

**Parkway Life Real Estate Investment Trust
and its subsidiaries
(Constituted in the Republic of Singapore pursuant to
a trust deed dated 12 July 2007)**

Interim Financial Statements
For the Half Year ended 30 June 2023

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PARKWAY LIFE REAL ESTATE INVESTMENT TRUST
INTERIM FINANCIAL STATEMENTS FOR THE HALF YEAR ENDED 30 JUNE 2023

A. CONSOLIDATED STATEMENTS OF TOTAL RETURN

	1H 2023 S\$'000	1H 2022 S\$'000	Inc/ (Dec) %
Gross revenue	74,402	60,175	23.6
Property expenses	(4,318)	(4,139)	4.3
Net property income	70,084	56,036	25.1
Management fees	(7,312)	(6,668)	9.7
Trust expenses	(1,795)	(1,984)	(9.5)
Net foreign exchange gain	3,579	1,706	109.8
Interest income	16	–	n.m.
Finance costs	(5,095)	(2,260)	125.4
Non-property expenses	(10,607)	(9,206)	15.2
Total return before changes in fair value of financial derivatives and investment properties	59,477	46,830	27.0
Net change in fair value of financial derivatives	5,179	6,646	(22.1)
Net change in fair value of investment properties	(13,705)	(1,168)	1,073.4
Total return for the period before tax and distribution	50,951	52,308	(2.6)
Income tax expense	(3,542)	(3,237)	9.4
Total return for the period after tax before distribution	47,409	49,071	(3.4)
Earnings per unit (cents)			
Basic and diluted	7.84	8.11	

Distribution Statements

	Note	1H 2023 S\$'000	1H 2022 S\$'000	Inc/ (Dec) %
Amount available for distribution to Unitholders at the beginning of the period		44,314	21,622	104.9
Total return for the period		47,409	49,071	(3.4)
Distribution adjustments	A	(1,825)	(4,875)	(62.6)
Amount retained for capital expenditure	B	(1,500)	(1,500)	–
Distributable income to Unitholders		44,084	42,696	3.3
Amount available for distribution to Unitholders		88,398	64,318	37.4
Distributions to Unitholders during the period:				
- Distribution of 3.57 cents per unit for period from 1 October 2021 to 31 December 2021		–	21,599	
- Distribution of 7.32 cents per unit for period from 1 July 2022 to 31 December 2022		44,286	–	
		44,286	21,599	
Rounding adjustment		(28)	(23)	
Amount available for distribution to Unitholders at the end of the period	C	44,084	42,696	3.3
Number of units entitled to distribution ('000)		605,002	605,002	
Distribution per unit based on Distributable income to Unitholders (cents)		7.29	7.06	

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Note:

A. Distribution adjustments comprise:

		1H 2023 S\$'000	1H 2022 S\$'000	Inc/ (Dec) %
(Non-taxable)/non-tax deductible items:				
Trustee's fees		185	183	1.1
Finance costs	D	1,829	343	433.2
Net change in fair value of financial derivatives		(5,179)	(6,646)	(22.1)
Net change in fair value of investment properties		13,705	1,168	1,073.4
Effects of recognising rental income on a straight-line basis over the lease terms		(13,694)	(1,159)	1081.5
Foreign exchange gain		(250)	(359)	(30.4)
Temporary differences	E	1,369	1,193	14.8
Others		210	402	(47.8)
Net effect of non-taxable items		(1,825)	(4,875)	(62.6)

- B. An amount of \$3.0 million is retained for capital expenditure on existing properties each year.
- C. Parkway Life REIT's distribution policy is to distribute at least 90% of its taxable income and net overseas income, with the actual level of distribution to be determined at the Manager's discretion.
- D. Finance costs comprised amortisation of lease liabilities and transaction costs relating to debt facilities and borrowing costs incurred on the funding of capital expenditure largely in relation to the Renewal Capex Works carried out at Mount Elizabeth Hospital which has been awarded to a non-related third party building contractor in 4Q 2022.
- E. This relates to deferred tax expense provided on the temporary difference between the fair value and the tax written down value at the applicable income tax rate in respect of the Japan investment properties.

PARKWAY LIFE REAL ESTATE INVESTMENT TRUST
INTERIM FINANCIAL STATEMENTS FOR THE HALF YEAR ENDED 30 JUNE 2023

B. CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

	Note	Group 30/06/23 S\$'000	Group 31/12/22 S\$'000	Trust 30/06/23 S\$'000	Trust 31/12/22 S\$'000
Current assets					
Trade and other receivables		3,684	15,597	2,794	14,133
Financial derivatives	5	3,679	470	3,679	470
Cash and cash equivalents		32,113	40,010	2,829	15,467
Advance payment		36,986	18,493	36,986	18,493
		76,462	74,570	46,288	48,563
Non-current assets					
Investment properties	3	2,167,199	2,205,881	1,453,875	1,439,000
Interests in subsidiaries		–	–	727,378	727,412
Advance payment		9,247	27,740	9,247	27,740
Financial derivatives	5	37,443	33,958	37,443	33,958
		2,213,889	2,267,579	2,227,943	2,228,110
Total assets		2,290,351	2,342,149	2,274,231	2,276,673
Current liabilities					
Financial derivatives	5	25	–	25	–
Trade and other payables		21,898	23,697	15,618	16,751
Current portion of security deposits		447	823	–	–
Lease liabilities		15	15	–	–
Loans and borrowings	4	131,616	56,635	131,616	56,635
		154,001	81,170	147,259	73,386
Non-current liabilities					
Non-current portion of security deposits		16,351	17,754	–	–
Lease liabilities		2,076	2,084	–	–
Loans and borrowings	4	673,656	793,154	673,656	793,154
Deferred income		1,732	1,732	–	–
Deferred tax liabilities		34,469	35,769	–	–
		728,284	850,493	673,656	793,154
Total liabilities		882,285	931,663	820,915	866,540
Net assets		1,408,066	1,410,486	1,453,316	1,410,133
Represented by:					
Unitholders' funds		1,408,066	1,410,486	1,453,316	1,410,133
Units in issue ('000)	6	605,002	605,002	605,002	605,002
Net asset value per unit (\$)	7	2.33	2.33	2.40	2.33

PARKWAY LIFE REAL ESTATE INVESTMENT TRUST
INTERIM FINANCIAL STATEMENTS FOR THE HALF YEAR ENDED 30 JUNE 2023

C. CONSOLIDATED STATEMENTS OF MOVEMENT IN UNITHOLDERS' FUNDS

	Group 1H 2023 S\$'000	Group 1H 2022 S\$'000
Unitholders' funds at beginning of period	1,410,486	1,434,707
Operations		
Total return after tax	47,409	49,071
Translation transactions		
Net movement in foreign currency translation reserve	(2,206)	(9,059)
Hedging reserve		
Net movement in hedging reserve	(2,758)	3,807
Cost of hedging reserve		
Net movement in cost of hedging reserve	(579)	252
Unitholders' transactions		
Distribution to Unitholders	(44,286)	(21,599)
Unitholders' funds at end of period	1,408,066	1,457,179

