

**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 nine months ended 30 September 2021

Table of Contents

A. Consolidated statements of total return	3
B. Consolidated statements of financial position	6
C. Consolidated statements of movement in unitholders' funds	7
D. Portfolio statements	8
E. Consolidated statement of cash flows	21
F. Selected notes to the financial statements	22
G. Other information required by Listing Rule Appendix 7.2	29

PARKWAY LIFE REAL ESTATE INVESTMENT TRUST
INTERIM FINANCIAL STATEMENTS FOR THE NINE MONTHS ENDED 30 SEPTEMBER 2021

A. CONSOLIDATED STATEMENTS OF TOTAL RETURN

	3Q 2021 S\$'000	3Q 2020 S\$'000	Inc/ (Dec) %	YTD 3Q 2021 S\$'000	YTD 3Q 2020 S\$'000	Inc/ (Dec) %
Gross revenue	30,534	30,180	1.2	90,099	90,326	(0.3)
Property expenses	(3,258)	(2,079)	56.7	(7,370)	(6,257)	17.8
Net property income	27,276	28,101	(2.9)	82,729	84,069	(1.6)
Management fees	(3,231)	(3,166)	2.1	(9,454)	(9,434)	0.2
Trust expenses	(868)	(858)	1.2	(2,383)	(2,951)	(19.2)
Net foreign exchange gain	481	134	259.0	1,674	50	3,248.0
Interest income	–	1	n.m.	–	6	n.m.
Finance costs	(1,114)	(1,172)	(4.9)	(3,251)	(3,886)	(16.3)
Other expenses	–	–	–	–	(312)	n.m.
Non-property expenses	(4,732)	(5,061)	(6.5)	(13,414)	(16,527)	(18.8)
Total return before changes in fair value of financial derivatives, investment properties and gain on disposal of investment property	22,544	23,040	(2.2)	69,315	67,542	2.6
Net change in fair value of financial derivatives	(444)	(352)	26.1	2,380	(1,949)	n.m.
Net change in fair value of investment properties	239,108	(5)	n.m.	239,097	(16)	n.m.
Gain on disposal of investment property	–	–	–	5,113	–	n.m.
Total return for the period before tax and distribution	261,208	22,683	1,051.6	315,905	65,577	381.7
Income tax expense	(1,934)	(1,917)	0.9	(6,462)	(5,856)	10.3
Total return for the period after tax before distribution	259,274	20,766	1,148.6	309,443	59,721	418.1
Earnings per unit (cents)						
Basic and diluted	42.86	3.43		51.15	9.87	

PARKWAY LIFE REAL ESTATE INVESTMENT TRUST
INTERIM FINANCIAL STATEMENTS FOR THE NINE MONTHS ENDED 30 SEPTEMBER 2021

Distribution Statements

	Note	3Q 2021 S\$'000	3Q 2020 S\$'000	Inc/ (Dec) %	YTD 3Q 2021 S\$'000	YTD 3Q 2020 S\$'000	Inc/ (Dec) %
Amount available for distribution to Unitholders at the beginning of the period		20,468	20,329	0.7	21,628	20,257	6.8
Total return for the period		259,274	20,766	1,148.6	309,443	59,721	418.1
Distribution adjustments	A	(236,969)	1,371	n.m.	(243,587)	5,648	n.m.
Rollover adjustment	B	–	–	–	–	81	n.m.
Amount retained for capital expenditure	C	(750)	(750)	–	(2,250)	(2,250)	–
Amount retained for COVID-19 related relief measures	D	–	–	–	–	(1,383)	n.m.
Income for the period available for distribution to Unitholders		21,555	21,387	0.8	63,606	61,817	2.9
Amount available for distribution to Unitholders		42,023	41,716	0.7	85,234	82,074	3.9
Distributions to Unitholders during the period:							
- Distribution of 3.34 cents per unit for period from 1 October 2019 to 31 December 2019		–	–		–	20,207	
- Distribution of 3.32 cents per unit for period from 1 January 2020 to 31 March 2020		–	–		–	20,086	
- Distribution of 3.36 cents per unit for period 1 April 2020 to 30 June 2020		–	20,328		–	20,328	
- Distribution of 3.57 cents per unit for period from 1 October 2020 to 31 December 2020		–	–		21,599	–	
- Distribution of 3.57 cents per unit for period from 1 January 2021 to 31 March 2021		–	–		21,598	–	
- Distribution of 3.38 cents per unit for period from 1 April 2021 to 30 June 2021		20,449	–		20,449	–	
		20,449	20,328		63,646	60,621	
Amount available for distribution to Unitholders at the end of the period		21,574	21,388	0.9	21,588	21,453	0.6
Rounding adjustment		(15)	(1)		(29)	(66)	
Distributable income to Unitholders	E	21,559	21,387	0.8	21,559	21,387	0.8
Number of units entitled to distribution ('000)		605,002	605,002		605,002	605,002	
Distribution per unit (cents)		3.56	3.54		3.56	3.54	

PARKWAY LIFE REAL ESTATE INVESTMENT TRUST
INTERIM FINANCIAL STATEMENTS FOR THE NINE MONTHS ENDED 30 SEPTEMBER 2021

Note:

A. Distribution adjustments comprise:

	3Q 2021 S\$'000	3Q 2020 S\$'000	Inc/ (Dec) %	YTD 3Q 2021 S\$'000	YTD 3Q 2020 S\$'000	Inc/ (Dec) %
(Non-taxable)/non-tax deductible items:						
Trustee's fees	89	85	4.7	256	253	1.2
Amortisation of transaction costs relating to debt facilities	154	153	0.7	466	471	(1.1)
Net change in fair value of financial derivatives	444	352	26.1	(2,380)	1,949	n.m.
Net change in fair value of investment properties	(239,108)	5	n.m.	(239,097)	16	n.m.
Gain on disposal of investment property	–	–	–	(4,231)	–	n.m.
Foreign exchange (gain)/loss	(253)	(91)	178.0	(1,037)	1	n.m.
Temporary differences	842	673	25.1	2,142	2,035	5.3
Others	863	194	344.8	294	923	(68.1)
Net effect of (non-taxable)/non-tax deductible items	(236,969)	1,371	n.m.	(243,587)	5,648	n.m.

B. The rollover adjustment in 2020 represented the difference between the taxable income previously distributed and the quantum finally agreed with the Inland Revenue Authority of Singapore (“IRAS”) for the Year of Assessment 2018. Differences have been adjusted under the rollover mechanism agreed with the IRAS.

C. An amount of \$3.0 million is retained for capital expenditure on existing properties each year.

D. Part of the \$1.7 million COVID-19 related relief measures for tenants announced in 1Q 2020. The retention sum will be released as and when the COVID-19 related support has been utilised and recognised in the Statement of Total Return.

