the Manager or PLife REIT, the Trustee is required to consider the terms of such transactions to satisfy itself that such transactions are conducted on an arm's length basis and on normal commercial terms, are not prejudicial to the interests of PLife REIT or the Unitholders, and in accordance with all applicable requirements under the Property Funds Appendix and/or the Listing Manual relating to the transaction in question. Further, the Trustee has the ultimate discretion under the Trust Deed to decide whether or not to enter into a transaction involving a related party of the Manager or PLife REIT. If the Trustee is to sign any contract with a related party of the Manager or PLife REIT, the Trustee will review the contract to ensure that it complies with the requirements relating to interested party transactions in the Property Funds Appendix (as may be amended from time to time) and the provisions of the Listing Manual relating to interested person transactions (as may be amended from time to time) as well as such other guidelines as may from time to time be prescribed by the MAS and the SGX-ST to apply to REITs.

PLife REIT will, in compliance with Rule 905 of the Listing Manual, announce any interested person transaction if such transaction, by itself or when aggregated with other interested person transactions entered into with the same interested person during the same financial year, is 3.0% or more of PLife REIT's latest audited net tangible assets.

The Manager also discloses in the Annual Report the aggregate value of the related party transactions entered during the relevant financial year as required under the Listing Manual and the Property Funds Appendix. See page 210 of this Annual Report for the disclosure.

Role of the Audit Committee for Related Party Transactions

All related party transactions must be reviewed by the AC and where applicable, approved by a majority of the AC to ensure compliance with the Manager's internal control system and with the relevant provisions of the Listing Manual as well as the Property Funds Appendix. The review will include the examination of the nature of the transactions and its supporting documents or such other data deemed necessary to the AC.

Additional Information on Endorsement or Re-Endorsement of Appointment of Directors (as the case may be) (Information required pursuant to Appendix 7.4.1 of the Listing Manual)

	Ho Kian Guan	Joerg Ayrle	Takeshi Saito
Date of Appointment	21 October 2016	23 April 2021	11 August 2021
Date of last endorsement or re-endorsement of appointment (as the case may be)	26 April 2019	Not Applicable	Not Applicable
Age	76	53	50
Country of principal residence	Singapore	Singapore	Singapore
The Board's comments on this appointment (including rationale, selection criteria, and the search and nomination process)	At the recommendation of the NRC of the Manager, the Board has reviewed and considered the background and experience of Mr. Ho and approved the appointment of Mr. Ho as Independent Director and a member of Audit Committee.	Mr. Ayrle was nominated by Parkway Holdings Limited, the holding company of the Manager. The NRC of the Manager has reviewed the qualification and experience of Mr. Ayrle and recommended to the Board the appointment of Mr. Ayrle as a Non-Executive Director of the Manager. The Board considered the recommendation of NRC and approved the appointment of Mr. Ayrle.	Mr. Saito was nominated by Parkway Holdings Limited, the holding company of the Manager. The NRC has reviewed the qualification and experience of Mr. Saito and recommended to the Board the appointment of Mr. Saito as a Non-Executive Director of the Manager. The Board considered the recommendation of NRC and approved Mr. Saito's appointment.
Whether appointment is executive, and if so, the area of responsibility	Non-executive	Non-executive	Non-executive
Job Title	Independent Director, Chairman of the Board of Directors and Member of the Audit Committee	Non-Executive Director	Non-Executive Director
Professional qualifications	• Business Administration and Commerce	• Masters of Business Administration, University of Augsburg, Germany	• Master of Business Administration, Kellogg School of Management, Northwestern University • Bachelor of Political Science, Keio University, Japan

	Ho Kian Guan	Joerg Ayrle	Takeshi Saito
Working experience and occupation(s) during the past 10 years	• Executive Chairman of Keck Seng Investments (Hong Kong) Limited • Executive Chairman of Keck Seng (Malaysia) Berhad	• February 2021 to Present – Group Chief Financial Officer of IHH Healthcare Berhad • March 2014 to January 2021 – Group Chief Financial Officer of Thai Union Group PCL, Thailand • April 2012 to December 2013 – Chief Financial Officer & Treasurer, Osram Sylvania Inc, USA • June 2009 to September 2012 – Global Division Chief Financial Officer, Osram GmbH	• 2019 to Present – Director and Chief Executive Officer of MBK Healthcare Management Pte Ltd • 2017 to 2019 – General Manager (Healthcare Business 1st Department in Healthcare Business Division), Mitsui & Co., Ltd. • 2016 to 2017 – Executive Assistant to Representative Director and Executive Vice President of Mitsui, Mitsui & Co., Ltd. • 2013 to 2016 – General Manager of the Provider Network Department, Medical Healthcare Business Division 1, Consumer Service Business Unit, Mitsui & Co., Ltd. • 2011 to 2013 – Vice President of Strategic Planning, Parkway Group Healthcare
Shareholding interest in the listed issuer and its subsidiaries	No	Yes	No
Any relationship (including immediate family relationships) with any existing director, existing executive officer, the issuer and/or substantial shareholder of the listed issuer or of any of its principal subsidiaries	Nil	Mr. Ayrle is the Group Chief Financial Officer of IHH Healthcare Berhad, the substantial unitholder of PLife REIT	Mr. Saito is presently the Director and Chief Executive Officer of MBK Healthcare Management Pte Ltd, a substantial shareholder of IHH Healthcare Berhad and a substantial unitholder of Parkway Life REIT
Conflict of Interest (including any competing business)	Nil	Nil, except for employment with IHH Healthcare Berhad	Nil, except for the directorships held by Mr. Saito in IHH Healthcare Berhad and its subsidiaries

	Ho Kian Guan	Joerg Ayrle	Takeshi Saito
Undertaking (in the format set out in Appendix 7.7) under Rule 720(1) has been submitted to the listed issuer	Yes	Yes	Yes
Other Principal Commitments Including Directorships			
Past (for the last 5 years)	• Non-Executive Director of Shangri-la Asia Limited	• Thai Union Group PCL, Group Chief Financial Officer, Member of the Executive Committee, Member of the Risk Management Committee • Red Lobster Master Holdings GP, LLC, President • Thai Union Europe SAS, Director, Chairman of the Audit Committee • King Oscar AS, Chairman of the Board of Directors • Rügen Fisch AG, Chairman of the Supervisory Committee • Thai Union China Co., Ltd, Director and Shareholder Representative • Thamachart Seafood Retail Co., Ltd, Director • Thai Union Ingredients Company Ltd., Director	• Non-Executive Director of Acibadem Proje Yonetimi A.S. • Non-Executive Director of Aplus Hastane Otelcilik Hizmetleri A.S.

	Ho Kian Guan	Joerg Ayrle	Takeshi Saito
Other Principal Commitments Including Directorships			
Present	• Executive Chairman of Keck Seng Investments (Hong Kong) Limited • Executive Chairman of Keck Seng (Malaysia) Berhad	Group Chief Financial Officer of IHH Healthcare Berhad	• Director and Chief Executive Officer of MBK Healthcare Management Pte Ltd • Non-Executive Director of IHH Healthcare Berhad • Non-Executive Director of Fortis Healthcare Limited • Non-Executive Director of Acibadem Saglik Yatirimlari Holdings A.S. • Non-Executive Director of Acibadem Saglik Hizmetleri ve Ticaret A.S.
Information Required Pursuant to Appendix 7.4.1 of the Listing Manual			
a) Whether at any time during the last 10 years, an application or a petition under any bankruptcy law of any jurisdiction was filed against him or against a partnership of which he was a partner at the time when he was a partner or at any time within 2 years from the date he ceased to be a partner?	No	No	No

	Ho Kian Guan	Joerg Ayrle	Takeshi Saito
b) Whether at any time during the last 10 years, an application or a petition under any law of any jurisdiction was filed against an entity (not being a partnership) of which he was a director or an equivalent person or a key executive, at the time when he was a director or an equivalent person or a key executive of that entity or at any time within 2 years from the date he ceased to be a director or an equivalent person or a key executive of that entity, for the winding up or dissolution of that entity or, where that entity is the trustee of a business trust, that business trust, on the ground of insolvency?	No	No	No
c) Whether there is any unsatisfied judgment against him?	No	No	No
d) Whether he has ever been convicted of any offence, in Singapore or elsewhere, involving fraud or dishonesty which is punishable with imprisonment, or has been the subject of any criminal proceedings (including any pending criminal proceedings of which he is aware) for such purpose?	No	No	No

	Ho Kian Guan	Joerg Ayrle	Takeshi Saito
e) Whether he has ever been convicted of any offence, in Singapore or elsewhere, involving a breach of any law or regulatory requirement that relates to the securities or futures industry in Singapore or elsewhere, or has been the subject of any criminal proceedings (including any pending criminal proceedings of which he is aware) for such breach?	No	No	No
f) Whether at any time during the last 10 years, judgment has been entered against him in any civil proceedings in Singapore or elsewhere involving a breach of any law or regulatory requirement that relates to the securities or futures industry in Singapore or elsewhere, or a finding of fraud, misrepresentation or dishonesty on his part, or he has been the subject of any civil proceedings (including any pending civil proceedings of which he is aware) involving an allegation of fraud, misrepresentation or dishonesty on his part?	No	No	No
g) Whether he has ever been convicted in Singapore or elsewhere of any offence in connection with the formation or management of any entity or business trust?	No	No	No

	Ho Kian Guan	Joerg Ayrle	Takeshi Saito
h) Whether he has ever been disqualified from acting as a director or an equivalent person of any entity (including the trustee of a business trust), or from taking part directly or indirectly in the management of any entity or business trust?	No	No	No
i) Whether he has ever been the subject of any order, judgment or ruling of any court, tribunal or governmental body, permanently or temporarily enjoining him from engaging in any type of business practice or activity?	No	No	No
j) Whether he has ever, to his knowledge, been concerned with the management or conduct, in Singapore or elsewhere, of the affairs of:–			
i. any corporation which has been investigated for a breach of any law or regulatory requirement governing corporations in Singapore or elsewhere; or	No	No	No
ii. any entity (not being a corporation) which has been investigated for a breach of any law or regulatory requirement governing such entities in Singapore or elsewhere; or	No	No	No

	Ho Kian Guan	Joerg Ayrle	Takeshi Saito
iii. any business trust which has been investigated for a breach of any law or regulatory requirement governing business trusts in Singapore or elsewhere; or	No	No	No
iv. any entity or business trust which has been investigated for a breach of any law or regulatory requirement that relates to the securities or futures industry in Singapore or elsewhere in connection with any matter occurring or arising during that period when he was so concerned with the entity or business trust?	No	No	No
k) Whether he has been the subject of any current or past investigation or disciplinary proceedings, or has been reprimanded or issued any warning, by the Monetary Authority of Singapore or any other regulatory authority, exchange, professional body or government agency, whether in Singapore or elsewhere?	No	No	No

DISCLOSURE ON FEES

FEES PAYABLE BY PLIFE REIT

The trust deed constituting PLife REIT dated 12 July 2007 (as amended, the "Trust Deed") is binding on each unitholder of PLife REIT ("Unitholder") (and persons claiming through such Unitholder) as if such Unitholder had been a party to the Trust Deed and as if the Trust Deed contains covenants by such Unitholder to observe and be bound by the provisions of the Trust Deed, and an authorisation by each Unitholder to do all such acts and things as the Trust Deed may require Parkway Trust Management Limited (the "Manager") and/or HSBC Institutional Trust Services (Singapore) Limited (the "Trustee") to do.

The Manager has covenanted in the Trust Deed to use its best endeavours to carry on and conduct its business in a proper and efficient manner, ensure that PLife REIT is carried on and conducted in a proper and efficient manner, and to conduct all transactions with or for PLife REIT at arm's length and on normal commercial terms.

Under Clauses 15.1, 15.3, 15.4, 15.5 and 15.6 of the Trust Deed, the Manager is entitled to the following fees in return for its services:

	Fees payable by PLife REIT	Amount payable to the Manager
1	Management fee	**Base Fee** 0.3% per annum of the value of all the assets of PLife REIT, including all its authorised investments for the time being held or deemed to be held upon the trusts of the Trust Deed ("Deposited Property"). **Performance Fee** 4.5% per annum of the net property income of PLife REIT for that financial year. Subject to the guidelines for real estate investment trusts issued by the Monetary Authority of Singapore as Appendix 6 ("Property Funds Appendix") to the Code on Collective Investment Schemes ("CIS Code"), the Base Fee and Performance Fee shall be paid to the Manager in the form of cash and/or Units (as the Manager may elect prior to each payment) out of the Deposited Property and in such proportion as may be determined by the Manager. If in the form of Units, the Manager shall be entitled to receive such number of units as may be purchased with the relevant amount of the management fee attributable to the relevant period at an issue price set out in accordance with the Trust Deed.
2	Fee for acquisition of properties	**Acquisition Fee** 1.0% of the Enterprise Value of any real estate or real estate related asset acquired directly or indirectly by PLife REIT, pro-rated, if applicable, to the proportion of PLife REIT's interest. For this purpose, where the assets acquired by PLife REIT are shares in a special purpose vehicle whose primary purpose is to hold/own real estate (directly or indirectly), "Enterprise Value" shall mean the sum of the equity value and the total net debt attributable to the shares being acquired by PLife REIT and where the asset acquired by PLife REIT is a real estate, "Enterprise Value" shall mean the value of the real estate. In the event that there is payment to third party agents or brokers in connection with the acquisition, such payment shall be paid out of the Deposited Property.

DISCLOSURE ON FEES

	Fees payable by PLife REIT	Amount payable to the Manager
		Unless required under the Property Funds Appendix to be paid in the form of Units only, the Manager may opt to receive such Acquisition Fee in the form of cash or Units or a combination of cash and Units as it may determine. Units representing the Acquisition Fee or any part thereof will be issued at an issue price on a similar basis as that for the management fee. In the event the Manager receives Acquisition Fee in connection with a transaction with a related party, any such Acquisition Fee shall be paid in the form of Units.
3	Fee for divestment of properties	**Divestment Fee** 0.5% of the Enterprise Value of any real estate or real estate related asset sold or divested directly or indirectly by PLife REIT, pro-rated, if applicable, to the proportion of PLife REIT's interest. Unless required under the Property Funds Appendix to be paid in the form of Units only, the Manager may opt to receive such Divestment Fee in the form of cash or Units or a combination of cash and Units as it may determine. Units representing the Divestment Fee or any part thereof will be issued at an issue price on a similar basis as that for the management fee. Any payment to third party agents or brokers in connection with the divestment of any real estate or real estate related assets of PLife REIT shall be paid by PLife REIT. In the event the Manager receives Divestment Fee in connection with a transaction with a related party, any such Divestment Fee shall be paid in the form of Units.
4	Fee for lease management	**Lease Management Fee** 1.0% per annum of the revenue of the real estate held directly or indirectly by PLife REIT and managed by the Manager (excluding the Hospital Properties for the duration of the master lease arrangements). "Hospital Properties" shall mean the three private hospitals in Singapore owned by PLife REIT, comprising The Mount Elizabeth Hospital Property, The Gleneagles Hospital Property and The Parkway East Hospital Property. For the avoidance of doubt, no Lease Management Fee shall be payable to the Manager in respect of the Hospital Properties for the duration of the master lease agreements.
5	Fee for marketing services	**Marketing Services Commission** (i) one month's gross rent inclusive of service charge, for securing a lease of three years or less; (ii) two months' gross rent inclusive of service charge, for securing a lease of more than three years; (iii) half month's gross rent inclusive of service charge, for securing a renewal of lease of three years or less; and (iv) one month's gross rent inclusive of service charge, for securing a renewal of lease of more than three years.

	Fees payable by PLife REIT	Amount payable to the Manager
		If a third party agent secures a lease, the Manager will be responsible for any marketing services commission payable to such third party agent, and the Manager will be entitled to a marketing services commission of:- (i) 1.2 months' gross rent inclusive of service charge for securing or renewal of a lease of three years or less; and (ii) 2.4 months' gross rent inclusive of service charge for securing or renewal of a lease of more than three years. The marketing services commission may be adjusted accordingly at the time of securing or renewal of a lease by the Manager or a third-party agent, to be consistent with and no higher than the prevailing market rates of such marketing services commission in the country where the real estate is located.
6	Fee for property management	**Property Management Fee** 2.0% per annum of the revenue of the real estate held directly or indirectly by PLife REIT and managed by the Manager (excluding the Hospital Properties for the duration of the master lease agreements). For the avoidance of doubt, no Property Management Fee shall be payable to the Manager in respect of the Hospital Properties for the duration of the master lease agreements.

The Manager is of the view that the fee structure of PLife REIT promotes alignment of interests between the Manager and the long-term interests of Unitholders. The rationale for each fee component is elaborated upon below:

Base Fee

As an external manager, the Manager manages the assets and liabilities of PLife REIT for the benefit of its Unitholders and should be fairly compensated for conducting the overall management of PLife REIT's various affairs, which includes, among others, formulation of business plans, execution of PLife REIT's strategies, performing data analytics, monitoring operating costs, evaluating asset enhancement initiatives and investment opportunities. Another key responsibility is ensuring that PLife REIT complies with the applicable provisions of the Securities and Futures Act, Chapter 289 of Singapore ("SFA") and all other relevant laws and regulations, such as the listing manual of Singapore Exchange Securities Trading Limited ("Listing Manual"), the CIS Code (including the Property Funds Appendix), the Trust Deed, the tax ruling issued by Inland Revenue Authority of Singapore on the taxation of PLife REIT and its Unitholders and all relevant contracts entered on behalf of PLife REIT. The Base Fee compensates the Manager for establishing a core team of representatives who are appointed in accordance with the SFA to execute its responsibilities as manager of a real estate investment trust.

The Base Fee is linked to the value of all the assets of PLife REIT as the complexity and scope of work is commensurate to the size of PLife REIT's portfolio. In the event that the portfolio of PLife REIT grows, the degree and complexity of the Manager's responsibilities will correspondingly increase and the Manager has to be amply remunerated. This ensures that the Manager is able to dedicate its efforts to the growth of PLife REIT.

Performance Fees

With effect from 1 January 2016, the Performance Fee in respect of every calendar year shall be paid in arrears, no more frequent than once a year. The Performance Fee structure of PLife REIT will incentivise the Manager to seek continuous growth opportunities and encourage the Manager to act in the interests of Unitholders by increasing the rental income generated from the real estate held directly or indirectly by PLife REIT (the "Properties of PLife REIT") while reducing property level expenses. Accordingly, the Performance Fee incentivises the Manager to take a holistic and double-pronged approach towards the management of PLife REIT to improve the operating performance of PLife REIT so that the Manager may, together with Unitholders, enjoy a higher net property income.

DISCLOSURE ON FEES

Acquisition Fee and Divestment Fee

The Acquisition Fee and Divestment Fee are structured in order to incentivise the Manager to source for inorganic growth, as well as to realise mature assets where suitable in the interests of Unitholders, in accordance with the acquisition growth and active asset management strategies of PLife REIT. Bearing in mind that the Manager has to undertake an extensive scope of work over and above the overall management of PLife REIT when undertaking acquisition or divestment opportunities (including but not limited to compliance with the applicable laws, rules and regulations relating to the acquisition or divestment, exploring shortlisting and monitoring investment opportunities, conduct of due diligence, evaluation and in depth assessment of the acquisition or divestment opportunity, negotiations with counterparties, conduct of board meetings and as the case may be, preparation of circulars and announcements), the Manager should be compensated fairly to reflect the effort expended and the costs incurred during such undertakings. It should be noted that the Acquisition Fee and Divestment Fee are only payable where the acquisition or divestment has been successfully completed.

Lease Management Fee

The Manager is entitled to the Lease Management Fee for provision of lease management services to the Properties of PLife REIT (excluding the Hospital Properties for the duration of the master lease agreements) which includes coordinating tenant's fitting-out requirements, administration of rental collection, management of rental arrears and administration of all property tax matters. In consideration for the provision of such lease management services, the Manager should be entitled to fair remuneration. For avoidance of doubt, the Manager does not earn any Lease Management Fee for the Properties of PLife REIT located in Japan whereby the related services are carried out by the Japan asset managers under the *Tokumei Kumiai* ("TK") structure. The Manager has also excluded the Hospital Properties for the duration of the master lease agreements to avoid any double counting of fees.

Marketing Services Commission

The Marketing Services Commission is structured to incentivise the Manager to secure longer term leases which in turn provides stability in the income stream of PLife REIT. Accordingly, the Manager is entitled to a higher commission where the term of the lease is longer than three years. Higher commissions are payable for securing leases with new tenants as compared to renewals of existing leases due to the increased effort which has to be expended by the Manager to market, source for, attract and negotiate with new tenants. The Marketing Services Commission payable to the Manager if a third party agent secures a lease is higher to take into account the Manager's expenses as the Manager is responsible for paying such third party agent. The Manager has to liaise, instruct and oversee the marketing activities of such third party agent and should be fairly compensated for its efforts. The Marketing Services Commission will serve to ensure that the Manager secures leases in the interests of PLife REIT and Unitholders.

Property Management Fee

The Manager is entitled to the Property Management Fee for provision of property management services to the Properties of PLife REIT (excluding the Hospital Properties for the duration of the master lease agreements). Generally, when providing property management services, the Manager has to ensure compliance with the local regulations, manage relations with many counterparties, and constantly review and assess the Properties of PLife REIT to ensure that there is minimal disruption to existing operations. The Manager has to co-ordinate and plan to manage the Properties of PLife REIT and also ensure that Properties of PLife REIT are well-managed so as to maximise returns for Unitholders.

In return for providing property management services which are beyond the ordinary scope of the Manager's overall management services, the Manager should be compensated fairly for its expertise. In addition, the Property Management Fee has been structured so that the Manager is incentivised to improve the performance of the Properties of PLife REIT managed by the Manager as these fees are pegged to the gross revenue of the real estate. For avoidance of doubt, the Manager does not earn any Property Management Fee for the Properties of PLife REIT located in Japan whereby the related services are carried out by the Japan asset managers under the TK structure. The Manager has also excluded the Hospital Properties for the duration of the master lease agreements to avoid any double counting of fees.

CONTENTS

REPORT OF THE TRUSTEE

HSBC Institutional Trust Services (Singapore) Limited (the "Trustee") is under a duty to take into custody and hold the assets of Parkway Life Real Estate Investment Trust (the "Trust") and its subsidiaries (the "Group") in trust for the holders ("Unitholders") of units in the Trust (the "Units"). In accordance with the Securities and Futures Act (Cap. 289) of Singapore, its subsidiary legislation and the Code on Collective Investment Scheme, the Trustee shall monitor the activities of Parkway Trust Management Limited (the "Manager") for compliance with the limitations imposed on the investment and borrowing powers as set out in the trust deed dated 12 July 2007 (as amended by the First Supplemental Deed dated 12 November 2009, the Second Supplemental Deed dated 30 March 2010, the Third Supplemental Deed dated 31 March 2016, the Fourth Supplemental Deed dated 2 May 2019, the Fifth Supplemental Deed dated 2 April 2020 and the Sixth Supplemental Deed dated 23 September 2020) (the "Trust Deed"), between the Trustee and the Manager in each annual accounting period and report thereon to Unitholders in an annual report.

To the best knowledge of the Trustee, the Manager has, in all material respects, managed the Trust during the year covered by these financial statements, set out on pages 119 to 209, in accordance with the limitations imposed on the investment and borrowing powers set out in the Trust Deed.

For and on behalf of the Trustee,
HSBC Institutional Trust Services (Singapore) Limited

Authorised Signatory

22 February 2022

STATEMENT BY THE MANAGER

In the opinion of the directors of Parkway Trust Management Limited, the accompanying financial statements set out on pages 119 to 209 comprising the statements of financial position, statements of total return, distribution statements, statements of movements in Unitholders' funds and portfolio statements of the Group and of the Trust, cash flow statement of the Group and a summary of significant accounting policies and other explanatory notes, are drawn up so as to present fairly, in all material respects, the financial position and the portfolio of Parkway Life Real Estate Investment Trust (the "Trust") and its subsidiaries (the "Group") and of the Trust as at 31 December 2021, the total returns, distributable income, movements in Unitholders' funds of the Group and the Trust and cash flows of the Group for the year then ended in accordance with the recommendations of Statement of Recommended Accounting Practice 7 "*Reporting Framework for Investment Funds*" (RAP 7) issued by the Institute of Singapore Chartered Accountants and the provisions of the Trust Deed. At the date of this statement, there are reasonable grounds to believe that the Group and the Trust will be able to meet their financial obligations as and when they materialise.

For and on behalf of the Manager,
Parkway Trust Management Limited

Yong Yean Chau
Director

22 February 2022

INDEPENDENT AUDITORS' REPORT

UNITHOLDERS
PARKWAY LIFE REAL ESTATE INVESTMENT TRUST

Constituted in the Republic of Singapore pursuant to the trust deed dated 12 July 2007 (as amended by the First Supplemental Deed dated 12 November 2009, the Second Supplemental Deed dated 30 March 2010, the Third Supplemental Deed dated 31 March 2016, the Fourth Supplemental Deed dated 2 May 2019, the Fifth Supplemental Deed dated 2 April 2020 and the Sixth Supplemental Deed dated 23 September 2020)

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

Opinion

We have audited the financial statements of Parkway Life Real Estate Investment Trust (the Trust) and its subsidiaries (the Group), which comprise the consolidated statement of financial position and consolidated portfolio statement of the Group and the statement of financial position and portfolio statement of the Trust as at 31 December 2021, the consolidated statement of total return, consolidated distribution statement, consolidated statement of movements in unitholders' funds and consolidated statement of cash flows of the Group and the statement of total return, distribution statement and statement of movements in unitholders' funds of the Trust for the year then ended, and notes to the financial statements, including a summary of significant accounting policies as set out on pages 119 to 209.