PARKWAY LIFE REAL ESTATE INVESTMENT TRUST
INTERIM FINANCIAL STATEMENTS FOR THE HALF YEAR ENDED 30 JUNE 2023

D. PORTFOLIO STATEMENTS
As at 30 June 2023

Description of property	Tenure of land	Term of lease (years)	Remaining term of lease (years)	Location	Existing use	Carrying Value		Percentage of Net Assets	
						30/06/23 \$'000	31/12/22 \$'000	30/06/23 %	31/12/22 %
Group									
Singapore									
The Mount Elizabeth Hospital Property ⁽¹⁾	Leasehold	67	52	3 Mount Elizabeth, Singapore 228510	Hospital and medical centre	857,218	845,000	60.9	59.9
The Gleneagles Hospital Property ⁽¹⁾	Leasehold	75	60	6 Napier Road, Singapore 258499; and 6A Napier Road, Singapore 258500	Hospital and medical centre	500,625	500,000	35.6	35.4
The Parkway East Hospital Property ⁽¹⁾	Leasehold	75	60	319 Joo Chiat Place, Singapore 427989; and 321 Joo Chiat Place, Singapore 427990	Hospital and medical centre	96,032	94,000	6.8	6.7
						1,453,875	1,439,000	103.3	102.0

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INTERIM FINANCIAL STATEMENTS FOR THE HALF YEAR ENDED 30 JUNE 2023

Portfolio statements (cont'd)
As at 30 June 2023

Description of property	Tenure of land	Term of lease (years)	Remaining term of lease (years)	Location	Existing use	Carrying Value		Percentage of Net Assets	
						30/06/23 \$'000	31/12/22 \$'000	30/06/23 %	31/12/22 %
Group									
Japan									
Bon Sejour Yokohama Shin-Yamashita ⁽²⁾	Freehold	N.A.	N.A.	2-12-55 Shin Yamashita, Naka-Ku, Yokohama City, Kanagawa Prefecture, Japan	Nursing home with care service	15,656	16,882	1.1	1.2
More Habitation Akashi ⁽²⁾	Freehold	N.A.	N.A.	486, Yagi, Okubo-cho, Akashi City, Hyogo Prefecture, Japan	Nursing home with care service	17,035	18,204	1.2	1.3
More Habitation Suma ⁽²⁾	Freehold	N.A.	N.A.	1-5-23, Chimori-cho, Suma-ku, Kobe City, Hyogo Prefecture, Japan	Nursing home with care service	9,918	10,679	0.7	0.8
Senior Chonaikai Makuhari Kan ⁽²⁾	Freehold	N.A.	N.A.	5-370-4, Makuhari-cho, Hanamigawa-ku, Chiba City, Chiba Prefecture, Japan	Nursing home with care service	17,540	18,916	1.2	1.3
Balance carried forward						60,149	64,681	4.2	4.6

PARKWAY LIFE REAL ESTATE INVESTMENT TRUST
INTERIM FINANCIAL STATEMENTS FOR THE HALF YEAR ENDED 30 JUNE 2023

Portfolio statements (cont'd)
As at 30 June 2023

Description of property	Tenure of land	Term of lease (years)	Remaining term of lease (years)	Location	Existing use	Carrying Value		Percentage of Net Assets	
						30/06/23 \$'000	31/12/22 \$'000	30/06/23 %	31/12/22 %
Group									
Japan (cont'd)									
Balance brought forward						60,149	64,681	4.2	4.6
Smiling Home Medis Musashi Urawa ⁽²⁾	Freehold	N.A.	N.A.	5-5-6, Shikatebukuro, Minami-ku, Saitama City, Saitama Prefecture, Japan	Nursing home with care service	7,893	8,512	0.6	0.6
Smiling Home Medis Koshigaya Gamo ⁽²⁾	Freehold	N.A.	N.A.	2-2-5, Gamonishimachi, Koshigaya City, Saitama Prefecture, Japan	Nursing home with care service	15,584	16,781	1.1	1.2
Sompo no Ie Nakasyo ⁽²⁾	Freehold	N.A.	N.A.	923-1 Aza Miyata, Hirata, Kurashiki City, Okayama Prefecture, Japan	Nursing home with care service	6,967	7,455	0.6	0.5
Maison des Centenaire Ishizugawa ⁽²⁾	Freehold	N.A.	N.A.	2-1-9, Hamadera Ishizuchonishi, Nishi-Ku, Sakai City, Osaka Prefecture, Japan	Nursing home with care service	9,157	9,875	0.7	0.7
Maison des Centenaire Haruki ⁽²⁾	Freehold	N.A.	N.A.	12-20, Haruki-Miyakawacho, Kishiwada City, Osaka Prefecture, Japan	Nursing home with care service	6,780	7,282	0.5	0.5
Balance carried forward						106,530	114,586	7.7	8.1

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Portfolio statements (cont'd)
As at 30 June 2023

Description of property	Tenure of land	Term of lease (years)	Remaining term of lease (years)	Location	Existing use	Carrying Value		Percentage of Net Assets	
						30/06/23 \$'000	31/12/22 \$'000	30/06/23 %	31/12/22 %
Group									
Japan (cont'd)									
Balance brought forward						106,530	114,586	7.7	8.1
Hapine Fukuoka Noke ⁽²⁾	Freehold	N.A.	N.A.	4-35-9, Noke, Sawaraku, Fukuoka City, Fukuoka Prefecture, Japan	Nursing home with care service	9,109	9,824	0.6	0.7
Fiore Senior Residence Hirakata ⁽²⁾	Freehold	N.A.	N.A.	4-10, Higashikori-Shinmachi, Hirakata City, Osaka Prefecture, Japan	Nursing home with care service	5,257	5,665	0.4	0.4
Iyashi no Takatsuki Kan ⁽²⁾	Freehold	N.A.	N.A.	3-19, Haccho-Nishimachi, Takatsuki City, Osaka Prefecture, Japan	Nursing home with care service	16,314	17,594	1.2	1.2
Sawayaka Obatake Ichibankan ⁽²⁾	Freehold	N.A.	N.A.	3-3-51 Obatake, Kokura-kita-ku, Kita-kyushu City, Fukuoka Prefecture, Japan	Nursing home with care service	7,921	8,543	0.6	0.6
Sawayaka Sakurakan ⁽²⁾	Freehold	N.A.	N.A.	126-2 Nakadomari, Nishi-nagano, Kakunodate-machi, Senboku City, Akita Prefecture, Japan	Nursing home with care service	8,449	9,112	0.6	0.6
Sawayaka Nogatakan ⁽²⁾	Freehold	N.A.	N.A.	442-1 Yamabe-Oaza, Nogata City, Fukuoka Prefecture, Japan	Nursing home with care service	7,681	8,278	0.5	0.6
Balance carried forward						161,261	173,602	11.6	12.2

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Portfolio statements (cont'd)
As at 30 June 2023

Description of property	Tenure of land	Term of lease (years)	Remaining term of lease (years)	Location	Existing use	Carrying Value		Percentage of Net Assets	
						30/06/23 \$'000	31/12/22 \$'000	30/06/23 %	31/12/22 %
Group									
Japan (cont'd)									
Balance brought forward						161,261	173,602	11.6	12.2
Sawayaka Shinmojikan ⁽²⁾	Freehold	N.A.	N.A.	1543-1 Oaza Hata, Moji-ku, Kita-kyushu City, Fukuoka Prefecture, Japan	Nursing home with care service	10,279	11,085	0.7	0.8
Sawayaka Obatake Nibankan ⁽²⁾	Freehold	N.A.	N.A.	1-6-26 Obatake, Kokura-kita-ku, Kita-kyushu City, Fukuoka Prefecture, Japan	Short stay/Day care home	3,763	4,058	0.3	0.3
Sawayaka Fukufukukan ⁽²⁾	Freehold	N.A.	N.A.	1-24-4 Fukuyanagi, Tobata-ku, Kita-kyushu City, Fukuoka Prefecture, Japan	Nursing home with care service	6,855	7,383	0.5	0.5
As Heim Nakaurawa ⁽²⁾	Freehold	N.A.	N.A.	2-21-9 Nishibori, Sakura-ku, Saitama Prefecture, Japan	Nursing home with care service	10,467	11,289	0.7	0.8
Hanadama no Ie Nakahara ⁽²⁾	Freehold	N.A.	N.A.	5-14-25 Shimo Kotanaka Nakahara-ku, Kawasaki, Kanagawa Prefecture, Japan	Nursing home with care service	8,779	9,468	0.6	0.7
Balance carried forward						201,404	216,885	14.4	15.3

