

NEWS RELEASE
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PLIFE REIT'S RECURRING DPU CONTINUED TO GROW BY 0.7% Y-O-Y TO 3.38 CENTS IN 2Q 2021

- DPU from recurring operations for the quarter grew by 0.7%, despite loss of income from the property divested in January 2021
- Fortifying the growth potential and income sustainability of existing core markets with the proposed Master Lease Renewal for Singapore Portfolio and completion of 3rd asset recycling initiative for Japan Portfolio
- Enhanced capital and financial position with successful refinancing of remaining JPY loan due in 2022
- Minimum Guaranteed Rent for Singapore Hospitals to increase by 1.66% for the 15th year of lease term commencing 23 August 2021

Total Portfolio	2Q 2021 S\$'000	2Q 2020 S\$'000	Variance %	1H 2021 S\$'000	1H 2020 S\$'000	Variance %
Gross revenue	29,566	30,277	(2.3)	59,565	60,146	(1.0)
Net property income	27,424	28,222	(2.8)	55,453	55,968	(0.9)
Amount available for distribution (net of amount retained for capital expenditure)	20,468	20,862	(1.9)	42,051	41,813	0.6
Distributable income to Unitholders (net of amount retained for capital expenditure and COVID-19 related relief measures ¹)	20,468	20,329	0.7	42,051	40,430	4.0
Distribution Per Unit (cents)²						
- DPU for the period	3.38	3.36	0.7%	6.95	6.68	4.0%
- Annualised DPU	13.52	13.44	0.7%	13.90	13.36	4.0%
Annualised distribution yield (%) (based on closing market price of S\$4.59 as at 30 June 2021)	2.95	2.93	0.7%	3.03	2.91	4.0%

Singapore, 27 July 2021 – Parkway Trust Management Limited (the “Manager”), as manager of Parkway Life Real Estate Investment Trust (“PLife REIT” or the “Group”), one of Asia’s

¹ Part of the S\$1.7 million COVID-19 related relief measures for tenants announced in 1Q 2020.

² In computing the Distribution per Unit, the number of units in issue as at the end of each period is used.

largest listed healthcare REITs, today announced its results for the second quarter ended 30 June 2021 (“2Q 2021”) and first half ended 30 June 2021 (“1H 2021”).

Notwithstanding the divestment of the non-core property in Japan (P-Life Matsudo) in January 2021, the DPU from its recurring operations continued to grow by 0.7% and 4.0% year-on-year (“Y-O-Y”) to 3.38 and 6.95 Singapore cents in 2Q 2021 and 1H 2021 respectively. The growth was mainly due to contribution from the existing portfolio and the absence of one-off COVID-19 related relief measures retained in FY2020.

Gross revenue for the periods under review declined marginally by 2.3% and 1.0% to S\$29.6 million and S\$59.6 million for 2Q 2021 and 1H 2021 respectively. This was largely due to the loss of income from the divested property and depreciation of the Japanese Yen, offset by the income contribution from a Japan nursing home acquired in December 2020 and higher rent from the Singapore properties. Correspondingly, net property income decreased by 2.8% in 2Q 2021 and 0.9% in 1H 2021 from the year-ago period.

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 for its properties, it also proactively manages its portfolio and strategically navigates for growth opportunities.

During the periods under review, PLife REIT embarked on initiatives to strengthen the growth potential and income sustainability of its two existing key markets, Singapore and Japan.

On 14 July 2021, PLife REIT entered into an agreement for lease framework with Parkway Hospitals Singapore Pte. Ltd. (“Master Lessee”) in relation to the agreed terms for the new master lease agreements for Singapore Hospitals³ (“New Master Lease Agreements”), the renewal capital expenditure agreement of S\$150 million (“Renewal Capex Agreement”) as well as the right of first refusal granted by a wholly-owned subsidiary of Parkway Holdings Limited (as the Sponsor of PLife REIT) for the Mount Elizabeth Novena Hospital Property (“ROFR”). With the Singapore Hospitals being key assets of PLife REIT⁴, the New Master Lease Agreements with an extended term of approximately 20.4 years (“Renewal Term”), will

³ Mount Elizabeth Hospital Property, Gleneagles Hospital Property and Parkway East Hospital Property (together with certain medical centre units, retail units and car park lots, where applicable, for each hospital, collectively referred to as the “Singapore Hospitals”).

⁴ Singapore Hospitals contribute approximately 60.2% by asset value as at 31 December 2020 and approximately 58.9% by net property income for the financial year ended 31 December 2020, of the total portfolio of PLife REIT.

increase its weighted average lease to expiry (by gross revenue from 5.7 years to 16.6 years⁵. The clear rental step-up structure and rent review formula of the new lease agreements will serve to provide sustained organic growth and rental income stream of PLife REIT⁶. The Renewal Capex Agreement will enhance the competitiveness of the Singapore Hospitals to ride on the growth potential of Singapore's healthcare industry⁷. The ROFR over a quality asset also enhances the acquisition potential of PLife REIT. Overall, the strategic collaborative arrangement between PLife REIT and IHH Healthcare Berhad⁸ underpins the sustained and continual growth of the parties, paving the way for further future collaborations.