In our opinion, the accompanying consolidated financial statements of the Group and the statement of financial position, portfolio statement, statement of total return, distribution statement and statement of movements in unitholders' funds of the Trust present fairly, in all material respects, the consolidated financial position and the consolidated portfolio holdings of the Group and the financial position and the portfolio holdings of the Trust as at 31 December 2021 and the consolidated total return, consolidated distributable income, consolidated movements in unitholders' funds and consolidated cash flows of the Group and the total return, distributable income and movements in unitholders' funds of the Trust for the year then ended on that date in accordance with the recommendations of Statement of Recommended Accounting Practice 7 *Reporting Framework for Investment Funds* (RAP 7) issued by the Institute of Singapore Chartered Accountants (ISCA).

Basis for opinion

We conducted our audit in accordance with Singapore Standards on Auditing (SSAs). Our responsibilities under those standards are further described in the '*Auditors' responsibilities for the audit of the financial statements*' section of our report. We are independent of the Group in accordance with the Accounting and Corporate Regulatory Authority *Code of Professional Conduct and Ethics for Public Accountants and Accounting Entities* (ACRA Code) together with the ethical requirements that are relevant to our audit of the financial statements in Singapore, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the ACRA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Valuation of investment properties (Refer to Portfolio Statements and Note 4 to the financial statements)

Risk

Investment properties represent the single largest category of assets on the consolidated statement of financial position of the Group at $2.3 billion as at 31 December 2021.

These investment properties are stated at their fair values based on independent external valuations.

The valuation process involves significant judgement in determining the appropriate valuation methodology to be used, and in estimating the underlying assumptions to be applied. The valuations are highly sensitive to key assumptions applied and a small change in the assumptions can have a significant impact to the valuation.

Our response

We evaluated the qualifications, competence and objectivity of the external valuers and held discussions with the valuers to understand their valuation methodologies and assumptions used.

We considered the valuation methodologies used against those applied by other valuers for similar property types and the requirements under the listing rules and property fund guidelines. We tested the integrity of the inputs of the projected cash flows used in the valuation to supporting leases and other documents. We challenged the key assumptions used in the valuations, which included capitalisation, discount and terminal yield rates by comparing them against historical rates and available industry data, taking into consideration comparability and market factors.

We also considered the adequacy of the disclosures in the financial statements, in describing the inherent degree of subjectivity and key assumptions in the estimates. This includes the relationships between the key unobservable inputs and fair values, in conveying the uncertainties.

Our findings

The valuers are members of recognised professional bodies for valuers and have considered their own independence in carrying out their work.

The valuation methodologies adopted by the valuers are in line with generally accepted market practices and meet the requirements under the listing rules and property fund guidelines. The key assumptions used in the valuations, including the projected cash flows, discount rates and terminal capitalisation rates were supported by the evidence available and are within the range of industry and market data. The disclosures in the financial statements are appropriate.

INDEPENDENT AUDITORS' REPORT

Other information

Parkway Trust Management Limited, the manager of the Trust (the Manager) is responsible for the other information contained in the annual report. Other information is defined as all information in the annual report other than the financial statements and our auditors' report thereon.

We have obtained the Report of the Trustee and Statement by the Manager prior to the date of this auditors' report. The other sections of the annual report ("the Reports") are expected to be made available to us after that date.

Our opinion on the financial statements does not cover the other information and we do not and will not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information identified above, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed on the other information that we obtained prior to the date of this auditors' report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

When we read the Reports, if we conclude that there is a material misstatement therein, we are required to communicate the matter to the Manager and take appropriate actions in accordance with SSAs.

Responsibilities of the Manager for the financial statements

The Manager is responsible for the preparation and fair presentation of these financial statements in accordance with the recommendations of RAP 7 issued by the ISCA, and for such internal control as the Manager determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Manager is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Manager either intends to terminate the Group or to cease operations of the Group, or has no realistic alternative but to do so.

The Manager's responsibilities include overseeing the Group's financial reporting process.

Auditors' responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SSAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with SSAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Manager.

- Conclude on the appropriateness of the Manager's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with the Manager regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

INDEPENDENT AUDITORS' REPORT

We also provide the Manager with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the Manager, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partner on the audit resulting in this independent auditors' report is Yap Wee Kee.

KPMG LLP
Public Accountants and
Chartered Accountants

Singapore
22 February 2022

STATEMENTS OF **FINANCIAL POSITION**

AS AT 31 DECEMBER 2021

		Group		Trust	
	Note	**2021**	2020	**2021**	2020
		$'000	$'000	**$'000**	$'000
Non-current assets					
Investment properties	4	**2,290,751**	1,991,019	**1,472,000**	1,213,800
Interests in subsidiaries	5	**–**	–	**638,591**	603,205
Financial derivatives	6	**15,337**	4,362	**15,337**	4,362
		2,306,088	1,995,381	**2,125,928**	1,821,367
Current assets					
Financial derivatives	6	**558**	–	**558**	–
Trade and other receivables	7	**12,697**	18,060	**53,859**	39,701
Cash and cash equivalents	8	**25,793**	22,658	**1,594**	1,487
Asset held for sale	9	**–**	30,872	**–**	–
		39,048	71,590	**56,011**	41,188
Total assets		**2,345,136**	2,066,971	**2,181,939**	1,862,555
Current liabilities					
Financial derivatives	6	**–**	2,266	**–**	2,266
Trade and other payables	10	**21,917**	26,867	**14,071**	19,343
Current portion of security deposits		**954**	608	**–**	–
Loans and borrowings	11	**94,719**	163,022	**94,719**	163,022
Tax payables		**–**	2	**–**	–
Lease liabilities		**14**	14	**–**	–
		117,604	192,779	**108,790**	184,631
Non-current liabilities					
Financial derivatives	6	**153**	261	**153**	261
Non-current portion of security deposits		**19,207**	19,940	**–**	–
Loans and borrowings	11	**731,176**	628,502	**731,176**	628,502
Deferred tax liabilities	12	**38,331**	37,658	**–**	–
Deferred income		**1,860**	2,103	**–**	–
Lease liabilities		**2,098**	2,113	**–**	–
		792,825	690,577	**731,329**	628,763
Total liabilities		**910,429**	883,356	**840,119**	813,394
Net assets		**1,434,707**	1,183,615	**1,341,820**	1,049,161
Represented by:					
Unitholders' funds	13	**1,434,707**	1,183,615	**1,341,820**	1,049,161
Units in issue ('000)	14	**605,002**	605,002	**605,002**	605,002
Net asset value per unit ($)		**2.37**	1.96	**2.22**	1.73

The accompanying notes form an integral part of these financial statements.

STATEMENTS OF TOTAL RETURN

YEAR ENDED 31 DECEMBER 2021

	Note	Group 2021 $'000	Group 2020 $'000	Trust 2021 $'000	Trust 2020 $'000
Gross revenue	15	**120,705**	120,892	**90,466**	89,175
Property expenses	16	**(9,471)**	(8,364)	**(3,288)**	(3,159)
Net property income		**111,234**	112,528	**87,178**	86,016
Management fees	17	**(12,852)**	(12,647)	**(11,610)**	(11,212)
Trust expenses	18	**(3,373)**	(3,739)	**(2,425)**	(2,949)
Interest income		**–**	7	**–**	–
Finance costs	19	**(4,683)**	(5,237)	**(4,414)**	(4,963)
Foreign exchange gain/(loss), net		**1,946**	90	**46,653**	(17,944)
Other expenses	20	**–**	(1,218)	**(505)**	(1,218)
		(18,962)	(22,744)	**27,699**	(38,286)
Total return before changes in fair value of financial derivatives, investment properties and gain on disposal of asset held for sale		**92,272**	89,784	**114,877**	47,730
Net change in fair value of financial derivatives		**4,161**	(823)	**10,326**	(2,317)
Net change in fair value of investment properties	4	**239,206**	7,428	**248,941**	1,870
Gain on disposal of asset held for sale	9	**5,113**	–	**–**	–
Total return before income tax		**340,752**	96,389	**374,144**	47,283
Income tax expense	21	**(8,874)**	(9,165)	**–**	–
Total return for the year		**331,878**	87,224	**374,144**	47,283
Earnings per unit (cents)					
Basic and diluted	22	**54.86**	14.42	**61.84**	7.82

The accompanying notes form an integral part of these financial statements.

DISTRIBUTION STATEMENTS

YEAR ENDED 31 DECEMBER 2021

	Note	Group 2021 $'000	Group 2020 $'000	Trust 2021 $'000	Trust 2020 $'000
Amount available for distribution to Unitholders at beginning of the year		**21,628**	20,257	**21,628**	20,257
Total return for the year		**331,878**	87,224	**374,144**	47,283
Distribution adjustments	A	**(244,176)**	(482)	**(286,442)**	39,459
Rollover adjustment		**–**	145	**–**	145
Amount retained for capital expenditure		**(3,000)**	(3,000)	**(3,000)**	(3,000)
Amount reversed/(retained) for COVID-19 related relief measures		**476**	(478)	**476**	(478)
Income for the year available for distribution to Unitholders	B	**85,178**	83,409	**85,178**	83,409
Amount available for distribution to Unitholders		**106,806**	103,666	**106,806**	103,666
Distributions to Unitholders during the year:					
– Distribution of 3.34 cents per unit for period from 1 October 2019 to 31 December 2019		**–**	20,207	**–**	20,207
– Distribution of 3.32 cents per unit for period from 1 January 2020 to 31 March 2020		**–**	20,086	**–**	20,086
– Distribution of 3.36 cents per unit for period from 1 April 2020 to 30 June 2020		**–**	20,328	**–**	20,328
– Distribution of 3.54 cents per unit for period from 1 July 2020 to 30 September 2020		**–**	21,417	**–**	21,417
– Distribution of 3.57 cents per unit for period from 1 October 2020 to 31 December 2020		**21,599**	–	**21,599**	–
– Distribution of 3.57 cents per unit for period from 1 January 2021 to 31 March 2021		**21,598**	–	**21,598**	–
– Distribution of 3.38 cents per unit for period from 1 April 2021 to 30 June 2021		**20,449**	–	**20,449**	–
– Distribution of 3.56 cents per unit for period from 1 July 2021 to 30 September 2021		**21,538**	–	**21,538**	–
		85,184	82,038	**85,184**	82,038
Amount available for distribution to Unitholders at end of the year		**21,622**	21,628	**21,622**	21,628

The accompanying notes form an integral part of these financial statements.

DISTRIBUTION STATEMENTS

YEAR ENDED 31 DECEMBER 2021

	Note	Group 2021	Group 2020	Trust 2021	Trust 2020
Number of units entitled to distribution ('000)	14	**605,002**	605,002	**605,002**	605,002
Distribution per unit (cents)[1]		**14.08**	13.79	**14.08**	13.79

[1] The distribution per unit relates to the distributions in respect of the relevant financial year. The distribution relating to the last quarter of 2021 will be paid after 31 December 2021.

Note A – Distribution adjustments comprise:

	Group 2021 $'000	Group 2020 $'000	Trust 2021 $'000	Trust 2020 $'000
Non-tax deductible/(non-taxable) items:				
Trustee's fees	**350**	339	**350**	339
Amortisation of transaction costs relating to debt facilities	**716**	623	**716**	623
Net overseas income not distributed to the Trust	**–**	–	**16,760**	18,831
Foreign exchange (gain)/loss, net	**(926)**	13	**(45,633)**	18,049
Net change in fair value of financial derivatives	**(4,161)**	823	**(10,326)**	2,317
Net change in fair value of investment properties (net of deferred tax impact)	**(235,712)**	(3,436)	**(248,941)**	(1,870)
Gain on disposal of asset held for sale (net of tax)	**(4,231)**	–	**–**	–
Others	**(212)**	1,156	**632**	1,170
Net effect of distribution adjustments	**(244,176)**	(482)	**(286,442)**	39,459

Note B – Income for the year available for distribution to Unitholders

	Group 2021 $'000	Group 2020 $'000	Trust 2021 $'000	Trust 2020 $'000
Unitholders' distributions:				
– from operations	**71,660**	68,163	**71,660**	68,163
– from Unitholders' contributions	**13,518**	15,246	**13,518**	15,246
Total Unitholders' distributions	**85,178**	83,409	**85,178**	83,409

The accompanying notes form an integral part of these financial statements.

STATEMENTS OF MOVEMENTS IN UNITHOLDERS' FUNDS

YEAR ENDED 31 DECEMBER 2021

	Group		Trust	
	2021	2020	**2021**	2020
	$'000	$'000	**$'000**	$'000
Unitholders' funds at beginning of year	**1,183,615**	1,181,848	**1,049,161**	1,086,422
Operations				
Total return for the year	**331,878**	87,224	**374,144**	47,283
Unitholders' transactions				
Distribution to Unitholders	**(85,184)**	(82,038)	**(85,184)**	(82,038)
Total increase/(decrease) in Unitholders' funds before movement in other reserves	**246,694**	5,186	**288,960**	(34,755)
Other reserves				
Net movement in hedging reserve	**3,768**	(2,582)	**3,768**	(2,582)
Net movement in cost of hedging reserve	**(69)**	76	**(69)**	76
Exchange differences on hedge of net investment in foreign operations	**49,060**	(19,692)	**–**	–
Translation differences arising on consolidation of foreign operations	**(48,361)**	18,779	**–**	–
Net increase/(decrease) in other reserves	**4,398**	(3,419)	**3,699**	(2,506)
Unitholders' funds at end of year	**1,434,707**	1,183,615	**1,341,820**	1,049,161

The accompanying notes form an integral part of these financial statements.

PORTFOLIO STATEMENTS

AS AT 31 DECEMBER 2021

Description of property	Tenure of land	Term of lease (years)	Remaining term of lease (years)
Group			
Singapore			
The Mount Elizabeth Hospital Property (1)	Leasehold	67	53
The Gleneagles Hospital Property (1)	Leasehold	75	61
The Parkway East Hospital Property (1)	Leasehold	75	61
Japan			
Bon Sejour Yokohama Shin-Yamashita (2)	Freehold	N.A.	N.A.
More Habitation Akashi (2)	Freehold	N.A.	N.A.
More Habitation Suma (2)	Freehold	N.A.	N.A.
Senior Chonaikai Makuhari Kan (2)	Freehold	N.A.	N.A.
Balance carried forward			

The accompanying notes form an integral part of these financial statements.

Location	Existing use	At valuation 2021 $'000	At valuation 2020 $'000	Percentage of net assets 2021 %	Percentage of net assets 2020 %
3 Mount Elizabeth, Singapore 228510	Hospital and medical centre	**883,000**	751,000	**61.5**	63.4
6 Napier Road, Singapore 258499; and 6A Napier Road, Singapore 258500	Hospital and medical centre	**503,000**	395,000	**35.1**	33.4
319 Joo Chiat Place, Singapore 427989; and 321 Joo Chiat Place, Singapore 427990	Hospital and medical centre	**86,000**	67,800	**6.0**	5.7
		1,472,000	1,213,800	**102.6**	102.5
2-12-55 Shin Yamashita, Naka-Ku, Yokohama City, Kanagawa Prefecture, Japan	Nursing home with care service	**20,434**	21,649	**1.4**	1.8
486, Yagi, Okubo-cho, Akashi City, Hyogo Prefecture, Japan	Nursing home with care service	**20,196**	23,442	**1.4**	2.0
1-5-23, Chimori-cho, Suma-ku, Kobe City, Hyogo Prefecture, Japan	Nursing home with care service	**11,999**	13,963	**0.8**	1.2
5-370-4, Makuhari-cho, Hanamigawa-ku, Chiba City, Chiba Prefecture, Japan	Nursing home with care service	**22,216**	23,955	**1.5**	2.0
		74,845	83,009	**5.1**	7.0

The accompanying notes form an integral part of these financial statements.

Description of property	Tenure of land	Term of lease (years)	Remaining term of lease (years)
Group			
Japan (cont'd)			
Balance brought forward			
Smiling Home Medis Musashi Urawa [2]	Freehold	N.A.	N.A.
Smiling Home Medis Koshigaya Gamo [2]	Freehold	N.A.	N.A.
Sompo no le Nakasyo [2]	Freehold	N.A.	N.A.
Maison des Centenaire Ishizugawa [2]	Freehold	N.A.	N.A.
Maison des Centenaire Haruki [2]	Freehold	N.A.	N.A.
Hapine Fukuoka Noke [2]	Freehold	N.A.	N.A.
Fiore Senior Residence Hirakata [2]	Freehold	N.A.	N.A.
Iyashi no Takatsuki Kan [2]	Freehold	N.A.	N.A.
Sawayaka Obatake Ichibankan [2]	Freehold	N.A.	N.A.
Sawayaka Sakurakan [2]	Freehold	N.A.	N.A.
Sawayaka Nogatakan [2]	Freehold	N.A.	N.A.
Balance carried forward			

The accompanying notes form an integral part of these financial statements.

Location	Existing use	At valuation 2021 $'000	At valuation 2020 $'000	Percentage of net assets 2021 %	Percentage of net assets 2020 %
		74,845	83,009	**5.1**	7.0
5-5-6, Shikatebukuro, Minami-ku, Saitama City, Saitama Prefecture, Japan	Nursing home with care service	**9,813**	10,581	**0.7**	0.9
2-2-5, Gamonishimachi, Koshigaya City, Saitama Prefecture, Japan	Nursing home with care service	**19,483**	21,008	**1.4**	1.8
923-1 Aza Miyata, Hirata, Kurashiki City, Okayama Prefecture, Japan	Nursing home with care service	**8,708**	9,095	**0.6**	0.8
2-1-9, Hamadera Ishizuchonishi, Nishi-Ku,Sakai City, Osaka Prefecture, Japan	Nursing home with care service	**11,262**	11,939	**0.8**	1.0
12-20, Haruki-Miyakawacho, Kishiwada City, Osaka Prefecture, Japan	Nursing home with care service	**8,542**	9,210	**0.6**	0.8
4-35-9, Noke, Sawara-ku, Fukuoka City, Fukuoka Prefecture, Japan	Nursing home with care service	**10,823**	11,491	**0.8**	1.0
4-10, Higashikori-Shinmachi, Hirakata City, Osaka Prefecture, Japan	Nursing home with care service	**6,320**	6,700	**0.4**	0.6
3-19, Haccho-Nishimachi, Takatsuki City, Osaka Prefecture, Japan	Nursing home with care service	**20,552**	22,161	**1.4**	1.9
3-3-51 Obatake, Kokura-kita-ku, Kita-kyushu City, Fukuoka Prefecture, Japan	Nursing home with care service	**10,015**	10,824	**0.7**	0.9
126-2 Nakadomari, Nishi-nagano, Kakunodate-machi, Senboku City, Akita Prefecture, Japan	Nursing home with care service	**10,870**	11,696	**0.8**	1.0
442-1 Yamabe-Oaza, Nogata City, Fukuoka Prefecture, Japan	Nursing home with care service	**9,849**	10,466	**0.7**	0.9
		201,082	218,180	**14.0**	18.6

The accompanying notes form an integral part of these financial statements.

PORTFOLIO STATEMENTS
AS AT 31 DECEMBER 2021

Description of property	Tenure of land	Term of lease (years)	Remaining term of lease (years)
Group			
Japan (cont'd)			
Balance brought forward			
Sawayaka Shinmojikan (2)	Freehold	N.A.	N.A.
Sawayaka Obatake Nibankan (2)	Freehold	N.A.	N.A.
Sawayaka Fukufukukan (2)	Freehold	N.A.	N.A.
As Heim Nakaurawa (2)	Freehold	N.A.	N.A.
Hanadama no le Nakahara (2)	Freehold	N.A.	N.A.
Sawayaka Higashikagurakan (2)	Freehold	N.A.	N.A.
Happy Life Toyonaka (2)	Freehold	N.A.	N.A.
More Habitation Shin-Kobe (2)	Freehold	N.A.	N.A.
Sawayaka Seaside Toba (2)	Freehold	N.A.	N.A.
Balance carried forward			

The accompanying notes form an integral part of these financial statements.

Location	Existing use	At valuation 2021 $'000	At valuation 2020 $'000	Percentage of net assets 2021 %	Percentage of net assets 2020 %
		201,082	218,180	**14.0**	18.6
1543-1 Oaza Hata, Moji-ku, Kita-kyushu City, Fukuoka Prefecture, Japan	Nursing home with care service	**12,830**	13,707	**0.9**	1.2
1-6-26 Obatake, Kokura-kita-ku, Kita-kyushu City, Fukuoka Prefecture, Japan	Short stay/Day care home	**4,800**	5,188	**0.3**	0.4
1-24-4 Fukuyanagi, Tobata-ku, Kita-kyushu City, Fukuoka Prefecture, Japan	Nursing home with care service	**8,863**	9,595	**0.6**	0.8
2-21-9 Nishibori, Sakura-ku, Saitama Prefecture, Japan	Nursing home with care service	**13,424**	14,219	**0.9**	1.2
5-14-25 Shimo Kotanaka Nakahara-ku, Kawasaki, Kanagawa Prefecture, Japan	Nursing home with care service	**10,930**	11,772	**0.8**	1.0
2-351-4 Kitaichijo Higashi, Higashikagura-cho Kamikawa-gun, Hokkaido Prefecture, Japan	Nursing home with care service	**12,474**	13,451	**0.9**	1.1
15-14, Kozushima 2-chome, Toyonaka City, Osaka Prefecture, Japan	Nursing home with care service	**6,593**	6,994	**0.5**	0.6
13-7, Kanocho 2-chome, Chuo-ku, Kobe City, Hyogo Prefecture, Japan	Nursing home with care service	**19,008**	21,265	**1.3**	1.8
300-73 Aza Hamabe, Ohamacho Toba City, Mie Prefecture, Japan	Nursing home with care service	**19,127**	20,624	**1.3**	1.7
		309,131	334,995	**21.5**	28.4

The accompanying notes form an integral part of these financial statements.

PORTFOLIO STATEMENTS
AS AT 31 DECEMBER 2021

Description of property	Tenure of land	Term of lease (years)	Remaining term of lease (years)
Group			
Japan (cont'd)			
Balance brought forward			
Sawayaka Niihamakan [2]	Freehold	N.A.	N.A.
Sawayaka Mekari Nibankan [2]	Freehold	N.A.	N.A.
Sawayaka Kiyotakan [2]	Freehold	N.A.	N.A.
Sawayaka Minatokan [2]	Freehold	N.A.	N.A.
Maison des Centenaire Hannan [2]	Freehold	N.A.	N.A.
Maison des Centenaire Ohhama [2]	Freehold	N.A.	N.A.
Sunhill Miyako [2]	Freehold	N.A.	N.A.
Habitation Jyosui [2]	Freehold	N.A.	N.A.
Ocean View Shonan Arasaki [2]	Freehold	N.A.	N.A.
Habitation Hakata I, II and III [2]	Freehold	N.A.	N.A.
Excellent Tenpaku Garden Hills [2]	Freehold	N.A.	N.A.
Balance carried forward			

The accompanying notes form an integral part of these financial statements.

Location	Existing use	At valuation 2021 $'000	At valuation 2020 $'000	Percentage of net assets 2021 %	Percentage of net assets 2020 %
		309,131	334,995	**21.5**	28.4
Otsu 11-77, Higashida 3-chome, Niihama City, Ehime Prefecture, Japan	Nursing home with care service	**18,295**	19,599	**1.3**	1.7
2720-2, Okubo 1-chome, Mojiku, Kitakyushushi City, Fukuoka Prefecture, Japan	Nursing home with care service	**4,027**	4,176	**0.3**	0.4
16-7, Kiyota 3-chome, Yahatahigashi-ku, Kitakyushushi, Fukuoka Prefecture, Japan	Nursing home with care service	**12,355**	13,066	**0.9**	1.1
5155-3 Jyusanbancho, Furumachidori, Chuo-ku, Niigata City, Niigata Prefecture, Japan	Nursing home with care service	**9,231**	9,812	**0.6**	0.8
8-423-29 Momonokidai, Hannan City, Osaka Prefecture, Japan	Nursing home with care service	**23,998**	25,748	**1.7**	2.2
3-11-18 Ohhama Kitamachi Sakai-Ku, Sakai City, Osaka Prefecture, Japan	Nursing home with care service	**8,969**	9,659	**0.6**	0.8
8-423-30 Momonokidai, Hannan City, Osaka Prefecture, Japan	Extended stay lodging facility	**11,227**	12,118	**0.8**	1.0
4-1-26 Yakuin, Chuo-ku Fukuoka City, Fukuoka Prefecture, Japan	Nursing home with care service	**46,094**	49,318	**3.2**	4.2
5-25-1 Nagai, Yokosuka City, Kanagawa Prefecture, Japan	Nursing home with care service	**25,661**	26,389	**1.8**	2.2
23-10 Kanenokuma 3-chome Hakata-ku, Fukuoka City, Fukuoka Prefecture, Japan	Nursing home with care service	**48,352**	51,624	**3.4**	4.4
141-3 Tsuchihara 2-chome, Tenpaku-ku, Nagoya City, Aichi Prefecture, Japan	Nursing home with care service	**22,453**	23,827	**1.6**	2.0
		539,793	580,331	**37.7**	49.2

The accompanying notes form an integral part of these financial statements.