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Portfolio statements (cont'd)
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Description of property	Tenure of land	Term of lease (years)	Remaining term of lease (years)	Location	Existing use	Carrying Value		Percentage of Net Assets	
						30/06/23 \$'000	31/12/22 \$'000	30/06/23 %	31/12/22 %
Group									
Japan (cont'd)									
Balance brought forward						201,404	216,885	14.4	15.3
Sawayaka Higashikagurakan ⁽²⁾	Freehold	N.A.	N.A.	2-351-4 Kitaichijo Higashi, Higashikagura-cho Kamikawa-gun, Hokkaido Prefecture, Japan	Nursing home with care service	9,713	10,475	0.7	0.7
Happy Life Toyonaka ⁽²⁾	Freehold	N.A.	N.A.	15-14, Kozushima 2-chome, Toyonaka City, Osaka Prefecture, Japan	Nursing home with care service	5,280	5,685	0.4	0.4
More Habitation Shin-Kobe ⁽²⁾	Freehold	N.A.	N.A.	13-7, Kanocho 2-chome, Chuo-ku, Kobe City, Hyogo Prefecture, Japan	Nursing home with care service	15,465	16,679	1.1	1.2
Sawayaka Seaside Toba ⁽²⁾	Freehold	N.A.	N.A.	300-73 Aza Hamabe, Ohamacho Toba City, Mie Prefecture, Japan	Nursing home with care service	15,182	16,374	1.1	1.2
Balance carried forward						247,044	266,098	17.7	18.8

PARKWAY LIFE REAL ESTATE INVESTMENT TRUST
INTERIM FINANCIAL STATEMENTS FOR THE HALF YEAR ENDED 30 JUNE 2023

Portfolio statements (cont'd)
As at 30 June 2023

Description of property Group	Tenure of land	Term of lease (years)	Remaining term of lease (years)	Location	Existing use	Carrying Value		Percentage of Net Assets	
						30/06/23 \$'000	31/12/22 \$'000	30/06/23 %	31/12/22 %
Japan (cont'd)									
Balance brought forward						247,044	266,098	17.7	18.8
Sawayaka Niihamakan ⁽²⁾	Freehold	N.A.	N.A.	Otsu 11-77, Higashida 3-chome, Niihama City, Ehime Prefecture, Japan	Nursing home with care service	14,445	15,560	1.1	1.1
Sawayaka Mekari Nibankan ⁽²⁾	Freehold	N.A.	N.A.	2720-2, Okubo 1-chome, Mojiku, Kitakyushushi City, Fukuoka Prefecture, Japan	Nursing home with care service	3,546	3,824	0.3	0.3
Sawayaka Kiyotakan ⁽²⁾	Freehold	N.A.	N.A.	16-7, Kiyota 3-chome, Yahatahigashi-ku, Kitakyushushi, Fukuoka Prefecture, Japan	Nursing home with care service	9,713	10,475	0.7	0.7
Sawayaka Minatokan ⁽²⁾	Freehold	N.A.	N.A.	5155-3 Jyusanbancho, Furumachidori, Chuo-ku, Niigata City, Niigata Prefecture, Japan	Nursing home with care service	7,169	7,729	0.5	0.5
Maison des Centenaire Hannan ⁽²⁾	Freehold	N.A.	N.A.	8-423-29 Momonokidai, Hannan City, Osaka Prefecture, Japan	Nursing home with care service	18,211	19,628	1.3	1.4
Balance carried forward						300,128	323,314	21.6	22.8

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Portfolio statements (cont'd)
As at 30 June 2023

Description of property	Tenure of land	Term of lease (years)	Remaining term of lease (years)	Location	Existing use	Carrying Value		Percentage of Net Assets	
						30/06/23 \$'000	31/12/22 \$'000	30/06/23 %	31/12/22 %
Group									
Japan (cont'd)									
Balance brought forward						300,128	323,314	21.6	22.8
Maison des Centenaire Ohhama ⁽²⁾	Freehold	N.A.	N.A.	3-11-18 Ohhama Kitamachi Sakai-Ku, Sakai City, Osaka Prefecture, Japan	Nursing home with care service	7,440	8,024	0.5	0.6
Sunhill Miyako ⁽²⁾	Freehold	N.A.	N.A.	8-423-30 Momonokidai, Hannan City, Osaka Prefecture, Japan	Extended stay lodging facility	9,119	9,682	0.6	0.7
Habitation Jyosui ⁽²⁾	Freehold	N.A.	N.A.	4-1-26 Yakuin, Chuo-ku Fukuoka City, Fukuoka Prefecture, Japan	Nursing home with care service	34,848	37,324	2.5	2.6
Ocean View Shonan Arasaki ⁽²⁾	Freehold	N.A.	N.A.	5-25-1 Nagai, Yokosuka City, Kanagawa Prefecture, Japan	Nursing home with care service	20,369	21,967	1.4	1.6
Habitation Hakata I, II and III ⁽²⁾	Freehold	N.A.	N.A.	23-10 Kanenokuma 3-chome Hakata-ku, Fukuoka City, Fukuoka Prefecture, Japan	Nursing home with care service	40,000	42,512	2.8	3.0
Excellent Tenpaku Garden Hills ⁽²⁾	Freehold	N.A.	N.A.	141-3 Tsuchihara 2-chome, Tenpaku-ku, Nagoya City, Aichi Prefecture, Japan	Nursing home with care service	17,074	18,408	1.2	1.3
Balance carried forward						428,978	461,231	30.6	32.6