E. 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.

PARKWAY LIFE REAL ESTATE INVESTMENT TRUST
INTERIM FINANCIAL STATEMENTS FOR THE NINE MONTHS ENDED 30 SEPTEMBER 2021

B. CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

	Note	Group 30/09/21 S\$'000	Group 31/12/20 S\$'000	Trust 30/09/21 S\$'000	Trust 31/12/20 S\$'000
Current assets					
Trade and other receivables		13,187	18,060	11,415	39,701
Financial derivatives	5	743	–	743	–
Cash and cash equivalents		36,970	22,658	3,553	1,487
Asset held for sale	6	–	30,872	–	–
		50,900	71,590	15,711	41,188
Non-current assets					
Investment properties	3	2,267,670	1,991,019	1,461,000	1,213,800
Interests in subsidiaries		–	–	653,418	603,205
Financial derivatives	5	10,380	4,362	10,380	4,362
Trade and other receivables		210	–	–	–
Total assets		2,329,160	2,066,971	2,140,509	1,862,555
Current liabilities					
Financial derivatives	5	–	2,266	–	2,266
Trade and other payables		22,587	26,867	15,345	19,343
Current portion of security deposits		614	608	–	–
Lease liabilities		14	14	–	–
Loans and borrowings	4	256,175	163,022	256,175	163,022
Provision for taxation		–	2	–	–
		279,390	192,779	271,520	184,631
Non-current liabilities					
Financial derivatives	5	193	261	193	261
Non-current portion of security deposits		18,822	19,940	–	–
Lease liabilities		2,102	2,113	–	–
Loans and borrowings	4	551,900	628,502	551,900	628,502
Deferred income		2,103	2,103	–	–
Deferred tax liabilities		37,932	37,658	–	–
Total liabilities		892,442	883,356	823,613	813,394
Net assets		1,436,718	1,183,615	1,316,896	1,049,161
Represented by:					
Unitholders' funds		1,436,718	1,183,615	1,316,896	1,049,161
Units in issue ('000)	7	605,002	605,002	605,002	605,002
Net asset value per unit (\$)	8	2.37	1.96	2.18	1.73

**PARKWAY LIFE REAL ESTATE INVESTMENT TRUST
INTERIM FINANCIAL STATEMENTS FOR THE NINE MONTHS ENDED 30 SEPTEMBER 2021**

C. CONSOLIDATED STATEMENTS OF MOVEMENT IN UNITHOLDERS' FUNDS

	Group YTD 3Q 2021 S\$'000	Group YTD 3Q 2020 S\$'000
Unitholders' funds at beginning of period	1,183,615	1,181,848
Operations		
Total return after tax	309,443	59,721
Translation transactions		
Net movement in foreign currency translation reserve	4,463	(2,795)
Hedging reserve		
Net movement in hedging reserve	2,854	(2,829)
Cost of hedging reserve		
Net movement in cost of hedging reserve	(11)	74
Unitholders' transactions		
Distribution to Unitholders	(63,646)	(60,621)
Unitholders' funds at end of period	1,436,718	1,175,398

PARKWAY LIFE REAL ESTATE INVESTMENT TRUST
INTERIM FINANCIAL STATEMENTS FOR THE NINE MONTHS ENDED 30 SEPTEMBER 2021

D. PORTFOLIO STATEMENTS
As at 30 September 2021

Description of property	Tenure of land	Term of lease (years)	Remaining term of lease (years)	Location	Existing use	Carrying Value		Percentage of Net Assets	
						30/09/21 \$'000	31/12/20 \$'000	30/09/21 %	31/12/20 %
Group									
Singapore									
The Mount Elizabeth Hospital Property ⁽¹⁾	Leasehold	67	54	3 Mount Elizabeth, Singapore 228510	Hospital and medical centre	876,000	751,000	61.0	63.4
The Gleneagles Hospital Property ⁽¹⁾	Leasehold	75	62	6 Napier Road, Singapore 258499; and 6A Napier Road, Singapore 258500	Hospital and medical centre	499,000	395,000	34.7	33.4
The Parkway East Hospital Property ⁽¹⁾	Leasehold	75	62	319 Joo Chiat Place, Singapore 427989; and 321 Joo Chiat Place, Singapore 427990	Hospital and medical centre	86,000	67,800	6.0	5.7
						1,461,000	1,213,800	101.7	102.5

**PARKWAY LIFE REAL ESTATE INVESTMENT TRUST
INTERIM FINANCIAL STATEMENTS FOR THE NINE MONTHS ENDED 30 SEPTEMBER 2021**

**Portfolio statements (cont'd)
As at 30 September 2021**

Description of property	Tenure of land	Term of lease (years)	Remaining term of lease (years)	Location	Existing use	Carrying Value		Percentage of Net Assets	
						30/09/21 \$'000	31/12/20 \$'000	30/09/21 %	31/12/20 %
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	20,874	21,649	1.5	1.8
Palmary Inn Akashi ⁽²⁾	Freehold	N.A.	N.A.	486, Yagi, Okubo-cho, Akashi City, Hyogo Prefecture, Japan	Nursing home with care service	22,683	23,442	1.6	2.0
Palmary Inn Suma ⁽²⁾	Freehold	N.A.	N.A.	1-5-23, Chimori-cho, Suma-ku, Kobe City, Hyogo Prefecture, Japan	Nursing home with care service	13,532	13,963	0.9	1.2
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	23,203	23,955	1.6	2.0
Balance carried forward						80,292	83,009	5.6	7.0

PARKWAY LIFE REAL ESTATE INVESTMENT TRUST
INTERIM FINANCIAL STATEMENTS FOR THE NINE MONTHS ENDED 30 SEPTEMBER 2021

Portfolio statements (cont'd)
As at 30 September 2021

Description of property	Tenure of land	Term of lease (years)	Remaining term of lease (years)	Location	Existing use	Carrying Value		Percentage of Net Assets	
						30/09/21 \$'000	31/12/20 \$'000	30/09/21 %	31/12/20 %
Group									
Japan (cont'd)									
Balance brought forward						80,292	83,009	5.6	7.0
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	10,254	10,581	0.7	0.9
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	20,360	21,008	1.4	1.8
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	8,828	9,095	0.6	0.8
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	11,595	11,939	0.8	1.0
Maison des Centenaire Haruki ⁽²⁾	Freehold	N.A.	N.A.	12-20, Haruki-Miyakawacho, Kishiwada City, Osaka Prefecture, Japan	Nursing home with care service	9,153	9,210	0.6	0.8
Balance carried forward						140,482	144,842	9.7	12.3

