



(Constituted in the Republic of Singapore pursuant to a trust deed dated 12 July 2007 (as amended))

THE PROPOSED ENTRY INTO THE NEW MASTER LEASE AGREEMENTS FOR MOUNT ELIZABETH HOSPITAL PROPERTY, GLENEAGLES HOSPITAL PROPERTY AND PARKWAY EAST HOSPITAL PROPERTY AND THE RENEWAL CAPEX AGREEMENT

1. Introduction

Parkway Trust Management Limited, in its capacity as manager of Parkway Life Real Estate Investment Trust ("**PLife REIT**") and as manager of PLife REIT, the "**Manager**", wishes to announce that it will be seeking approval from the unitholders of PLife REIT ("**Unitholders**") for the proposed entry into new master lease agreements (the "**New Master Lease Agreements**") in relation to 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 "**Properties**") and the agreement for the renewal capital expenditure works ("**Renewal Capex Agreement**", and together with the New Master Lease Agreements, collectively the "**Proposed Transaction**"). HSBC Institutional Trust Services (Singapore) Limited, as trustee of PLife REIT (the "**Trustee**"), has today entered into an agreement for lease framework ("**Agreement for Lease Framework**") with Parkway Hospitals Singapore Pte. Ltd. ("**Master Lessee**") in relation to the agreed terms of the proposed New Master Lease Agreements, the Renewal Capex Agreement and the ROFR (as hereinafter defined).

2. Interested Person Transaction

As at the date of this announcement, the Manager has a direct interest in 1,881,886 Units (comprising 0.31% of the total number of issued Units).

The Manager is a direct, wholly-owned subsidiary of Parkway Holdings Limited (the "**Sponsor**"). The Sponsor directly and/or through its subsidiaries and through its interest in the Manager, has deemed interests of (i) approximately 35.56% in PLife REIT and (ii) 100% in the Manager, and is therefore regarded as a "**Controlling Unitholder**"¹ of PLife

¹ "**Controlling Unitholder**" means a person who:

- (a) holds directly or indirectly 15.0% or more of the nominal amount of all voting units in the property fund. The MAS may determine that such a person is not a controlling unitholder; or
- (b) in fact exercises control over the property fund.

REIT and a “**Controlling Shareholder**”² of the Manager, respectively, under the listing manual of the SGX-ST (the “**Listing Manual**”).

The Master Lessee is a wholly-owned subsidiary of the Sponsor. Accordingly, for the purpose of Chapter 9 of the Listing Manual, the Master Lessee is an Interested Person³ of PLife REIT.

Under Chapter 9 of the Listing Manual, where PLife REIT proposes to enter into a transaction with an interested person and the value of the transaction (either in itself or when aggregated with the value of other transactions, each of a value equal to or greater than S\$100,000 with the same interested person during the same financial year) is equal to or exceeds 5.0% of PLife REIT’s latest audited net tangible assets (“**NTA**”), Unitholders’ approval is required in respect of the transaction. Given that the value of the Proposed Transaction, comprising the total amount of rent payable under the New Master Lease Agreements (including the Tiered Rent Rebate (as defined herein) and rent payable for the Extended Term (as defined herein)) and the cost of the renewal capital expenditure works (the “**Renewal Capex Works**”) (details of which will be provided in the sections below), of S\$4.5 billion is approximately 381% of the NTA of PLife REIT as at 31 December 2020, the value of the Proposed Transaction will exceed 5.0% of PLife REIT’s latest audited NTA.

In compliance with the requirements of the Listing Manual, a circular (the “**Circular**”) will be issued to Unitholders in due course, together with a notice of an extraordinary general meeting of Unitholders, for the purpose of seeking Unitholders’ approval for the Proposed Transaction.

3. Existing Master Lease Agreements

The Properties are held by HSBC Institutional Trust Services (Singapore) Limited (as trustee of PLife REIT) (the “**Master Lessor**” or the “**Trustee**”). In connection with the initial public offering of PLife REIT and the listing of its units on the Main Board of the SGX-ST, the Master Lessor had leased the Properties to the Master Lessee, pursuant to separate master lease agreements entered into on 23 August 2007 (the “**Existing Master Lease Agreements**”).