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INTERIM FINANCIAL STATEMENTS FOR THE HALF YEAR ENDED 30 JUNE 2023

Portfolio statements (cont'd)
As at 30 June 2023

Description of property	Tenure of land	Term of lease (years)	Remaining term of lease (years)	Location	Existing use	Carrying Value		Percentage of Net Assets	
						30/06/23 \$'000	31/12/22 \$'000	30/06/23 %	31/12/22 %
Group									
Japan (cont'd)									
Balance brought forward						428,978	461,231	30.6	32.6
Liverari Shiroishi Hana Ichigo-kan ⁽²⁾	Freehold	N.A.	N.A.	1-18 Kitago 3jyo, Shiraishi-ku, Sapporo City, Hokkaido Prefecture, Japan	Nursing home with care service	3,461	3,732	0.2	0.3
Liverari Shiroishi Hana Nigo-kan ⁽²⁾	Freehold	N.A.	N.A.	5-10 Kitago 2jyo 5-chome, Shiraishi-ku, Sapporo City, Hokkaido Prefecture, Japan	Nursing home with care service	1,754	1,892	0.1	0.1
Sunny Spot Misono ⁽²⁾	Freehold	N.A.	N.A.	4-24 Misono 7jyo 3-chome, Toyohira-ku, Sapporo City, Hokkaido Prefecture, Japan	Group home with care service	2,009	2,166	0.1	0.2
Silver Heights Hitsujigaoka (Ichibankan and Nibankan) ⁽²⁾	Freehold	N.A.	N.A.	6-1 Fukuzumi, 3jyo 3-chome, Toyohira-ku, Sapporo City, Hokkaido Prefecture, Japan	Nursing home with care service	12,542	13,526	0.9	1.0
Habitation Wakaba ⁽²⁾	Freehold	N.A.	N.A.	1763-12 Oguramachi Wakabaku, Chiba City, Chiba Prefecture, Japan	Nursing home with care service	21,029	22,679	1.5	1.6
Habitation Hakusho ⁽²⁾	Freehold	N.A.	N.A.	301 Hijikai, Yachimata City, Chiba Prefecture, Japan	Nursing home with care service	15,701	16,882	1.1	1.2
Balance carried forward						485,474	522,108	34.5	37.0

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INTERIM FINANCIAL STATEMENTS FOR THE HALF YEAR ENDED 30 JUNE 2023

Portfolio statements (cont'd)
As at 30 June 2023

Description of property	Tenure of land	Term of lease (years)	Remaining term of lease (years)	Location	Existing use	Carrying Value		Percentage of Net Assets	
						30/06/23 \$'000	31/12/22 \$'000	30/06/23 %	31/12/22 %
Group									
Japan (cont'd)									
Balance brought forward						485,474	522,108	34.5	37.0
Group Home Hakusho ⁽²⁾	Freehold	N.A.	N.A.	1345-16 Toyoma, Yachimata City, Chiba Prefecture, Japan	Group home with care service	1,018	1,098	0.1	0.1
Kikuya Warakuen ⁽²⁾	Freehold	N.A.	N.A.	1404-10 Nishitoyoi, Oaza, Kudamatsu City, Yamaguchi Prefecture, Japan	Nursing home with care service	8,110	8,746	0.6	0.6
Sanko ⁽²⁾	Freehold	N.A.	N.A.	4-16-16 Mizuhomachi, Kudamatsu City, Yamaguchi Prefecture, Japan	Nursing home with care service	5,285	5,675	0.4	0.4
Konosu Nursing Home Kyoseien ⁽²⁾	Freehold	N.A.	N.A.	3409-1 Shimoya, Konosu, Saitama Prefecture, Japan	Nursing rehabilitation facility	16,597	17,899	1.2	1.3
Haru no Sato ⁽²⁾	Freehold	N.A.	N.A.	1-2-23 Hajima, Shunan, Yamaguchi Prefecture, Japan	Nursing rehabilitation facility	13,013	14,035	0.9	1.0
Hodaka no Niwa ⁽²⁾	Freehold	N.A.	N.A.	205 Hitoegane, Okuhida Onsengo, Takayama, Gifu Prefecture, Japan	Nursing rehabilitation facility	14,051	15,153	1.0	1.1
Orange no Sato ⁽²⁾	Leasehold	99	97	522 Yoshiwara, Aridagawa-machi, Arida, Wakayama Prefecture, Japan	Nursing rehabilitation facility	11,872	12,713	0.8	0.9
Habitation Kamagaya ⁽²⁾	Freehold	N.A.	N.A.	12-1 Shin-Kamagaya 4-chome, Kamagaya City, Chiba Prefecture, Japan	Nursing home with care service	17,070	18,306	1.2	1.3
Balance carried forward						572,490	615,733	40.7	43.7

PARKWAY LIFE REAL ESTATE INVESTMENT TRUST
INTERIM FINANCIAL STATEMENTS FOR THE HALF YEAR ENDED 30 JUNE 2023

Portfolio statements (cont'd)
As at 30 June 2023

Description of property	Tenure of land	Term of lease (years)	Remaining term of lease (years)	Location	Existing use	Carrying Value		Percentage of Net Assets	
						30/06/23 \$'000	31/12/22 \$'000	30/06/23 %	31/12/22 %
Group									
Japan (cont'd)									
Balance brought forward						572,490	615,733	40.7	43.7
Will-Mark Kashiihama ⁽²⁾	Freehold	N.A.	N.A.	2-1 Kashiihama 3-chome, Fukuoka City, Fukuoka Prefecture, Japan	Nursing home with care service	31,053	33,053	2.2	2.3
Crea Adachi ⁽²⁾	Freehold	N.A.	N.A.	19-10 Iriya 2-chome Adachi City, Tokyo Prefecture, Japan	Nursing home with care service	11,882	12,814	0.8	0.9
Habitation Kisarazu Ichiban-kan ⁽²⁾	Freehold	N.A.	N.A.	11-1, Kaneda Higashi 4-chome, Kisarazu City, Chiba, Japan	Nursing home with care service	32,256	34,781	2.3	2.5
Blue Rise Nopporo ⁽⁴⁾	Freehold	N.A.	N.A.	39-1 Suehirocho, Nopporo, Ebetsu City, Hokkaido Prefecture, Japan	Nursing home with care service	7,431	8,014	0.5	0.6
Blue Terrace Kagura ⁽⁴⁾	Freehold	N.A.	N.A.	9-2-27 Kagura 2jyo, Asahikawa City, Hokkaido Prefecture, Japan	Nursing home with care service	12,542	13,526	0.9	1.0
Blue Terrace Taisetsu ⁽⁴⁾	Freehold	N.A.	N.A.	506-16 Taisetsudori 7-chome, Asahikawa City, Hokkaido Prefecture, Japan	Nursing home with care service	7,252	7,821	0.5	0.6
Assisted Living Edogawa ⁽⁵⁾	Freehold	N.A.	N.A.	3-27-17 Nishi-Ichinoe, Edogawa-ku, Tokyo Prefecture, Japan	Nursing home with care service	18,011	19,425	1.3	1.4
Assisted Living Toke ⁽⁵⁾	Freehold	N.A.	N.A.	299-4 Tokecho, Midori-ku, Chiba City, Chiba Prefecture, Japan	Nursing home with care service	12,353	13,323	0.9	0.9
						705,270	758,490	50.1	53.9

PARKWAY LIFE REAL ESTATE INVESTMENT TRUST
INTERIM FINANCIAL STATEMENTS FOR THE HALF YEAR ENDED 30 JUNE 2023

Portfolio statements (cont'd)
As at 30 June 2023

Description of property	Tenure of land	Term of lease (years)	Remaining term of lease (years)	Location	Existing use	Carrying Value		Percentage of Net Assets	
						30/06/23 \$'000	31/12/22 \$'000	30/06/23 %	31/12/22 %
Group									
Malaysia									
MOB Specialist Clinics, Kuala Lumpur ⁽³⁾	Freehold	N.A.	N.A.	282, Jalan Ampang 50450 Kuala Lumpur, Malaysia	Medical Centre	5,990	6,316	0.4	0.4
Investment properties, at carrying value						2,165,135	2,203,806	153.8	156.3
Other assets and liabilities (net)						(757,069)	(793,320)	(53.8)	(56.3)
Net assets						1,408,066	1,410,486	100.0	100.0