PARKWAY LIFE REAL ESTATE INVESTMENT TRUST
INTERIM FINANCIAL STATEMENTS FOR THE NINE MONTHS ENDED 30 SEPTEMBER 2021

Portfolio statements (cont'd)
As at 30 September 2021

Description of property	Tenure of land	Term of lease (years)	Remaining term of lease (years)	Location	Existing use	Carrying Value		Percentage of Net Assets	
						30/09/21 \$'000	31/12/20 \$'000	30/09/21 %	31/12/20 %
Group									
Japan (cont'd)									
Balance brought forward						140,482	144,842	9.7	12.3
Hapine Fukuoka Noke ⁽²⁾	Freehold	N.A.	N.A.	4-35-9, Noke, Sawaraku, Fukuoka City, Fukuoka Prefecture, Japan	Nursing home with care service	11,193	11,491	0.8	1.0
Fiore Senior Residence Hirakata ⁽²⁾	Freehold	N.A.	N.A.	4-10, Higashikori-Shinmachi, Hirakata City, Osaka Prefecture, Japan	Nursing home with care service	6,499	6,700	0.5	0.6
Iyashi no Takatsuki Kan ⁽²⁾	Freehold	N.A.	N.A.	3-19, Haccho-Nishimachi, Takatsuki City, Osaka Prefecture, Japan	Nursing home with care service	21,605	22,161	1.5	1.9
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	10,017	10,824	0.7	0.9
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	11,797	11,696	0.8	1.0
Sawayaka Nogatakan ⁽²⁾	Freehold	N.A.	N.A.	442-1 Yamabe-Oaza, Nogata City, Fukuoka Prefecture, Japan	Nursing home with care service	10,157	10,466	0.7	0.9
Balance carried forward						211,750	218,180	14.7	18.6

PARKWAY LIFE REAL ESTATE INVESTMENT TRUST
INTERIM FINANCIAL STATEMENTS FOR THE NINE MONTHS ENDED 30 SEPTEMBER 2021

Portfolio statements (cont'd)
As at 30 September 2021

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	
						30/09/21 \$'000	31/12/20 \$'000	30/09/21 %	31/12/20 %
Japan (cont'd)									
Balance brought forward						211,750	218,180	14.7	18.6
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	13,318	13,707	0.9	1.2
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	5,060	5,188	0.4	0.4
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	9,296	9,595	0.6	0.8
As Heim Nakaurawa ⁽²⁾	Freehold	N.A.	N.A.	2-21-9 Nishibori, Sakura-ku, Saitama Prefecture, Japan	Nursing home with care service	13,751	14,219	1.0	1.2
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	11,426	11,772	0.8	1.0
Balance carried forward						264,601	272,661	18.4	23.2

PARKWAY LIFE REAL ESTATE INVESTMENT TRUST
INTERIM FINANCIAL STATEMENTS FOR THE NINE MONTHS ENDED 30 SEPTEMBER 2021

Portfolio statements (cont'd)
As at 30 September 2021

Description of property	Tenure of land	Term of lease (years)	Remaining term of lease (years)	Location	Existing use	Carrying Value		Percentage of Net Assets	
						30/09/21 \$'000	31/12/20 \$'000	30/09/21 %	31/12/20 %
Group									
Japan (cont'd)									
Balance brought forward						264,601	272,661	18.4	23.2
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	13,006	13,451	0.9	1.1
Happy Life Toyonaka ⁽²⁾	Freehold	N.A.	N.A.	15-14, Kozushima 2-chome, Toyonaka City, Osaka Prefecture, Japan	Nursing home with care service	6,749	6,994	0.5	0.6
Palmary Inn 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	20,532	21,265	1.4	1.8
Sawayaka Seaside Toba ⁽²⁾	Freehold	N.A.	N.A.	300-73 Aza Hamabe, Ohamacho Toba City, Mie Prefecture, Japan	Nursing home with care service	19,893	20,624	1.4	1.7
Balance carried forward						324,781	334,995	22.6	28.4

PARKWAY LIFE REAL ESTATE INVESTMENT TRUST
INTERIM FINANCIAL STATEMENTS FOR THE NINE MONTHS ENDED 30 SEPTEMBER 2021

Portfolio statements (cont'd)
As at 30 September 2021

Description of property	Tenure of land	Term of lease (years)	Remaining term of lease (years)	Location	Existing use	Carrying Value		Percentage of Net Assets	
						30/09/21 \$'000	31/12/20 \$'000	30/09/21 %	31/12/20 %
Group									
Japan (cont'd)									
Balance brought forward						324,781	334,995	22.6	28.4
Sawayaka Niihamakan ⁽²⁾	Freehold	N.A.	N.A.	Otsu 11-77, Higashida 3-chome, Niihama City, Ehime Prefecture, Japan	Nursing home with care service	18,905	19,599	1.3	1.7
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	4,011	4,176	0.3	0.4
Sawayaka Kiyotakan ⁽²⁾	Freehold	N.A.	N.A.	16-7, Kiyota 3-chome, Yahatahigashi-ku, Kitakyushushi, Fukuoka Prefecture, Japan	Nursing home with care service	12,579	13,066	0.9	1.1
Sawayaka Minatokan ⁽²⁾	Freehold	N.A.	N.A.	5155-3 Jyusanbancho, Furumachidori, Chuo-ku, Niigata City, Niigata Prefecture, Japan	Nursing home with care service	9,473	9,812	0.7	0.8
Maison des Centenaire Hannan ⁽²⁾	Freehold	N.A.	N.A.	8-423-29 Momonokidai, Hannan City, Osaka Prefecture, Japan	Nursing home with care service	24,890	25,748	1.7	2.2
Balance carried forward						394,639	407,396	27.5	34.6

PARKWAY LIFE REAL ESTATE INVESTMENT TRUST
INTERIM FINANCIAL STATEMENTS FOR THE NINE MONTHS ENDED 30 SEPTEMBER 2021

Portfolio statements (cont'd)
As at 30 September 2021

Description of property	Tenure of land	Term of lease (years)	Remaining term of lease (years)	Location	Existing use	Carrying Value		Percentage of Net Assets	
						30/09/21 \$'000	31/12/20 \$'000	30/09/21 %	31/12/20 %
Group									
Japan (cont'd)									
Balance brought forward						394,639	407,396	27.5	34.6
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	9,288	9,659	0.6	0.8
Sunhill Miyako ⁽²⁾	Freehold	N.A.	N.A.	8-423-30 Momonokidai, Hannan City, Osaka Prefecture, Japan	Extended stay lodging facility	11,871	12,118	0.8	1.0
Habitation Jyosui ⁽²⁾	Freehold	N.A.	N.A.	4-1-26 Yakuin, Chuo-ku Fukuoka City, Fukuoka Prefecture, Japan	Nursing home with care service	47,376	49,318	3.3	4.2
Ocean View Shonan Arasaki ⁽²⁾	Freehold	N.A.	N.A.	5-25-1 Nagai, Yokosuka City, Kanagawa Prefecture, Japan	Nursing home with care service	25,284	26,389	1.8	2.2
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	50,109	51,624	3.5	4.4
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	22,928	23,827	1.6	2.0
Balance carried forward						561,495	580,331	39.1	49.2