The proposed entry into the New Master Lease Agreements for the Singapore Hospitals and the Renewal Capex Agreement ("Proposed Transaction") will require the approval of PLife REIT's Unitholders which will be sought at an extraordinary general meeting to be convened in due course⁹.

On 30 June 2021, PLife REIT announced the implementation of its 3rd asset recycling initiative with the acquisition of two freehold nursing homes in Japan ("2 Japan Nursing Homes"). The non-core property, P-Life Matsudo was divested at a sale yield of 4.3% with the divestment proceeds channelled to acquire the 2 Japan Nursing Homes at higher property yield of 5.7%. Following the completion of the 2 Japan Nursing Homes on 9 July 2021, the 3rd asset recycling initiative delivered immediate yield growth to PLife REIT, continuing on its track record of creating greater value for its Unitholders through strategic asset recycling initiatives. With the 2 Japan Nursing Homes secured with fresh 20-year master lease agreements, the quality of PLife REIT's Japan portfolio is also enhanced as it further diversify its geographical spread and tenant base¹⁰.

⁵ As at 31 December 2020.

⁶ Guaranteed rental step up till FY2025 with the annual rent review formula (similar to current formula under the existing leases) from Year 4 to Year 20 of the Renewal Term (i.e. FY2026 to FY2042).

⁷ The works under the Renewal Capex Agreement are expected to take 3 years to complete i.e. FY2023 to FY2025. In FY2026 i.e. end of Year 4 of the Renewal Term, the total rental growth is estimated at 39.6%, as compared to the estimated expiring rent for year 15 of the existing lease term for the Singapore Hospitals.

⁸ One of the largest healthcare network in the world. The Master Lessee is a wholly-owned subsidiary of the Sponsor, which in turn is an indirect wholly-owned subsidiary of IHH Healthcare Berhad.

⁹ For more details, please refer to the SGX-ST announcement issued by PLife REIT on 14 July 2021.

¹⁰ For more details, please refer to the SGX-ST announcements issued by PLife REIT on 29 January 2021, 30 June 2021 and 9 July 2021.

Enhanced capital and financial position

As part of PLife REIT's ongoing efforts to strengthen its balance sheet through proactive debt management, the Group has successfully put in place a 5-year committed loan facility to term out the remaining JPY loan due in 2022, by end of the year. With that, the weighted average debt term to maturity has extended from 3.3 years (as at 30 June 2021) to 4.1 years.

As at 30 June 2021, the Group has an optimal gearing level of 37.0%, and interest coverage ratio of 21.6 times. With about 82% of PLife REIT's interest rate exposure hedged, PLife REIT's all-in cost of debt remains low at 0.56%.

Minimum Guaranteed Rent for Singapore Hospitals to Increase by 1.66%

The organic growth of the Group is underpinned by the CPI¹¹ + 1% rental revision formula for its Singapore Hospitals. For the 15th year of lease term commencing from 23 August 2021 to 22 August 2022, the minimum guaranteed rent for the Singapore Hospitals is set to increase by 1.66% over the total rent payable for the preceding year.

Commenting on the results, Mr. Yong Yean Chau, Chief Executive Officer of the Manager, said: "We are pleased that amidst continued disruptions worldwide given renewed COVID-19 waves and the emergence of new variants, PLife REIT has delivered another quarter of recurring DPU growth for our Unitholders. During such times of uncertainties, priorities remain in fortifying the growth potential and income sustainability of PLife REIT's existing core markets and prudent financial and risk management. To further pivot PLife REIT's growth, we will also selectively seeking out strategic acquisitions and foster stronger partnerships for collaborative growth. The recent proposed extension of the longstanding strategic lease arrangement with our Master Lessee for our Singapore Hospitals is a significant milestone attesting to the progress on this front, and we seek the approval and support of all unitholders for the Proposed Transaction at an extraordinary general meeting to be convened in due course."

END

¹¹ CPI denotes the % increase in the Consumer Price Index announced by the Department of Statistic of Singapore for the relevant year compared to the immediately preceding year. Computed on a 12-month average basis from July to June of the following year. Where CPI is negative, it is deemed as zero in the computation of the rental increment.

About Parkway Life REIT

Parkway Life Real Estate Investment Trust (“PLife REIT”) is one of Asia’s largest listed healthcare REITs by asset size. It invests in income-producing real estate and real estate related assets that are used primarily for healthcare and healthcare-related purposes (including but are not limited to, hospitals, healthcare facilities and real estate and/or real estate assets used in connection with healthcare research, education, and the manufacture or storage of drugs, medicine and other healthcare goods and devices).

PLife REIT owns a well-diversified portfolio of 55 properties located in the Asia Pacific region, with a total portfolio size of approximately S\$2.0 billion¹². 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 51 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.

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¹² Based on latest appraised values for the existing portfolio (excludes right-of-use assets) and appraised values of the two nursing homes acquired on 9 July 2021.

Important Notice

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

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