PORTFOLIO STATEMENTS
AS AT 31 DECEMBER 2021

Description of property	Tenure of land	Term of lease (years)	Remaining term of lease (years)
Group			
Japan (cont'd)			
Balance brought forward			
Liverari Shiroishi Hana Ichigo-kan (2)	Freehold	N.A.	N.A.
Liverari Shiroishi Hana Nigo-kan (2)	Freehold	N.A.	N.A.
Sunny Spot Misono (2)	Freehold	N.A.	N.A.
Silver Heights Hitsujigaoka (Ichibankan and Nibankan) (2)	Freehold	N.A.	N.A.
Habitation Wakaba (2)	Freehold	N.A.	N.A.
Habitation Hakusho (2)	Freehold	N.A.	N.A.
Group Home Hakusho (2)	Freehold	N.A.	N.A.
Kikuya Warakuen (2)	Freehold	N.A.	N.A.
Sanko (2)	Freehold	N.A.	N.A.
Konosu Nursing Home Kyoseien (2)	Freehold	N.A.	N.A.
Haru no Sato (2)	Freehold	N.A.	N.A.
Hodaka no Niwa (2)	Freehold	N.A.	N.A.
Orange no Sato (2)	Leasehold	99	97
Habitation Kamagaya (2)	Freehold	N.A.	N.A.

The accompanying notes form an integral part of these financial statements.

Location	Existing use	At valuation 2021 $'000	At valuation 2020 $'000	Percentage of net assets 2021 %	Percentage of net assets 2020 %
		539,793	580,331	**37.7**	49.2
1-18 Kitago 3jyo, Shiraishi-ku, Sapporo City, Hokkaido Prefecture, Japan	Nursing home with care service	**4,562**	4,740	**0.3**	0.4
5-10 Kitago 2jyo 5-chome, Shiraishi-ku, Sapporo City, Hokkaido Prefecture, Japan	Nursing home with care service	**2,245**	2,370	**0.2**	0.2
4-24 Misono 7jyo 3-chome, Toyohira-ku, Sapporo City, Hokkaido Prefecture, Japan	Group home with care service	**2,471**	2,652	**0.2**	0.2
6-1 Fukuzumi, 3jyo 3-chome, Toyohira-ku, Sapporo City, Hokkaido Prefecture, Japan	Nursing home with care service	**14,137**	15,116	**1.0**	1.3
1763-12 Oguramachi Wakabaku, Chiba City, Chiba Prefecture, Japan	Nursing home with care service	**26,136**	28,182	**1.8**	2.4
301 Hijikai, Yachimata City, Chiba Prefecture, Japan	Nursing home with care service	**19,958**	21,521	**1.4**	1.8
1345-16 Toyoma, Yachimata City, Chiba Prefecture, Japan	Group home with care service	**1,247**	1,345	**0.1**	0.1
1404-10 Nishitoyoi, Oaza, Kudamatsu City, Yamaguchi Prefecture, Japan	Nursing home with care service	**10,336**	11,093	**0.7**	0.9
4-16-16 Mizuhomachi, Kudamatsu City, Yamaguchi Prefecture, Japan	Nursing home with care service	**6,594**	7,122	**0.5**	0.6
3409-1 Shimoya, Konosu, Saitama Prefecture, Japan	Nursing rehabilitation facility	**20,552**	21,905	**1.4**	1.9
1-2-23 Hajima, Shunan, Yamaguchi Prefecture, Japan	Nursing rehabilitation facility	**16,157**	16,397	**1.1**	1.4
205 Hitoegane, Okuhida Onsengo, Takayama, Gifu Prefecture, Japan	Nursing rehabilitation facility	**16,394**	17,806	**1.1**	1.5
522 Yoshiwara, Aridagawa-machi, Arida, Wakayama Prefecture, Japan	Nursing rehabilitation facility	**14,731**	16,141	**1.0**	1.4
12-1 Shin-Kamagaya 4-chome, Kamagaya City, Chiba Prefecture, Japan	Nursing home with care service	**20,790**	22,161	**1.4**	1.9
		716,103	768,882	**49.9**	65.2

The accompanying notes form an integral part of these financial statements.

PORTFOLIO STATEMENTS

AS AT 31 DECEMBER 2021

Description of property	Tenure of land	Term of lease (years)	Remaining term of lease (years)
Group			
Japan (cont'd)			
Balance brought forward			
Will-Mark Kashiihama [5]	Freehold	N.A.	N.A.
Crea Adachi [5]	Freehold	N.A.	N.A.
Habitation Kisarazu Ichibankan [6]	Freehold	N.A.	N.A.
Malaysia			
MOB Specialist Clinics, Kuala Lumpur [3]	Freehold	N.A.	N.A.
Total investment properties			
Investment property classified as asset held for sale			
Japan			
P-Life Matsudo [4]	Freehold	N.A.	N.A.
Total investment properties and asset held for sale, at valuation			
Other assets and liabilities (net)			
Net assets			

The accompanying notes form an integral part of these financial statements.

Location	Existing use	At valuation 2021 $'000	At valuation 2020 $'000	Percentage of net assets 2021 %	Percentage of net assets 2020 %
		716,103	768,882	**49,.9**	65.2
2-1 Kashiihama 3-chome, Fukuoka City, Fukuoka Prefecture, Japan	Nursing home with care service	**38,135**	–	**2.7**	–
19-10 Iriya 2-chome Adachi City, Tokyo Prefecture, Japan	Nursing home with care service	**15,087**	–	**1.1**	–
11-1, Kaneda Higashi 4-chome, Kisarazu City, Chiba, Japan	Nursing home with care service	**40,867**	–	**2.8**	–
		810,192	768,882	**56.5**	65.2
282, Jalan Ampang 50450 Kuala Lumpur, Malaysia	Medical Centre	**6,462**	6,218	**0.5**	0.5
		2,288,654	1,988,900	**159.6**	168.2
357 Matsuhidai, Matsudo City, Chiba Prefecture, Japan	Pharmaceutical product distributing and manufacturing facility	**–**	30,872	**–**	2.6
		2,288,654	2,019,772	**159.6**	170.8
		(853,947)	(836,157)	**(59.6)**	(70.8)
		1,434,707	1,183,615	**100.0**	100.0

The accompanying notes form an integral part of these financial statements.

PORTFOLIO STATEMENTS

AS AT 31 DECEMBER 2021

Description of property	Tenure of land	Term of lease (years)	Remaining term of lease (years)
Trust			
Singapore			
The Mount Elizabeth Hospital Property [1]	Leasehold	67	53
The Gleneagles Hospital Property [1]	Leasehold	75	61
The Parkway East Hospital Property [1]	Leasehold	75	61

Investment properties, at valuation
Other assets and liabilities (net)
Net assets

(1) These properties are leased to Parkway Hospitals Singapore Pte. Ltd., a related corporation of the Manager and the Trust under separate master lease agreements, which are renewed under the terms of the New Master Lease Agreements from 23 August 2022 to 31 December 2042 with an option to extend the lease of each of these properties for a further term of 10 years. The appraised value of these properties under the terms of the New Master Lease Agreements were determined by CBRE Pte. Ltd., using direct capitalisation and discounted cash flow methods.

(2) On 31 December 2021, independent valuations of these properties were undertaken by CBRE K.K., Enrix Co., Ltd, Cushman & Wakefield K.K. and JLL Morii Valuation & Advisory K.K. using the discounted cash flow method.

(3) On 31 December 2021, the appraised value of the property was determined by Knight Frank Malaysia Sdn Bhd, using the direct capitalisation method and supported by comparison approach.

(4) Classified as asset held for sale as at 31 December 2020. The property was divested on 29 January 2021.

(5) On 30 June 2021, the Group entered into a Tokumei Kumiai agreement as an investor in relation to the acquisition of two nursing homes located in Japan for a purchase price of JPY4.1 billion (approximately $50.4 million). The acquisition of the properties was completed on 9 July 2021. The appraised value of the properties as at 31 December 2021 was determined by Enrix Co., Ltd using discounted cash flow method.

(6) On 10 December 2021, the Group entered into a Tokumei Kumiai agreement as an investor in relation to the acquisition of one nursing home located in Japan for a purchase price of JPY3.2 billion (approximately $38.5 million). The acquisition of the property was completed on 17 December 2021. The appraised value of the property as at 31 December 2021 was determined by CBRE K.K. using discounted cash flow method.

The Manager believes that the independent valuers have appropriate professional qualifications and recent experience in the location and category of the properties being valued. The net change in fair value of the properties has been taken to the statement of total return.

The accompanying notes form an integral part of these financial statements.

Location	Existing use	At valuation 2021 $'000	2020 $'000	Percentage of net assets 2021 %	2020 %
3 Mount Elizabeth, Singapore 228510	Hospital and medical centre	**883,000**	751,000	**65.8**	71.6
6 Napier Road, Singapore 258499; and 6A Napier Road, Singapore 258500	Hospital and medical centre	**503,000**	395,000	**37.5**	37.6
319 Joo Chiat Place, Singapore 427989; and 321 Joo Chiat Place, Singapore 427990	Hospital and medical centre	**86,000**	67,800	**6.4**	6.5
		1,472,000	1,213,800	**109.7**	115.7
		(130,180)	(164,639)	**(9.7)**	(15.7)
		1,341,820	1,049,161	**100.0**	100.0

The accompanying notes form an integral part of these financial statements.

CONSOLIDATED STATEMENT **OF CASH FLOWS**

YEAR ENDED 31 DECEMBER 2021

	Note	Group 2021 $'000	2020 $'000
Operating activities			
Total return before income tax		**340,752**	96,389
Adjustments for:			
Interest income		**–**	(7)
Finance costs	19	**4,683**	5,237
Net change in fair value of financial derivatives		**(4,161)**	823
Net change in fair value of investment properties	4	**(239,206)**	(7,428)
Gain on disposal of asset held for sale	9	**(5,113)**	–
Deferred income recognised		**(251)**	(257)
Allowance for doubtful debts	16	**1,028**	–
Operating income before working capital changes		**97,732**	94,757
Changes in working capital:			
Trade and other receivables		**4,237**	(6,048)
Trade and other payables		**(7,615)**	5,880
Security deposits		**1,033**	788
Cash generated from operations		**95,387**	95,377
Income tax paid		**(5,525)**	(5,065)
Cash flows generated from operating activities		**89,862**	90,312
Investing activities			
Interest received		**–**	7
Capital expenditure on investment properties		**(11,692)**	(4,579)
Cash outflow on purchase of investment properties (including acquisition related costs) (Note A)		**(99,207)**	(24,003)
Net proceeds from sale of investment property (including divestment related costs)		**35,911**	–
Cash flows used in investing activities		**(74,988)**	(28,575)
Financing activities			
Borrowing costs paid		**(934)**	(1,650)
Interest paid		**(3,842)**	(5,101)
Distributions to Unitholders		**(85,184)**	(82,038)
Proceeds from loans and borrowings		**482,124**	128,191
Repayment of loans and borrowings		**(402,114)**	(100,834)
Repayment of lease liabilities		**(31)**	(32)
Cash flows used in financing activities		**(9,981)**	(61,464)
Net increase in cash and cash equivalents		**4,893**	273
Cash and cash equivalents at beginning of year		**22,658**	21,870
Effects of exchange differences on cash balances		**(1,758)**	515
Cash and cash equivalents at end of year	8	**25,793**	22,658

The accompanying notes form an integral part of these financial statements.

Note A:

Cash outflow on purchase of investment properties (including acquisition related costs)

Cash outflow on purchase of investment properties (including acquisition related costs) is set out below:

	Group	
	2021	2020
	$'000	$'000
Investment properties	**88,853**	21,203
Acquisition related costs	**10,354**	2,800
Cash outflow/cash consideration paid	**99,207**	24,003

The accompanying notes form an integral part of these financial statements.

These notes form an integral part of the financial statements.

The financial statements were authorised for issue by the Manager and the Trustee on 22 February 2022.

1 GENERAL

Parkway Life Real Estate Investment Trust (the "Trust") is a Singapore-domiciled unit trust constituted pursuant to the trust deed dated 12 July 2007 (as amended by the First Supplemental Deed dated 12 November 2009, Second Supplemental Deed dated 30 March 2010, the Third Supplemental Deed dated 31 March 2016, the Fourth Supplemental Deed dated 2 May 2019, the Fifth Supplemental Deed dated 2 April 2020 and the Sixth Supplemental Deed dated 23 September 2020) (the "Trust Deed") between Parkway Trust Management Limited (the "Manager") and HSBC Institutional Trust Services (Singapore) Limited (the "Trustee"), governed by the laws of the Republic of Singapore. On 12 July 2007, the Trust was declared as an authorised unit trust scheme under the Trustees Act, Chapter 337. The Trustee is under a duty to take into custody and hold the assets of the Trust and its subsidiaries (the "Group") in trust for the holders ("Unitholders") of units in the Trust (the "Units").

On 23 August 2007 ("Listing Date"), the Trust was admitted to the Official List of the Singapore Exchange Securities Trading Limited ("SGX-ST") and was included under the Central Provident Fund ("CPF") Investment Scheme on the same date.

At Listing Date, the Trust had invested in and owned an initial portfolio of three private hospitals in Singapore comprising The Mount Elizabeth Hospital Property, The Gleneagles Hospital Property, and The Parkway East Hospital Property (collectively, the "Hospital Properties"). The Hospital Properties are leased to a related corporation of the Manager and the Trust, Parkway Hospitals Singapore Pte. Ltd., pursuant to three separate master lease agreements.

The principal activity of the Trust is to invest primarily in income-producing real estate and/or real estate-related assets in the Asia-Pacific region (including Singapore) that are used primarily 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. The principal activities of the subsidiaries are set out in Note 5.

For financial reporting purposes, the Group is regarded as a subsidiary of Parkway Investments Pte. Ltd., a company incorporated in the Republic of Singapore. Accordingly, the ultimate holding company is IHH Healthcare Berhad, a company incorporated in Malaysia.

The Trust has entered into several service agreements in relation to the management of the Trust and its property operations. The fee structures of these services are as follows:

(A) Trustee's fee

Pursuant to the Trust Deed, the Trustee's fee shall not exceed 0.03% per annum of the value of the gross assets of the Group ("Deposited Property"), subject to a minimum of $10,000 per month or such higher percentage as may be fixed by an Extraordinary Resolution at a meeting of Unitholders of the Trust. The Trustee's fee is payable out of the Deposited Property on a monthly basis, in arrears. The Trustee is also entitled to seek reimbursement of expenses incurred in the performance of its duties under the Trust Deed.

Based on the current agreement between the Manager and the Trustee, the Trustee's fee is charged on a scaled basis of up to 0.03% per annum of the value of the Group's Deposited Property.

1 GENERAL (CONT'D)

(B) Manager's management fees

Pursuant to the Trust Deed, the Manager is entitled to receive management fees comprising the base fee and performance fee as follows:

(i) A base fee of 0.3% per annum of the value of the Deposited Property; and

(ii) A performance fee of 4.5% per annum of the net property income of the Group.

The base fee and performance fee is payable to the Manager in the form of cash and/or units (as the Manager may elect prior to each payment) and in such proportion as may be determined by the Manager.

Where the management fees are payable in the form of units, such payment shall be made out quarterly in arrears and the Manager shall be entitled to receive such number of units as may be purchased with the relevant amount of the management fee attributable to the relevant period at an issue price set out in accordance with the Trust Deed. Where the management fees are payable in the form of cash, the portion of the base fee and performance fee payable in cash shall be payable monthly and quarterly in arrears, respectively. With effect from 1 January 2016, the performance fee is paid annually in arrears, regardless of whether it is paid in the form of cash and/or units.

Since the Listing Date, the Manager has elected to receive 20% of the base and performance fees in the form of units and 80% in the form of cash. With effect from the financial year ended 31 December 2011, the Manager has elected to receive 100% of the base and performance fees in the form of cash.

Any increase in the maximum permitted amount or any change in the structure of the Manager's management fees must be approved by an Extraordinary Resolution at a meeting of Unitholders of the Trust duly convened and held in accordance with the provisions of the Trust Deed.

In addition to the management fees, the Manager is entitled to the following fees (excluding the Hospital Properties for the duration of the master lease agreements):

(i) A fee of 2.0% per annum of the revenue of the real estate held directly or indirectly by the Trust and managed by the Manager, for property management services provided by the Manager;

(ii) A fee of 1.0% per annum of the revenue of the real estate held directly or indirectly by the Trust and managed by the Manager, for lease management services provided by the Manager;

(iii) Commissions as set out below for securing new leases or renewal of leases for those real estate which are not leased to a master lessee under a master lease agreement, pursuant to marketing services provided by the Manager:

  (a) Two months' gross rent inclusive of service charge, for securing a lease of more than three years;

  (b) One month's gross rent inclusive of service charge, for securing a lease of three years or less;

  (c) One month's gross rent inclusive of service charge, for securing a renewal of lease of more than three years; and

  (d) Half month's gross rent inclusive of service charge, for securing a renewal of lease of three years or less.

1 GENERAL (CONT'D)

(B) Manager's management fees (cont'd)

If a third party agent secures a tenancy, the Manager will be responsible for any marketing services commission payable to such third party agent, and the Manager will be entitled to a marketing service commission of:

(a) 2.4 months' gross rent inclusive of service charge for securing or renewal of a lease of more than three years; and

(b) 1.2 months' gross rent inclusive of service charge for securing or renewal of a lease of three years or less.

The marketing services commission may be adjusted accordingly at the time of securing or renewal of a lease by the Manager or a third party agent, to be consistent with and no higher than the prevailing market rates of such marketing services commission in the country where the real estate is located.

(C) Manager's acquisition and divestment fees

The Manager is entitled to receive the following acquisition fees and divestment fees:

(i) An acquisition fee of 1.0% of the Enterprise Value of any real estate or real estate related asset acquired directly or indirectly by the Trust, prorated, if applicable, to the proportion of the Trust's interest.

Where the assets acquired by the Trust are shares in a special purpose vehicle whose primary purpose is to hold/own real estate (directly or indirectly), "Enterprise Value" shall mean the sum of the equity value and the total net debt attributable to the shares being acquired by the Trust. Where the asset acquired by the Trust is a real estate, "Enterprise Value" shall mean the value of the real estate.

In the event that there is a payment to be made to third party agents or brokers in connection with the acquisition, such payment shall be paid out of the Deposited Property. Unless required under the Property Funds Appendix to be paid in the form of units only, the Manager may opt to receive such acquisition fee in the form of cash or units or a combination of cash and units as it may determine. Units representing the acquisition fee or any part thereof will be issued at an issue price on a similar basis as management fees.

In the event that the Manager receives an acquisition fee in connection with a transaction with a related party, any such acquisition fee shall be paid in the form of units.

1 GENERAL (CONT'D)

(C) Manager's acquisition and divestment fees (cont'd)

(ii) A divestment fee of 0.5% of the Enterprise Value of any real estate or real estate related asset sold or divested directly or indirectly by the Trust, pro-rated, if applicable, to the proportion of the Trust's interest.

Unless required under the Property Funds Appendix to be paid in the form of units only, the Manager may opt to receive such divestment fee in the form of cash or units or a combination of cash and units as it may determine. Units representing the divestment fee or any part thereof will be issued at an issue price on a similar basis as management fees. Any payment to third party agents or brokers in connection with the divestment of any real estate or real estate related assets of the Trust shall be paid by the Trust. In the event the Manager receives divestment fee in connection with a transaction with a related party, any such divestment fee shall be paid in the form of units.

(D) Project management fees

The property manager is entitled to receive a project management fee for each project undertaken, for the development or redevelopment (if not prohibited by the Property Funds Appendix or if otherwise permitted by the Monetary Authority of Singapore), the refurbishment, retrofitting and renovation of a property, based on the capital expenditure of the project, amounting to:

(i) 5.0% of the capital expenditure of the project where the capital expenditure of the project is less than $1.0 million; or

(ii) 3.0% of the capital expenditure of the project where the capital expenditure of the project is more than or equal to $1.0 million.

For the purpose of calculating the fees payable to the property manager, "capital expenditure" means all construction costs and expenditure valued by the quantity surveyor engaged by the Trustee for the project, excluding development charges, differential premiums, statutory payments, consultants' professional fees and goods and services tax.

2 BASIS OF PREPARATION

2.1 Statement of compliance

The financial statements are prepared in accordance with the recommendations of Statement of Recommended Accounting Practice ("RAP") 7 *Reporting Framework for Investment Funds* issued by the Institute of Singapore Chartered Accountants and the applicable requirements of the Code on Collective Investment Schemes ("CIS Code") issued by the Monetary Authority of Singapore ("MAS") and the provisions of the Trust Deed. RAP 7 requires that accounting policies adopted should generally comply with the recognition and measurement principles of Singapore Financial Reporting Standards ("FRS"). The changes to significant accounting policies are described in Note 2.5.

2.2 Basis of measurement

The financial statements have been prepared on the historical cost basis except for the following items:

– derivative financial instruments are measured at fair value; and

– investment properties are measured at fair value.

2 BASIS OF PREPARATION (CONT'D)

2.3 Functional and presentation currency

The financial statements of the Group and the Trust are presented in Singapore dollars, which is the Trust's functional currency. All financial information presented in Singapore dollars have been rounded to the nearest thousand, unless otherwise stated.

2.4 Use of estimates and judgements

The preparation of financial statements in conformity with RAP 7 requires the Manager to make judgements, estimates and assumptions that affect the application of policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised prospectively.

Information about assumptions and estimation uncertainties that have a significant risk of resulting in a material adjustment to the carrying amounts of assets and liabilities within the next financial year are included in the following notes:

- Note 4 – fair value determination of investment properties; and
- Note 25 – valuation of financial instruments.

Measurement of fair values

A number of the Group's accounting policies and disclosures require the measurement of fair values, for both financial and non-financial assets and liabilities.

When measuring the fair value of an asset or a liability, the Group uses market observable data as far as possible. Fair values are categorised into different levels in a fair value hierarchy based on the inputs used in the valuation techniques as follows:

- Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities;
- Level 2: Inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and
- Level 3: Inputs for the asset or liability that are not based on observable market data (unobservable inputs).

If the inputs used to measure the fair value of an asset or a liability fall into different levels of the fair value hierarchy, then the fair value measurement is categorised in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement (with Level 3 being the lowest).

The Group recognises transfers between levels of the fair value hierarchy as of the end of the reporting period during which the change has occurred.

Further information about the assumptions made in measuring fair values is included in the following notes:

- Note 4 – fair value determination of investment properties; and
- Note 25 – valuation of financial instruments.

2 BASIS OF PREPARATION (CONT'D)

2.5 Changes in accounting policies

The Group has applied the following new FRSs, interpretations and amendments for the first time for the annual period beginning on 1 January 2021:

- *Interest Rate Benchmark Reform* – *Phase 2 (Amendments to FRS 109, FRS 39 and FRS 107, FRS 104 and FRS 116)*

The application of amendment relating to the interest rate benchmark reform – Phase 2 Amendments, does not have a material effect on the financial statements.

The Group applied the Phase 2 amendments retrospectively. However, in accordance with the exceptions permitted in the Phase 2 amendments, the Group has elected not to restate comparatives for the prior periods to reflect the application of these amendments. Since the Group had no transactions for which the benchmark rate had been replaced with an alternative benchmark rate as at 31 December 2020, there is no impact on opening equity balances as a result of retrospective application.

Specific policies applicable from 1 January 2021 for interest rate benchmark reform

The Phase 2 amendments provide practical relief from certain requirements in FRS Standards. These reliefs relate to modifications of financial instruments and lease contracts or hedging relationships triggered by a replacement of a benchmark interest rate in a contract with a new alternative benchmark rate.

If the basis for determining the contractual cash flows of a financial asset or financial liability measured at amortised cost changes as a result of interest rate benchmark reform, then the Group updates the effective interest rate of the financial asset or financial liability to reflect the change that is required by the reform. A change in the basis for determining the contractual cash flows is required by interest rate benchmark reform if the following conditions are met:

– the change is necessary as a direct consequence of the reform; and

– the new basis for determining the contractual cash flows is economically equivalent to the previous basis – i.e. the basis immediately before the change.

If changes are made to a financial asset or financial liability in addition to changes to the basis for determining the contractual cash flows required by interest rate benchmark reform, then the Group first updates the effective interest rate of the financial asset or financial liability to reflect the change that is required by interest rate benchmark reform. Subsequently, the Group applies the policies on accounting for modifications to the additional changes.

The amendments also provide an exception to use a revised discount rate that reflects the change in interest rate when remeasuring a lease liability because of a lease modification that is required by interest rate benchmark reform.

Finally, the Phase 2 amendments provide a series of temporary exceptions from certain hedge accounting requirements when a change required by interest rate benchmark reform occurs to a hedged item and/or hedging instrument that permit the hedge relationship to be continued without interruption. The Group applies the following reliefs as and when uncertainty arising from interest rate benchmark reform is no longer present with respect to the timing and the amount of the interest rate benchmark-based cash flows of the hedged item or hedging instrument:

– the Group amends the designation of a hedging relationship to reflect changes that are required by the reform without discontinuing the hedging relationship; and

2 BASIS OF PREPARATION (CONT'D)

2.5 Changes in accounting policies (cont'd)

– when a hedged item in a cash flow hedge is amended to reflect the changes that are required by the reform, the amount accumulated in the cash flow hedge reserve is deemed to be based on the alternative benchmark rate on which the hedged future cash flows are determined.

Where uncertainty persists in the timing or amount of the interest rate benchmark-based cash flows of the hedged item or hedging instrument, the Group continues to apply the existing accounting policies disclosed in Note 3.5. See also Note 25 for related disclosures about risks, financial assets and financial liabilities indexed to inter-bank lending rates (IBOR) and hedge accounting.

3 SIGNIFICANT ACCOUNTING POLICIES

The accounting policies set out below have been applied consistently to all periods presented in these financial statements, and have been applied consistently by Group entities, except as explained in Note 2.5, which addresses changes in accounting policies.

3.1 Basis of consolidation

Business combinations

The Group accounts for business combinations using the acquisition method when the acquired set of activities and assets meets the definition of a business and control is transferred to the Group. In determining whether a particular set of activities and assets is a business, the Group assesses whether the set of assets and activities acquired includes, at a minimum, an input and substantive process and whether the acquired set has the ability to produce outputs.