PARKWAY LIFE REAL ESTATE INVESTMENT TRUST
INTERIM FINANCIAL STATEMENTS FOR THE HALF YEAR ENDED 30 JUNE 2023

Portfolio statements (cont'd)
As at 30 June 2023

Description of property	Tenure of land	Term of lease (years)	Remaining term of lease (years)	Location	Existing use	Carrying Value		Percentage of Net Assets	
						30/06/23 \$'000	31/12/22 \$'000	30/06/23 %	31/12/22 %
Trust									
Singapore									
The Mount Elizabeth Hospital Property ⁽¹⁾	Leasehold	67	52	3 Mount Elizabeth, Singapore 228510	Hospital and medical centre	857,218	845,000	59.0	59.9
The Gleneagles Hospital Property ⁽¹⁾	Leasehold	75	60	6 Napier Road, Singapore 258499; and 6A Napier Road, Singapore 258500	Hospital and medical centre	500,625	500,000	34.4	35.5
The Parkway East Hospital Property ⁽¹⁾	Leasehold	75	60	319 Joo Chiat Place, Singapore 427989; and 321 Joo Chiat Place, Singapore 427990	Hospital and medical centre	96,032	94,000	6.6	6.7
Investment properties, at carrying value						1,453,875	1,439,000	100.0	102.1
Other assets and liabilities (net)						(559)	(28,867)	— ⁽⁶⁾	(2.1)
Net assets						1,453,316	1,410,133	100.0	100.0

⁽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. On 31 December 2022, 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 2022, 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 2022, 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⁾ On 13 September 2022, the Group entered into a Tokumei Kumiai agreement as an investor in relation to the acquisition of three nursing homes located in Japan for a purchase price of JPY2,558 million (approximately \$25.1 million). The acquisition of the properties was completed on 21 September 2022. The appraised value of the properties as at 31 December 2022 was determined by Enrix Co., Ltd using discounted cash flow method.

⁽⁵⁾ On 20 September 2022, 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 JPY2,880 million (approximately \$28.7 million). The acquisition of the property was completed on 28 September 2022. The appraised value of the properties as at 31 December 2022 was determined by Enrix Co., Ltd using discounted cash flow method.

⁽⁶⁾ Amount is immaterial.

The Manager believes that the independent valuers have appropriate professional qualifications and recent experience in the location and category of the properties being valued.

PARKWAY LIFE REAL ESTATE INVESTMENT TRUST
INTERIM FINANCIAL STATEMENTS FOR THE HALF YEAR ENDED 30 JUNE 2023

E. CONSOLIDATED STATEMENT OF CASH FLOWS

	1H 2023 S\$'000	1H 2022 S\$'000
Operating activities		
Total return before income tax	50,951	52,308
Adjustments for		
Interest income	(16)	–
Finance costs	5,095	2,260
Net change in fair value of financial derivatives	(5,179)	(6,646)
Net change in fair value of investment properties	13,705	1,168
Straight-line rental adjustments	(13,694)	(1,159)
Operating income before working capital changes	50,862	47,931
Changes in working capital		
Trade and other receivables	11,752	2,312
Trade and other payables	(1,607)	(4,024)
Security deposits	(304)	5
Cash generated from operations	60,703	46,224
Income tax paid	(2,158)	(2,195)
Cash flows generated from operating activities	58,545	44,029
Investing activities		
Interest received	16	–
Capital expenditure on investment properties	(15,624)	(7,243)
Cash outflow on purchase of investment properties (including acquisition-related costs)	(316)	(823)
Cash flows used in investing activities	(15,924)	(8,066)
Financing activities		
Interest paid	(4,330)	(1,761)
Distribution to Unitholders	(44,286)	(21,599)
Proceeds from loans and borrowings	366,987	111,417
Repayment of loans and borrowings	(345,700)	(115,528)
Redemption of medium term note	(19,400)	–
Borrowing costs paid	(44)	(1,113)
Repayment of lease liabilities	(16)	(16)
Cash flows used in financing activities	(46,789)	(28,600)
Net (decrease)/increase in cash and cash equivalents	(4,168)	7,363
Cash and cash equivalents at beginning of the period	40,010	25,793
Effects of exchange differences on cash balances	(3,729)	(3,598)
Cash and cash equivalents at end of the period	32,113	29,558

F. SELECTED NOTES TO THE FINANCIAL STATEMENTS

1. Corporate Information

Parkway Life Real Estate Investment Trust (“Parkway Life REIT” or the “Trust”) is a Singapore-domiciled unit trust constituted pursuant to the trust deed dated 12 July 2007 (as amended) (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.

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.

2. Basis of Preparation

The condensed interim financial statements for the half year ended 30 June 2023 have been 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 accounting policies and methods of computation applied in the condensed interim financial statements for the current reporting period are consistent with those disclosed in the audited financial statements for the year ended 31 December 2022.

The consolidated interim financial statements of the Group 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.

2.1 New and amended standards adopted by the Group

There are no new standards, amendments to standards and interpretations, effective for annual periods beginning on or after 1 January 2023, which will result in significant impact on the condensed interim financial statements of the Group.

2.2 Use of judgements and estimates

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.

PARKWAY LIFE REAL ESTATE INVESTMENT TRUST
INTERIM FINANCIAL STATEMENTS FOR THE HALF YEAR ENDED 30 JUNE 2023

3. Investment properties

	Group		Trust	
	30/06/2023 \$'000	31/12/2022 \$'000	30/06/2023 \$'000	31/12/2022 \$'000
At 1 January	2,205,881	2,290,751	1,439,000	1,472,000
Acquisition of investment properties	–	53,888	–	–
Acquisition related costs	–	6,902	–	–
Capital expenditure	16,937	17,310	14,875	13,972
Translation difference	(55,608)	(115,497)	–	–
	<u>2,167,210</u>	<u>2,253,354</u>	<u>1,453,875</u>	<u>1,485,972</u>
Change in fair value of investment properties	–	(47,451)	–	(46,972)
Amortisation of right-of-use assets	(11)	(22)	–	–
At end of reporting period	<u>2,167,199</u>	<u>2,205,881</u>	<u>1,453,875</u>	<u>1,439,000</u>

Determination of fair value

Investment properties are stated at fair value based on valuations as at 31 December 2022 performed by independent professional valuers having appropriate recognised professional qualification and experience in the location and category of property being valued.

The fair values are generally derived using the capitalisation approach, comparison approach and discounted cash flow valuation techniques.

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 comprises the following:

	Group		Trust	
	30/06/2023 \$'000	31/12/2022 \$'000	30/06/2023 \$'000	31/12/2022 \$'000
Change in fair value of investment properties	–	(47,451)	–	(46,972)
Amortisation of right-of-use assets	(11)	(22)	–	–
Straight-line rental adjustments	(13,694)	(11,908)	(13,220)	(10,081)
Net change in fair value of investment properties recognised in statement of total return	<u>(13,705)</u>	<u>(59,381)</u>	<u>(13,220)</u>	<u>(57,053)</u>

Valuation processes applied by the Group and Trust

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, and included a “general market comment” paragraph stating that the valuation of certain properties is as at the date of valuation and is to be kept under frequent review. This paragraph is inserted in view of the global inflationary pressures, the recent geopolitical events in Ukraine and the on-going effects of

PARKWAY LIFE REAL ESTATE INVESTMENT TRUST
INTERIM FINANCIAL STATEMENTS FOR THE HALF YEAR ENDED 30 JUNE 2023

the global Covid-19 pandemic in some markets, all of which have heightened the potential for greater volatility in property markets over the short-to-medium term.