PARKWAY LIFE REAL ESTATE INVESTMENT TRUST
INTERIM FINANCIAL STATEMENTS FOR THE NINE MONTHS ENDED 30 SEPTEMBER 2021

Portfolio statements (cont'd)
As at 30 September 2021

Description of property	Tenure of land	Term of lease (years)	Remaining term of lease (years)	Location	Existing use	Carrying Value		Percentage of Net Assets	
						30/09/21 \$'000	31/12/20 \$'000	30/09/21 %	31/12/20 %
Group									
Japan (cont'd)									
Balance brought forward						561,495	580,331	39.1	49.2
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	4,573	4,740	0.3	0.4
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	2,336	2,370	0.2	0.2
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	2,553	2,652	0.2	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	14,486	15,116	1.0	1.3
Habitation Wakaba ⁽²⁾	Freehold	N.A.	N.A.	1763-12 Oguramachi Wakabaku, Chiba City, Chiba Prefecture, Japan	Nursing home with care service	27,102	28,182	1.9	2.4
Habitation Hakusho ⁽²⁾	Freehold	N.A.	N.A.	301 Hijikai, Yachimata City, Chiba Prefecture, Japan	Nursing home with care service	21,075	21,521	1.5	1.8
Balance carried forward						633,620	654,912	44.2	55.5

PARKWAY LIFE REAL ESTATE INVESTMENT TRUST
INTERIM FINANCIAL STATEMENTS FOR THE NINE MONTHS ENDED 30 SEPTEMBER 2021

Portfolio statements (cont'd)
As at 30 September 2021

Description of property	Tenure of land	Term of lease (years)	Remaining term of lease (years)	Location	Existing use	Carrying Value		Percentage of Net Assets	
						30/09/21 \$'000	31/12/20 \$'000	30/09/21 %	31/12/20 %
Group									
Japan (cont'd)									
Balance brought forward						633,620	654,912	44.2	55.5
Group Home Hakusho ⁽²⁾	Freehold	N.A.	N.A.	1345-16 Toyoma, Yachimata City, Chiba Prefecture, Japan	Group home with care service	1,281	1,345	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	10,613	11,093	0.7	0.9
Sanko ⁽²⁾	Freehold	N.A.	N.A.	4-16-16 Mizuhomachi, Kudamatsu City, Yamaguchi Prefecture, Japan	Nursing home with care service	6,823	7,122	0.5	0.6
Konosu Nursing Home Kyoseien ⁽²⁾	Freehold	N.A.	N.A.	3409-1 Shimoya, Konosu, Saitama Prefecture, Japan	Nursing rehabilitation facility	20,897	21,905	1.5	1.9
Haru no Sato ⁽²⁾	Freehold	N.A.	N.A.	1-2-23 Hajima, Shunan, Yamaguchi Prefecture, Japan	Nursing rehabilitation facility	15,566	16,397	1.1	1.4
Hodaka no Niwa ⁽²⁾	Freehold	N.A.	N.A.	205 Hitoegane, Okuhida Onsengo, Takayama, Gifu Prefecture, Japan	Nursing rehabilitation facility	16,911	17,806	1.2	1.5
Orange no Sato ⁽²⁾	Leasehold	99	98	522 Yoshiwara, Aridagawa-machi, Arida, Wakayama Prefecture, Japan	Nursing rehabilitation facility	15,366	16,141	1.1	1.4
Habitation Kamagaya ⁽²⁾	Freehold	N.A.	N.A.	12-1 Shin-Kamagaya 4-Chome, Kamagaya City, Chiba Prefecture, Japan	Nursing home with care service	20,987	22,161	1.5	1.9
						742,064	768,882	51.9	65.2

PARKWAY LIFE REAL ESTATE INVESTMENT TRUST
INTERIM FINANCIAL STATEMENTS FOR THE NINE MONTHS ENDED 30 SEPTEMBER 2021

Portfolio statements (cont'd)
As at 30 September 2021

Description of property	Tenure of land	Term of lease (years)	Remaining term of lease (years)	Location	Existing use	Carrying Value		Percentage of Net Assets	
						30/09/21 \$'000	31/12/20 \$'000	30/09/21 %	31/12/20 %
Group									
Japan (cont'd)									
Balance brought forward						742,064	768,882	51.9	65.2
Will-Mark Kashiihama ⁽⁵⁾	Freehold	N.A.	N.A.	2-1 Kashiihama 3-chome, Fukuoka City, Fukuoka Prefecture, Japan	Nursing home with care service	41,374	–	2.9	–
Crea Adachi ⁽⁵⁾	Freehold	N.A.	N.A.	19-10 Iriya 2-chome Adachi City, Tokyo Prefecture, Japan	Nursing home with care service	14,878	–	1.0	–
						798,316	768,882	55.8	65.2

PARKWAY LIFE REAL ESTATE INVESTMENT TRUST
INTERIM FINANCIAL STATEMENTS FOR THE NINE MONTHS ENDED 30 SEPTEMBER 2021

Portfolio statements (cont'd)
As at 30 September 2021

Description of property	Tenure of land	Term of lease (years)	Remaining term of lease (years)	Location	Existing use	Carrying Value		Percentage of Net Assets	
						30/09/21 \$'000	31/12/20 \$'000	30/09/21 %	31/12/20 %
Group									
Malaysia									
MOB Specialist Clinics, Kuala Lumpur ⁽³⁾	Freehold	N.A.	N.A.	282, Jalan Ampang 50450 Kuala Lumpur, Malaysia	Medical Centre	6,251	6,218	0.4	0.5
Total investment properties						<u>2,265,567</u>	<u>1,988,900</u>	<u>157.9</u>	<u>168.2</u>
Investment property classified as asset held for sale									
Japan									
P-Life Matsudo ⁽⁴⁾	Freehold	N.A.	N.A.	357 Matsuhidai, Matsudo City, Chiba Prefecture, Japan	Pharmaceutical product distributing and manufacturing facility	–	30,872	–	2.6
Total investment properties and asset held for sale, at carrying value						<u>2,265,567</u>	<u>2,019,772</u>	<u>157.9</u>	<u>170.8</u>
Other assets and liabilities (net)						<u>(828,849)</u>	<u>(836,157)</u>	<u>(57.9)</u>	<u>(70.8)</u>
Net assets						<u><u>1,436,718</u></u>	<u><u>1,183,615</u></u>	<u><u>100.0</u></u>	<u><u>100.0</u></u>