The Group has an option to apply a 'concentration test' that permits a simplified assessment of whether an acquired set of activities and assets is not a business. The optional concentration test is met if substantially all of the fair value of the gross assets acquired is concentrated in a single identifiable asset or group of similar identifiable assets.

Business combinations and property acquisitions

Where a property is acquired, the Manager considers the substance of the assets and activities of the acquired entity in determining whether the acquisition represents the acquisition of a business.

The Group accounts for an acquisition as business combination where the set of assets and activities acquired includes, at a minimum, an input and substantive process and whether the acquired set has the ability to produce outputs.

The Group has an option to apply a 'concentration test' that permits a simplified assessment of whether an acquired set of activities and assets is not a business. The optional concentration test is met if substantially all of the fair value of the gross assets acquired is concentrated in a single identifiable asset or group of similar identifiable assets.

When acquisition of an asset or a group of assets does not constitute a business combination, it is treated as property acquisition. In such cases, the individual identifiable assets acquired and liabilities assumed are recognised. The acquisition cost shall be allocated to the individual identifiable assets and liabilities on the basis of their relative fair values at the date of acquisition. Such a transaction does not give rise to goodwill.

3 SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.1 Basis of consolidation (cont'd)

Subsidiaries

Subsidiaries are entities controlled by the Group. The Group controls an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases.

The accounting policies of subsidiaries have been changed where necessary to align them with the policies adopted by the Group.

Transactions eliminated on consolidation

Intra-group balances and transactions, and any unrealised income or expenses arising from intra-group transactions, are eliminated in preparing the consolidated financial statements.

Accounting for subsidiaries by the Trust

Investments in subsidiaries are stated in the Trust's statement of financial position at cost less accumulated impairment losses.

3.2 Foreign currency

Foreign currency transactions

Transactions in foreign currencies are translated to the respective functional currencies of the Group entities at the exchange rates at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies at the reporting date are translated to the functional currency at the exchange rate at that date. The foreign currency gain or loss on monetary items is the difference between amortised cost in the functional currency at the beginning of the year, adjusted for effective interest and payments during the year, and the amortised cost in foreign currency translated at the exchange rate at the end of the reporting year.

Non-monetary assets and liabilities denominated in foreign currencies that are measured at fair value are translated to the functional currency at the exchange rate at the date that the fair value was determined. Non-monetary items in a foreign currency that are measured in terms of historical cost are translated using the exchange rate at the date of the transaction.

Foreign currency differences arising on translation are recognised in the statement of total return, except for differences arising on the translation of monetary items that in substance form part of the Group's net investment in foreign operations, and financial liabilities designated as hedges of the net investment in foreign operations, which are recognised in the Unitholders' funds.

3 SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.2 Foreign currency (cont'd)

Foreign operations

The assets and liabilities of foreign operations, including goodwill and fair value adjustments arising on acquisition, are translated to Singapore dollars at exchange rates at the reporting date. The income and expenses of foreign operations are translated to Singapore dollars at exchange rates at the dates of the transactions.

Foreign currency differences are recognised in the foreign currency translation reserve. When a foreign operation is disposed of such that control is lost, the cumulative amount in the foreign currency translation reserve related to that foreign operation is transferred to the statement of total return as part of the gain or loss on disposal. When the Group disposes of only part of its interest in a subsidiary that includes a foreign operation while retaining control, the relevant proportion of the cumulative amount is reattributed to non-controlling interests.

3.3 Investment properties

Investment properties are properties held either to earn rental income or for capital appreciation or for both, but not for sale in the ordinary course of business. Investment properties are accounted for as non-current assets and are initially recognised at cost and at fair value thereafter. The cost of a purchased property comprises its purchase price and any directly attributable expenditure. Fair value of investment properties are determined in accordance with the Trust Deed, which requires the investment properties to be valued by independent registered valuers in the following manner:

(i) in such manner and frequency required under the CIS code issued by MAS; and

(ii) at least once a year, on the 31st December of each year.

Any increase or decrease on revaluation is credited or charged directly to the statement of total return as a net change in fair value of investment properties.

Subsequent expenditure relating to investment properties that has already been recognised is added to the carrying amount of the asset when it is probable that future economic benefits, in excess of originally assessed standard of performance of the existing asset, will flow to the Group. All other subsequent expenditure is recognised as an expense in the period in which it is incurred.

When an investment property is disposed of, the resulting gain or loss recognised in the statement of total return is the difference between net disposal proceeds and the carrying amount of the property.

Investment properties are not depreciated. The properties are subject to continued maintenance and regularly revalued on the basis set out above.

3.4 Assets held for sale

Investment properties that are highly probable to be recovered primarily through sale rather than through continued use, are classified as assets held for sale and accounted for as current assets. These investment properties are measured at fair value and any increase or decrease on fair valuation is credited or charged directly to the statement of total return as a net change in fair value of investment properties.

3 SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.5 Financial instruments

Recognition and initial measurement

Non-derivative financial assets and financial liabilities

Trade receivables are initially recognised when they are originated. All other financial assets and financial liabilities are initially recognised when the Group becomes a party to the contractual provisions of the instrument.

A financial asset (unless it is a trade receivable without a significant financing component) or financial liability is initially measured at fair value plus, or minus, for an item not at fair value through profit or loss (FVTPL), transaction costs that are directly attributable to its acquisition or issue. A trade receivable without a significant financing component is initially measured at the transaction price.

Classification and subsequent measurement

Non-derivative financial assets

On initial recognition, a financial asset is classified as measured at amortised cost.

Financial assets are not reclassified subsequent to their initial recognition unless the Group changes its business model for managing financial assets, in which case all affected financial assets are reclassified on the first day of the first reporting period following the change in the business model.

Financial assets at amortised cost

A financial asset is measured at amortised cost if it meets both of the following conditions and is not designated as at FVTPL:

- it is held within a business model whose objective is to hold assets to collect contractual cash flows; and
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Financial assets: Business model assessment

The Group makes an assessment of the objective of the business model in which a financial asset is held at a portfolio level because this best reflects the way the business is managed and information is provided to the Manager. The information considered includes:

- how the performance of the portfolio is evaluated and reported to the Manager; and
- the risks that affect the performance of the business model (and the financial assets held within that business model) and how those risks are managed.

Transfers of financial assets to third parties in transactions that do not qualify for derecognition are not considered sales for this purpose, consistent with the Group's continuing recognition of the assets.

3 SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.5 Financial instruments (cont'd)

Classification and subsequent measurement (cont'd)

Non-derivative financial assets: Assessment whether contractual cash flows are solely payments of principal and interest

For the purposes of this assessment, 'principal' is defined as the fair value of the financial asset on initial recognition. 'Interest' is defined as consideration for the time value of money and for the credit risk associated with the principal amount outstanding during a particular period of time and for other basic lending risks and costs (e.g. liquidity risk and administrative costs), as well as a profit margin.

In assessing whether the contractual cash flows are solely payments of principal and interest, the Group considers the contractual terms of the instrument. This includes assessing whether the financial asset contains a contractual term that could change the timing or amount of contractual cash flows such that it would not meet this condition. In making this assessment, the Group considers:

- contingent events that would change the amount or timing of cash flows;
- terms that may adjust the contractual coupon rate, including variable rate features;
- prepayment and extension features; and
- terms that limit the Group's claim to cash flows from specified assets (e.g. non-recourse features).

A prepayment feature is consistent with the solely payments of principal and interest criterion if the prepayment amount substantially represents unpaid amounts of principal and interest on the principal amount outstanding, which may include reasonable additional compensation for early termination of the contract. Additionally, for a financial asset acquired at a significant discount or premium to its contractual par amount, a feature that permits or requires prepayment at an amount that substantially represents the contractual par amount plus accrued (but unpaid) contractual interest (which may also include reasonable additional compensation for early termination) is treated as consistent with this criterion if the fair value of the prepayment feature is insignificant at initial recognition.

Non-derivative financial assets: Subsequent measurement and gains and losses

Financial assets at amortised cost

These assets are subsequently measured at amortised cost using the effective interest method. The amortised cost is reduced by impairment losses. Interest income, foreign exchange gains and losses and impairment are recognised in statement of total return. Any gain or loss on derecognition is recognised in statement of total return.

Non-derivative financial liabilities: Classification, subsequent measurement and gains and losses

Financial liabilities are classified as other financial liabilities and are initially measured at fair value less directly attributable transaction costs. They are subsequently measured at amortised cost using the effective interest method. Interest expense and foreign exchange gains and losses are recognised in statement of total return. These financial liabilities comprised loans and borrowings, trade and other payables and security deposits.

3 SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.5 Financial instruments (cont'd)

Derecognition

Financial assets

The Group derecognises a financial asset when the contractual rights to the cash flows from the financial asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which either substantially all of the risks and rewards of ownership of the financial asset are transferred or the Group neither transfers nor retains substantially all of the risks and rewards of ownership and it does not retain control of the financial asset.

Transferred assets are not derecognised when the Group enters into transactions whereby it transfers assets recognised in its statement of financial position, but retains either all or substantially all of the risks and rewards of the transferred assets.

Financial liabilities

The Group derecognises a financial liability when its contractual obligations are discharged or cancelled, or expire. The Group also derecognises a financial liability when its terms are modified and the cash flows of the modified liability are substantially different, in which case a new financial liability based on the modified terms is recognised at fair value.

On derecognition of a financial liability, the difference between the carrying amount extinguished and the consideration paid (including any non-cash assets transferred or liabilities assumed) is recognised in statement of total return.

Offsetting

Financial assets and financial liabilities are offset and the net amount presented in the statement of financial position when, and only when, the Group currently has a legally enforceable right to set off the amounts and it intends either to settle them on a net basis or to realise the asset and settle the liability simultaneously.

Cash and cash equivalents

Cash and cash equivalents comprise cash balances and short-term deposits with maturities of three months or less from the date of acquisition that are subject to an insignificant risk of changes in their fair value, and are used by the Group in the management of its short-term commitments. For the purpose of the statement of cash flows, cash collateral received is excluded.

Derivative financial instruments and hedge accounting

The Group holds derivative financial instruments to hedge its foreign currency and interest rate risk exposures.

Derivatives are initially measured at fair value and any directly attributable transaction costs are recognised in statement of total return as incurred. Subsequent to initial recognition, derivatives are measured at fair value, and changes therein are generally recognised in statement of total return, unless it is designated in a hedge relationship that qualifies for hedge accounting.

The Group designates certain derivatives and non-derivative financial instruments as hedging instruments in qualifying hedging relationships. At inception of designated hedging relationships, the Group documents the risk management objective and strategy for undertaking the hedge. The Group also documents the economic relationship between the hedged item and the hedging instrument, including whether the changes in cash flows of the hedged item and hedging instrument are expected to offset each other.

3 SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.5 Financial instruments (cont'd)

Derivative financial instruments and hedge accounting (cont'd)

Hedges directly affected by interest rate benchmark reform

Phase 1 amendments: Prior to interest rate benchmark reform – when there is uncertainty arising from Interest rate benchmark reform

For the purpose of evaluating whether there is an economic relationship between the hedged items and the hedging instruments, the Group assumes that the benchmark interest rate is not altered as a result of interest rate benchmark reform.

For a cash flow hedge of a forecasted transaction, the Group assumes that the benchmark interest rate will not be altered as a result of interest rate benchmark reform for the purpose of assessing whether the forecast transaction is highly probable and presents an exposure to variations in cash flows that could ultimately affect profit or loss. In determining whether a previously designated forecast transaction in a discontinued cash flow hedge is still expected to occur, the Group assumes that the interest rate benchmark cash flows designated as a hedge will not be altered as a result of interest rate benchmark reform.

The Group will cease to apply the specific policy for assessing the economic relationship between the hedged item and the hedging instrument (i) to a hedged item or hedging instrument when the uncertainty arising from interest rate benchmark reform is no longer present with respect to the timing and the amount of contractual cash flows of the respective item or instrument or (ii) when the hedging relationship is discontinued. For its highly probable assessment of the hedged item, the Group will no longer apply the specific policy when the uncertainty arising from interest rate benchmark reform about the timing and the amount of the interest rate benchmark-based future cash flows of the hedged item is no longer present, or when the hedging relationship is discontinued.

Phase 2 amendments: Replacement of benchmark interest rates – when there is no longer uncertainty arising from interest rate benchmark reform

When the basis for determining the contractual cash flows of the hedged item or the hedging instrument changes as a result of interest rate benchmark reform and therefore there is no longer uncertainty arising about the cash flows of the hedged item or the hedging instrument, the Group amends the hedge documentation of that hedging relationship to reflect the change(s) required by interest rate benchmark reform. A change in the basis for determining the contractual cash flows is required by interest rate benchmark reform if the following conditions are met:

– the change is necessary as a direct consequence of the reform; and

– the new basis for determining the contractual cash flows is economically equivalent to the previous basis – i.e. the basis immediately before the change.

3 SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.5 Financial instruments (cont'd)

Derivative financial instruments and hedge accounting (cont'd)

Hedges directly affected by interest rate benchmark reform (cont'd)

<u>*Phase 2 amendments: Replacement of benchmark interest rates – when there is no longer uncertainty arising from interest rate benchmark reform*</u> *(cont'd)*

For this purpose, the hedge designation is amended only to make one or more of the following changes:

– designating an alternative benchmark rate as the hedged risk;

– updating the description of hedged item, including the description of the designated portion of the cash flows or fair value being hedged; or

– updating the description of the hedging instrument.

The Group amends the description of the hedging instrument only if the following conditions are met:

– it makes a change required by interest rate benchmark reform by changing the basis for determining the contractual cash flows of the hedging instrument or using another approach that is economically equivalent to changing the basis for determining the contractual cash flows of the original hedging instrument; and

– the original hedging instrument is not derecognised.

The Group amends the formal hedge documentation by the end of the reporting period during which a change required by interest rate benchmark reform is made to the hedged risk, hedged item or hedging instrument. These amendments in the formal hedge documentation do not constitute the discontinuation of the hedging relationship or the designation of a new hedging relationship.

If changes are made in addition to those changes required by interest rate benchmark reform described above, then the Group first considers whether those additional changes result in the discontinuation of the hedge accounting relationship. If the additional changes do not result in discontinuation of the hedge accounting relationship, then the Group amends the formal hedge documentation for changes required by interest rate benchmark reform as mentioned above.

When the interest rate benchmark on which the hedged future cash flows had been based is changed as required by interest rate benchmark reform, for the purpose of determining whether the hedged future cash flows are expected to occur, the Group deems that the hedging reserve recognised in OCI for that hedging relationship is based on the alternative benchmark rate on which the hedged future cash flows will be based.

3 SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.5 Financial instruments (cont'd)

Derivative financial instruments and hedge accounting (cont'd)

Cash flow hedges

The Group designates certain derivatives as hedging instruments to hedge the variability in cash flows associated with highly probable forecast transactions arising from changes in foreign exchange rates and interest rates.

When a derivative is designated as a cash flow hedging instrument, the effective portion of changes in the fair value of the derivative is recognised in Unitholders' funds and accumulated in the hedging reserve. The effective portion of changes in the fair value of the derivative that is recognised in Unitholders' funds is limited to the cumulative change in fair value of the hedged item, determined on a present value basis, from inception of the hedge. Any ineffective portion of changes in the fair value of the derivative is recognised immediately in statement of total return.

The Group designates only the change in intrinsic value of interest rate cap contracts as the hedging instrument in cash flow hedging relationships. The change in time value of interest rate cap contracts is separately accounted for as a cost of hedging and recognised in a cost of hedging reserve within Unitholders' funds.

For all hedge transactions, the amount accumulated in the hedging reserve is reclassified to the statement of total return in the same period or periods during which the hedged expected future cash flows affect the statement of total return.

If the hedge no longer meets the criteria for hedge accounting or the hedging instrument is sold, expires, is terminated or is exercised, then hedge accounting is discontinued prospectively. When hedge accounting for cash flow hedges is discontinued, the amount that has been accumulated in the hedging reserve and the cost of hedging reserve remains in Unitholders' funds until, for a hedge of a transaction resulting in recognition of a non-financial item, it is included in the non-financial item's cost on its initial recognition or, for other cash flow hedges, it is reclassified to statement of total return in the same period or periods as the hedged expected future cash flows affect total return.

If the hedged future cash flows are no longer expected to occur, then the amounts that have been accumulated in the hedging reserve and the cost of hedging reserve are immediately reclassified to statement of total return.

Net investment hedges

The Group designates certain derivatives and non-derivative financial liabilities as hedges of foreign exchange risk on a net investment in a foreign operation.

When a derivative instrument or a non-derivative financial liability is designated as the hedging instrument in a hedge of a net investment in a foreign operation, the effective portion of, for a derivative, changes in the fair value of the hedging instrument or, for a non-derivative, foreign exchange gains and losses is recognised in Unitholders' funds and presented in the translation reserve within Unitholders' funds. Any ineffective portion of the changes in the fair value of the derivative or foreign exchange gains and losses on the non-derivative is recognised immediately in statement of total return. The amount recognised in Unitholders' funds is fully or partially reclassified to statement of total return as a reclassification adjustment on disposal or partial disposal of the foreign operation, respectively.

3 SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.6 Leases

At inception of a contract, the Group assesses whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

As a lessee

At commencement or on modification of a contract that contains a lease component, the Group allocates the consideration in the contract to each lease component on the basis of its relative stand-alone prices. However, for the leases of property, the Group has elected not to separate non-lease components and account for the lease and non-lease components as a single lease component.

The Group recognises a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date.

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the end of the lease term, unless the lease transfers ownership of the underlying asset to the Group by the end of the lease term or the cost of the right-of-use asset reflects that the Group will exercise a purchase option. In that case the right-of-use asset will be depreciated over the useful life of the underlying asset, which is determined on the same basis as those of property and equipment. In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

The right-of-use asset is subsequently stated at cost less accumulated depreciation and impairment losses, except for right-of-use assets that meet the definition of investment property are carried at fair value in accordance with Note 4.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the lessee's incremental borrowing rate. Generally, the Group uses the lessee's incremental borrowing rate as the discount rate.

The Group determines the lessee's incremental borrowing rate by obtaining interest rates from various external financing sources and makes certain adjustments to reflect the terms of the lease and type of the asset leased.

Lease payments included in the measurement of the lease liability comprise the following:

- fixed payments, including in-substance fixed payments;
- variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date;
- amounts expected to be payable under a residual value guarantee; and
- the exercise price under a purchase option that the Group is reasonably certain to exercise, lease payments in an optional renewal period if the Group is reasonably certain to exercise an extension option, and penalties for early termination of a lease unless the Group is reasonably certain not to terminate early.

3 SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.6 Leases (cont'd)

As a lessee (cont'd)

The lease liability is measured at amortised cost using the effective interest method. It is remeasured when there is a change in future lease payments arising from a change in an index or rate, if there is a change in the Group's estimate of the amount expected to be payable under a residual value guarantee, if the Group changes its assessment of whether it will exercise a purchase, extension or termination option or if there is a revised in-substance fixed lease payment.

When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or is recorded in statement of total return if the carrying amount of the right-of-use asset has been reduced to zero.

From 1 January 2021, where the basis for determining future lease payments changes as required by interest rate benchmark reform, the Group remeasures the lease liability by discounting the revised lease payments using the revised discount rate that reflects the change to an alternative benchmark interest rate.

The Group presents right-of-use assets in investment property and lease liabilities as a separate caption in the statement of financial position. There are no right-of-use assets that do not meet the definition of investment property.

Short-term leases and leases of low-value assets

The Group has elected not to recognise right-of-use assets and lease liabilities for leases of low-value assets and short-term leases. The Group recognises the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

As a lessor

At inception or on modification of a contract that contains a lease component, the Group allocates the consideration in the contract to each lease component on the basis of their relative stand-alone prices.

When the Group acts as a lessor, it determines at lease inception whether each lease is a finance lease or an operating lease.

To classify each lease, the Group makes an overall assessment of whether the lease transfers substantially all of the risks and rewards incidental to ownership of the underlying asset. If this is the case, then the lease is a finance lease; if not, then it is an operating lease. As part of this assessment, the Group considers certain indicators such as whether the lease is for the major part of the economic life of the asset.

The Group recognises lease payments received from investment property under operating leases as income on a straight-line basis over the lease term as part of 'revenue'.

3 SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.7 Impairment

Non-derivative financial assets

The Group recognises loss allowances for expected credit loss ("ECL") on financial assets measured at amortised cost.

Loss allowances of the Group are measured on either of the following bases:

- 12-month ECLs: these are ECLs that result from default events that are possible within the 12 months after the reporting date (or for a shorter period if the expected life of the instrument is less than 12 months); or

- Lifetime ECLs: these are ECLs that result from all possible default events over the expected life of a financial instrument.

Simplified approach

The Group applies the simplified approach to provide for ECLs for all trade receivables. The simplified approach requires the loss allowance to be measured at an amount equal to lifetime ECLs.

General approach

The Group applies the general approach to provide for ECLs on all other financial instruments. Under the general approach, the loss allowance is measured at an amount equal to 12-month ECLs at initial recognition.

At each reporting date, the Group assesses whether the credit risk of a financial instrument has increased significantly since initial recognition. When credit risk has increased significantly since initial recognition, loss allowance is measured at an amount equal to lifetime ECLs.

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECLs, the Group considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Group's historical experience and informed credit assessment and includes forward-looking information.

If credit risk has not increased significantly since initial recognition or if the credit quality of the financial instruments improves such that there is no longer a significant increase in credit risk since initial recognition, loss allowance is measured at an amount equal to 12-month ECLs.

The Group considers a financial asset to be in default when:

- the borrower is unlikely to pay its credit obligations to the Group in full, without recourse by the Group to actions such as realising security (if any is held); or

- the financial asset is more than 90 days past due.

The maximum period considered when estimating ECLs is the maximum contractual period over which the Group is exposed to credit risk.

3 SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.7 Impairment (cont'd)

Non-derivative financial assets (cont'd)

Measurement of ECLs

ECLs are probability-weighted estimates of credit losses. Credit losses are measured at the present value of all cash shortfalls (i.e. the difference between the cash flows due to the entity in accordance with the contract and the cash flows that the Group expects to receive). ECLs are discounted at the effective interest rate of the financial asset.

Credit-impaired financial assets

At each reporting date, the Group assesses whether financial assets carried at amortised cost are credit-impaired. A financial asset is 'credit-impaired' when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.

Evidence that a financial asset is credit-impaired includes the following observable data:

- significant financial difficulty of the borrower or issuer;
- a breach of contract such as a default or being more than 90 days past due;
- the restructuring of a loan or advance by the Group on terms that the Group would not consider otherwise;
- it is probable that the borrower will enter bankruptcy or other financial reorganisation; or
- the disappearance of an active market for a security because of financial difficulties.

Presentation of allowance for ECLs in the statement of financial position

Loss allowances for financial assets measured at amortised cost are deducted from the gross carrying amount of these assets.

Write-off

The gross carrying amount of a financial asset is written off (either partially or in full) to the extent that there is no realistic prospect of recovery. This is generally the case when the Group determines that the debtor does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subject to the write-off. However, financial assets that are written off could still be subject to enforcement activities in order to comply with the Group's procedures for recovery of amounts due.

3 SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.7 Impairment (cont'd)

Non-financial assets

The carrying amounts of the Group's non-financial assets, other than investment property, are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated.

The recoverable amount of an asset or cash-generating unit is the greater of its value in use and its fair value less costs of disposal. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or cash-generating unit. For the purpose of impairment testing, assets that cannot be tested individually are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or groups of assets (the "cash-generating unit, or CGU").

An impairment loss is recognised if the carrying amount of an asset or its CGU exceeds its estimated recoverable amount. Impairment losses are recognised in the statement of total return. Impairment losses recognised in respect of CGUs are allocated first to reduce the carrying amount of any goodwill allocated to the units, and then to reduce the carrying amounts of the other assets in the unit (group of units) on a *pro rata* basis.

Impairment losses recognised in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

3.8 Revenue recognition

(i) Rental income from operating leases

Rental income receivable under operating leases is recognised in the statement of total return on a straight-line basis over the term of the lease, except where an alternative basis is more representative of the pattern of benefits to be derived from the leased assets. Lease incentives granted are recognised as an integral part of the total rental to be received over the term of the lease.

(ii) Interest income

Interest income is recognised on an accrual basis, using the effective interest method.

(iii) Dividend income

Dividend income is recognised in the statement of total return on the date the Trust's right to receive payment is established.

3 SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.9 Expenses

(i) Property expenses

Property expenses are recognised on an accrual basis.

(ii) Management fees

Management fees comprise the Manager's base fees, performance fees and asset management fees payable to the asset managers of the Japan properties.

Manager's base fees and performance fees are recognised on an accrual basis based on the applicable formula stipulated in Note 1(B). Where applicable, Manager's base fee and performance fee paid and payable in units are recognised as an expense in the statement of total return with a corresponding increase in Unitholders' funds.

(iii) Trust expenses

Trust expenses are recognised on an accrual basis. Included in trust expenses is the trustee's fees which are based on the applicable formula stipulated in Note 1(A).

(iv) Finance costs

Finance costs comprise interest expense on borrowings, settlement on financial derivatives, amortisation of borrowings related transactions costs and security deposits and interests on lease liabilities.

Interest expense and similar charges are recognised in the statement of total return, using the effective interest rate method over the period of borrowings. Expenses incurred in connection with the arrangement of borrowings are recognised in the statement of total return using the effective interest method over the period for which the borrowings are granted.

3.10 Government grants

Grants that are received by the Group on behalf of the end-tenants in relation to rental rebate and assistance are disbursed to the eligible tenants in full and not recognised in the statement of total return.