Based on the Manager's current assessment, the latest appraised values of the investment properties is still appropriate as at the reporting date of 30 June 2023 as there is no significant change to the market conditions.

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.

	30/06/2023	31/12/2022
	\$'000	\$'000
Fair value of investment properties (based on valuation)	2,165,135	2,203,806
Add: Carrying amount of lease liabilities	2,064	2,075
Carrying amount of investment properties	<u>2,167,199</u>	<u>2,205,881</u>

4. Loans and borrowings

	Group and Trust	
	30/06/2023	31/12/2022
	\$'000	\$'000
Current liabilities		
Unsecured bank loans	98,661	36,300
Unsecured medium term notes	33,005	20,340
Unamortised transaction costs	(50)	(5)
	<u>131,616</u>	<u>56,635</u>
Non-current liabilities		
Unsecured bank loans	540,459	614,131
Unsecured medium term notes	135,226	181,433
Unamortised transaction costs	(2,029)	(2,410)
	<u>673,656</u>	<u>793,154</u>

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 JPY43,486 million (approximately \$410.1 million) and \$171.9 million (2022: JPY43,486 million (approximately \$442.2 million) and \$171.9 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 the Group. 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.

In 1H 2023, one of the Long Term Facilities amounting to JPY4,400 million (approximately \$41.5 million) was reclassified to current term loan due to its maturity in 1Q 2024.

PARKWAY LIFE REAL ESTATE INVESTMENT TRUST
INTERIM FINANCIAL STATEMENTS FOR THE HALF YEAR ENDED 30 JUNE 2023

Interest rate was largely hedged as the Group entered into interest rate swaps, cross currency interest rate swap and interest rate caps to manage the interest rate exposures for the above Long Term Facilities.

(2) Unsecured Debt Issuance

The Group, 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 the Group 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 30 June 2023, there were four series of outstanding fixed rate notes issued under the Debt Issuance Programme amounting to JPY17,840 million (approximately \$168.2 million) with maturity dates between 2024 to 2029 (2022: JPY19,840 million (approximately \$201.8 million)).

(3) Short Term Facilities

The Group has two unsecured and uncommitted short-term multi-currency facilities (the “Short Term Facilities”) amounting to \$195.0 million (2022: \$195.0 million) for general working capital purposes. Interest on the Short Term Facilities is based on the bank’s cost of fund.

As at 30 June 2023, a total of JPY1,545 million (approximately \$14.6 million) and \$42.6 million (2022: \$36.3 million) were drawn down via Short Term Facilities for capital expenditure and working capital purposes with tenor up to 3 months (2022: 1 month).

5. Financial derivatives

	Group and Trust	
	30/06/2023	31/12/2022
	\$'000	\$'000
Current derivative assets	3,679	470
Non-current derivative assets	37,443	33,958
Total derivative assets	<u>41,122</u>	<u>34,428</u>
Current derivative liabilities	(25)	–
Total derivative liabilities	<u>(25)</u>	<u>–</u>
Total derivative assets (net)	<u>41,097</u>	<u>34,428</u>

	Group		Trust	
	30/06/2023	31/12/2022	30/06/2023	31/12/2022
	%	%	%	%
Percentage of derivative assets to unitholders’ funds	2.9	2.4	2.8	2.4
Percentage of derivative liabilities to unitholders’ funds	–*	–	–*	–

* Amount is immaterial

PARKWAY LIFE REAL ESTATE INVESTMENT TRUST
INTERIM FINANCIAL STATEMENTS FOR THE HALF YEAR ENDED 30 JUNE 2023

6. Units in issue

	1H 2023 '000	1H 2022 '000
Units in issue at beginning and at end of period	605,002	605,002

7. Net asset value per unit and net tangible asset per unit based on units issued at the end of the period

	Note	Group 30/06/23 S\$	Group 31/12/22 S\$	Trust 30/06/23 S\$	Trust 31/12/22 S\$
Net asset value ("NAV") per unit	(a)	2.33	2.33	2.40	2.33
Adjusted NAV per unit (excluding the distributable income)		2.25	2.26	2.33	2.26
Net tangible asset per unit	(a)	2.33	2.33	2.40	2.33

Note:

(a) Net asset value per unit and net tangible asset per unit is calculated based on the number of units in issue as at the respective period end.

8. Earnings per unit ("EPU") and distribution per unit ("DPU") for the period

	Note	1H 2023 '000	1H 2022 '000
Number of units in issue at end of period		605,002	605,002
Weighted average number of units for the period		605,002	605,002
Earnings per unit in cents (basic and diluted) (EPU)	(a)	7.84	8.11
Applicable number of units for calculation of DPU		605,002	605,002
Distribution per unit in cents (DPU) based on Distributable income to Unitholders	(b)	7.29	7.06

Note:

(a) In calculating EPU, the total return for the period after tax, and the weighted average number of units issued as at the end of each period is used. The diluted EPU is the same as the basic EPU as there are no dilutive instruments in issue during the period.

(b) In computing DPU, the number of units in issue as at the end of each period is used.

9. Financial ratios

	Note	2023 (Annualised) %	2022 (Actual) %
Ratio of expenses to weighted average net assets	(a)		
- excluding performance component of Manager's fees		0.84	0.81
- including performance component of Manager's fees		1.29	1.20
Portfolio turnover rate	(b)	—	—

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INTERIM FINANCIAL STATEMENTS FOR THE HALF YEAR ENDED 30 JUNE 2023

Note:

- (a) 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, interest income, finance costs, income tax expense and foreign exchange gains/(losses).
- (b) The 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.

10. Segmented revenue and results for operating segments (of the group) with comparative information for the immediately preceding year.

As at 30 June 2023, the operating segments of the Group comprise the following segments – Hospital Properties, Nursing Home and Care Facility Properties and Medical Centre Units.

The Group's operations and its identifiable assets are located in Singapore (consisting of Hospital Properties), Japan (consisting of 57 Nursing Home and Care Facility Properties) and Medical Centre Units in Malaysia. Accordingly, no geographical segmental analysis is separately presented.

	Note	1H 2023 S\$'000	1H 2022 S\$'000	Change %
Hospital Properties (Singapore)	(a)	50,792	35,557	42.8
Nursing Home and Care Facility Properties (Japan)	(b)	23,469	24,461	(4.1)
Medical Centre Units (Malaysia)	(c)	141	157	(10.2)
Total gross revenue		74,402	60,175	23.6

	Note	1H 2023 S\$'000	1H 2022 S\$'000	Change %
Hospital Properties (Singapore)	(a)	49,002	33,935	44.4
Nursing Home and Care Facility Properties (Japan)	(b)	21,012	22,017	(4.6)
Medical Centre Units (Malaysia)	(c)	70	84	(16.7)
Total net property income		70,084	56,036	25.1

Note:

- (a) Higher revenue and net property income was driven by the straight-lining of rental income under the new master lease agreements which have commenced on 23 August 2022.
- (b) Lower revenue was mainly due to the depreciation of Japanese Yen, partially offset by revenue contribution from the nursing home properties acquired in September 2022.
- (c) Lower revenue was mainly due to the depreciation of Malaysian Ringgit and absence of one-off booking fee income.

G. OTHER INFORMATION REQUIRED BY LISTING RULE APPENDIX 7.2

- 1. Whether the figures have been audited or reviewed, and in accordance with which auditing standard or practice.**

The figures have not been audited or reviewed by our auditors.