PARKWAY LIFE REAL ESTATE INVESTMENT TRUST
INTERIM FINANCIAL STATEMENTS FOR THE NINE MONTHS ENDED 30 SEPTEMBER 2021

Portfolio statements (cont'd)
As at 30 September 2021

Description of property	Tenure of land	Term of lease (years)	Remaining term of lease (years)	Location	Existing use	Carrying Value		Percentage of Net Assets	
						30/09/21 \$'000	31/12/20 \$'000	30/09/21 %	31/12/20 %
Trust									
Singapore									
The Mount Elizabeth Hospital Property ⁽¹⁾	Leasehold	67	54	3 Mount Elizabeth, Singapore 228510	Hospital and medical centre	876,000	751,000	66.5	71.6
The Gleneagles Hospital Property ⁽¹⁾	Leasehold	75	62	6 Napier Road, Singapore 258499; and 6A Napier Road, Singapore 258500	Hospital and medical centre	499,000	395,000	37.9	37.6
The Parkway East Hospital Property ⁽¹⁾	Leasehold	75	62	319 Joo Chiat Place, Singapore 427989; and 321 Joo Chiat Place, Singapore 427990	Hospital and medical centre	86,000	67,800	6.5	6.5
Investment properties, at carrying value						1,461,000	1,213,800	110.9	115.7
Other assets and liabilities (net)						(144,104)	(164,639)	(10.9)	(15.7)
Net assets						1,316,896	1,049,161	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 will be renewed under the terms of the New Master Lease Agreements from 23 August 2022 to 31 December 2042 with an option to extend the lease of each of these properties for a further term of 10 years. The appraised value of these properties under the terms of the New Master Lease Agreements were determined by CBRE Pte. Ltd., using direct capitalisation and discounted cash flow methods.

⁽²⁾ On 31 December 2020, 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 2020, the appraised value of the property was determined by Nawawi Tie Leung Property Consultants Sdn. Bhd. using the direct capitalisation method.

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

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

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

PARKWAY LIFE REAL ESTATE INVESTMENT TRUST
INTERIM FINANCIAL STATEMENTS FOR THE NINE MONTHS ENDED 30 SEPTEMBER 2021

E. CONSOLIDATED STATEMENT OF CASH FLOWS

	YTD 3Q 2021 S\$'000	YTD 3Q 2020 S\$'000
Operating activities		
Total return before tax and distribution	315,905	65,577
Adjustments for		
Interest income	–	(6)
Finance costs	3,251	3,886
Net change in fair value of financial derivatives	(2,380)	1,949
Net change in fair value of investment properties	(239,097)	16
Gain on disposal of investment property	(5,113)	–
Operating income before working capital changes	72,566	71,422
Changes in working capital		
Trade and other receivables	4,573	(47)
Trade and other payables	(6,650)	(2,360)
Security deposits	39	(110)
Cash generated from operations	70,528	68,905
Income tax paid	(4,467)	(3,643)
Cash flows generated from operating activities	66,061	65,262
Investing activities		
Interest received	–	6
Capital expenditure on investment properties	(9,241)	(3,153)
Cash outflow on purchase of investment properties (including acquisition related costs)	(56,239)	(598)
Net proceeds from sale of investment property (including divestment-related costs)	35,911	–
Cash flows used in investing activities	(29,569)	(3,745)
Financing activities		
Interest paid	(2,703)	(4,009)
Distribution to Unitholders	(63,646)	(60,621)
Proceeds from borrowings	236,016	69,933
Repayment of borrowings	(190,134)	(54,973)
Borrowing costs paid	(72)	(673)
Repayment of lease liabilities	(24)	(24)
Cash flows used in financing activities	(20,563)	(50,367)
Net increase in cash and cash equivalents	15,929	11,150
Cash and cash equivalents at beginning of the period	22,658	21,870
Effects of exchange differences on cash balances	(1,617)	839
Cash and cash equivalents at end of the period	36,970	33,859

F. SELECTED NOTES TO THE FINANCIAL STATEMENTS

1. Corporate Information

Parkway Life Real Estate Investment Trust (the “Trust”) is a Singapore-domiciled unit trust constituted pursuant to the trust deed dated 12 July 2007 (as amended) (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 nine months ended 30 September 2021 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 2020.

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 2021, 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 NINE MONTHS ENDED 30 SEPTEMBER 2021

3. Investment properties

	Group		Trust	
	30/09/2021 \$'000	31/12/2020 \$'000	30/09/2021 \$'000	31/12/2020 \$'000
At 1 January	1,991,019	1,966,140	1,213,800	1,210,700
Acquisition of investment properties	50,389	21,203	–	–
Acquisition related costs	6,380	2,644	–	–
Capital expenditure	10,554	4,440	8,087	1,230
Transfer to asset held for sale	–	(30,872)	–	–
Translation difference	(29,769)	20,036	–	–
	<u>2,028,573</u>	<u>1,983,591</u>	<u>1,221,887</u>	<u>1,211,930</u>
Net change in fair value of investment properties	239,097	7,428	239,113	1,870
At end of reporting period	<u>2,267,670</u>	<u>1,991,019</u>	<u>1,461,000</u>	<u>1,213,800</u>

Determination of fair value

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

The independent external valuers have used capitalisation approach and discounted cash flow methods.

The capitalisation approach capitalises an income stream into a present value using revenue multipliers or single-year capitalisation rates. The discounted cash flow method involves the estimation and projection of an income stream over a period and discounting the income stream with an appropriate rate of return.

The net change in fair value of the investment properties recognised in the statement of total return has been adjusted for amortisation of right-of-use assets as follows:

	Group		Trust	
	30/09/2021 \$'000	31/12/2020 \$'000	30/09/2021 \$'000	31/12/2020 \$'000
Gain on revaluation	239,113	7,450	239,113	1,870
Amortisation of right-of-use assets	(16)	(22)	–	–
Net change in fair value of investment properties recognised in statement of total return	<u>239,097</u>	<u>7,428</u>	<u>239,113</u>	<u>1,870</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 material valuation uncertainty clause due to the disruption to the market at that date caused by the COVID-19 pandemic.

PARKWAY LIFE REAL ESTATE INVESTMENT TRUST
INTERIM FINANCIAL STATEMENTS FOR THE NINE MONTHS ENDED 30 SEPTEMBER 2021

Further to the approval obtained from Parkway Life REIT's Unitholders on the proposed entry into the New Master Lease Agreements for the Singapore properties and Renewal Capex Agreement on 30 September 2021, the Singapore properties were stated at the latest appraised values by independent valuer, CBRE Pte. Ltd. The latest appraised values were subjected to the terms of the existing master lease agreements expiring on 22 August 2022 and based on the New Master Lease Agreements taking into consideration the terms under the lease renewal and on the assumption that the Renewal Capex Works will be satisfactorily completed. Based on the latest appraised values for the Singapore properties, a revaluation gain of \$239.1 million was recognised in the Statement of Total Return. Details of the property revaluation are set out in CBRE's Asset Valuation Certificate in Parkway Life REIT's Circular and CBRE's Asset Valuation Report released on 8 September 2021.

Excluding the Singapore properties which were stated based on the latest appraised values and the two Japanese properties that were acquired in July 2021, the carrying amounts of the rest of the Group's investment properties were current as at 31 December 2020 only and the values may change more rapidly and significantly than during the standard market conditions.

Based on the Manager's current assessment, the latest appraised values of these investment properties is still appropriate as at the reporting date of 30 September 2021 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.