3.11 Income tax expense

Income tax expense comprises current and deferred tax. Income tax is recognised in the statement of total return except to the extent that it relates to items directly related to Unitholders' funds, in which case it is recognised in the Unitholders' funds.

Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous years. The amount of current tax payable or receivable is the best estimate of the tax amount expected to be paid or received that reflects uncertainty related to income taxes, if any.

3 SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.11 Income tax expense (cont'd)

Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is not recognised for the following temporary differences: the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss, and differences relating to investments in subsidiaries to the extent that the Group is able to control the timing of the reversal of the temporary difference and it is probable that they will not reverse in the foreseeable future. In addition, deferred tax is not recognised for taxable temporary differences arising on the initial recognition of goodwill.

The measurement of deferred tax reflects the tax consequences that would follow the manner in which the Group expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities. For investment property that is measured at fair value, the presumption that the carrying amount of the investment will be recovered through sale has not been rebutted. Deferred tax is measured at the tax rates that are expected to be applied to temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the reporting date, and reflects uncertainty related to income taxes, if any.

Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to income taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realised simultaneously.

Deferred tax assets are recognised for unused tax losses, unused tax credits and deductible temporary differences to the extent that it is probable that future taxable profits will be available against which they can be used. Future taxable profits are determined based on the reversal of relevant taxable temporary differences. If the amount of taxable temporary differences is insufficient to recognise a deferred tax asset in full, then future taxable profits, adjusted for reversals of existing temporary differences, are considered, based on the business plans for individual subsidiaries in the Group. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised; such reductions are reversed when the probability of future taxable profits improves.

Unrecognised deferred tax assets are reassessed at each reporting date and recognised to the extent that it has become probable that future taxable profits will be available against which they can be used.

The Inland Revenue Authority of Singapore (the "IRAS") has issued a tax ruling on the income tax treatment of the Trust. Subject to meeting the terms and conditions of the tax ruling which includes a distribution of at least 90.0% of the taxable income of the Trust, the Trustee is not subject to tax on the taxable income of the Trust. Instead, the distributions made by the Trust out of such taxable income are subject to tax in the hands of Unitholders, unless they are exempt from tax on the Trust's distributions. This treatment is known as the tax transparency treatment.

Qualifying Unitholders are entitled to gross distributions from the Trust. For distributions made to foreign non-individual Unitholders during the period from 18 February 2005 to 31 December 2025 or foreign funds during the period from 1 July 2019 to 31 December 2025, the Trustee is required to withhold tax at the reduced rate of 10.0% on distributions made. For other types of Unitholders, the Trustee is required to withhold tax at the prevailing corporate tax rate on the distributions made by the Trust. Such other types of Unitholders are subject to tax on the regrossed amounts of the distributions received but may claim a credit for the tax deducted at source at the prevailing corporate tax rate by the Trustee.

3 SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.11 Income tax expense (cont'd)

A Qualifying Unitholder refers to a Unitholder who is:

- An individual;
- A company incorporated and tax resident in Singapore;
- A Singapore branch of a company incorporated outside Singapore;
- A body of persons incorporated or registered in Singapore including a charity registered under the Charities Act (Cap. 37) or established by any written law, a town council, a statutory board, a co-operative society registered under the Co-operative Societies Act (Cap. 62) or a trade union registered under the Trade Unions Act (Cap. 333);
- An international organisation that is exempt from tax on such distributions by reason of an order made under the International Organisations (Immunities and Privileges) Act (Cap. 145); or
- A real estate investment trust exchange-traded fund which has been accorded the tax transparency treatment.

A foreign non-individual Unitholder refers to a Unitholder who is not a resident of Singapore for income tax purpose and:

- who does not have any permanent establishment in Singapore; or
- who carries on any operation through a permanent establishment in Singapore, where the funds used to acquire the units in that REIT are not obtained from that operation.

A foreign fund refers to one that qualifies for tax exemption under section 13D, 13U or 13V of the Income Tax Act ("ITA") that is not a resident of Singapore for income tax purposes and:

- does not have any permanent establishment in Singapore (other than a fund manager in Singapore); or
- carries on any operation through a permanent establishment in Singapore (other than a fund manager in Singapore), where the funds used by that qualifying fund to acquire the units in that REIT are not obtained from that operation.

The above tax transparency treatment does not apply to gains from disposal of any properties such as real estate properties, shares, etc that are determined by the IRAS to be revenue gains chargeable to tax. Tax on such gains or profits will be subject to tax, in accordance with Section 10(1)(a) of the Income Tax Act (Cap. 134) and collected from the Trustee. Where the gains are capital gains, they will not be subject to tax and the Trustee and the Manager may distribute the capital gains without tax being deducted at source.

3 SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.12 Distribution policy

The Trust has a distribution policy to distribute at least 90.0% of its taxable income and net overseas income with the actual level of distribution to be determined at the Manager's discretion, other than gains from the sale of real estate properties that are determined by IRAS to be trading gains. For the taxable income that is not distributed, referred to as retained taxable income, tax will be assessed on the Trustee. Where such retained taxable income is subsequently distributed, the Trustee need not deduct tax at source.

Net overseas income refers to the net profits (excluding any gains from the sale of property or shares, as the case may be) after applicable taxes and adjustment for non-cash items such as depreciation derived by the Trust from its properties, if any.

Distributions to Unitholders are made on a quarterly basis, with the amount calculated as at 31 March, 30 June, 30 September and 31 December each year for the three-month period ending on each of the said dates. In accordance with the provisions of the Trust Deed, the Manager is required to pay distributions within 75 days after the end of the first three distribution periods of a financial year and within 90 days from the end of a financial year. Distributions, when paid, will be in Singapore dollars.

3.13 Earnings per unit

The Group presents basic and diluted earnings per unit ("EPU") data for its units. Basic EPU is calculated by dividing the total return for the period after tax by the weighted average number of units outstanding during the period, adjusted for own units held. Diluted EPU is determined by adjusting the total return for the period after tax and the weighted average number of units outstanding, adjusted for own units held, for the effects of all dilutive potential units.

3.14 Segment reporting

An operating segment is a component of the Group that engages in business activities from which it may earn revenues and incur expenses, including revenues and expenses that relate to transactions with any of the Group's other components. All operating segments' operating results are reviewed regularly by the Manager's CEO to make decisions about resources to be allocated to the segment and assess its performance, and for which discrete financial information is available.

Segment results include items directly attributable to a segment as well as those that can be allocated on a reasonable basis. Unallocated items comprise mainly corporate assets and expenses, and tax assets and liabilities.

Segment capital expenditure is the total cost incurred during the year on additions to investment properties that are expected to be used for more than one year.

3 SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.15 New standards and interpretations not yet adopted

A number of new standards, interpretations and amendments to standards are effective for annual periods beginning after 1 January 2021 and earlier application is permitted; however, the Group has not early adopted the new or amended standards and interpretations in preparing these financial statements.

The following new FRSs, interpretations and amendments to FRSs are not expected to have a significant impact on the Group's consolidated financial statements and the Trust's statement of financial position:

- FRS 117 *Insurance Contracts* and Amendments to *FRS 117 Insurance Contracts*
- *Classification of Liabilities as Current or Non-current* (Amendments to FRS 1)
- *COVID-19-Related Rent Concessions beyond 30 June 2021* (Amendment to FRS 116)
- *Reference to the Conceptual Framework* (Amendments to FRS 103)
- *Property, Plant and Equipment – Proceeds before Intended Use* (Amendments to FRS 16)
- *Onerous Contracts – Costs of Fulfilling a Contract* (Amendments to FRS 37)
- *Annual Improvements to FRSs 2018 – 2020*
- *Disclosure of Accounting Policies* (Amendments to FRS 1 and FRS Practice Statement 2)
- *Definition of Accounting Estimates* (Amendments to FRS 8)
- *Deferred Tax related to Assets and Liabilities arising from a Single Transaction* (Amendments to FRS 12)

4 INVESTMENT PROPERTIES

		Group		Trust	
	Note	**2021**	2020	**2021**	2020
		$'000	$'000	**$'000**	$'000
At 1 January		**1,991,019**	1,966,140	**1,213,800**	1,210,700
Acquisition of investment properties		**88,853**	21,203	**–**	–
Acquisition related costs		**11,235**	2,644	**–**	–
Capital expenditure		**12,514**	4,440	**9,259**	1,230
Transfer to asset held for sale	9	**–**	(30,872)	**–**	–
Translation differences		**(52,076)**	20,036	**–**	–
		2,051,545	1,983,591	**1,223,059**	1,211,930
Net change in fair value of investment properties		**239,206**	7,428	**248,941**	1,870
At 31 December		**2,290,751**	1,991,019	**1,472,000**	1,213,800

4 INVESTMENT PROPERTIES (CONT'D)

Determination of fair value

Investment properties are stated at fair value based on valuations as at 31 December 2021 performed by independent professional valuers having appropriate recognised professional qualification and experience in the location and category of property being valued.

The independent external valuers have used capitalisation approach, comparison approach and discounted cash flow methods.

The capitalisation approach capitalises an income stream into a present value using revenue multipliers or single-year capitalisation rates. The discounted cash flow method involves the estimation and projection of an income stream over a period and discounting the income stream with an appropriate rate of return.

The net change in fair value of the investment properties recognised in the statement of total return has been adjusted for amortisation of right-of-use assets as follows:

	Group		Trust	
	2021	2020	**2021**	2020
	$'000	$'000	**$'000**	$'000
Gain on revaluation	**239,228**	7,450	**248,941**	1,870
Amortisation of right-of-use assets	**(22)**	(22)	**–**	–
Net change in fair value of investment properties recognised in statement of total return	**239,206**	7,428	**248,941**	1,870

Valuation processes applied by the Group and Trust

As explained under Note 3.3, valuation of investment properties is performed in accordance with the Trust Deed. In determining the fair value, the valuers have used valuation methods which involved certain estimates. In assessing the fair value measurements, the Manager reviews the valuation methodologies and evaluates the assessments made by the valuers. The Manager exercised its judgement and is satisfied that the valuation methods and estimates are reflective of the current market conditions. The valuation reports are prepared in accordance with recognised appraisal and valuation standards.

Fair value hierarchy

The fair value measurement for investment properties of the Group and the Trust have been categorised as Level 3 fair values based on inputs to the valuation technique used.

Reconciliations from the beginning balances to the ending balances for fair value measurements of Level 3 investment properties are set out in the above table.

	2021	2020
	$'000	$'000
Fair value of investment properties (based on valuation)	**2,288,654**	1,988,900
Add: Carrying amount of lease liabilities	**2,097**	2,119
Carrying amount of investment properties	**2,290,751**	1,991,019

4 INVESTMENT PROPERTIES (CONT'D)

Determination of fair value (cont'd)

Significant unobservable inputs

The following table shows the key unobservable inputs used in the valuation model, including investment property classified as asset held for sale (see Note 9):

Type	Key unobservable inputs	Inter-relationship between key unobservable inputs and fair value measurement
Capitalisation method	• Capitalisation rates range from 4.7% to 6.7% (2020: 4.8% to 6.7%).	The estimated fair value would increase/(decrease) if the capitalisation rates were lower/(higher).
Discounted cash flow method	• Risk-adjusted discount rates range from 4.5% to 7.0% (2020: 4.6% to 7.0%). • Terminal yield rates range from 4.8% to 6.8% (2020: 4.9% to 6.8%).	The estimated fair value would increase/(decrease) if: • the risk-adjusted discount rates were lower/(higher); or • the terminal yield rates were lower/(higher).

Key unobservable inputs correspond to:

- Capitalisation rate corresponds to a rate of return on investment properties on the expected annual income that the property will generate.
- Discount rates, based on the risk-free rate for bonds issued by government in the relevant market, adjusted for a risk premium to reflect the increased risk of investing in the asset class.
- Terminal yield rate is the estimated capitalisation rate at maturity of the holding period.

5 INTERESTS IN SUBSIDIARIES

	Trust	
	2021	2020
	$'000	$'000
Equity investments, at cost	**635,021**	599,130
Amount due from subsidiary (non-trade)	**4,075**	4,075
Allowance for impairment loss	**(505)**	–
	638,591	603,205

Amount due from subsidiary is unsecured and interest-free. The settlement of the amount is neither planned nor likely to occur in the foreseeable future and hence the amount due from subsidiary is classified as non-current and is stated at amortised cost.

Impairment of investment in subsidiaries

The REIT recognised impairment losses at a level considered adequate to provide for potential non-recoverability of investments in subsidiaries. The level of allowance is evaluated by the REIT on the basis of factors that affect the recoverability of the investments. These factors include, but not limited to, the activities and financial position of the entities and market factors. The REIT reviews and identifies balances that are to be impaired on a continuous basis. The amount and timing of recorded expenses for any period would differ if the REIT made different judgement or utilised different estimates.

The REIT assessed the carrying amount of its investments in subsidiaries for indicators of impairment or reversal of impairment. The recoverable amount of the subsidiary was estimated taking into consideration the fair value of the underlying assets and liabilities of the subsidiary.

In the current financial year, the REIT recognised an impairment loss of $0.5 million in one of its subsidiaries which holds the investment property divested during the year. This impairment loss is determined after taking into the consideration of the gains recognised from the divestment of the investment property less off the remaining liabilities held by the subsidiary.

Ownership interests

The Group does not hold any ownership interest in the special purpose entities ("SPEs") in Japan listed below. The SPEs were established under terms that impose strict limitations on the decision-making powers of the SPE's management, resulting in the Group receiving the majority of the benefits related to the SPE's operations and net assets, being exposed to the majority of risks incident to the SPEs' activities, and retaining the majority of the residual or ownership risk related to the SPEs of their assets. Consequently, the SPEs are regarded as subsidiaries of the Group.

5 INTERESTS IN SUBSIDIARIES (CONT'D)

Details of the subsidiaries are as follows:

Name of subsidiaries	Principal activities	Place of incorporation and business	Effective interest held by the Group 2021 %	2020 %
* Matsudo Investment Pte. Ltd.	Investment holding	Singapore	**100**	100
** Godo Kaisha Phoebe	Special purpose entity – Investment in real estate	Japan	**–**	100
* Parkway Life Japan2 Pte. Ltd.	Investment holding	Singapore	**100**	100
** Godo Kaisha Del Monte	Special purpose entity – Investment in real estate	Japan	**100**	100
** Godo Kaisha Tenshi 1	Special purpose entity – Investment in real estate	Japan	**100**	100
** Godo Kaisha Tenshi 2	Special purpose entity – Investment in real estate	Japan	**100**	100
** G.K. Nest	Special purpose entity – Investment in real estate	Japan	**100**	100
* Parkway Life Japan3 Pte. Ltd.	Investment holding	Singapore	**100**	100
** Godo Kaisha Healthcare 1	Special purpose entity – Investment in real estate	Japan	**100**	100
** Godo Kaisha Healthcare 2	Special purpose entity – Investment in real estate	Japan	**100**	100
** Godo Kaisha Healthcare 3	Special purpose entity – Investment in real estate	Japan	**100**	100
** Godo Kaisha Healthcare 4	Special purpose entity – Investment in real estate	Japan	**100**	100
** Godo Kaisha Healthcare 5	Special purpose entity – Investment in real estate	Japan	**100**	100
* Parkway Life Japan4 Pte. Ltd.	Investment holding	Singapore	**100**	100
** Godo Kaisha Samurai	Special purpose entity – Investment in real estate	Japan	**100**	100
** Godo Kaisha Samurai 2	Special purpose entity – Investment in real estate	Japan	**100**	100
** Godo Kaisha Samurai 3	Special purpose entity – Investment in real estate	Japan	**100**	100
** Godo Kaisha Samurai 4	Special purpose entity – Investment in real estate	Japan	**100**	100
** Godo Kaisha Samurai 5	Special purpose entity – Investment in real estate	Japan	**100**	100

5 INTERESTS IN SUBSIDIARIES (CONT'D)

Name of subsidiaries	Principal activities	Place of incorporation and business	Effective interest held by the Group 2021 %	2020 %
* Parkway Life Japan4 Pte. Ltd. (cont'd)				
** Godo Kaisha Samurai 6	Special purpose entity – Investment in real estate	Japan	**100**	100
** Godo Kaisha Samurai 7	Special purpose entity – Investment in real estate	Japan	**100**	100
** Godo Kaisha Samurai 8	Special purpose entity – Investment in real estate	Japan	**100**	100
** Godo Kaisha Samurai 9	Special purpose entity – Investment in real estate	Japan	**100**	100
** Godo Kaisha Samurai 10	Special purpose entity – Investment in real estate	Japan	**100**	100
** Godo Kaisha Samurai 11	Special purpose entity – Investment in real estate	Japan	**100**	100
** Godo Kaisha Samurai 12	Special purpose entity – Investment in real estate	Japan	**100**	100
** Godo Kaisha Samurai 13	Special purpose entity – Investment in real estate	Japan	**100**	100
** Godo Kaisha Samurai 14	Special purpose entity – Investment in real estate	Japan	**100**	100
** Godo Kaisha Samurai 15	Special purpose entity – Investment in real estate	Japan	**100**	–
** Godo Kaisha Samurai 16	Special purpose entity – Investment in real estate	Japan	**100**	–
* Parkway Life Malaysia Pte. Ltd.	Investment holding	Singapore	**100**	100
# Parkway Life Malaysia Sdn. Bhd.	Special purpose entity – Investment in real estate	Malaysia	**100**	100
* Parkway Life MTN Pte. Ltd.	Provision of financial and treasury services	Singapore	**100**	100

* Audited by KPMG Singapore.
** Not required to be audited under the laws of country of incorporation.
\# Audited by KPMG Malaysia.
For consolidation purposes, the SPEs are audited by KPMG Singapore.

6 FINANCIAL DERIVATIVES

	Group and Trust	
	2021	2020
	$'000	$'000
Current derivative assets	**558**	–
Non-current derivative assets	**15,337**	4,362
Total derivative assets	**15,895**	4,362
Current derivative liabilities	**–**	(2,266)
Non-current derivative liabilities	**(153)**	(261)
Total derivative liabilities	**(153)**	(2,527)
Total derivative assets (net)	**15,742**	1,835

	Group		Trust	
	2021	2020	**2021**	2020
	%	%	**%**	%
Percentage of derivative assets to unitholders' funds	**1.1**	0.4	**1.2**	0.4
Percentage of derivative liabilities to unitholders' funds	**–***	(0.2)	**–***	(0.2)

* Amount immaterial

Interest rate swaps

The Group manages its exposure to interest rate movement on its floating rate loans and borrowings by entering into interest rate swaps. As at the reporting date, the Group has interest rate swaps with a total notional principal of approximately $52.3 million (2020: $104.0 million) to provide fixed rate funding up to 2024 (2020: up to 2024) at a weighted average effective interest rate of 0.16% (2020: 0.13%) per annum.

As at 31 December 2021, where the interest rate swaps are designated as the hedging instruments in qualifying cash flow hedges, the effective portion of the changes in fair value of the interest rate swaps amounting to $136,000 gain (2020: $15,000 loss) was recognised in the hedging reserve.

In prior year, where hedge accounting was discontinued or not practised, changes in fair value of interest rate swaps amounting to $47,000 gain was recognised in the statement of total return, and an amount amounting to $43,000 loss was reclassified from hedging reserve to the statement of total return.

Interest rate caps

Apart from interest rate swaps, the Group also manages its exposure to interest rate movement on its floating rate loans and borrowings by entering into interest rate caps. As at the reporting date, the Group has interest rate caps with a notional principal of JPY23,580 million (approximately $280.1 million) (2020: JPY23,580 million (approximately $302.1 million)).

These instruments are designated as hedging instruments. As at 31 December 2021, a change of time value of the interest rate caps of $0.1 million loss (2020: $0.1 million gain) was recognised in the cost of hedging reserve. There was no intrinsic value recognised in the hedging reserve during the year.

6 FINANCIAL DERIVATIVES (CONT'D)

Forward exchange contracts

The Group manages its exposure to foreign currency movements on its net income denominated in Japanese Yen from its investments in Japan by using forward exchange contracts to provide a hedge to the distribution of income from its investments in Japan, net of Japanese Yen financing costs.

At the reporting date, the Group has outstanding forward exchange contracts with aggregate notional amounts of approximately $76.6 million (2020: $83.7 million). The change in fair value of $4.2 million gain (2020: $0.2 million loss) was charged to the statement of total return.

Cross currency interest rate swaps

At the reporting date, the Group has cross currency interest rate swaps ("CCIRS") with notional principal of $81.9 million (2020: $131.9 million) to manage its foreign currency risk and interest rate risk arising from the financing of Japan properties using Singapore dollar loan facilities. To maintain a natural hedge, the Group utilised CCIRS to realign the Singapore dollar denominated loans back into effective Japanese Yen denominated loans to match its underlying Japanese Yen denominated assets.

The Group had in-substance bifurcated the CCIRS and applied hedge accounting for net investment hedge and cash flow hedge, where the changes in fair value of $6.2 million gain (2020: $2.1 million loss) and $3.6 million gain (2020: $2.6 million loss) were recognised in the foreign currency translation reserve and hedging reserve, respectively.

Offsetting financial assets and financial liabilities

The Group's derivative transactions are entered into under International Swaps and Derivatives Association ("ISDA") master netting agreements. In general, under such agreements, the amounts owed by each counterparty in respect of the same transactions outstanding in the same currency under the agreement are aggregated into a single net amount that is payable by one party to the other. In certain circumstances, for example when a credit event such as a default occurs, all outstanding transactions under the agreement are terminated, the termination value is assessed and only a single net amount is due or payable in settlement of all outstanding transactions.

The above agreements do not meet the criteria for offsetting in the statement of financial position. This is because they create a right of set-off of recognised amounts that is enforceable only following an event of default, insolvency or bankruptcy of the Group or the counterparties. In addition the Group and its counterparties do not intend to settle on a net basis or to realise the assets and settle the liabilities simultaneously in its normal course of business.

6 FINANCIAL DERIVATIVES (CONT'D)

The following table sets out the carrying amounts of recognised financial instruments that are subject to the above agreements:

	Gross amounts of recognised financial instruments $'000	Gross amounts of recognised financial instruments offset in the statements of financial position $'000	Net amounts of financial instruments included in the statements of financial position $'000	Related financial instruments that are not offset $'000	Net amount $'000
Group and Trust					
31 December 2021					
Financial assets					
Forward exchange contracts	**6,373**	**–**	**6,373**	**–**	**6,373**
Interest rate caps used for hedging	**696**	**–**	**696**	**–**	**696**
Cross currency interest rate swap used for hedging	**8,826**	**–**	**8,826**	**–**	**8,826**
Total	**15,895**	**–**	**15,895**	**–**	**15,895**
Financial liabilities					
Interest rate swap used for hedging	**(153)**	**–**	**(153)**	**–**	**(153)**
Total	**(153)**	**–**	**(153)**	**–**	**(153)**
31 December 2020					
Financial assets					
Forward exchange contracts	2,212	–	2,212	–	2,212
Interest rate caps used for hedging	883	–	883	–	883
Cross currency interest rate swaps used for hedging	1,267	–	1,267	(1,267)	–
Total	4,362	–	4,362	(1,267)	3,095
Financial liabilities					
Cross currency interest rate swaps used for hedging	(2,238)	–	(2,238)	1,267	(971)
Interest rate swaps used for hedging	(289)	–	(289)	–	(289)
Total	(2,527)	–	(2,527)	1,267	(1,260)

7 TRADE AND OTHER RECEIVABLES

	Group		Trust	
	2021	2020	**2021**	2020
	$'000	$'000	**$'000**	$'000
Trade receivables	**12**	503	**–**	–
Amounts due from related party (trade)	**11,005**	10,694	**11,005**	10,694
Amounts due from related party (non-trade)	**–**	5,612	**–**	5,612
Advances to subsidiary	**–**	–	**42,498**	23,387
Other receivables	**129**	163	**–**	–
	11,146	16,972	**53,503**	39,693
Prepayments	**1,551**	1,088	**356**	8
	12,697	18,060	**53,859**	39,701

The non-trade amounts due from related party in prior year is related to the Small and Medium Enterprises (SMEs) cash grants receivable from the master lessee, in which the excess amount would be refunded to the government (see Note 10). The non-trade amount from related party amounts and advances to subsidiary are unsecured, interest-free and receivable within 12 months.

The maximum exposure to credit risks for trade receivables at reporting date by operating segment is as follows:

	Group		Trust	
	2021	2020	**2021**	2020
	$'000	$'000	**$'000**	$'000
Nursing homes	**7**	496	**–**	–
Hospitals and medical centres	**11,010**	10,701	**11,005**	10,694
	11,017	11,197	**11,005**	10,694

At the reporting date, the hospitals and medical centres located in Singapore are leased to one master lessee, Parkway Hospitals Singapore Pte. Ltd. ("PHS"), a related party of the Manager and the Trust. Accordingly, the Group's most significant outstanding trade receivable amounted to $11,005,000 (2020: $10,694,000) is due from PHS as at the reporting date. These trade receivables are in accordance with the payment schedule as set out in the lease agreements entered with PHS.

As at 31 December 2021, the Trust has in its possession a bankers' guarantee in its favour amounting to $7.5 million (2020: $7.5 million). It is provided to the Trust by PHS, in lieu of security deposits.

The Manager is of the opinion that there are no conditions that cast doubt over the recoverability of the Group's trade receivables.

7 TRADE AND OTHER RECEIVABLES (CONT'D)

Impairment

During the year, the Group has made an allowance for doubtful debts of $1.0 million due to default on the rental receivables by a previous operator for 3 of the nursing home properties in Japan (see Note 16).