- 2. Where the figures have been audited or reviewed, the auditors' report (including any qualifications or emphasis of matter).**

Not Applicable.

- 3. Review of the performance of the Group**

Summary of Parkway Life REIT's Results for the half year ended 30 June 2023

		1H 2023	1H 2022	Increase/ (Decrease)	
	Note	S\$'000	S\$'000	S\$'000	%
Gross Revenue		74,402	60,175	14,227	23.6
Net Property Income		70,084	56,036	14,048	25.1
Distributable Income to Unitholders	(a)	44,084	42,696	1,388	3.3
Distribution per unit based on Distributable Income to Unitholders (cents)	(b)	7.29	7.06	0.23	3.3
Annualised distribution per unit (cents)		14.58	14.12	0.46	3.3
Distribution yield (%), based on - Closing market price of \$3.90 as at 30 June 2023		3.74	3.62		3.3

Note:

- (a) Net of amount retained for capital expenditure on existing properties amounting to \$3.0 million each year.
- (b) In computing the Distribution per Unit ("DPU"), the number of units in issue as at the end of each period is used.

Consolidated Statements of Total Return

1H 2023 Vs 1H 2022

Gross revenue for 1H 2023 has increased by 23.6% year-on-year to \$74.4 million. The increase was due to contribution from five nursing homes acquired in September 2022 and higher rent from the Singapore properties under the new master lease agreements which commenced in August 2022. This was partially offset by the depreciation of Japanese Yen. Correspondingly, the net property income has increased by 25.1% to \$70.1 million for 1H 2023.

The Manager's management fees for 1H 2023 of \$7.3 million was 9.7% higher than 1H 2022 largely attributed to the increase in net property income. This increase is partially offset by the depreciation of Japanese Yen. Lower trust expenses were registered for 1H 2023 due to lower professional fees incurred during the period.

Of the net foreign exchange movement, the Group had registered a realised foreign exchange gain amounting to about \$3.3 million and \$1.9 million from the settlement of Japanese Yen forward contracts in 1H 2023 and 1H 2022 respectively.

Finance costs have increased mainly due to funding of capital expenditure and new acquisitions in 2022 and higher interest costs from Singapore dollar debts partially offset by depreciation of JPY.

The Group has step-up lease arrangements for certain of its properties which include the new 20.4-year master lease agreements for its three Singapore hospitals and the 20-year lease agreements for the 3 Japan nursing home (Palmary Inn) properties. As part of revenue recognition, the step-up lease arrangements were accounted on a straight line basis over the lease term (i.e. effective rent) since August 2022 and September 2021, respectively. This had led to corresponding increase in the gross revenue and investment properties. As property valuation is based on discounted cash flow method which deviates from effective rent accounting treatment, the Group has removed the impact of effective rent from investment properties accordingly. This resulted in adjustments in the net change in fair value of investment properties (See Note 3 to the Financial Statements). There is no distribution impact arising from the above treatment.

At the reporting date, the Group has outstanding forward exchange contracts with aggregate notional amounts of approximately \$108.4 million. The change in fair value of \$5.2 million gain was charged to the statement of total return.

Overall, annualised DPU for 1H 2023 of 14.58 cents has outperformed by 3.3% or 0.46 cents as compared with 1H 2022's annualised DPU of 14.12 cents.

Consolidated Statements of Financial Position

The current and non-current advance payment arose from an advance payment of about \$46.2 million to the contractor in relation to the Renewal Capex Works for Mount Elizabeth Hospital ("MEH"). As part of the agreement with the contractor, the contractor is obliged to provide an irrevocable on-demand performance bond from a bank for a sum equivalent to the advance payment, for the due performance of the agreement ("Advance Payment Bond"). The Group has in its possession an Advance Payment Bond in its favour amounting to a sum same as the advance payment. In 1H 2023, the Group has classified \$18.5 million of advance payment as current due to its maturity within a year.

The overall decrease in loans and borrowings was mainly due to the repayment of fixed rate note and depreciation of the Japanese Yen, partly offset by additional drawdown of short term loans for capital expenditure and working capital purposes.

In 1H 2023, the Group has repaid the outstanding fixed rate note of JPY2,000 million (approximately \$18.9 million) upon its maturity in June 2023. As at 30 June 2023, the Group classified a fixed rate note of JPY3,500 million (approximately \$33.0 million) and a term loan of JPY4,400 million (approximately \$41.5 million) as current loans and borrowings due to its maturity in 1Q 2024. The maturing note and loan represents about 9% of the Group's borrowings.

Notwithstanding the net current liabilities position, based on the Group's existing financial resources, the Group believes that it will be able to refinance its borrowings and meet its current obligations as and when they fall due.

The Aggregate Leverage of the Group as at 30 June 2023 was 35.3% (31 December 2022: 36.4%) of the Group's Deposited Property. This complied with the stipulated Aggregate Leverage limit. The interest coverage ratio (ICR) and adjusted ICR¹ stood at 13.8 times at of 30 June 2023.

¹ As PLife REIT has no hybrid securities as of the reporting date, there is no difference between ICR and Adjusted-ICR.

Consolidated Statement of Cash Flows

Net cash from operating activities has increased in 1H 2023 as compared to 1H 2022, mainly due to higher rental income from the nursing homes acquired in September 2022 as well as higher rent from the Singapore properties.

Net cash outflow on purchase of investment properties (including acquisition related costs) was as follows:

	1H 2023 S\$'000	1H 2022 S\$'000
Investment properties	-	-
Acquisition related costs	316	823
Net cash outflow/Cash consideration paid	316	823

The acquisition related costs paid in 1H 2023 were in relation to the nursing home properties acquired in September 2022.

Net cash used in investing activities as of 1H 2023 mainly relates to the payment of capital expenditure on existing properties and the Renewal Capex Works for MEH.

Net cash used in financing activities in 1H 2023 was mainly related to the payment of distributions to Unitholders, partially offset by net drawdown of borrowings.

4. Where a forecast, or a prospect statement, has been previously disclosed to shareholders, any variance between it and the actual results

Not Applicable.

5. A commentary at the date of the announcement of the significant trends and competitive conditions of the industry in which the Group operates and any known factors or events that may affect the Group in the next operating period and the next 12 months

The year 2023 has seen continued inflation in the aftermath of the Covid-created supply chain disruptions and the unintended consequences of the extraordinary monetary and fiscal policies enacted to prevent the global pandemic health crisis from becoming an economic one. Moving into the second half-year of 2023, recession risk and decelerating global growth continues to loom reflecting the worsening financial conditions, inflationary pressures and continued disruptions from Russia's geopolitical uncertainty². While there are some encouraging signs that inflation rates are declining, higher short- and long-term interest rates and the resulting economic slowdown are likely to be the defining features of 2023³.

Amid the macroeconomic uncertainties and challenges, Parkway Life REIT remains prudent as the Group continues to proactively manage its portfolio and strategically navigate for growth opportunities. 2023 started on an exciting note with the wall breaking ceremony on 3 January 2023, to mark the commencement of the major refurbishment works at MEH, named "Project Renaissance". The expansive Project Renaissance, jointly funded by Parkway Life REIT and IHH Healthcare Singapore is reflective of the extensive strategic collaboration between the two parties. Project Renaissance will span three years and upon completion, will enable both Parkway Life REIT and IHH

² Source: World Bank Global Economic Prospects, 6 January 2023

³ <https://www.reit.com/data-research/research/nareit-research/reits-2023-maintaining-solid-footing-amid-economic-uncertainty>

Healthcare Singapore to sustain competitiveness and ride the growth potential of Singapore's healthcare industry. To enable MEH to remain operational and major clinical services to continue, the works on-site are progressively done in phases and are moving on-track in terms of the overall project schedule.