	30/09/2021 \$'000	31/12/2020 \$'000
Fair value of investment properties (based on valuation)	2,265,567	1,988,900
Add: Carrying amount of lease liabilities	2,103	2,119
Carrying amount of investment properties	<u>2,267,670</u>	<u>1,991,019</u>

4. Loans and borrowings

	Group and Trust	
	30/09/2021 \$'000	31/12/2020 \$'000
Current liabilities		
Unsecured bank loans	256,286	163,093
Unamortised transaction costs	(111)	(71)
	<u>256,175</u>	<u>163,022</u>
Non-current liabilities		
Unsecured bank loans	410,177	479,661
Unsecured medium term notes	143,606	151,158
Unamortised transaction costs	(1,883)	(2,317)
	<u>551,900</u>	<u>628,502</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 JPY35,776 million (approximately \$435.4 million) and \$156.9 million (2020: JPY25,198 million (approximately \$322.8 million) and \$156.9 million) (the “Long Term Facilities”). The Long Term Facilities are committed, unsecured and rank pari passu with all the other present and future unsecured debt obligations of Parkway Life REIT. Interest on the Long Term Facilities is subject to re-pricing on a monthly or quarterly basis or any other interest period as mutually agreed between the lenders and the Group, and is based on the relevant floating rate plus a margin.

Interest rate was largely hedged as the Group entered into interest rate swaps, 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

Parkway Life REIT, through its wholly-owned subsidiary, Parkway Life MTN Pte. Ltd. (“PLife MTN”), has put in place a \$500 million Multicurrency Debt Issuance Programme to provide Parkway Life REIT with the flexibility to tap various types of capital market products including issuance of perpetual securities when needed.

Under the Debt Issuance Programme, PLife MTN is able to issue notes while HSBC Institutional Trust Services (Singapore) Limited (in its capacity as trustee of Parkway Life REIT) (the “Parkway Life REIT Trustee”) is able to issue perpetual securities.

All sums payable in respect of the notes issued by PLife MTN are unconditionally and irrevocably guaranteed by Parkway Life REIT Trustee.

As at 30 September 2021, there were three series of outstanding fixed rate notes issued under the Debt Issuance Programme amounting to JPY11,800 million (approximately \$143.6 million) with maturity dates between 2023 to 2027 (2020: JPY11,800 million (approximately \$151.2 million)).

(3) Short Term Facilities

The Group has two unsecured and uncommitted short-term multi-currency facilities (the “Short Term Facilities”) amounting to \$120.0 million (2020: \$120.0 million) for general working capital purposes. In October 2021, the Group has increased its Short Term Facilities limit from \$120 million to \$195 million. Interest on the Short Term Facilities is based on the bank’s cost of fund.

As at 30 September 2021, a total of JPY5,258 million (2020: JPY2,106 million) (approximately \$64.0 million (2020: \$27.0 million)) and \$10.2 million (2020: \$2.8 million) was drawn down via Short Term Facilities for working capital and interim funding for recent acquisition in Japan with tenor up to 4 months (2020: 4 months).

As at 30 September 2021, the Group has classified two bank loans totalling \$182.1 million as current loans and borrowings due to their maturity within the next twelve months. Committed long-term facilities, comprising JPY8,800 million (approximately \$107.1 million) and SGD 90.0 million have been put in place to pre-emptively extend the current loans and borrowings by end of the year.

PARKWAY LIFE REAL ESTATE INVESTMENT TRUST
INTERIM FINANCIAL STATEMENTS FOR THE NINE MONTHS ENDED 30 SEPTEMBER 2021

5. Financial derivatives

	Group and Trust	
	30/09/2021	31/12/2020
	\$'000	\$'000
Current derivative assets	743	–
Non-current derivative assets	10,380	4,362
Total derivative assets	11,123	4,362
Current derivative liabilities	–	(2,266)
Non-current derivative liabilities	(193)	(261)
Total derivative liabilities	(193)	(2,527)
Total derivative assets (net)	10,930	1,835

	Group		Trust	
	30/09/2021	31/12/2020	30/09/2021	31/12/2020
	%	%	%	%
Percentage of derivative assets to unitholders' funds	0.8	0.4	0.8	0.4
Percentage of derivative liabilities to unitholders' funds	–*	(0.2)	–*	(0.2)

* Amount is immaterial

6. Asset held for sale

On 29 January 2021, the Group entered into a sale and purchase agreement to sell P-Life Matsudo in Chiba, Japan for approximately \$37.1 million. The sale of the property was completed on the same day and the Group recognised a gain on disposal (net of disposal costs and before withholding tax) of approximately \$5.1 million.

7. Units in issue

	3Q 2021	3Q 2020	YTD 3Q	YTD 3Q
	'000	'000	2021	2020
			'000	'000
Units in issue at beginning and at end of period	605,002	605,002	605,002	605,002

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

	Note	Group	Group	Trust	Trust
		30/09/21	31/12/20	30/09/21	31/12/20
		S\$	S\$	S\$	S\$
Net asset value ("NAV") per unit	(a)	2.37	1.96	2.18	1.73
Adjusted NAV per unit (excluding the distributable income)		2.34	1.92	2.14	1.70

PARKWAY LIFE REAL ESTATE INVESTMENT TRUST
INTERIM FINANCIAL STATEMENTS FOR THE NINE MONTHS ENDED 30 SEPTEMBER 2021

Net tangible asset per unit	(a)	2.37	1.96	2.18	1.73
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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.

9. Earnings per unit (“EPU”) and distribution per unit (“DPU”) for the period

	Note	3Q 2021 '000	3Q 2020 '000	YTD 3Q 2021 '000	YTD 3Q 2020 '000
Number of units in issue at end of period		605,002	605,002	605,002	605,002
Weighted average number of units for the period		605,002	605,002	605,002	605,002
Earnings per unit in cents (basic and diluted) (EPU)	(a)	42.86	3.43	51.15	9.87
Applicable number of units for calculation of DPU		605,002	605,002	605,002	605,002
Distribution per unit in cents (DPU)	(b)	3.56	3.54	10.51	10.22

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.

10. Financial ratios

	Note	2021 (Annualised) %	2020 (Actual) %
Ratio of expenses to weighted average net assets ^a	(a)		
- excluding performance component of Manager's fees		0.83	1.06
- including performance component of Manager's fees		1.20	1.49
Portfolio turnover rate ^b	(b)	2.35	–

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, finance costs, income tax expense and foreign exchange gains/(losses).
- (b) The annualised ratio is computed based on the lesser of purchases or sales of underlying investment properties of the Group expressed as a percentage of daily average net asset value.