The ageing of trade receivables that were not impaired at the reporting date was:

	Group		Trust	
	2021	2020	**2021**	2020
	$'000	$'000	**$'000**	$'000
Neither past due nor impaired	**11,012**	10,994	**11,005**	10,694
Past due 1 - 30 days	**4**	4	**–**	–
Past due 31 - 180 days	**1**	199	**–**	–
	11,017	11,197	**11,005**	10,694

8 CASH AND CASH EQUIVALENTS

	Group		Trust	
	2021	2020	**2021**	2020
	$'000	$'000	**$'000**	$'000
Cash and cash equivalents in the statement of financial position and the cash flow statement	**25,793**	22,658	**1,594**	1,487

9 ASSET HELD FOR SALE

In November 2020, the Group entered into a non-binding Memorandum of Understanding to sell P-Life Matsudo located in Chiba, Japan. Accordingly, the investment property, with a carrying value of $30.9 million had been classified as asset held for sale in the statement of financial position as at 31 December 2020.

The carrying amount of the asset held for sale as at 31 December 2020 was based on an independent valuation undertaken by Enrix Co., Ltd using the discounted cash flow method. The independent valuer had appropriate recognised professional qualification and experience in the location and category of property being valued. In determining the fair value, the valuer had used a valuation method which involved certain estimates. In assessing the fair value measurements, the Manager reviewed the valuation methodology and evaluated the assessment made by the valuer. The Manager was of the view that the valuation method and estimates were reflective of the market conditions as at 31 December 2020.

On 29 January 2021, the Group entered into a sale and purchase agreement to sell P-Life Matsudo property in Chiba, Japan for approximately $37.1 million. The sale of the property was completed on the same day and the Group recognised a gain on disposal (net of disposal costs and before withholding tax) of approximately $5.1 million.

10 TRADE AND OTHER PAYABLES

	Group		Trust	
	2021	2020	**2021**	2020
	$'000	$'000	**$'000**	$'000
Trade payables and accrued operating expenses	**8,329**	7,258	**5,053**	4,551
Amounts due to related parties:				
– the Manager (trade)	**5,997**	5,985	**5,995**	5,980
– related parties (non-trade)	**–**	135	**–**	135
– the Trustee (trade)	**62**	57	**62**	57
– related corporation (non-trade)	**–**	36	**–**	36
Interest payable	**461**	471	**461**	471
Other payables	**–**	5,613	**–**	5,613
	14,849	19,555	**11,571**	16,843
Advance rent received	**7,068**	7,312	**2,500**	2,500
	21,917	26,867	**14,071**	19,343

The non-trade amounts due to the Manager, related parties and related corporation are unsecured, interest-free, and repayable on demand.

The other payables in prior year related to the Small and Medium Enterprises (SMEs) cash grants to be disbursed to eligible lessee, which was being administered by the master lessee (see Note 7), in which any excess amounts would be refunded to the government.

11 LOANS AND BORROWINGS

	Group and Trust	
	2021	2020
	$'000	$'000
Current liabilities		
Unsecured bank loans	**94,719**	163,093
Unamortised transaction costs	**–**	(71)
	94,719	163,022
Non-current liabilities		
Unsecured bank loans	**593,598**	479,661
Unsecured medium term notes	**140,184**	151,158
Unamortised transaction costs	**(2,606)**	(2,317)
	731,176	628,502

11 LOANS AND BORROWINGS (CONT'D)

Terms and debt repayment schedule

Terms and conditions of outstanding loans and borrowings are as follows:

Group and Trust	Nominal interest rate	Year of maturity	2021 Face value $'000	2021 Carrying amount $'000	2020 Face value $'000	2020 Carrying amount $'000
S$ variable rate loan	Bank's cost of fund	2021	–	–	2,850	2,850
JPY variable rate loans	Bank's cost of fund	2021	–	–	26,978	26,978
S$ floating rate loan	SOR + margin	2021	–	–	50,000	49,973
JPY floating rate loan	LIBOR + margin	2021	–	–	83,265	83,221
S$ floating rate loan	SOR + margin	2022	–	–	75,000	74,866
JPY floating rate loan	LIBOR + margin	2022	–	–	112,728	112,616
JPY medium term notes	0.58%	2022	–	–	42,273	42,262
JPY variable rate loans	Bank's cost of fund	2022	**94,719**	**94,719**	–	–
JPY medium term notes	0.57%	2023	**59,400**	**59,383**	64,050	64,021
S$ floating rate loan	SORA + margin	2024	**86,700**	**86,417**	–	–
JPY medium term notes	0.65%	2024	**41,580**	**41,566**	44,835	44,815
JPY floating rate loan	LIBOR + margin	2024	**52,273**	**52,135**	56,364	56,167
JPY floating rate loans	LIBOR + margin	2025	**142,536**	**142,055**	153,694	152,185
S$ floating rate loan	SORA + margin	2026	**81,875**	**81,623**	81,875	81,570
JPY floating rate loan	LIBOR + margin	2026	**104,544**	**103,997**	–	–
JPY medium term notes	0.51%	2027	**39,204**	**39,141**	–	–
JPY floating rate loans	LIBOR + margin	2027	**125,670**	**124,859**	–	–
			828,501	**825,895**	793,912	791,524

SOR denotes Singapore Dollar Swap Offer Rate
SORA denotes Singapore Overnight Rate Average
LIBOR denotes London Interbank Offered Rate

The loans and borrowings comprise the following:

(1) Long Term Unsecured Term Loans and Revolving Credit Facilities

As at the reporting date, the Group has utilised various long term unsecured term loans and revolving credit facilities totalling JPY35,776 million (approximately $425.0 million) and $168.6 million (2020: JPY25,198 million (approximately $322.8 million) and $156.9 million) (the "Long Term Facilities"). The Long Term Facilities are committed, unsecured and rank *pari passu* with all the other present and future unsecured debt obligations of Parkway Life REIT. Interest on the Long Term Facilities is subject to re-pricing on a monthly or quarterly basis or any other interest period as mutually agreed between the lenders and the Group, and is based on the relevant floating rate plus a margin.

Interest rate was largely hedged as the Group entered into interest rate swaps, CCIRS and interest rate caps to manage the interest rate exposures for the above Long Term Facilities. Details of these hedging initiatives are set out in Note 6.

11 LOANS AND BORROWINGS (CONT'D)

(2) Unsecured Debt Issuance

Parkway Life REIT, through its wholly-owned subsidiary, Parkway Life MTN Pte. Ltd. ("PLife MTN"), has put in place a $500 million Multicurrency Debt Issuance Programme to provide Parkway Life REIT with the flexibility to tap various types of capital market products including issuance of perpetual securities when needed.

Under the Debt Issuance Programme, PLife MTN is able to issue notes while HSBC Institutional Trust Services (Singapore) Limited (in its capacity as trustee of Parkway Life REIT) (the "Parkway Life REIT Trustee") is able to issue perpetual securities.

All sums payable in respect of the notes issued by PLife MTN are unconditionally and irrevocably guaranteed by Parkway Life REIT Trustee.

As at 31 December 2021, there were three series of outstanding fixed rate notes issued under the Debt Issuance Programme amounting to JPY11,800 million (approximately $140.2 million) with maturity dates between 2023 to 2027 (2020: JPY11,800 million (approximately $151.2 million)).

(3) Short Term Facilities

The Trust has two unsecured and uncommitted short-term multi-currency facilities (the "Short Term Facilities") amounting to $195.0 million (2020: $120.0 million) for general working capital purposes. Interest on the Short Term Facilities is based on the bank's cost of fund.

As at 31 December 2021, a total of JPY7,973 million (2020: JPY2,106 million) (approximately $94.7 million (2020: $27.0 million) and $2.8 million) was drawn down via Short Term Facilities for working capital up to 3 months (2020: 4 months).

On 29 December 2021, the Group has put in place a 5-year committed and unsecured loan facility which will be drawn down to term out the above short term loans amounting to JPY7,710 million (approximately $91.6 million) when they fall due in March 2022.

11 LOANS AND BORROWINGS (CONT'D)

Reconciliation of liabilities arising from financing activities

			Non-cash changes				
	1 January 2021 $'000	**Financing cash flows $'000**	**Foreign exchange movement $'000**	**Interest expense $'000**	**Transaction costs related to loans and borrowings $'000**	**Other changes $'000**	**31 December 2021 $'000**
Loans and borrowings	791,524	79,076[1]	(45,421)	–	716	–	825,895
Interest payable (Note 10)	471	(3,842)	–	3,832	–	–	461
Lease liabilities	2,127	(31)	–	17	–	(1)	2,112
Cross currency interest rate swaps used for hedging – liabilities	971	–	–	–	–	(9,797)	(8,826)
Interest rate caps used for hedging – (assets)	(883)	–	–	–	–	187	(696)
Interest rate swaps used for hedging – liabilities	289	–	–	–	–	(136)	153
Forward exchange contracts (net) – liabilities/(assets)	(2,212)	–	(2,120)	–	–	(2,041)	(6,373)

[1] Net proceeds from loans and borrowings, includes repayment of loans and borrowings, and payment of transaction costs related to loans and borrowings.

11 LOANS AND BORROWINGS (CONT'D)

	1 January 2020 $'000	Financing cash flows $'000	Non-cash changes: Foreign exchange movement $'000	Non-cash changes: Interest expense $'000	Non-cash changes: Transaction costs related to loans and borrowings $'000	Non-cash changes: Other changes $'000	31 December 2020 $'000
Loans and borrowings	740,033	26,054[2]	24,814	–	623	–	791,524
Interest payable	1,085	(5,101)	–	4,487	–	–	471
Lease liabilities	2,141	(32)	1	17	–	–	2,127
Cross currency interest rate swaps used for hedging – liabilities	2,970	–	–	–	–	(1,999)	971
Interest rate caps used for hedging – (assets)	(570)	(347)	–	–	–	34	(883)
Interest rate swaps used for hedging – liabilities	322	–	–	–	–	(33)	289
Forward exchange contracts (net) – liabilities/(assets)	(2,455)	–	(91)	–	–	334	(2,212)

[2] Net proceeds from loans and borrowings, includes repayment of loans and borrowings, and payment of transaction costs related to loans and borrowings but excludes premium paid on interest rate cap.

12 DEFERRED TAX LIABILITIES

	At 1 January $'000	Recognised in statement of total return (Note 21) $'000	Translation differences $'000	At 31 December $'000
Group				
2021				
Deferred tax liabilities				
Investment properties	**37,658**	**3,493**	**(2,820)**	**38,331**
2020				
Deferred tax liabilities				
Investment properties	32,598	3,992	1,068	37,658

13 UNITHOLDERS' FUNDS

	Group		Trust	
	2021	2020	**2021**	2020
	$'000	$'000	**$'000**	$'000
Unitholders' contribution	**619,138**	632,326	**619,138**	632,326
Revenue reserve	**809,930**	550,048	**722,175**	420,027
Hedging reserve	**199**	(3,569)	**199**	(3,569)
Cost of hedging reserve	**308**	377	**308**	377
Foreign currency translation reserve	**5,132**	4,433	**–**	–
	1,434,707	1,183,615	**1,341,820**	1,049,161

Foreign currency translation reserve

The foreign currency translation reserve comprises the cumulative effects of:

(a) foreign exchange differences arising from the translation of the financial statements of foreign operations whose functional currencies are different from the functional currency of the Trust; and

(b) the gains or losses on instruments used to hedge the Trust's net investment in foreign operations that are determined to be effective hedges.

Hedging reserve

The hedging reserve comprises the effective portion of the cumulative net change in the fair value of cash flow hedging instruments used to hedge against cash flow variability arising from interest payments on floating rate loans.

Cost of hedging reserve

The cost of hedging reserve reflects gain or loss on the portion excluded from the designated hedging instrument that relates to the time value element of interest rate cap contracts.

14 UNITS IN ISSUE

	Trust	
	2021	2020
	('000)	('000)
Units in issue:		
Balance at beginning and end of year	**605,002**	605,002

Each unit in the Trust represents an undivided interest in the Trust and carries the same voting rights. The rights and interests of Unitholders are contained in the Trust Deed and include the right to:

- receive income and other distributions attributable to the units held;
- receive audited financial statements and annual reports of the Trust;
- participate in the termination of the Trust by receiving a share of all net cash proceeds derived from the realisation of the assets of the Trust available for purposes of such distribution less any liabilities, in accordance with their proportionate interests in the Trust. However, a Unitholder has no equitable or proprietary interest in the underlying assets of the Trust and is not entitled to the transfer to it of any assets (or part thereof) or of any estate or interest in any asset (or part thereof) of the Trust;
- attend all Unitholders' meetings. The Trustee or the Manager may (and the Manager shall at the request in writing of not less than 50 Unitholders or 10% of the total units issued, whichever is the lesser) at any time convene a meeting of Unitholders in accordance with the provisions of the Trust Deed; and
- one vote per unit at the meeting of the Trust.

The restrictions of a Unitholder include the following:

- a Unitholder's right is limited to the right to require due administration of the Trust in accordance with the provisions of the Trust Deed; and
- a Unitholder has no right to request the Manager to repurchase or redeem his units while the units are listed on the SGX-ST and/or any other recognised stock exchange.

A Unitholder's liability is limited to the amount paid or payable for any unit in the Trust. The provisions of the Trust Deed provide that if the issue price of the units held by a Unitholder has been fully paid, no such Unitholder will be personally liable to indemnify the Trustee or any creditor of the Trustee in the event that the liabilities of the Trust exceed its assets.

15 GROSS REVENUE

	Group		Trust	
	2021	2020	**2021**	2020
	$'000	$'000	**$'000**	$'000
Property rental income	**120,220**	120,505	**70,392**	69,457
Dividend income from subsidiaries	**–**	–	**20,074**	19,718
Other income	**485**	387	**–**	–
	120,705	120,892	**90,466**	89,175

16 PROPERTY EXPENSES

	Group		Trust	
	2021	2020	**2021**	2020
	$'000	$'000	**$'000**	$'000
Operations and maintenance expenditure	**5,104**	5,039	**3,243**	3,159
Property tax	**3,269**	3,289	**–**	–
Property and lease management fees	**9**	9	**–**	–
Marketing services commission	**45**	8	**45**	–
Allowance for doubtful debts	**1,028**	–	**–**	–
Others	**16**	19	**–**	–
	9,471	8,364	**3,288**	3,159

An allowance for doubtful debts of $1.0 million due to default on the rental receivables by a previous operator for 3 of the nursing home properties in Japan was provided in 2021.

17 MANAGEMENT FEES

	Group		Trust	
	2021	2020	**2021**	2020
	$'000	$'000	**$'000**	$'000
Base fees	**6,420**	6,148	**6,420**	6,148
Performance fees	**5,006**	5,064	**5,006**	5,064
Divestment fees	**–**	–	**184**	–
Asset management fees	**1,426**	1,435	**–**	–
	12,852	12,647	**11,610**	11,212

18 TRUST EXPENSES

	Group		Trust	
	2021	2020	**2021**	2020
	$'000	$'000	**$'000**	$'000
Trustee fees	**350**	339	**350**	339
Valuation fees	**234**	254	**234**	254
Auditors' remuneration:				
– audit fees	**283**	261	**249**	227
– non-audit fees	**64**	67	**53**	57
Professional fees	**2,090**	2,536	**1,430**	1,952
Other expenses	**352**	282	**109**	120
	3,373	3,739	**2,425**	2,949

19 FINANCE COSTS

	Group		Trust	
	2021	2020	**2021**	2020
	$'000	$'000	**$'000**	$'000
Interest paid and payable				
– bank loans	**3,901**	5,064	**3,901**	5,064
– financial derivatives	**(322)**	(836)	**(322)**	(836)
	3,579	4,228	**3,579**	4,228
Amortisation of transaction costs relating to debt facilities	**716**	623	**716**	623
Financial liabilities measured at amortised cost – interest expense	**269**	274	**–**	–
Others	**119**	112	**119**	112
	4,683	5,237	**4,414**	4,963

20 OTHER EXPENSES

	Group		Trust	
	2021	2020	**2021**	2020
	$'000	$'000	**$'000**	$'000
COVID-19 related relief measures to tenants	**–**	1,218	**–**	1,218
Impairment loss on investment in subsidiary	**–**	–	**505**	–
	–	1,218	**505**	1,218

21 INCOME TAX EXPENSE

	Group		Trust	
	2021	2020	**2021**	2020
	$'000	$'000	**$'000**	$'000
Current tax expense				
Withholding tax	**5,362**	5,171	**–**	–
Income tax expense	**19**	2	**–**	–
	5,381	5,173	**–**	–
Deferred tax expense				
Movement in temporary differences	**3,493**	3,992	**–**	–
Total	**8,874**	9,165	**–**	–

21 INCOME TAX EXPENSE (CONT'D)

Reconciliation of effective tax rate

	Group		Trust	
	2021	2020	**2021**	2020
	$'000	$'000	**$'000**	$'000
Total return for the year before income tax	**340,752**	96,389	**374,144**	47,283
Income tax using Singapore tax rate of 17% (2020: 17%)	**57,928**	16,386	**63,604**	8,038
Effect of different tax rate in foreign jurisdictions	**1,232**	1,714	**–**	–
Income not subject to tax	**(41,923)**	(1,307)	**(54,052)**	(2,270)
Non-tax deductible items	**1,599**	2,024	**410**	3,884
Tax transparency	**(9,962)**	(9,652)	**(9,962)**	(9,652)
	8,874	9,165	**–**	–

22 EARNINGS PER UNIT

The calculation of basic earnings per unit is based on the weighted average number of units in issue during the year and the total return after income tax.

	Group		Trust	
	2021	2020	**2021**	2020
	$'000	$'000	**$'000**	$'000
Total return before income tax and distribution	**340,752**	96,389	**374,144**	47,283
Less: Income tax expense	**(8,874)**	(9,165)	**–**	–
Total return after income tax, before distribution	**331,878**	87,224	**374,144**	47,283

	Group and Trust	
	2021	2020
	Number of Units ('000)	Number of Units ('000)
Weighted average number of units in issue	**605,002**	605,002

	Group		Trust	
	2021	2020	**2021**	2020
Basic earnings per unit (cents)	**54.86**	14.42	**61.84**	7.82

Diluted earnings per unit is the same as the basic earnings per unit as there were no dilutive instruments in issue during the financial year.

23 COMMITMENTS

	Group		Trust	
	2021	2020	**2021**	2020
	$'000	$'000	**$'000**	$'000
Capital commitments:				
– contracted but not provided for	**12,487**	13,725	**11,140**	12,910
– authorised but not contracted for	**154,389**	1,552	**153,989**	–
	166,876	15,277	**165,129**	12,910

Operating lease commitments

Operating lease rental receivable

The Group leases out its investment properties. Non-cancellable operating lease rentals receivable are as follows:

	Group		Trust	
	2021	2020	**2021**	2020
	$'000	$'000	**$'000**	$'000
Operating leases under FRS 116				
Less than one year	**116,213**	116,379	**71,653**	69,977
One to two years	**117,959**	88,821	**74,738**	44,670
Two to three years	**117,310**	43,216	**76,980**	–
Three to four years	**114,079**	39,150	**79,290**	–
Four to five years	**131,830**	33,252	**99,151**	–
More than five years	**1,904,228**	142,566	**1,728,246**	–
Total	**2,501,619**	463,384	**2,130,058**	114,647

Since August 2007, the Group leases out its investment properties in Singapore to PHS, a related party of the Manager and the Trust, under separate master lease agreements for a period of fifteen years. On 13 October 2021, the Group has entered into new master lease agreements with PHS for the 3 investment properties for another approximately 20 years, commencing on 23 August 2022.

As at 31 December 2021, the Group leased out some of its strata titled units/lots within MOB Specialist Clinics, Kuala Lumpur to Gleneagles Hospital Kuala Lumpur (a branch of Pantai Medical Centre Sdn. Bhd.), a related corporation of the Manager and the Trust.

Operating lease rental payable

Leases as lessee (FRS 116)

The Group pays land rent for a leasehold property in Japan, which has a land lease period of 99 years.

Right-of-use assets related to leased property are presented as part of investment properties (see Note 4).

The Group pays land rent for its leasehold properties in Singapore, with remaining land lease periods of 53 – 61 years. These leases are of low-value. The Group has elected not to recognise right-of-use assets and lease liabilities for these leases.

23 COMMITMENTS (CONT'D)

Amounts recognised in statement of total return

	2021 $'000	2020 $'000
Interest on lease liabilities	**17**	17
Net change in fair valuation of investment properties	**22**	22
Expenses relating to leases of low-value assets	*****	*

Amounts recognised in statement of cash flows

	2021 $'000	2020 $'000
Total cash outflow for leases	**31**	32

* Less than $1,000

24 SIGNIFICANT RELATED PARTY TRANSACTIONS

For the purposes of these financial statements, parties are considered to be related if the Group has the ability, directly or indirectly, to control the party or exercise significant influence over the party in making financial and operating decisions, or vice versa, or where the Group and the party are subject to common significant influence. Related parties may be individuals or other entities.

	Group		Trust	
	2021 $'000	2020 $'000	**2021 $'000**	2020 $'000
Related corporations of the Manager				
Rental income received/receivable	**70,505**	69,579	**70,392**	69,457
Other income received/receivable	**41**	42	**–**	–
COVID-19 related relief measure paid/payable	**–**	1,200	**–**	1,200
Funding of capital improvement works at Gleneagles Hospital and Parkway East Hospital	**2,200**	–	**2,200**	–
The Manager				
Manager's management fees paid/payable	**11,426**	11,212	**11,426**	11,212
Acquisition fees paid/payable to the Manager[1]	**889**	212	**889**	212
Divestment fees paid/payable to the Manager	**184**[2]	–	**184**	–
Travelling expenses reimbursed/reimbursable to the Manager	**–**	51	**–**	51
Property and lease management fees paid/payable to the Manager	**9**	9	**–**	–
Marketing services commission paid/payable to the Manager	**45**	8	**45**	–
The Trustee				
Trustee's fees paid/payable	**350**	339	**350**	339

[1] Included in acquisition related costs, capitalised as part of investment properties (note 4)
[2] Included as part of gain on disposal of asset held for sale at Group

25 FINANCIAL INSTRUMENTS

Financial risk management

Overview

The Group has exposure to the following risks:

- credit risk
- liquidity risk
- market risk

This note presents information about the Group's exposure to each of the above risks, the Group's objectives, policies and processes for measuring and managing risks, as well as the Group's capital management strategy.

Risk management framework

The Manager has overall responsibility for the establishment and oversight of the Group's risk management framework. The Group has a system of controls in place to create an acceptable balance between the cost of risks occurring and the cost of managing the risks. The Manager continually monitors the Group's risk management processes to ensure an appropriate balance between risks and controls is achieved. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Group's activities.

Credit risk

Credit risk is the risk of financial loss to the Group if a lessee or deposit taking financial institution fails to meet its contractual obligations, and arises principally from the Group's receivables from lessees and cash and cash equivalents placed with these financial institutions.

Trade and other receivables

The investment properties in Singapore are leased to one master lessee, PHS, a related corporation of the Manager and the Trust. The investment properties in Japan are leased to several nursing home operators and a lessee in respect to the pharmaceutical product distributing and manufacturing facility which was divested on 29 January 2021. The Manager is of the opinion that there were no conditions that cast doubt over the recoverability of the Group's trade receivables. The maximum exposure to credit risk is represented by the carrying value of these receivables on the statement of financial position.

Expected credit loss assessment as at 31 December

The Group uses an allowance matrix to measure the ECLs of trade receivables from individual customers. Loss rates are calculated using a 'roll rate' method based on the probability of a receivable progressing through successive stages of delinquency to write-off and are based on actual credit loss over the past three years. An allowance for doubtful debts of $1.0 million due to default on the rental receivables by a previous operator for 3 of the nursing home properties in Japan was provided in 2021 (see Note 16). The Manager believes that no further allowance of impairment is necessary in respect of the trade receivable as these receivables relate mainly to lessees that have a good record with the Group or have sufficient security deposits as collateral, and hence ECL is not material.

At the reporting date, except as disclosed in Note 7, there were no significant concentration of credit risk. The maximum exposure to credit risk is represented by the carrying value on the statement of financial position.

25 FINANCIAL INSTRUMENTS (CONT'D)

Credit risk (cont'd)

Movements in allowance for impairment in respect of trade receivables

The movement in the allowance for impairment in respect of trade receivables during the year was as follows:

	Group		Trust	
	2021	2020	**2021**	2020
	$'000	$'000	**$'000**	$'000
Balance at 1 January	**–**	–	**–**	–
Impairment loss recognised	**1,028**	–	**–**	–
Amounts written off	**(1,028)**	–	**–**	–
Balance at 31 December	**–**	–	**–**	–

Cash and cash equivalents

Cash and fixed deposits are placed with financial institutions which are regulated.

Impairment on cash and cash equivalents has been measured on the 12-month expected loss basis and reflects the short maturities of the exposures. The Group considers that its cash and cash equivalents have low credit risk based on the external credit ratings of the counterparties. The amount of the allowance on cash and cash equivalents was negligible.

Derivatives

The derivatives are entered only with bank counterparties that are regulated and at least investment grade as per internationally recognised credit rating agencies (Moody's Investors Service, Fitch Ratings and Standard & Poor's).

Liquidity risk

Liquidity risk is the risk that the Group will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The Group's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Group's reputation.

The Manager monitors and maintains a level of cash and cash equivalents deemed adequate to finance the Group's operations and to cater for the fluctuations in cash flow requirements. Typically, the Group ensures that it has sufficient cash on demand to meet expected operational expenses for a reasonable period of time, including the servicing of financial obligations; this excludes the potential impact of extreme circumstances that cannot reasonably be predicted. In addition, the Manager also monitors and observes the CIS Code issued by the MAS concerning limits on total borrowings.