The Existing Master Lease Agreements are for an initial term of 15 years from the listing date of PLife REIT (the “**Existing Term**”), with an option to extend the term for another 15 years based on the terms of the Existing Master Lease Agreements which provide, among others, that the revised rent for the first year of the extended term shall not

2 “**Controlling Shareholder**” means a person who:

- (a) holds directly or indirectly 15.0% or more of the total number of issued shares excluding treasury shares in the company; or
- (b) in fact exercises control over a company.

3 As defined in the Listing Manual, means:

- (a) a director, chief executive officer or Controlling Shareholder of the manager, or the manager, the trustee, or controlling unitholder of PLife REIT; or
- (b) an associate of any director, chief executive officer or Controlling Shareholder of the manager, or an associate of the manager, the trustee or any controlling unitholder of PLife REIT.

exceed the amount equivalent to 15.0% of the adjusted hospital revenue (the “**Adjusted Hospital Revenue**”) for the financial year ending 31 December 2021. The Existing Master Lease Agreements are due to expire on 22 August 2022.

In view of the foregoing, the Manager is seeking Unitholders’ approval for the New Master Lease Agreements and the Renewal Capex Agreement which are proposed to be entered into between the Master Lessor and the Master Lessee.

In connection with the Proposed Transaction, the Master Lessor and the Master Lessee have entered into an Agreement for Lease Framework which states, among others, that the Master Lessor shall use commercially reasonable endeavours to obtain Unitholders’ approval and the Master Lessor shall within 10 business days deliver to the Master Lessee the New Master Lease Agreements and the Renewal Capex Agreement duly executed by the Master Lessor, following which, the Master Lessee shall execute the New Master Lease Agreements and the Renewal Capex Agreement within 14 business days from the date of receipt of the New Master Lease Agreements and the Renewal Capex Agreement from the Master Lessor and shall promptly submit the New Master Lease Agreements for registration by the Singapore Land Authority. The Master Lessee shall within 10 business days of the same deliver to the Master Lessor the ROFR duly executed by the ROFR Grantor (as hereinafter defined) and the Master Lessor shall execute the ROFR within 14 business days from the date of receipt of the ROFR.

4. **The New Master Lease Agreements**

The term of the New Master Lease Agreements (the “**Renewal Term**”) shall be for the period from 23 August 2022 to 31 December 2042, comprising:

- (i) an interim period from 23 August 2022 to 31 December 2022 (the “**Interim Period**”); and
- (ii) 20 years from 1 January 2023 to 31 December 2042.

The Interim Period has been introduced commencing from the expiry of the Existing Term on 23 August 2022 to 31 December 2022, to realign each subsequent lease period to the respective financial year end of PLife REIT and the Master Lessee ending on 31 December.

The Master Lessee has the option to extend each of the New Master Lease Agreements for a further term of 10 years from 1 January 2043 to 31 December 2052 (the “**Extended Term**”) upon the expiry of the Renewal Term, by giving a written notice to the Master Lessor at least 18 months prior to the expiry of the Renewal Term, provided that there is no existing breach or non-observance or non-performance of the relevant New Master Lease Agreement by the Master Lessee at the time of serving the written notice.

The revised rent for the Extended Term shall be based on the then prevailing market rent (which shall be inclusive of the respective base rent and variable rent components) and on the same terms and conditions set out in the New Master Lease Agreement for each of the Properties save that there shall be no further option to extend the lease term

beyond the Extended Term, provided that the revised rent for the first year of the Extended Term shall not exceed the amount equivalent to 15.0% of the average Adjusted Hospital Revenue of the applicable Property for the immediate 10-year period that is two years prior to the expiry of the Renewal Term (i.e. the financial year ending 31 December 2030 to the financial year ending 31 December 2039).