PARKWAY LIFE REAL ESTATE INVESTMENT TRUST
INTERIM FINANCIAL STATEMENTS FOR THE NINE MONTHS ENDED 30 SEPTEMBER 2021

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

As at 30 September 2021, the operating segments of the Group comprise the following segments – Hospital Properties, Nursing Home and Care Facility Properties and Medical Centre Units. The Pharmaceutical Product Distributing and Manufacturing Facility was divested on 29 January 2021. The Group's operations and its identifiable assets are located in Singapore (consisting of Hospital Properties), Japan (consisting of 49 Nursing Home and Care Facility Properties) and Medical Centre Units in Malaysia. Accordingly, no geographical segmental analysis is separately presented.

	Note	YTD 3Q 2021 S\$'000	YTD 3Q 2020 S\$'000	Change %
Hospital Properties (Singapore)	(a)	52,608	51,963	1.2
Nursing Home and Care Facility Properties (Japan)	(b)	37,143	36,839	0.8
Pharmaceutical Product Distributing and Manufacturing Facility (Japan)	(c)	128	1,292	(90.1)
Medical Centre Units (Malaysia)	(d)	220	232	(5.2)
Total gross revenue		90,099	90,326	(0.3)

	Note	YTD 3Q 2021 S\$'000	YTD 3Q 2020 S\$'000	Change %
Hospital Properties (Singapore)	(a)	50,131	49,593	1.1
Nursing Home and Care Facility Properties (Japan)	(b)	32,361	33,143	(2.4)
Pharmaceutical Product Distributing and Manufacturing Facility (Japan)	(c)	121	1,210	(90.0)
Medical Centre Units (Malaysia)	(d)	116	123	(5.7)
Total net property income		82,729	84,069	(1.6)

Note:

- (a) Higher revenue and net property income was driven by the higher rent under the inflation-linked CPI + 1% rental review mechanism.
- (b) Higher revenue was mainly due to the revenue contribution from the nursing home properties acquired on 18 December 2020 and 9 July 2021 partially offset by depreciation of the Japanese Yen. In 3Q 2021, the Group provided for one-off allowance for doubtful debts which resulted in a lower net property income.
- (c) This property was divested on 29 January 2021.
- (d) Decrease in revenue was mainly due to lower rent arising from a strata unit that remained vacant after its lease expiry and depreciation of the Malaysia Ringgit. The reconfiguration of the Level 8 space (which accounts for approximately 63% of Malaysia Portfolio, by strata area) to medical suites is expected to complete by end of 2021.

**PARKWAY LIFE REAL ESTATE INVESTMENT TRUST
INTERIM FINANCIAL STATEMENTS FOR THE NINE MONTHS ENDED 30 SEPTEMBER 2021**

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 third quarter as at 30 September 2021

	Note	YTD 3Q 2021	YTD 3Q 2020	Increase/ (Decrease)	
		S\$'000	S\$'000	S\$'000	%
Gross Revenue		90,099	90,326	(227)	(0.3)
Net Property Income		82,729	84,069	(1,340)	(1.6)
Amount Available for Distribution	(a)	63,606	63,200	406	0.6
Amount retained for COVID-19 related relief measures	(b)	–	(1,383)	(1,383)	n.m.
Distributable Income to Unitholders		63,606	61,817	1,789	2.9
Distribution per unit (cents)	(c)	10.51	10.22	0.29	2.9
Annualised distribution per unit (cents)		14.01	13.63	0.38	2.9
Distribution yield (%), based on - Closing market price of \$4.65 as at 30 September 2021		3.01	2.93		2.9

Note:

- (a) Net of amount retained for capital expenditure on existing properties amounting to \$3.0 million each year.
- (b) Part of the \$1.7 million COVID-19 related relief measures for tenants announced in 1Q 2020. The retention sum will be released as and when the COVID-19 related support has been utilised and recognised in the Statement of Total Return.
- (c) 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

3Q 2021 Vs 3Q 2020

Gross revenue for 3Q 2021 was higher than 3Q 2020 due to the contribution from a nursing home acquired on 18 December 2020, two nursing home facilities acquired on 9 July 2021 and higher rent from the Singapore properties. The higher rent was partially offset by the divestment of P-Life Matsudo on 29 January 2021 and depreciation of the Japanese Yen.

Included in property expenses was a one-off allowance for doubtful debts of \$1.1 million due to rent default by a previous operator for 3 of the nursing home properties in Japan which had filed for Civil Rehabilitation Proceedings (Minji Sasei). Accordingly, the Group has filed its claim for the outstanding rent due. The Group has also secured a replacement operator at a fresh 20-year lease term for the 3 nursing home properties. After deducting property expenses, we have achieved a net property income of \$27.3 million for 3Q 2021, which was \$0.8 million lower than 3Q 2020.

The increase in management fees was mainly due to higher deposited property value and higher net property income contributed by the properties acquired in December 2020 and July 2021 as well as valuation gains on the existing property portfolio. The increase is partially offset by the divestment of P-Life Matsudo in January 2021 and depreciation of Japanese Yen.

In 3Q 2021, the Group has recognised a realised foreign exchange gain of \$0.2 million from the delivery of quarterly Japanese Yen forward exchange contracts to hedge the net income from Japan.

Finance costs have decreased mainly due to loan refinancing initiative completed in 3Q 2020 and lower interest costs for the Singapore dollars debts, in addition to the depreciation of the Japanese Yen.

Further to the approval obtained from Parkway Life REIT's Unitholders on the proposed entry into the New Master Lease Agreements for the Singapore Hospitals and Renewal Capex Agreement on 30 September 2021, the Singapore properties were stated at the latest appraised values by independent valuer. A revaluation gain of \$239.1 million was recognised in the Statement of Total Return. Any fair value adjustments (surplus / deficit) in respect of the revaluation of Parkway Life REIT's properties would not be taxable / deductible on the basis that the fair value changes are unrealised and the properties are held for long-term purposes. As such, these fair value adjustments (surplus / deficit) would be adjusted out when determining the distributable income to the Unitholders.

Overall, distribution per unit (DPU) of 3.56 cents for 3Q 2021 has outperformed by 0.8% or 0.02 cents as compared to 3Q 2020, mainly led by contribution from the properties acquired in December 2020 and July 2021, rental growth of existing properties and financing cost savings. The growth is partially offset by the loss of income from the property divested in January 2021 as well as the provision of doubtful debt receivables in Q3 2021.

YTD 3Q 2021 Vs YTD 3Q 2020

Gross revenue for YTD 3Q 2021 has dropped by 0.3% year-on-year to \$90.1 million. The decrease was largely attributed to divestment of P-Life Matsudo in January 2021 and depreciation of Japanese Yen, offset by revenue contribution from the Japan property acquisitions in December 2020 and July 2021, as well as higher rent from the Singapore properties. Coupled with a one-off allowance for doubtful debts, the net property income has declined by 1.6% to \$82.7 million for YTD 3Q 2021.

The Manager's management fees for YTD 3Q 2021 of \$9.4 million was 0.2% lower than YTD 3Q 2020. This was due to lower deposited property value after the divestment of P-Life Matsudo in January 2021 and depreciation of Japanese Yen, offset by higher net property income from the properties acquired in December 2020 and July 2021, as well as valuation gains on the existing property portfolio.