As at 31 December 2021, the Group has a remaining committed short term credit facilities of $3.3 million (2020: Nil) that can be drawn down to meet short term financing needs. The Manager has forecasted the cash positions, net projected cashflows, including capital expenditure and undrawn committed facilities for the next 12 months and concluded that there is no going concern issue.

25 FINANCIAL INSTRUMENTS (CONT'D)

Liquidity risk (cont'd)

The following are the remaining contractual maturities of financial liabilities and lease liabilities, including estimated interest payments and excluding the impact of netting agreements:

	Carrying amount $'000	Contractual cash flows $'000	Cash flow Within 1 year $'000	1 to 5 years $'000	More than 5 years $'000
Group					
2021					
Non-derivative financial liabilities					
S$ unsecured bank loans	**168,040**	**(172,718)**	**(1,072)**	**(171,646)**	**–**
JPY unsecured bank loans	**517,765**	**(530,385)**	**(99,564)**	**(304,838)**	**(125,983)**
JPY medium term notes	**140,090**	**(142,327)**	**(820)**	**(102,254)**	**(39,253)**
Lease liabilities	**2,112**	**(3,050)**	**(31)**	**(126)**	**(2,893)**
Security deposits	**20,161**	**(21,197)**	**(1,208)**	**(4,771)**	**(15,218)**
Trade and other payables^	**14,849**	**(14,849)**	**(14,849)**	**–**	**–**
	863,017	**(884,526)**	**(117,544)**	**(583,635)**	**(183,347)**
Derivative financial instruments					
Forward exchange contracts (gross-settled)	**(6,373)**				
– inflow		**76,565**	**24,605**	**51,960**	**–**
– outflow		**(70,040)**	**(22,439)**	**(47,601)**	**–**
Cross currency interest rate swap (gross-settled)	**(8,826)**				
– inflow		**91,869**	**2,714**	**89,155**	**–**
– outflow		**(82,869)**	**(270)**	**(82,599)**	**–**
Interest rate swap used for hedging (net-settled)	**153**	**(156)**	**(73)**	**(83)**	**–**
Interest rate caps used for hedging (net-settled)	**(696)**	**–**	**–**	**–**	**–**
	(15,742)	**15,369**	**4,537**	**10,832**	**–**
	847,275	**(869,157)**	**(113,007)**	**(572,803)**	**(183,347)**
2020					
Non-derivative financial liabilities					
S$ unsecured bank loans	209,259	(213,522)	(53,831)	(159,691)	–
JPY unsecured bank loans	431,167	(436,939)	(111,581)	(325,358)	–
JPY medium term notes	151,098	(153,296)	(914)	(152,382)	–
Lease liabilities	2,127	(2,958)	(32)	(126)	(2,800)
Security deposits	20,548	(23,785)	(868)	(2,931)	(19,986)
Trade and other payables^	19,555	(19,555)	(19,555)	–	–
	833,754	(850,055)	(186,781)	(640,488)	(22,786)
Derivative financial instruments					
Forward exchange contracts (gross-settled)	(2,212)				
– inflow		83,711	31,540	52,171	–
– outflow		(81,420)	(30,780)	(50,640)	–
Cross currency interest rate swaps (gross-settled)	971				
– inflow		132,740	50,248	82,492	–
– outflow		(133,734)	(50,533)	(83,201)	–
Interest rate swaps used for hedging (net-settled)	289	(296)	(113)	(183)	–
Interest rate caps used for hedging (net-settled)	(883)	–	–	–	–
	(1,835)	1,001	362	639	–
	831,919	(849,054)	(186,419)	(639,849)	(22,786)

25 FINANCIAL INSTRUMENTS (CONT'D)

Liquidity risk (cont'd)

	Carrying amount $'000	Contractual cash flows $'000	Cash flow Within 1 year $'000	1 to 5 years $'000	More than 5 years $'000
Trust					
2021					
Non-derivative financial liabilities					
S$ unsecured bank loans	**168,040**	**(172,718)**	**(1,072)**	**(171,646)**	**–**
JPY unsecured bank loans	**517,765**	**(530,385)**	**(99,564)**	**(304,838)**	**(125,983)**
JPY medium term notes	**140,090**	**(142,327)**	**(820)**	**(102,254)**	**(39,253)**
Trade and other payables^	**11,571**	**(11,571)**	**(11,571)**	**–**	**–**
	837,466	**(857,001)**	**(113,027)**	**(578,738)**	**(165,236)**
Derivative financial instruments					
Forward exchange contracts (gross-settled)	**(6,373)**				
– inflow		**76,565**	**24,605**	**51,960**	**–**
– outflow		**(70,040)**	**(22,439)**	**(47,601)**	**–**
Cross currency interest rate swap (gross-settled)	**(8,826)**				
– inflow		**91,869**	**2,714**	**89,155**	**–**
– outflow		**(82,869)**	**(270)**	**(82,599)**	**–**
Interest rate swap used for hedging (net-settled)	**153**	**(156)**	**(73)**	**(83)**	**–**
Interest rate caps used for hedging (net-settled)	**(696)**	**–**	**–**	**–**	**–**
	(15,742)	**(15,369)**	**4,537**	**10,832**	**–**
	821,724	**(841,632)**	**(108,490)**	**(567,906)**	**(165,236)**
2020					
Non-derivative financial liabilities					
S$ unsecured bank loans	209,259	(213,522)	(53,831)	(159,691)	–
JPY unsecured bank loans	431,167	(436,939)	(111,581)	(325,358)	–
JPY medium term notes	151,098	(153,296)	(914)	(152,382)	–
Trade and other payables^	16,843	(16,843)	(16,843)	–	–
	808,367	(820,600)	(183,169)	(637,431)	–
Derivative financial instruments					
Forward exchange contracts (gross-settled)	(2,212)				
– inflow		83,711	31,540	52,171	–
– outflow		(81,420)	(30,780)	(50,640)	–
Cross currency interest rate swaps (gross-settled)	971				
– inflow		132,740	50,248	82,492	–
– outflow		(133,734)	(50,533)	(83,201)	–
Interest rate swaps used for hedging (net-settled)	289	(296)	(113)	(183)	–
Interest rate caps used for hedging (net-settled)	(883)	–	–	–	–
	(1,835)	1,001	362	639	–
	806,532	(819,599)	(182,807)	(636,792)	–

^ Excludes advance rent received

25 FINANCIAL INSTRUMENTS (CONT'D)

Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates and interest rates, will affect the Group's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return on risk.

Exposure to foreign currency risk

The Manager's investment mandate covers the Asia-Pacific region. In order to manage the currency risk involved in investing in assets outside of Singapore, the Manager may, as appropriate, adopt currency risk management strategies including:

- the use of foreign currency denominated borrowings to match the currency of the asset investment as a natural hedge. These borrowings are designated as net investment hedges;

- the use of derivative or other hedging instruments to hedge against fluctuations in the exchange rates of foreign currency income received from offshore assets against Singapore dollars; and

- the use of cross currency swap to hedge against the fluctuations in the exchange rates of any foreign currency denominated net assets of the Group against Singapore dollars.

The Group is exposed to foreign currency risk arising from its investments in Japan and Malaysia. The income generated from these investments and net assets are denominated in foreign currencies, mainly Japanese Yen ("JPY") and Malaysia Ringgit ("MYR").

The Group's exposure to foreign currency risk mainly arises from the distribution of net income denominated in JPY from its investment properties located in Japan and its net investment in foreign operations denominated in JPY. The Manager limits the Group's exposure to adverse movements in foreign currency exchange rates by using forward exchange contracts to hedge the distribution of net income from its investments in Japan. In addition, the Group borrows loans denominated in JPY and utilised CCIRS to realign the Singapore dollar denominated loan back into effective JPY denominated loan to create a natural hedge for its JPY denominated investments and that are designated as net investment hedge.

The Group determines the existence of an economic relationship between the hedging instrument and hedged item based on the currency, amount and timing of their respective cash flows. The Group assesses the effectiveness of each hedging relationship by comparing changes in the carrying amount of the debt that is due to a change in the spot rate with changes in the investment in the foreign operation due to movements in the spot rate (the offset method).

In these hedge relationships, the main sources of ineffectiveness are:

- the effect of the counterparty and the Group's own credit risk on the fair value of the forward exchange contracts or cross currency swaps, which is not reflected in the change in the fair value of the hedged cash flows attributable to the change in exchange rates; and

- changes in the timing of the hedged transactions.

25 FINANCIAL INSTRUMENTS (CONT'D)

Exposure to foreign currency risk (cont'd)

The Group's exposure to various foreign currencies (excluding the JPY denominated loans, JPY medium term notes and Singapore dollar denominated loans which were overlaid with cross currency interest rate swaps to realign it into effective JPY loans that are designated as hedge of the Group's net investment in Japan) are shown in Singapore dollar, translated using the spot rate as at 31 December as follows:

	JPY $'000	MYR $'000	Total $'000
Group			
2021			
Cash and cash equivalents	**260**	**5**	**265**
Trade and other payables	**(458)**	**–**	**(458)**
Forward exchange contracts	**(69,617)**	**–**	**(69,617)**
Net exposure	**(69,815)**	**5**	**(69,810)**
2020			
Cash and cash equivalents	608	5	613
Trade and other payables	(470)	–	(470)
Forward exchange contracts	(80,754)	–	(80,754)
Net exposure	(80,616)	5	(80,611)

The Trust's exposure to various foreign currencies which relates primarily to its use of financial instruments are shown in Singapore dollar, translated using the spot rate as at 31 December as follows:

	JPY $'000	MYR $'000	Total $'000
Trust			
2021			
Cash and cash equivalents	**260**	**5**	**265**
Trade and other payables	**(458)**	**–**	**(458)**
Loans and borrowings	**(659,926)**	**–**	**(659,926)**
Forward exchange contracts	**(69,617)**	**–**	**(69,617)**
Net exposure	**(729,741)**	**5**	**(729,736)**
2020			
Cash and cash equivalents	608	5	613
Trade and other payables	(470)	–	(470)
Loans and borrowings	(584,187)	–	(584,187)
Forward exchange contracts	(80,754)	–	(80,754)
Net exposure	(664,803)	5	(664,798)

25 FINANCIAL INSTRUMENTS (CONT'D)

Exposure to foreign currency risk (cont'd)

Sensitivity analysis

A 5% (2020: 10%) strengthening of the Singapore dollar against the following currencies at the reporting date would have increased/(decreased) the total return by the amounts shown below. This analysis assumes that all other variables, in particular interest rates, remain constant.

	Statement of total return	
	2021	2020
	$'000	$'000
Group		
JPY	**3,491**	8,062
MYR	*****	*
Trust		
JPY	**36,487**	66,480
MYR	*****	*

* Less than $1,000

In respect to the Group, a 5% (2020:10%) strengthening or weakening of Singapore dollar against Japanese Yen would have less significant impact than to the Trust as the Group issues Japanese Yen fixed rate notes, borrows loans denominated in Japanese Yen and Singapore dollar denominated loans which were overlaid with cross currency interest rate swaps to realign it into effective JPY loans, and designated this as a net investment hedge. For the year ended 31 December 2021, the effective portion of the net investment hedge charged to the Unitholders' funds amounted to $49.1 million gain (2020: $19.7 million loss).

Exposure to interest rate risk

The Group's exposure to changes in interest rates relates primarily to the floating interest rates incurred for its loans and borrowings. Interest rate risk is managed by the Manager on an ongoing basis with the primary objective of limiting the extent to which net interest expenses could be affected by adverse movements in interest rates. The Manager adopts a policy of fixing the interest rates for at least 50% (and up to 100%) of its borrowings through the use of interest rate hedging financial instruments.

The Group determines the existence of an economic relationship between the hedging instrument and hedged item based on the reference interest rates, tenors, repricing dates and maturities and the notional or par amounts. If a hedging relationship is directly affected by uncertainty arising from interest rate benchmark reform, then the Group assumes for this purpose that the benchmark interest rate is not altered as a result of interest rate benchmark reform. The Group's policy is for the critical terms of the interest rate swaps and interest rate caps to align with the hedged borrowings.

Hedging relationships that are impacted by interest rate benchmark reform may experience ineffectiveness because the uncertainty about when and how replacement may occur for the relevant hedged item and hedging instrument due to the interest rate benchmark reform transition. For further details, see 'Managing interest rate benchmark reform and associated risks' below.

25 FINANCIAL INSTRUMENTS (CONT'D)

Exposure to foreign currency risk (cont'd)

Managing interest rate benchmark reform and associated risks

Overview

A fundamental reform of major interest rate benchmarks is being undertaken globally, including the replacement of some interbank offered rates (IBORs) with alternative nearly risk-free rates (referred to as 'interest rate benchmark reform'). The Group has exposures to IBORs on its financial instruments that will be replaced or reformed as part of these market-wide initiatives. The Group anticipates that interest rate benchmark reform will impact its existing risk management practice and application of hedge accounting.

The Group's main IBOR exposure pertaining to its loans and borrowings as well as derivatives at 31 December 2021 was indexed to Japanese Yen LIBOR. The Manager monitors and manages the Group's transition of LIBOR to alternative rates. The Manager evaluates the extent to which contracts reference IBOR cash flows, whether such contracts will need to be amended as a result of interest rate benchmark reform and how to manage communication about interest rate benchmark reform with counterparties.

Derivatives

The Group holds interest rate swaps, interest rate caps and cross currency interest rate swap for risk management purposes that are designated in cash flow hedging relationships. The interest rate swaps have floating legs that are indexed to LIBOR or SOR. The Group's derivative instruments are governed by contracts based on the International Swaps and Derivatives Association (ISDA)'s master agreements.

The Group has agreed and completed the revised derivatives trade confirmations with the counterparties for LIBOR and SOR indexed exposures and specific changes have been incorporated into all its existing derivative contracts as at 31 December 2021, except for an interest rate swap contract that was indexed to LIBOR that was subsequently finalised in January 2022.

Hedge accounting

The Group has evaluated the extent to which its cash flow hedging relationships are subject to uncertainty driven by interest rate benchmark reform as at 31 December 2021. As the last loan repricing took place on 15 November 2021, the Group's hedged items and hedging instruments continue to be indexed to Japanese Yen LIBOR.

As at the reporting date, the Manager has completed supplementary loan agreement for all bank loans at no increase in loan interest and finalised the key term of the derivatives instrument arising from the IBORs reform with the respective counterparties. The interest bearing loans and derivatives (hedging instruments) will be transited on the same date and to the same benchmark indexes to avoid any ineffectiveness in relation to the application of the hedge accounting. Including the revised interest rate swap trade confirmation that was finalised in January 2022, the transition for all loans and derivatives instruments shall be effective from the next interest repricing on 15 February 2022. The hedging relationships were not affected arising from this transition.

The Group's exposure to Japanese Yen LIBOR or Singapore-dollar SOR designated in hedging relationships is approximately $332.4 million and $81.9 million nominal amount at 31 December 2021, respectively, representing both the nominal amount of the derivative financial instruments and the principal amount of the Group's hedged JPY-denominated and SGD-denominated committed bank loan liabilities maturing in 2024 to 2027.

25 FINANCIAL INSTRUMENTS (CONT'D)

Exposure to foreign currency risk (cont'd)

Hedge accounting (cont'd)

Total amounts of unreformed contracts, including those with an appropriate fallback clause

The Group monitors the progress of transition from IBORs to new benchmark rates by reviewing the total amounts of contracts that have yet to transition to an alternative benchmark rate and the amounts of such contracts that include an appropriate fallback clause. The Group considers that a contract is not yet transitioned to an alternative benchmark rate when interest under the contract is indexed to a benchmark rate that is still subject to interest rate benchmark reform, even if it includes a fallback clause that deals with the cessation of the existing IBOR (referred to as an 'unreformed contract').

The following table shows the total amounts of unreformed contracts and those with appropriate fallback language at 31 December 2021. The amounts of derivatives are shown at their nominal amounts.

	LIBOR	
	Total amount of unreformed contracts $'000	**Amount with appropriate fallback clause $'000**
Group and Trust		
31 December 2021		
Derivatives		
Interest rate swap	52,272	52,272

25 FINANCIAL INSTRUMENTS (CONT'D)

Exposure to foreign currency risk (cont'd)

Hedge accounting (cont'd)

At the reporting date, the interest rate profile of the interest-bearing financial instruments was as follows:

	Group and Trust Nominal amount	
	2021	2020
	$'000	$'000
Fixed rate instrument		
Medium term notes	**(140,184)**	(151,158)
Variable rate instruments		
Interest rate swaps	**52,272**	103,992
Interest rate caps	**280,130**	302,060
Cross currency interest rate swaps	**81,875**	131,875
Loans and borrowings	**(688,317)**	(642,754)
	(274,040)	(104,827)

Fair value sensitivity analysis for fixed rate instruments

The Group does not account for any fixed rate financial assets at fair value through profit or loss. Therefore a change in interest rates at the reporting date would not affect statement of total return and Unitholders' funds.

Cash flow sensitivity analysis for variable rate instruments

A change of 100 basis points in interest rates at the reporting date would have increased/ (decreased) the total return and Unitholders' funds by the amounts shown below. This analysis assumes that all other variables, in particular foreign currency rates, remain constant.

	Statement of total return		Unitholders' funds	
	100 bp increase $'000	**100 bp decrease $'000**	**100 bp increase $'000**	**100 bp decrease $'000**
Group and Trust				
31 December 2021				
Loans and borrowings	**(6,883)**	**6,883**	**–**	**–**
Interest rate swap	**523**	**(523)**	**977**	**(28)**
Interest rate caps	**1,512**	**–**	**6,602**	**(82)**
Cross currency interest rate swap	**819**	**(819)**	**2,703**	**(2,815)**
Cash flow sensitivity (net)	**(4,029)**	**5,541**	**10,282**	**(2,925)**
31 December 2020				
Loans and borrowings	(6,428)	6,428	–	–
Interest rate swaps	1,040	(1,040)	1,419	(337)
Interest rate caps	1,631	–	8,666	(101)
Cross currency interest rate swaps	1,319	(1,319)	4,107	(4,307)
Cash flow sensitivity (net)	(2,438)	4,069	14,192	(4,745)

25 FINANCIAL INSTRUMENTS (CONT'D)

Hedge accounting (cont'd)

Cash flow hedges

At 31 December 2021, the Group held the following instruments to hedge exposures to changes in interest rates.

	Maturity	
	Within 1 year	**More than 1 year**
Interest rate risk		
Cross currency interest rate swap		
Net exposure ($'000)	–	**81,875**
Fixed interest rate	–	**0.36%**
Interest rate swap		
Net exposure ($'000)	–	**52,272**
Fixed interest rate	–	**0.16%**
Interest rate caps		
Net exposure ($'000)	–	**280,130**
Fixed interest cap rate	–	**0.25%**

At 31 December 2020, the Group held the following instruments to hedge exposures to changes in interest rates.

	Maturity	
	Within 1 year	More than 1 year
Interest rate risk		
Cross currency interest rate swaps		
Net exposure ($'000)	50,000	81,875
Fixed interest rate	0.54%	0.36%
Interest rate swaps		
Net exposure ($'000)	47,628	56,364
Fixed interest rate	0.10%	0.16%
Interest rate caps		
Net exposure ($'000)	–	302,060
Fixed interest cap rate	–	0.25%

25 FINANCIAL INSTRUMENTS (CONT'D)

Hedge accounting (cont'd)

Cash flow hedges (cont'd)

The amounts at the reporting date relating to items designated as hedged items were as follows:

	Change in value used for calculating hedge ineffectiveness $'000	Cash flow hedge reserve $'000	Cost of hedging reserve $'000	Balances remaining in the cash flow hedge reserve from hedging relationships for which hedge accounting is no longer applied $'000
31 December 2021				
Interest rate risk				
Variable-rate instruments	**–**	**(199)**	**(308)**	**–**
31 December 2020				
Interest rate risk				
Variable-rate instruments	–	3,569	(377)	–

The following table provides a reconciliation of Unitholders' funds resulting from cash flow hedge accounting.

	Hedging reserve $'000	Cost of hedging reserve $'000
Balance at 1 January 2020	987	(301)
Cash flow hedges		
Changes in fair value	2,625	(76)
Amounts reclassified to statement of total return	(43)	–
Balance at 31 December 2020	3,569	(377)
Balance at 1 January 2021	**3,569**	**(377)**
Cash flow hedges		
Changes in fair value	**(3,768)**	**69**
Balance at 31 December 2021	**(199)**	**(308)**

25 FINANCIAL INSTRUMENTS (CONT'D)

Hedge accounting (cont'd)

Cash flow hedges (cont'd)

The amounts relating to items designated as hedging instruments were as follows:

	2021					**During the period – 2021**			
	Nominal amount	**Carrying amount**		**Line item in the statement of financial position where**		**Changes in the value of the hedging instrument recognised in Unitholders' funds**	**Hedge ineffectiveness recognised in statement of total return**	**Cost of hedging recognised in Unitholders' funds**	**Line item in statement of total return that includes hedge ineffectiveness**
		Assets	**Liabilities**	**the hedging instrument is included**	**the hedged item is included**				
	$'000	**$'000**	**$'000**			**$'000**	**$'000**	**$'000**	
Interest rate risk									
Cross currency interest rate swap	**81,875**	**8,826**	**–**	**Financial derivatives**	**Loans and borrowings**	**3,632**	**–**	**–**	**Net change in fair value of financial derivatives**
Interest rate swap	**52,272**	**–**	**(153)**	**Financial derivatives**	**Loans and borrowings**	**136**	**–**	**–**	**Net change in fair value of financial derivatives**
Interest rate caps	**280,130**	**696**	**–**	**Financial derivatives**	**Loans and borrowings**	**–**	**–**	**69**	**Net change in fair value of financial derivatives**

	2020					During the period – 2020			
	Nominal amount	Carrying amount		Line item in the statement of financial position where		Changes in the value of the hedging instrument recognised in Unitholders' funds	Hedge ineffectiveness recognised in statement of total return	Cost of hedging recognised in Unitholders' funds	Line item in statement of total return that includes hedge ineffectiveness
		Assets	Liabilities	the hedging instrument is included	the hedged item is included				
	$'000	$'000	$'000			$'000	$'000	$'000	
Interest rate risk									
Cross currency interest rate swaps	131,875	1,267	(2,238)	Financial derivatives	Loans and borrowings	(2,610)	584	–	Net change in fair value of financial derivatives
Interest rate swaps	103,992	–	(289)	Financial derivatives	Loans and borrowings	(15)	43	–	Net change in fair value of financial derivatives
Interest rate caps	302,060	883	–	Financial derivatives	Loans and borrowings	–	–	(76)	Net change in fair value of financial derivatives

25 FINANCIAL INSTRUMENTS (CONT'D)

Hedge accounting (cont'd)

Net investment hedges

The amounts related to items designated as hedging instruments were as follows:

	2021				During the period – 2021		
	Nominal amount	**Carrying amount**		**Line item in the statement of financial position where the hedging instrument is included**	**Changes in the value of the hedging instrument recognised in Unitholders' funds**	**Hedge ineffectiveness recognised in statement of total return**	**Line item in statement of total return that includes hedge ineffectiveness**
		Assets	**Liabilities**				
	$'000	**$'000**	**$'000**		**$'000**	**$'000**	
Foreign currency denominated loans and borrowings	**659,926**	**–**	**657,855**	**Loans and borrowings**	**49,060**	**–**	**N.A.**

	2020				During the period – 2020		
	Nominal amount	Carrying amount		Line item in the statement of financial position where the hedging instrument is included	Changes in the value of the hedging instrument recognised in Unitholders' funds	Hedge ineffectiveness recognised in statement of total return	Line item in statement of total return that includes hedge ineffectiveness
		Assets	Liabilities				
	$'000	$'000	$'000		$'000	$'000	
Foreign currency denominated loans and borrowings	716,062	–	(713,808)	Loans and borrowings	(19,692)	–	N.A.

The amounts related to items designated as hedged items were as follows:

	2021		
	Change in value used for calculating hedge ineffectiveness	**Foreign currency translation reserve**	**Balances remaining in the foreign currency translation reserve from hedging relationships for which hedge accounting is no longer applied**
	$'000	**$'000**	**$'000**
Net investment in SPEs with JPY functional currency	**(48,512)**	**(52,542)**	**–**

	2020		
	Change in value used for calculating hedge ineffectiveness	Foreign currency translation reserve	Balances remaining in the foreign currency translation reserve from hedging relationships for which hedge accounting is no longer applied
	$'000	$'000	$'000
Net investment in SPEs with JPY functional currency	19,720	(4,030)	–

25 FINANCIAL INSTRUMENTS (CONT'D)

Capital management

The Manager reviews the Group's and the Trust's capital structure regularly and uses a combination of debt and equity to fund acquisitions and asset enhancement projects.

The objectives of the Manager are to:

(a) maintain a strong financial position by adopting and maintaining an optimal gearing ratio;

(b) secure diversified funding sources from financial institutions and/or capital markets; and

(c) adopt a proactive financial risk management strategy to manage financial risks related to interest rate and foreign currency fluctuations.

The Manager seeks to maintain an optimal combination of debt and equity in order to minimise the cost of capital and maximise returns to Unitholders. The Manager also monitors the externally imposed capital requirements closely and ensures the capital structure adopted comply with these requirements.

The Group is subjected to the Aggregate Leverage limit as defined in the Property Funds Appendix of the CIS Code. The CIS Code stipulates that the total borrowings and deferred payments (the "Aggregate Leverage") of a property fund should not exceed 50% of the fund's Deposited Property.

The Aggregate Leverage of the Group as at 31 December 2021 was 35.4% (2020: 38.5%) of the Group's Deposited Property. This complied with the stipulated Aggregate Leverage limit. The interest coverage ratio is 21.5 times at of 31 December 2021.

There were no changes in the Group's approach to capital management during the year.