In the event of any dispute on the revised Rent for the Extended Term, the Master Lessee may, with 30 days' prior written notice to the Master Lessor, withdraw its option to renew (even if the exercise of such option to renew constitutes an agreement for lease at law) prior to the execution of any definitive lease documents for the Extended Term. Without prejudice to the right of the Master Lessee to withdraw its exercise of the option to renew, in the event of any dispute on the revised Rent for the Extended Term, an independent expert shall be jointly appointed by the Master Lessor and the Master Lessee to determine the final outcome and associated costs shall be apportioned equally between both parties.

The Master Lessor shall be responsible for a one-time Renewal Capex Costs incurred in relation to the Renewal Capex Works to be performed on the applicable Properties based on the terms of the Renewal Capex Agreement.

5. Rent payable under the New Master Lease Agreements for all Properties

The annual rent payable (the "**Rent**"), rental escalation and other conditions under the New Master Lease Agreements were negotiated on an arm's length basis and based on normal commercial terms.

The Rent for the first financial year of the Renewal Term (i.e. FY2023) (the "**Initial Rent**") is supported by the rental valuations conducted by CBRE Pte. Ltd. ("**CBRE**") and Knight Frank Pte Ltd ("**Knight Frank**" and together with CBRE, the "**Independent Valuers**").

The Initial Rent of S\$97.2 million represents an increase of approximately 36.9% or S\$26.2 million, compared to the estimated expiring rent for Year 15 of the Existing Term of S\$71.0 million⁴ (the "**Estimated Year 15 Rent**").

⁴ An estimation based on the latest available information and projections of the minimum guaranteed rent based on the CPI + 1% rental revision calculations for Year 15 (23 August 2021 to 22 August 2022) of the Existing Term.

The Rent payable for the Renewal Term shall be as follows:

Period	Aggregate Rent Payable for the Properties	
	% change from preceding year / period	Estimated Rent per annum ⁽¹⁾
Interim Period - 23 August 2022 to 31 December 2022 ⁽²⁾	2.0% (Fixed)	Approximately S\$72.4 million (to be pro-rated for the relevant period)
Year 1 of the Renewal Term - Financial Year ending 31 December 2023 (“FY2023”)	3.0% (Fixed)	Approximately S\$74.6 million Based on the Initial Rent of S\$97.2 million, subject to rental rebate of approximately S\$22.6 million
Year 2 of the Renewal Term - Financial Year ending 31 December 2024 (“FY2024”)	3.0% (Fixed)	Approximately S\$76.9 million Based on the Initial Rent of S\$97.2 million, subject to rental rebate of approximately S\$20.3 million
Year 3 of the Renewal Term - Financial Year ending 31 December 2025 (“FY2025”)	3.0% (Fixed)	Approximately S\$79.2 million Based on the Initial Rent of S\$97.2 million, subject to rental rebate of approximately S\$18.0 million For the avoidance of doubt, the Initial Rent is inclusive of the base rent of S\$64.8 million (the “ Base Rent ”)
Year 4 of the Renewal Term - Financial Year ending 31 December 2026 (“FY2026”)	Percentage of rent escalation will vary. Please see rent calculation.	Approximately S\$99.2 million ⁽³⁾ Based on the aggregate of: (a) Base Rent; and (b) 3.8% of the Adjusted Hospital Revenue for the Properties for the subject financial year (the “ Variable Rent ”), Provided Always that the Rent payable shall be no less than the equivalent of: $\{1 + (\text{CPI}^{(4)} + 1\%)\} \times \text{Initial Rent}$
From Year 5 of the Renewal Term until Year 20 of the Renewal Term - Financial Year ending 31 December 2027 until the Financial Year ending 31 December 2042 (“FY2027 until FY2042”)	Percentage of rent escalation will vary. Please see rent calculation.	Based on the aggregate of: (a) Base Rent; and (b) Variable Rent, Provided Always that the Rent payable shall be no less than the equivalent of: $\{1 + (\text{CPI}^{(4)} + 1\%)\} \times \text{total Rent payable for the immediately preceding year.}$

Notes:

- (1) The Rent per annum for the Interim Period and Year 1 to Year 3 of the Renewal Term as set out in this announcement is an estimation based on the latest available information and projections of the minimum guaranteed rents based on CPI + 1% rental revision calculations for Year 14 (23 August 2020 to 22 August 2021) and Year 15 (23 August 2021 to 22 August 2022) of the Existing Term. The actual final Rent for the Interim Period and Year 1 to 3 of the Renewal Term may vary subject to the determination of the actual rent paid for Year 14 (the “**Actual Year 14 Rent**”) and Year 15 (the “**Actual Year 15 Rent**”) of the Existing Term. Pursuant to the annual rent review formula under the Existing Master Lease Agreements, the Actual Year 14 Rent and Actual Year 15 Rent are expected to be finalised latest by mid-November 2021 and mid-November 2022 respectively. Adjustments will be accordingly made to compute the actual final Rent of the Interim Period and Year 1 to 3 of the Renewal Term in accordance with the terms of the New Master Lease Agreements. Along with the adjustments, the actual final rental rebate for Year 1 to Year 3 of the Renewal Term will be accordingly established.
- (2) For the avoidance of doubt, the applicable preceding period of the Interim Period is Year 15 (23 August 2021 to 22 August 2022) of the Existing Term and the Rent of the Interim Period is to be applied on a *pro-rata* basis.
- (3) Estimated based on $\{1 + (\text{CPI} + 1\%)\} \times \text{Initial Rent of S\$97.2 million}$, where CPI is assumed to be 1.0%.
- (4) “**CPI**” shall mean the percentage increase in the Consumer Price Index announced by the Department of Statistics of Singapore for the relevant year compared to the immediately preceding year. Where CPI is negative for any given year, the CPI shall be deemed to be zero.

As indicated above, the Rent during the Interim Period shall be at a 2.0% step-up from the Estimated Year 15 Rent and is to be pro-rated for the relevant period from 23 August 2022 to 31 December 2022.

The Renewal Capex Works are estimated to take approximately three years to complete and are expected to take place during the first three full financial years of the Renewal Term (i.e. FY2023 to FY2025) (the “**Downtime Period**”). During the Downtime Period, there will be operational and income disruptions to the Master Lessee and therefore, rent rebate on a tiered basis amounting to a total of approximately S\$60.9 million (the “**Tiered Rent Rebate**”) will be granted to the Master Lessee for the Downtime Period. Nonetheless, the Rent for the Downtime Period will still provide for a 3.0% step-up from the preceding year / period.

An annual rent review formula shall be applicable for Year 4 to Year 20 of the Renewal Term (i.e. FY2026 to FY2042) and the formula is similar to the current annual rent review formula under the Existing Master Lease Agreements. At the end of Year 4 of the Renewal Term, the Rent will reflect total rental growth of approximately 39.6% as compared to the Estimated Year 15 Rent.

6. The Renewal Capex Agreement

As part of the Proposed Transaction, the Master Lessor shall be responsible for a one-time renewal capital expenditure cost of up to S\$150.0 million (exclusive of GST) (the “**Renewal Capex Costs**”) to conduct the Renewal Capex Works on the applicable Properties.

Under the terms of the Renewal Capex Agreement, the Renewal Capex Works shall be substantially based on the following agreed scope:

- (i) future proofing through improvement works of the safety features and utilities infrastructure;

- (ii) enhancing building performance with eco-friendly and sustainability features through Green Mark certification and technological advances such as building management system; and
- (iii) 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,

but such scope shall be subject to changes and variations based on the findings of the feasibility studies conducted by independent consultants as appointed by the Master Lessor, and with the written agreement of the Master Lessee (such agreement not to be unreasonably withheld or delayed) having regard to the operational requirements of the Master Lessee. Bulk of the Renewal Capex Works is expected to be performed on Mount Elizabeth Hospital Property. The feasibility studies are expected to be completed around October 2021 and further details relating to the Renewal Capex Works shall be disclosed by the Manager in due course.

The Master Lessor will be responsible for undertaking and completing the Renewal Capex Works, including appointing the building contractor in accordance with its procurement policies, with due regard to the ongoing operations of the Master Lessee (and its occupiers) at the Properties (where applicable). The appointment of the building contractor will also be subject to prior written agreement of the Master Lessee (such agreement not to be unreasonably withheld or delayed).