Finance costs have decreased mainly due to finance cost savings arising from extension of interest rate hedges in 1Q 2020, loan refinancing initiative completed in 3Q 2020, lower interest costs for the Singapore dollars debts and depreciation of Japanese Yen. Lower trust expenses was also registered for YTD 3Q 2021 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 \$0.6 million and \$53,000 from the delivery of Japan net income hedges in YTD 3Q 2021 and YTD 3Q 2020 respectively.

Further to the approval obtained from Parkway Life REIT's Unitholders on the proposed entry into the New Master Lease Agreements for the Singapore Hospitals and Renewal Capex Agreement on 30 September 2021, the Singapore properties were stated at the latest appraised values by independent valuers. A revaluation gain of \$239.1 million was recognised in the Statement of Total Return. Any fair value adjustments (surplus / deficit) in respect of the revaluation would not be taxable / deductible on the basis that the fair value changes are unrealised and the properties are held for long-term purposes. As such, these fair value adjustments (surplus / deficit) would be adjusted out when determining the distributable income to the Unitholders.

The Group has retained \$1.7 million in YTD 3Q 2020 as part of the COVID-19 related relief measures for tenants announced in 1Q 2020. The retention sum will be released as and when the COVID-19 related support has been utilised. There was no such retention sum in 2021.

Overall, annualised DPU for YTD 3Q 2021 of 14.01 cents has outperformed by 2.9% or 0.38 cents as compared with YTD 3Q 2020's DPU of 13.63 cents.

Consolidated Statements of Financial Position

The increase in investment properties was largely due to the gain on property revaluation for the Singapore properties and acquisition of two nursing homes in Japan on 9 July 2021, partially offset by the depreciation of the Japanese Yen as compared to 31 December 2020. Details of the property revaluation for the Singapore properties are set out in Note 3.

The Group has completed the divestment of P-Life Matsudo property, classified as asset held for sale, on 29 January 2021 and the net proceeds from the divestment have been used to repay short term borrowings in 2Q 2021.

In 1H 2021, the Group has termed out two loan facilities amounted to approximately \$133.3 million on their maturity on 29 June 2021, for a further 6 years till 2027.

As at 30 September 2021, the Group has classified two bank loans totalling \$182.1 million as current loans and borrowings due to their maturity within the next twelve months. Committed long-term facilities, comprising JPY8,800 million (approximately \$107.1 million) and SGD 90.0 million have been put in place to pre-emptively extend the current loans and borrowings by end of the year.

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 September 2021 was 34.9% (31 December 2020: 38.5%) of the Group's Deposited Property. This complied with the stipulated Aggregate Leverage limit. The interest coverage ratio stood at 21.6 times at of 30 September 2021.

Consolidated Statement of Cash Flows

Net cash from operating activities remains relatively stable in YTD 3Q 2021 as compared to YTD 3Q 2020. It includes rental income from the nursing homes acquired in December 2020 and July 2021 as well as higher rent from the Singapore properties, partially offset by the absence of rental income in relation to the divested property in January 2021.

Increase in trade and other receivables and, trade and other payables relate to Small and Medium Enterprises (SMEs) cash grants, which were administered by the master lessee on behalf of the Group. During the year, the master lessee has disbursed the SMEs cash grants to eligible sub-lessees and refunded the excess amounts to the government.

PARKWAY LIFE REAL ESTATE INVESTMENT TRUST
INTERIM FINANCIAL STATEMENTS FOR THE NINE MONTHS ENDED 30 SEPTEMBER 2021

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

	YTD 3Q 2021 S\$'000	YTD 3Q 2020 S\$'000
Investment properties	50,389	–
Acquisition related costs	5,850	598
Net cash outflow/Cash consideration paid	56,239	598

The acquisition related costs paid in YTD 3Q 2021 were in relation to the nursing home properties acquired in December 2020 and July 2021.

Net cash used in investing activities as of YTD 3Q 2021 was mainly related to the acquisition of nursing home properties in July 2021 and payment of capital expenditure on existing properties partially offset by proceeds from the divestment of the P-Life Matsudo property in January 2021.

Net cash used in financing activities in YTD 3Q 2021 was mainly related to the payment of distributions to Unitholders and repayment of short term borrowings using the divestment proceeds from P-Life Matsudo property, partially offset by the drawdown of loan facility to finance the property acquisition in July 2021.

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

With COVID-19 vaccination rates increasing worldwide, more countries are deliberating the easing of movement restrictions and opening inter-state and international travel. However, highly transmissible variants of the virus continue to trigger new waves of infections, posing headwinds to re-opening plans and global economic growth. As uncertainties surrounding global economies continue to pose challenges for most businesses, Parkway Life REIT remains prudent as it proactively manages its portfolio and strategically navigates for growth opportunities.

On 30 September 2021, Parkway Life REIT announced that it has secured the approval of Unitholders at the extraordinary general meeting held on the same day for the Proposed Transaction comprising the entry into the new master lease agreements and the renewal capital expenditure agreement for its three Singapore hospitals. As part of the Proposed Transaction, Parkway Life REIT was granted a right of first refusal over the Mount Elizabeth Novena Hospital Property. The agreements were duly executed on 13 October 2021. For more details, please refer to the SGX-ST announcements issued on 30 September 2021 and 13 October 2021.

Parkway Life REIT also continues to engage in disciplined financial management to mitigate any potential refinancing risk as well as the exposure to interest rate risk and foreign currency risk. With a new SGD loan facility put in place, the Group had refinanced its remaining long term loan due in 2022 and Parkway Life REIT will have no immediate long-term refinancing need till June 2023. Interest rate risk is managed on an ongoing basis by largely hedging long-term committed borrowings using interest rate hedging financial instruments or issuance of fixed rate notes. This strengthens Parkway Life REIT's resilience against potential interest rate hikes. Foreign currency risk is managed by adopting a natural hedge strategy for the Japanese investments to maintain a stable net asset

value and putting in place Japanese Yen forward exchange contracts to shield against Japanese Yen currency volatility. In 3Q 2021, the Group had entered into additional Japanese Yen forward contracts to extend the hedge maturity till 3Q 2026.

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 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: Second quarter distribution for the period from 1 July 2021 to 30 September 2021

Distribution Type	Distribution Rate (cents per unit)
Taxable Income	2.42
Exempt Income	0.46
Capital Distribution	0.68
Total	3.56

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: Second quarter distribution for the period from 1 July 2020 to 30 September 2020

Distribution Type	Distribution Rate (cents per unit)
Taxable Income	2.40
Exempt Income	0.50
Capital Distribution	0.64
Total	3.54

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 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: 12 November 2021

(d) Date payable: 8 December 2021

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 Yean 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 NINE MONTHS ENDED 30 SEPTEMBER 2021

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
3 November 2021

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.