Parkway Life REIT continues to adhere to a disciplined financial management framework to mitigate any potential refinancing risk as well as actively manages any exposure to interest rate and foreign currency risks on an ongoing basis. Following the redemption in full of the outstanding fixed rate notes due in June 2023, the Group has effectively managed its debt maturity profile with no immediate long-term debt refinancing need till February 2024.

On an ongoing basis, the Group manages interest rate risk by largely hedging long-term committed borrowings using interest rate hedging financial instruments or issuance of fixed rate notes to strengthen Parkway Life REIT's resilience against interest rate hikes. To manage foreign currency risk, the Group adopts a natural hedge strategy for its Japanese investments to maintain a stable net asset value and establishing Japanese Yen forward exchange contracts to shield against Japanese Yen currency volatility. As at 30 June 2023, the Group has put in place Japanese Yen forward contracts till 1Q 2027 and about 77% of interest rate exposure is hedged.

Going forward, Parkway Life REIT will continue to focus on driving resilient returns backed by solid financial management. The healthcare industry will remain critically essential in a rapidly aging population with greater demand for better quality healthcare and aged care services. Parkway Life REIT's portfolio of assets place it in a good position to benefit from the resilient growth of the healthcare industry in the Asia Pacific region.

6. Distributions

(a) Current financial period

Any distributions declared for the current financial period: Yes

Name of distribution: First half year distribution for the period from 1 January 2023 to 30 June 2023

Distribution Type	Distribution Rate (cents per unit)
Taxable Income	4.92
Exempt Income	0.96
Capital Distribution	1.41
Total	7.29

Par value of units: Not meaningful

Tax rate:

Taxable Income Distribution

Qualifying Unitholders and individuals (other than those who hold their units through a partnership in Singapore or from the carrying on of a trade, business or profession) will generally receive pre-tax distributions. Individuals who derive any distribution through a partnership in Singapore or from the carrying on of a trade, business or profession will be taxed at the individual's tax rates.

Qualifying non-resident non-individual Unitholders or foreign funds will receive their distributions after deduction of tax at the rate of 10%.

All other Unitholders will receive their distributions after deduction of tax at the rate of 17%.

Exempt Income Distribution

Tax-exempt income distribution is exempt from Singapore income tax in the hands of all Unitholders.

Capital Distribution

Capital distribution represents a return of capital to Unitholders for Singapore tax purposes and is therefore not subject to income tax. For Unitholders who hold the Units as trading assets, the amount of capital distribution will be applied to reduce the cost base of their Units for the purpose of calculating the amount of taxable trading gains arising from the disposal of the Units.

(b) Corresponding period of the immediately preceding year

Any distributions declared for the previous corresponding financial period: Yes

Name of distribution: First half year distribution for the period from 1 January 2022 to 30 June 2022

Distribution Type	Distribution Rate (cents per unit)
Taxable Income	4.84
Exempt Income	0.94
Capital Distribution	1.28
Total	7.06

Par value of units: Not meaningful

Tax rate:

Taxable Income Distribution

Qualifying Unitholders and individuals (other than those who hold their units through a partnership in Singapore or from the carrying on of a trade, business or profession) will generally receive pre-tax distributions. Individuals who derive any distribution through a partnership in Singapore or from the carrying on of a trade, business or profession will be taxed at the individual's tax rates.

Qualifying non-resident non-individual Unitholders will receive their distributions after deduction of tax at the rate of 10%.

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Capital Distribution

Capital distribution represents a return of capital to Unitholders for Singapore tax purposes and is therefore not subject to income tax. For Unitholders who hold the Units as trading assets, the amount of capital distribution will be applied to reduce the cost base of their Units for the purpose of calculating the amount of taxable trading gains arising from the disposal of the Units.

(c) **Book closure date:** 3 August 2023

(d) **Date payable:** 30 August 2023

7. If no distribution has been declared/recommended, a statement to that effect.

Not Applicable.

8. If the group has obtained a general mandate from shareholders for IPTs, the aggregate value of such transactions as required under Rule 920(1)(a)(ii). If no IPT mandate has been obtained, a statement to that effect.

Parkway Life REIT has not obtained a general mandate from Unitholders for interested parties transactions.

9. Confirmation pursuant to Rule 720(1) of the Listing Manual

The Manager hereby confirms that it has procured undertakings from all its directors and executive officers under Rule 720(1).

10. Confirmation pursuant to Rule 705(5) of the Listing Manual

CONFIRMATION BY THE BOARD PURSUANT TO RULE 705(5) OF THE LISTING MANUAL

We confirm that, to the best of our knowledge, nothing has come to the attention of the Board of Directors of Parkway Trust Management Limited (as Manager of Parkway Life REIT) which may render these unaudited interim financial results to be false or misleading in any material aspect.

On behalf of the Board of Directors of
Parkway Trust Management Limited
(as Manager of Parkway Life REIT)

Yong Yeon Chau
Chief Executive Officer and Executive Director

Ho Kian Guan
Chairman and Independent Director

**PARKWAY LIFE REAL ESTATE INVESTMENT TRUST
INTERIM FINANCIAL STATEMENTS FOR THE HALF YEAR ENDED 30 JUNE 2023**

This announcement may contain forward-looking statements that involve assumptions, risks and uncertainties. Actual future performance, outcomes and results may differ materially from those expressed in forward-looking statements as a result of a number of risks, uncertainties and assumptions. Representative examples of these factors include (without limitation) general industry and economic conditions, interest rate trends, cost of capital and capital availability, competition, shifts in expected levels of property rental income, changes in operating expenses, property expenses, governmental and public policy changes and the continued availability of financing in the amounts and the terms necessary to support future business.

You are cautioned not to place undue reliance on these forward-looking statements, which are based on the Manager's current view of future events.

Any discrepancies in the tables included in this announcement between the listed amounts and total thereof are due to rounding.

By Order of the Board
Parkway Trust Management Limited
(as Manager of Parkway Life REIT)
Company Registration No. 200706697Z

Chan Wan Mei
Company Secretary
26 July 2023

This announcement has been prepared and released by Parkway Trust Management Limited, as manager of Parkway Life REIT.

Important Notice

This Announcement is for information only and does not constitute an invitation or offer to acquire, purchase or subscribe for units in Parkway Life Real Estate Investment Trust ("**Parkway Life REIT**" and the units in Parkway Life REIT, the "**Units**").

The value of the Units and the income derived from them may fall as well as rise. The Units are not obligations of, deposits in, or guaranteed by, Parkway Trust Management Limited, as manager of Parkway Life REIT (the "**Manager**"), or any of its affiliates. Investors have no right to request the Manager to redeem their Units while the Units are listed. It is intended that unitholders of Parkway Life REIT may only deal in their Units through trading on Singapore Exchange Securities Trading Limited (the "**SGX-ST**"). Listing of the Units on the SGX-ST does not guarantee a liquid market for the Units. The past performance of Parkway Life REIT or the Manager is not necessarily indicative of the future performance of Parkway Life REIT or the Manager. An investment in Units is subject to investment risks, including the possible loss of the principal amount invested.