The Renewal Capex Costs shall be for the total value of the Renewal Capex Works which includes construction costs, consultancy fees, submission to any local authorities and applicable taxes, any costs whatsoever that may be incurred in connection with the Renewal Capex Agreement and a contingency amount (which shall be mutually agreed between the Master Lessor and Master Lessee) to cover potential costs over-run and agreed variations to the Renewal Capex Works.

In the event of any costs over-run in respect of the Renewal Capex Works (including conditions or additional costs imposed by the relevant laws and/or required by the relevant authorities), the Master Lessor and the Master Lessee shall negotiate in good faith with a view of agreeing on appropriate measures to contain the costs within the Renewal Capex Costs.

Any unutilised part of the Renewal Capex Costs shall be used to carry out capital expenditure works at any of the Properties as may be mutually agreed between the Master Lessor and the Master Lessee within the agreed Renewal Capex Timeline (as defined below) or such extended timeline as mutually agreed in writing by the Master Lessor and the Master Lessee.

The Master Lessor and Master Lessee agree in good faith to work towards the commencement of the physical construction of Renewal Capex Works by no later than 1 January 2023 (subject to completion of feasibility studies, design development, tender and procurement and obtainment of all relevant development, building and regulatory approvals) or such other extended date as may be reasonably and mutually agreed in good faith between the Master Lessor and the Master Lessee.

The Renewal Capex Works are estimated to take three years to complete but the Master Lessee may request for the Master Lessor to carry out the works in phases due to operational considerations of the Master Lessee provided that the completion of all Renewal Capex Works shall be no later than 31 March 2028 or such extended date in accordance with the Renewal Capex Agreement or such other date to be mutually agreed between the Master Lessor and the Master Lessee (the “**Renewal Capex Timeline**”).

Please refer to the Circular to be issued in due course for further details of the Proposed Transaction, including details relating to the key terms of the New Master Lease Agreements and the Renewal Capex Agreement.

7. Method of Financing

The Manager does not foresee an immediate need to fund the Renewal Capex Costs in full after entry into the Renewal Capex Agreement as payments for the Renewal Capex Works are expected to be incurred progressively over the Downtime Period.

Based on the Manager’s assessment of the prevailing market conditions, the intention is to wholly finance the Renewal Capex Costs and related feasibility studies expenses via external borrowings.

Notwithstanding the Manager’s intention to fully debt-fund the Renewal Capex Costs, the Manager would continue to evaluate various fund raising options including equity fund raisings and/or a combination of debt and equity financing to fund the Renewal Capex Costs. The final decision regarding the mode of financing to be employed will be made by the Manager at the appropriate time, taking into account the then prevailing market conditions.

8. Right of First Refusal

On 17 July 2007, the Sponsor had granted a ROFR to PLife REIT over sales of assets that is used, or primarily used, for healthcare and/or healthcare-related purposes located in the Asia-Pacific region (including Singapore) by the Sponsor and any of its subsidiaries (the “**IPO Sponsor ROFR**”). The IPO Sponsor ROFR granted has since expired in 2012.

In connection with the Proposed Transaction, Parkway Novena Pte. Ltd. (the “**ROFR Grantor**”), which is a wholly-owned subsidiary of the Sponsor, shall grant to PLife REIT, a right of first refusal (“**ROFR**”) in respect of a sale, assignment or transfer of its ownership interest (or any part thereof) of the strata lot U4976A of Town Subdivision 29 comprised in Subsidiary Strata Certificate of Title Volume 1608 of Folio 186 (together with all accessory lots appurtenant thereto) (or any part thereof) which is the hospital block of the Mount Elizabeth Novena Hospital development currently owned by the ROFR Grantor at 38 Irrawaddy Road, #01-01 and #01-18, Mount Elizabeth Novena Hospital, Singapore 329563 save and except the business and/or other non-real estate assets, on the terms set out in the ROFR for a period of 10 years from the date of the

ROFR, for so long as (i) PLife REIT is listed on and quoted on the Main Board of the SGX-ST; (ii) Parkway Trust Management Limited remains the manager of PLife REIT; and (iii) the ROFR Grantor and/or any of its related corporations, alone or in aggregate, remains as a Controlling Shareholder of Parkway Trust Management Limited.