25 FINANCIAL INSTRUMENTS (CONT'D)

Determination of fair values

The carrying amounts and fair values of financial assets and liabilities, including their levels in the fair value hierarchy are as follows. It does not include fair value information for financial assets and liabilities not measured at fair value if the carrying amount is a reasonable approximation of fair value. Further, for the current year the fair value disclosure of lease liabilities is also not required.

		Carrying amount					Fair value			
	Note	Amortised cost $'000	Mandatorily at FVTPL $'000	Other financial liabilities $'000	Fair value – hedging instruments $'000	Total carrying amount $'000	Level 1 $'000	Level 2 $'000	Level 3 $'000	Total $'000
Group										
31 December 2021										
Financial assets measured at fair value										
Forward exchange contracts	6	–	6,373	–	–	6,373	–	6,373	–	6,373
Interest rate caps used for hedging	6	–	–	–	696	696	–	696	–	696
Cross currency interest rate swap used for hedging	6	–	–	–	8,826	8,826	–	8,826	–	8,826
		–	6,373	–	9,522	15,895				
Financial assets not measured at fair value										
Trade and other receivables*	7	11,146	–	–	–	11,146				
Cash and cash equivalents	8	25,793	–	–	–	25,793				
		36,939	–	–	–	36,939				
Financial liabilities measured at fair value										
Interest rate swap used for hedging	6	–	–	–	(153)	(153)	–	(153)	–	(153)
		–	–	–	(153)	(153)				
Financial liabilities not measured at fair value										
Loans and borrowings	11									
– Unsecured bank loans		–	–	(685,805)	–	(685,805)				
– Medium term notes		–	–	(140,090)	–	(140,090)	–	(140,859)	–	(140,859)
Security deposits		–	–	(20,161)	–	(20,161)				
Trade and other payables^	10	–	–	(14,849)	–	(14,849)				
		–	–	(860,905)	–	(860,905)				

* Excludes prepayments

^ Excludes advance rent received

25 FINANCIAL INSTRUMENTS (CONT'D)

Determination of fair values (cont'd)

		Carrying amount					Fair value			
	Note	Amortised cost $'000	Mandatorily at FVTPL $'000	Other financial liabilities $'000	Fair value – hedging instruments $'000	Total carrying amount $'000	Level 1 $'000	Level 2 $'000	Level 3 $'000	Total $'000
Group										
31 December 2020										
Financial assets measured at fair value										
Forward exchange contracts	6	–	2,212	–	–	2,212	–	2,212	–	2,212
Interest rate caps used for hedging	6	–	–	–	883	883	–	883	–	883
Cross currency interest rate swaps used for hedging	6	–	–	–	1,267	1,267	–	1,267	–	1,267
		–	2,212	–	2,150	4,362				
Financial assets not measured at fair value										
Trade and other receivables*	7	16,972	–	–	–	16,972				
Cash and cash equivalents	8	22,658	–	–	–	22,658				
		39,630	–	–	–	39,630				
Financial liabilities measured at fair value										
Cross currency interest rate swaps used for hedging	6	–	–	–	(2,238)	(2,238)	–	(2,238)	–	(2,238)
Interest rate swaps used for hedging	6	–	–	–	(289)	(289)	–	(289)	–	(289)
		–	–	–	(2,527)	(2,527)				
Financial liabilities not measured at fair value										
Loans and borrowings	11									
– Unsecured bank loans		–	–	(640,426)	–	(640,426)				
– Medium term notes		–	–	(151,098)	–	(151,098)	–	(150,667)	–	(150,667)
Security deposits		–	–	(20,548)	–	(20,548)				
Trade and other payables^	10	–	–	(19,555)	–	(19,555)				
		–	–	(831,627)	–	(831,627)				

* Excludes prepayments

^ Excludes advance rent received

25 FINANCIAL INSTRUMENTS (CONT'D)

Determination of fair values (cont'd)

		Carrying amount					Fair value			
	Note	Amortised cost $'000	Mandatorily at FVTPL $'000	Other financial liabilities $'000	Fair value – hedging instruments $'000	Total carrying amount $'000	Level 1 $'000	Level 2 $'000	Level 3 $'000	Total $'000
Trust										
31 December 2021										
Financial assets measured at fair value										
Forward exchange contracts	6	–	6,373	–	–	6,373	–	6,373	–	6,373
Interest rate caps used for hedging	6	–	–	–	696	696	–	696	–	696
Cross currency interest rate swap used for hedging	6	–	–	–	8,826	8,826	–	8,826	–	8,826
		–	6,373	–	9,522	15,895				
Financial assets not measured at fair value										
Amount due from subsidiary	5	4,075	–	–	–	4,075				
Trade and other receivables*	7	53,503	–	–	–	53,503				
Cash and cash equivalents	8	1,594	–	–	–	1,594				
		59,172	–	–	–	59,172				
Financial liabilities measured at fair value										
Interest rate swap used for hedging	6	–	–	–	(153)	(153)	–	(153)	–	(153)
		–	–	–	(153)	(153)				
Financial liabilities not measured at fair value										
Loans and borrowings	11									
– Unsecured bank loans		–	–	(685,805)	–	(685,805)				
– Medium term notes		–	–	(140,090)	–	(140,090)	–	(140,859)	–	(140,859)
Trade and other payables^	10	–	–	(11,571)	–	(11,571)				
		–	–	(837,466)	–	(837,466)				

* Excludes prepayments

^ Excludes advance rent received

25 FINANCIAL INSTRUMENTS (CONT'D)

Determination of fair values (cont'd)

	Note	Carrying amount					Fair value			
		Amortised cost $'000	Mandatorily at FVTPL $'000	Other financial liabilities $'000	Fair value – hedging instruments $'000	Total carrying amount $'000	Level 1 $'000	Level 2 $'000	Level 3 $'000	Total $'000
Trust										
31 December 2020										
Financial assets measured at fair value										
Forward exchange contracts	6	–	2,212	–	–	2,212	–	2,212	–	2,212
Interest rate caps used for hedging	6	–	–	–	883	883	–	883	–	883
Cross currency interest rate swaps used for hedging	6	–	–	–	1,267	1,267	–	1,267	–	1,267
		–	2,212	–	2,150	4,362				
Financial assets not measured at fair value										
Amount due from subsidiary	5	4,075	–	–	–	4,075				
Trade and other receivables*	7	39,693	–	–	–	39,693				
Cash and cash equivalents	8	1,487	–	–	–	1,487				
		45,255	–	–	–	45,255				
Financial liabilities measured at fair value										
Cross currency interest rate swaps used for hedging	6	–	–	–	(2,238)	(2,238)	–	(2,238)	–	(2,238)
Interest rate swaps used for hedging	6	–	–	–	(289)	(289)	–	(289)	–	(289)
		–	–	–	(2,527)	(2,527)				
Financial liabilities not measured at fair value										
Loans and borrowings	11									
– Unsecured bank loans		–	–	(640,426)	–	(640,426)				
– Medium term notes		–	–	(151,098)	–	(151,098)	–	(150,667)	–	(150,667)
Trade and other payables^	10	–	–	(16,843)	–	(16,843)				
		–	–	(808,367)	–	(808,367)				

* Excludes prepayments

^ Excludes advance rent received

25 FINANCIAL INSTRUMENTS (CONT'D)

Measurement of fair values

(i) Valuation techniques and significant unobservable inputs

The following tables show the valuation techniques used in measuring Level 2 and Level 3 fair values, as well as the significant unobservable inputs used.

Financial instruments measured at fair value

Type	Valuation technique	Key unobservable inputs
Group and Trust		
Derivatives: interest rate swaps, interest rate caps, forward exchange contracts and cross currency interest rate swaps	*Market comparison technique:* The fair values are based on valuations provided by the financial institutions that are the counterparties to the transactions. These quotes are tested for reasonableness by discounting estimated future cash flows based on the terms and maturity of each contract and using market interest rates for a similar instrument at the reporting date.	Not applicable.

Financial instruments not measured at fair value

Type	Valuation technique	Key unobservable inputs
Group and Trust		
Medium term notes	The fair value is estimated taking into consideration of the quoted price	Not applicable
Security deposits	Discounted cash flows	Discount rate – 1.02% (2020: 0.95%)

Other financial assets and liabilities

The carrying amounts of financial assets and liabilities with a maturity of less than one year (including trade and other receivables, cash and cash equivalents, trade and other payables and interest-bearing borrowings which reprice within three months) are assumed to approximate their fair values because of the short period to maturity or repricing.

(ii) Transfer between Level 1 and Level 2

During the financial year ended 31 December 2021, there were no transfers between Level 1 and Level 2.

26 FINANCIAL RATIOS

	2021 %	2020 %
Ratio of expenses to weighted average net assets [1]		
– excluding performance component of Manager's fees	**0.86**	1.06
– including performance component of Manager's fees	**1.24**	1.49
Portfolio turnover rate [2]	**2.35**	–

[1] The annualised ratios are computed in accordance with the guidelines of Investment Management Association of Singapore. The expenses used in the computation relate to expenses at the Group level, excluding property related expenses, finance costs, income tax expense and foreign exchange gains/(losses).

[2] The annualised ratio is computed based on the lesser of purchases or sales of underlying investment properties of the Group expressed as a percentage of daily average net asset value.

27 OPERATING SEGMENTS

Segment information is presented in respect of the Group's strategic business units. For each of the reportable segments, the Chief Executive Officer of the Manager reviews internal management reports regularly. This forms the basis of identifying the operating segments of the Group.

The Group is engaged in a single business of investing in investment properties in the healthcare and/or healthcare-related sector, namely hospital and medical centres, nursing homes and pharmaceutical manufacturing and distributing facility. The pharmaceutical manufacturing and distributing facility was divested on 29 January 2021. During the financial year, the Group had three reportable geographical segments in Singapore, Japan and Malaysia.

Performance measurement based on segment profit before income tax and non-financial assets as well as financial assets attributable to each segment is used as the Manager believes that such information is most relevant in evaluating the results of certain segments relative to other entities that operate within these industries.

Segment results, assets and liabilities include items directly attributable to a segment as well as those that can be allocated on a reasonable basis. Unallocated items comprise mainly assets and expenses of the subsidiary providing financial and treasury services which were not allocated to an identified segment.

Segment capital expenditure is the total cost incurred on additions to investment properties that are expected to be used for more than one year.

27 OPERATING SEGMENTS (CONT'D)

	Hospitals and Medical Centres		Nursing Homes		Pharmaceutical Manufacturing and Distribution Facility		Total	
	2021	2020	**2021**	2020	**2021**	2020	**2021**	2020
	$'000	$'000	**$'000**	$'000	**$'000**	$'000	**$'000**	$'000
Revenue and expenses								
Gross revenue	**70,688**	69,766	**49,889**	49,401	**128**	1,725	**120,705**	120,892
Net property income	**67,261**	66,456	**43,852**	44,456	**121**	1,616	**111,234**	112,528
Interest income	**–**	7	**–**	–	**–**	–	**–**	7
Foreign exchange (loss)/gain	**(399)**	35	**1,573**	53	**772**	2	**1,946**	90
Non-property expenses	**(8,993)**	(10,337)	**(6,997)**	(6,968)	**(211)**	(275)	**(16,201)**	(17,580)
Finance costs	**(566)**	(791)	**(4,049)**	(4,226)	**(68)**	(220)	**(4,683)**	(5,237)
Total return before changes in fair value of financial derivatives, investment properties and gain on disposal of asset held for sale	**57,303**	55,370	**34,379**	33,315	**614**	1,123	**92,296**	89,808
Net change in fair value of financial derivatives	**–**	–	**4,161**	(785)	**–**	(38)	**4,161**	(823)
Net change in fair value of investment properties	**249,068**	1,361	**(9,862)**	6,205	**–**	(138)	**239,206**	7,428
Gain on disposal of asset held for sale	**–**	–	**–**	–	**5,113**	–	**5,113**	–
Total return before income tax	**306,371**	56,731	**28,678**	38,735	**5,727**	947	**340,776**	96,413
Income tax expense	**(52)**	29	**(7,990)**	(8,959)	**(832)**	(234)	**(8,874)**	(9,164)
Total return after income tax	**306,319**	56,760	**20,688**	29,776	**4,895**	713	**331,902**	87,249
Assets and liabilities								
Reportable segment assets	**1,449,586**	1,215,304	**895,465**	819,852	**53**	31,788	**2,345,104**	2,066,944
Reportable segment liabilities	**96,024**	92,258	**814,382**	752,792	**16**	38,295	**910,422**	883,345
Other segment information								
Capital expenditure	**9,259**	1,230	**3,255**	3,120	**–**	90	**12,514**	4,440

27 OPERATING SEGMENTS (CONT'D)

Reconciliations of reportable segment revenue, total return before income tax, assets and liabilities

	2021 $'000	2020 $'000
Revenue		
Total revenue for reportable segments	**120,705**	120,892
Total return before income tax		
Total return for reportable segments	**340,776**	96,413
Unallocated amounts:		
– Other corporate expenses	**(24)**	(24)
Consolidated return before income tax	**340,752**	96,389
Assets		
Total assets for reportable segments	**2,345,104**	2,066,944
Other unallocated amounts	**32**	27
Consolidated total assets	**2,345,136**	2,066,971
Liabilities		
Total liabilities for reportable segments	**910,422**	883,345
Other unallocated amounts	**7**	11
Consolidated total liabilities	**910,429**	883,356

Geographical information

	2021 $'000	2020 $'000
Revenue		
Singapore	**70,393**	69,457
Japan	**50,017**	51,126
Malaysia	**295**	309
	120,705	120,892
Non-current assets*		
Singapore	**1,472,000**	1,213,800
Japan	**812,289**	771,001
Malaysia	**6,462**	6,218
	2,290,751	1,991,019

* Non-current assets presented consist of investment properties

28 SUBSEQUENT EVENTS

On 24 January 2022, the Manager declared a distribution of 3.57 cents per unit in respect of the period 1 October 2021 to 31 December 2021 which is payable on 28 February 2022.

ADDITIONAL INFORMATION

INTERESTED PERSON TRANSACTIONS

The transactions entered into with related parties during the financial year and which fall within the Listing Manual of the SGX- ST and the Property Funds Appendix are:

Name of Interested Person	Nature of Relationship	Aggregate value of all interested person transactions during the financial year under review (excluding transactions less than $100,000 and transactions conducted under Unitholders' mandate pursuant to Rule 920) $'000	Aggregate value of all interested person transactions conducted under Unitholders' mandate pursuant to Rule 920 (excluding transactions less than $100,000)[1] $'000
Parkway Hospitals Singapore Pte. Ltd. ("PHS")	Associated company of IHH Healthcare Berhad ("IHH"), who is a substantial unitholder of PLife REIT		
– Property rental income		70,392	Nil
– Funding of capital improvement works at Gleneagles Hospital and Parkway East Hospital		2,200	Nil
– Master lease agreements and renewal capex works[2]		Approximately 4.5 million	Nil
Gleneagles Hospital Kuala Lumpur (a branch of Pantai Medical Centre Sdn. Bhd.)	Associated company of IHH, who is a substantial unitholder of PLife REIT		
– Property rental income		113	Nil
Parkway Trust Management Limited	Manager of PLife REIT		
– Manager's management fees		11,426	Nil
– Manager's acquisition fees		889	Nil
– Manager's divestment fees		184	Nil
HSBC Institutional Trust Services (Singapore) Limited	Trustee of PLife REIT		
– Trustee's fees		350	Nil

1 Parkway Life REIT does not have a Unitholders' mandate.

2 Relates to the total amount of rent under the new master lease agreements (including the total amount of downtime period rent rebate and rent payable for the extended term) and the renewal capex costs under the renewal capex agreement entered into on 13 October 2021. For more details, please refer to the Circular to Unitholders of Parkway Life REIT dated 8 September 2021. The above master lease agreements and the renewal capex works were approved by Unitholders of Parkway Life REIT at the extraordinary general meeting held on 30 September 2021.

Except as disclosed above, there were no additional interested person transactions (excluding transactions of less than$100,000 each) entered into up to and including 31 December 2021.

There was no travelling expenses relating to non-deal roadshow in FY2020 and FY2021 due to the COVID-19 pandemic.

Please also see significant related party transactions in Note 24 to the financial statements.

Rules 905 and 906 of the Listing Manual are not applicable if such related party transactions are made on the basis of, and in accordance with, the terms and conditions set out in the Parkway Life REIT prospectus dated 7 August 2007.

STATISTICS OF UNITHOLDINGS

AS AT 1 MARCH 2022

ISSUED UNITS

There were 605,002,386 Units (voting rights: one vote per Unit) issued in Parkway Life REIT as at 1 March 2022.

DISTRIBUTION OF UNITHOLDINGS

Size of Unitholdings	No. of Unitholders	%	No. of Units	%
1 – 99	188	1.79	7,752	0.00
100 – 1,000	3,721	35.49	2,357,246	0.39
1,001 – 10,000	5,285	50.41	22,023,409	3.64
10,001 – 1,000,000	1,274	12.15	50,560,913	8.36
1,000,001 and above	17	0.16	530,053,066	87.61
Total	**10,485**	**100.00**	**605,002,386**	**100.00**

Country	No. of Unitholders	%	No. of Units	%
Singapore	10,113	96.45	600,638,423	99.28
Malaysia	236	2.25	3,142,783	0.52
Others	136	1.30	1,221,180	0.20
Total	**10,485**	**100.00**	**605,002,386**	**100.00**

TWENTY LARGEST UNITHOLDERS

No.	Name	No. of Units	%
1	PARKWAY INVESTMENTS PTE. LTD.	213,257,000	35.25
2	CITIBANK NOMINEES SINGAPORE PTE LTD	105,588,515	17.45
3	HSBC (SINGAPORE) NOMINEES PTE LTD	75,883,119	12.54
4	RAFFLES NOMINEES (PTE.) LIMITED	45,026,257	7.44
5	DBS NOMINEES (PRIVATE) LIMITED	42,200,271	6.98
6	DBSN SERVICES PTE. LTD.	27,445,141	4.54
7	BPSS NOMINEES SINGAPORE (PTE.) LTD.	3,635,324	0.60
8	UNITED OVERSEAS BANK NOMINEES (PRIVATE) LIMITED	2,962,208	0.49
9	PHILLIP SECURITIES PTE LTD	2,101,396	0.35
10	IFAST FINANCIAL PTE. LTD.	1,971,615	0.33
11	ABN AMRO CLEARING BANK N.V.	1,955,800	0.32
12	PARKWAY TRUST MANAGEMENT LIMITED	1,881,886	0.31
13	OCBC NOMINEES SINGAPORE PRIVATE LIMITED	1,826,802	0.30
14	DB NOMINEES (SINGAPORE) PTE LTD	1,154,650	0.19
15	UOB KAY HIAN PRIVATE LIMITED	1,117,050	0.18
16	BNP PARIBAS NOMINEES SINGAPORE PTE. LTD.	1,033,400	0.17
17	CGS-CIMB SECURITIES (SINGAPORE) PTE. LTD.	1,012,632	0.17
18	MAYBANK SECURITIES PTE. LTD.	992,950	0.16
19	OCBC SECURITIES PRIVATE LIMITED	932,560	0.15
20	MORGAN STANLEY ASIA (SINGAPORE) SECURITIES PTE LTD	668,362	0.11
	Total	**532,646,938**	**88.03**

STATISTICS OF UNITHOLDINGS

AS AT 1 MARCH 2022

DIRECTORS' UNITHOLDINGS AS AT 21 JANUARY 2022

No.	Name of Directors	Units Held	Units in which the Directors are deemed to have an interest
1.	Ho Kian Guan	–	–
2.	Dr. Jennifer Lee Gek Choo	–	–
3.	Cheah Sui Ling	–	–
4.	Dr. Kelvin Loh Chi-Keon	120,000	–
5.	Takeshi Saito	–	–
6.	Joerg Ayrle	29,000	–
7.	Sim Heng Joo Joe	–	–
8.	Yong Yean Chau	119,000	731,700

SUBSTANTIAL UNITHOLDERS AS AT 1 MARCH 2022

(Based on the Register of Substantial Unitholders maintained by the Manager)

No.	Name of Substantial Unitholders		Direct Interest	Deemed Interest
1.	Mitsui & Co. Ltd.	Note 1	–	215,358,101
2.	MBK Healthcare Management Pte Ltd	Note 2	–	215,358,101
3.	Khazanah Nasional Berhad	Note 3	–	215,358,101
4.	Pulau Memutik Ventures Sdn Bhd	Note 4	–	215,358,101
5.	IHH Healthcare Berhad	Note 5	–	215,358,101
6.	Integrated Healthcare Holdings Limited	Note 6	219,215	215,138,886
7.	Parkway Pantai Limited	Note 7	–	215,138,886
8.	Parkway Holdings Limited	Note 8	–	215,138,886
9.	Parkway Investments Pte Ltd	–	213,257,000	–
10.	Cohen & Steers, Inc.	Note 9	–	42,362,015
11.	Cohen & Steers Capital Management, Inc.	Note 10	–	42,224,222

Note 1 Mitsui & Co., Ltd. ("Mitsui"), through its wholly-owned subsidiary, MBK Healthcare Management Pte Ltd, holds more than 20% of the total issued share capital of IHH Healthcare Berhad ("IHH"). Accordingly, Mitsui has deemed interest in units held by IHH.

Note 2 MBK Healthcare Management Pte Ltd has a deemed interest in units held by IHH Healthcare Berhad ("IHH") by virtue of holding more than 20% of the total issued share capital of IHH.

Note 3 Integrated Healthcare Holdings Limited ("IHHL") is a wholly-owned subsidiary of IHH Healthcare Berhad ("IHH"). Khazanah Nasional Berhad ("Khazanah"), through its wholly-owned subsidiary, Pulau Memutik Ventures Sdn Bhd ("PMVSB"), holds more than 20% of the total issued share capital of IHH. Accordingly, Khazanah has a deemed interest in units held by IHHL.

Note 4 Integrated Healthcare Holdings Limited ("IHHL") is a wholly-owned subsidiary of IHH Healthcare Berhad ("IHH"). Pulau Memutik Ventures Sdn Bhd ("PMVSB") has a deemed interest in units held by IHH by virtue of holding more than 20% of the total issued share capital of IHH. Accordingly, PMVSB has a deemed interest in units held by IHHL.

Note 5 Integrated Healthcare Holdings Limited ("IHHL") is a wholly-owned subsidiary of IHH Healthcare Berhad ("IHH"). Accordingly, IHH has a deemed interest in units held by IHHL.

Note 6 Parkway Pantai Limited ("PPL") is a wholly-owned subsidiary of Integrated Healthcare Holdings Limited ("IHHL"). Accordingly, IHHL has a deemed interest in units held by PPL.

Note 7	Parkway Holdings Limited ("PHL") is a wholly-owned subsidiary of Parkway Pantai Limited ("PPL"). Accordingly, PPL has a deemed interest in units held by PHL.	
Note 8	(1)	Deemed interest in Parkway Investments Pte Ltd and Parkway Trust Management Limited, both wholly-owned subsidiaries of Parkway Holdings Limited.
	(2)	Parkway Investments Pte Ltd and Parkway Trust Management Limited are registered holders of 213,257,000 units and 1,881,886 units respectively.
Note 9	Cohen & Steers, Inc. is deemed interested in the units held by its wholly-owned subsidiary, Cohen & Steers Capital Management, Inc. Neither Cohen & Steers, Inc nor any of its affiliates is the registered holder of the units.	
Note 10	Cohen & Steers, Inc. is deemed interested in the units held by its wholly-owned subsidiary, Cohen & Steers Capital Management, Inc. Neither Cohen & Steers, Inc nor any of its affiliates is the registered holder of the units.	

PUBLIC FLOAT

Under Rule 723 of the Listing Manual of the SGX-ST, a listed issuer must ensure that at least 10% of its listed securities are at all times held by the public. Based on the information made to the Manager as at 1 March 2022, approximately 64.23% of Parkway Life REIT's Units were held in the hands of the public. Accordingly, Rule 723 of the Listing Manual of the SGX-ST has been complied with.

Parkway Life REIT did not hold any treasury units as at 1 March 2022.

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CORPORATE INFORMATION

THE MANAGER

Parkway Trust Management Limited
Company registration number:
200706697Z

REGISTERED ADDRESS

80 Robinson Road #02-00
Singapore 068898
Phone: (65) 62363333
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COMPANY SECRETARIES

Ms. Chan Wan Mei, ACIS
Ms. Chan Lai Yin, ACIS

BOARD OF DIRECTORS

Mr. Ho Kian Guan
Independent Director,
Chairman of the Board of Directors and
Member of the Audit Committee

Ms. Jennifer Lee Gek Choo
Independent Director,
Chairman of the Nominating and
Remuneration Committee and
Member of the Audit Committee

Ms. Cheah Sui Ling
Independent Director,
Chairman of the Audit Committee and
Member of the Nominating and
Remuneration Committee

Dr. Kelvin Loh Chi-Keon
Non-Executive Director,
Member of the Nominating and
Remuneration Committee

Mr. Joerg Ayrle
Non-Executive Director

Mr. Takeshi Saito
Non-Executive Director

Mr. Sim Heng Joo Joe
Non-Executive Director

Mr. Yong Yean Chau
Chief Executive Director and
Executive Director

AUDIT COMMITTEE

Ms. Cheah Sui Ling
Chairman

Mr. Ho Kian Guan
Member

Dr. Jennifer Lee Gek Choo
Member

NOMINATING AND REMUNERATION COMMITTEE

Dr. Jennifer Lee Gek Choo
Chairman

Ms. Cheah Sui Ling
Member

Dr. Kelvin Loh Chi-Keon
Member

TRUSTEE'S REGISTERED ADDRESS

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Partner-in-charge:
Yap Wee Kee
(Appointed since financial year ended 31 December 2018)

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