9. Rationale for the Proposed Transaction

The Manager believes that the Proposed Transaction will be beneficial to PLife REIT and its Unitholders for the following reasons:

- 9.1.1 the New Master Lease Agreements will provide long-term income certainty, stability and sustainable occupancy for PLife REIT;
- 9.1.2 the clear rent structure of the New Master Lease Agreements underpins the organic growth of PLife REIT;
- 9.1.3 the Renewal Capex Works will enhance the operational performance and asset values of the existing high quality Properties;
- 9.1.4 the New Master Lease Agreements will ensure that the Properties remain well-positioned to ride on the growth potential of the Singapore healthcare industry; and
- 9.1.5 the ROFR over a high quality healthcare property in Singapore further enhances PLife REIT's growth potential and demonstrates the Sponsor's strong support for PLife REIT and the alignment of interest between the Sponsor and Unitholders of PLife REIT.

10. Pro Forma Financial Information

- 10.1.1 The pro forma financial effects of the Proposed Transaction presented in this announcement are **strictly for illustrative purposes only** and were prepared based on the latest audited consolidated financial statements for PLife REIT for the financial year ended 31 December 2020 (the "**FY2020 Audited Consolidated Financial Statements**").

10.1.2 Financial Year ended 31 December 2020

Pro Forma DPU and Distribution Yield

The pro forma financial effects of the Proposed Transaction on the DPU and distribution yield for FY2020, as if the Proposed Transaction was completed on 1 January 2020, are as follows:

	FY2020		
	Before the Proposed Transaction ⁽¹⁾	At the end of Year 1 of the Renewal Term after the Proposed Transaction ⁽²⁾	At the end of Year 4 of the Renewal Term after the Proposed Transaction ⁽³⁾
Distributable Income (S\$'000)	83,409	86,539	110,456
DPU (cents) ⁽⁴⁾	13.79	14.30	18.26
Annualised Distribution yield ⁽⁵⁾	3.56%	3.70%	4.72%

Notes:

- (1) Based on the FY2020 Audited Consolidated Financial Statements.
- (2) Based on the Initial Rent of S\$97.2 million, subject to the Tiered Rental Rebate of approximately S\$22.6 million. For the avoidance of doubt, the estimated professional fees of \$0.6 million incurred in FY2021 in connection with the entry into the New Master Lease Agreements are excluded in the computation. The Renewal Capex Costs of S\$150.0 million has been assumed to be incurred over Year 1 to 3 of the Renewal Term, and together with the one-time related feasibility studies expenses and corresponding funding costs, that will be capitalised are also excluded in the computation.
- (3) Based on the estimated Rent of approximately S\$99.2 million for Year 4 of the Renewal Term and when the Tiered Rent Rebate no longer applies.
- (4) In computing the DPU, the number of units in issue as at the date of this announcement of 605,002,386 is used.
- (5) Based on the DPU divided by the closing price on 31 December 2020 of S\$3.87 per Unit.

Pro Forma NAV per Unit and Gearing

The pro forma financial effects of the Proposed Transaction on the NAV per Unit and gearing as at 31 December 2020, as if the Proposed Transaction was completed on 31 December 2020, are as follows:

	As at 31 December 2020		
	Before the Proposed Transaction ⁽¹⁾	Immediately after the entry into the Proposed Transaction	At the beginning of Year 4 of the Renewal Term post completion of the Renewal Capex Works ⁽²⁾
NAV (S\$'000)	1,183,615	1,423,815	1,508,515
NAV per Unit (S\$) ⁽³⁾	1.96	2.35	2.49
Asset Valuation (S\$'000)	1,213,800	1,454,000 ⁽⁴⁾	1,692,500 ⁽⁵⁾
Gearing (%)	38.5%	34.5% ⁽⁶⁾	37.3% ⁽⁷⁾

Notes:

- (1) Based on the FY2020 Audited Consolidated Financial Statements.
- (2) Assumed external borrowings were fully drawn down to finance the Renewal Capex Works and related feasibility study expenses, as well as the corresponding borrowing costs that were capitalised during the period of Renewal Capex Works.
- (3) In computing the NAV, the number of units in issue as at the date of this announcement of 605,002,386 is used.
- (4) Assumed asset valuation of the Properties is based on the average market values of the Properties determined by the Independent Valuers, subject to the terms of the Proposed Transaction as at material date of valuation on 30 June 2021. For avoidance of doubt, the Tiered Rent Rebate has been taken into account and the Renewal Capex Costs of S\$150.0 million has been assumed to be incurred and capitalised over Year 1 to 3 of the Renewal Term.
- (5) Assumed asset valuation of the Properties is based on the average market values of the Properties determined by the Independent Valuers, subject to the terms of the Proposed Transaction, as at material date of valuation on 31 December 2025. For avoidance of doubt, the Tiered Rent Rebate does not apply to Year 4 of the Renewal Term and that the Renewal Capex Costs of S\$150.0 million has been assumed to be incurred and capitalised over Year 1 to Year 3 of the Renewal Term.
- (6) As at 31 December 2020, Parkway Life REIT has a gearing of 38.5%. Upon entry into the Proposed Transaction, PLife REIT's gearing is expected to improve to 34.5%, from 38.5% taking into account the uplift in asset valuations.
- (7) As at 31 December 2025, PLife REIT gearing is expected to be at approximately 37.3% taking into account further uplift in asset valuations upon completion of the Renewal Capex Works and when the Tiered Rent Rebate no longer applies.

11. Audit Committee Statement

The independent directors and the audit committee of the Manager will obtain an opinion from an independent financial adviser before forming its view, which will be disclosed in the Circular, as to whether the Proposed Transaction (including the ROFR) is on normal commercial terms and is not prejudicial to the interests of PLife REIT and its minority Unitholders.

12. Other Interested Person Transactions

As at the date of this announcement, PLife REIT has not entered into any interested person transactions with Sponsor and/or its associates during the course of the current financial year.

13. Other Information

13.1 Interests of Directors of the Manager

As at the date of this announcement, the details of the unitholdings of the Directors are as follows:

Name of Directors	Direct Interest		Deemed Interest		Total no. of Units held	% ⁽¹⁾
	No. of Units	% ⁽¹⁾	No. of Units	% ⁽¹⁾		
Ho Kian Guan	-	-	-	-	-	-
Dr. Jennifer Lee Gek Choo	-	-	-	-	-	-
Cheah Sui Ling	-	-	-	-	-	-
Dr. Kelvin Loh Chi-Keon	120,000	0.02	-	-	120,000	0.02
Rossana Annizah Binti Ahmad Rashid	-	-	-	-	-	-
Joerg Ayrle	-	-	-	-	-	-
Sim Heng Joo Joe	-	-	-	-	-	-
Yong Yean Chau	119,000	0.02	731,700	0.12	850,700	0.14

Note:

(1) The percentage interest is based on total issued Units of 605,002,386 as at the date of this announcement.

As at the date of this announcement, (i) Dr. Kelvin Loh Chi-Keon is the Managing Director and Chief Executive Officer of IHH; (ii) Mr. Sim Heng Joo Joe is the Group Chief Operating Officer of IHH; and (iii) Mr. Joerg Ayrle is the Group Chief Financial Officer of IHH. IHH indirectly wholly-owns the Sponsor which in turn wholly-owns the Manager. Save as disclosed above and based on information available to the Manager, none of the Directors has an interest, direct or indirect, in the Proposed Transaction.

13.2 Interests of the Substantial Unitholders

Based on the Register of Substantial Unitholders as at the date of this announcement, the details of the unitholdings of the Substantial Unitholders are as follows:

Name of Substantial Unitholders	Direct Interest		Deemed Interest		Total no. of Units held	%(¹)
	No. of Units	%(¹)	No. of Units	%(¹)		
Mitsui & Co., Ltd. ⁽²⁾	-	-	215,358,101	35.60	215,358,101	35.60
MBK Healthcare Management Pte Ltd ⁽³⁾	-	-	215,358,101	35.60	215,358,101	35.60
Khazanah Nasional Berhad ⁽⁴⁾	-	-	215,358,101	35.60	215,358,101	35.60
Pulau Memutik Ventures Sdn. Bhd. ⁽⁵⁾	-	-	215,358,101	35.60	215,358,101	35.60
IHH Healthcare Berhad ⁽⁶⁾	-	-	215,358,101	35.60	215,358,101	35.60
Integrated Healthcare Holdings Limited ⁽⁷⁾	219,215	0.04	215,138,886	35.56	215,358,101	35.60
Parkway Pantai Limited ⁽⁸⁾	-	-	215,138,886	35.56	215,138,886	35.56
Parkway Holdings Limited ⁽⁹⁾	-	-	215,138,886	35.56	215,138,886	35.56
Parkway Investments Pte Ltd	213,257,000	35.25	-	-	213,257,000	35.25
Cohen & Steers, Inc. ⁽¹⁰⁾	-	-	48,024,178	7.94	48,024,178	7.94
Cohen & Steers Capital Management, Inc. ⁽¹¹⁾	-	-	42,264,522	6.99	42,264,522	6.99

Notes:

- (1) The percentage is based on total issued Units of 605,002,386 as at the date of this announcement.
- (2) Mitsui & Co., Ltd. ("**Mitsui**"), through its wholly-owned subsidiary, MBK Healthcare Management Pte Ltd ("**MBKHM**"), 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.
- (3) MBKHM has a deemed interest in units held by IHH by virtue of holding more than 20% of the total issued share capital of IHH.
- (4) Integrated Healthcare Holdings Limited ("**IHHL**") is a wholly-owned subsidiary of 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.
- (5) IHHL is a wholly-owned subsidiary of IHH. 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.
- (6) IHHL is a wholly-owned subsidiary of IHH. Accordingly, IHH has a deemed interest in units held by IHHL.
- (7) Parkway Pantai Limited ("**PPL**") is a wholly-owned subsidiary of IHHL. Accordingly, IHHL has a deemed interest in units held by PPL.
- (8) Parkway Holdings Limited ("**PHL**") is a wholly-owned subsidiary of PPL. Accordingly, PPL has a deemed interest in units held by PHL.
- (9) Deemed interest in Parkway Investments Pte Ltd ("**PIPL**") and Parkway Trust Management Limited ("**PTML**"), both wholly-owned subsidiaries of PHL. PIPL and PTML are registered holders of 213,257,000 units and 1,881,886 units respectively.
- (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.
- (11) 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.

As at the date of this announcement, the Sponsor holds an aggregate interest of approximately 35.56% in PLife REIT and is deemed to be a Controlling Unitholder of PLife REIT.

13.3 Directors' Service Contracts

No person is proposed to be appointed as a director of the Manager in relation to the Proposed Transaction or any other transactions contemplated in relation to the Proposed Transaction.

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

Chan Wan Mei
Company Secretary
14 July 2021

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 ("**PLife REIT**" and the units in PLife REIT, the "**Units**").

The value of Units and the income from them may fall as well as rise. The Units are not obligations of, deposits in, or guaranteed by, Parkway Trust Management Limited, as manager of PLife REIT (the "**Manager**") or any of its affiliates. An investment in Units is subject to investment risks, including the possible loss of the principal amount invested.

Investors have no right to request the Manager to redeem their Units while the Units are listed. It is intended that unitholders of 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.

This announcement may contain forward-looking statements that involve assumptions, risks and uncertainties. Actual future performance, outcomes and results may differ materially from those expressed in these forward-looking statements as a result of a number of risks, uncertainties and assumptions. Representative examples of these factors include (without limitation) general industry and economic conditions, interest rate trends, cost of capital and capital availability, competition, shifts in expected levels of property rental income, changes in operating expenses, property expenses, governmental and public policy changes and the continued availability of financing in the amounts and on the terms necessary to support PLife REIT's future business. Investors are cautioned not to place undue reliance on these forward-looking statements, which are based on the Manager's current view of future events.