ParkwayLife REIT

NEWS RELEASE
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PLIFE REIT CONTINUES ITS STEADY AND UNINTERRUPTED RECURRING DPU GROWTH IN 2H AND FY 2022

- ***Distribution Per Unit (DPU) grew 2.7% and 2.1% to 7.32 cents and 14.38 cents for 2H 2022 and FY 2022 respectively***
- ***Healthy gearing level of 36.4% with no long-term debt refinancing needs till February 2024***
- ***Kicked-off Project Renaissance (the upgrading of Mount Elizabeth Hospital), a strategic collaboration between PLife REIT and IHH Healthcare Singapore***

Total Portfolio	2H 2022 S$'000	2H 2021 S$'000	Variance %	FY 2022 S$'000	FY 2021 S$'000	Variance %
Gross revenue	**69,797**	**61,140**	**14.2**	**129,972**	**120,705**	**7.7**
Net property income	**65,832**	**55,781**	**18.0**	**121,868**	**111,234**	**9.6**
Distributable income to Unitholders (net of amount retained for capital expenditure)	**44,308**	**43,127**	**2.7**	**87,004**	**85,178**	**2.1**
Distribution Per Unit (cents)[1] - DPU for the period/year - Annualised DPU	7.32 14.64	7.13 14.26	2.7	14.38	14.08	2.1
Annualised distribution yield (%) (based on closing market price of S$3.76 as at 31 December 2022)	**3.89**	**3.79**	**2.7**	**3.82**	**3.74**	**2.1**

Singapore, 27 January 2023 – Parkway Trust Management Limited (the "Manager"), as manager of Parkway Life Real Estate Investment Trust ("PLife REIT" or the "Group"), one of Asia's largest listed healthcare REITs with an asset portfolio of S$2.2 billion, is pleased to

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

announce DPU of 7.32 Singapore cents for the second half year ended 31 December 2022 ("2H 2022") and 14.38 Singapore cents for the full year ended 31 December 2022 ("FY 2022").

Gross revenue for 2H 2022 and FY 2022 increased 14.2% year-on-year ("y-o-y") to S$69.8 million and 7.7% y-o-y to S$130.0 million respectively primarily due to higher rent from the properties acquired in 2021 & 2022, adjusted hospital revenue for Parkway East Hospital's 15th year lease (23 August 2021 - 22 August 2022) outperforming its minimum guaranteed rent, higher rent from the Group's Singapore hospitals under the new master lease agreements[2], partially offset by the divestment of P-Life Matsudo in January 2021 and depreciation of the Japanese Yen.

Overall, the Group achieved a net property income of S$65.8 million for 2H 2022, an increase of 18.0% y-o-y, and S$121.9 million for FY 2022, up 9.6% from FY 2021.

Entrenched Presence in Japan

During the year, PLife REIT strengthened its presence in the Japan's aged care market with the completion of two separate acquisitions of nursing homes across the Japanese prefecture which included three in Hokkaido and two in greater Tokyo. These yield-accretive acquisitions marked the initiation of a new collaboration with Daiwa House, a reputable real estate developer in Japan and brings the Group's total Japan portfolio footprint to 57 properties which equates to S$758.5 million in value.

This enlarged presence amid one of the most ageing populations globally places PLife REIT in good stead as it continues to shore up capabilities and expand its portfolio to address one of the biggest challenges facing Japanese society today given the strong demand for high quality elderly care. With an established track record since 2008 when it first ventured into the Japanese market, PLife REIT is one of the most established and proven aged care investors in Japan today with sound standing that positions it well to work alongside government initiatives promoting high quality aged care in Japan's silver economy.

The Group's growing Japan portfolio now spans across 17 Japan prefectures with a diversified tenant base across 30 nursing home operators. Based on gross revenue as of 31 December 2022, the Group's Japan portfolio contributed 39.2% of gross revenue and continues to bring steady recurring income stream to the Group.

[2] Higher rent from the Singapore hospitals arising from the straight-lining of rental income over the lease term i.e. effective rent. There is no distribution impact arising from effective rent treatment.

Driving Sustained Growth and Value for the Singapore Hospitals

On 23 August 2022, the renewal term of 20.4 years for the Singapore Hospitals had commenced. With clear rent structure of guaranteed 2.0% rental step-up for the Interim Period (23 August 2022 to 31 December 2022) and 3.0% annual rental step-up for the next 3 years (1 January 2023 to 31 December 2025) as well as the annual (CPI+1%) rent review formula in-place for the subsequent 17 years, the Singapore Hospitals are secured with 100% committed occupancy over the long-term. As core revenue contributing assets, the Singapore Hospitals will continue to underpin the organic growth of PLife REIT, providing a sustained quality rental income stream for the Group.

As part of the lease renewal arrangement for the Singapore Hospitals, PLife REIT will be conducting the S$150 million Renewal Capex Works at Mount Elizabeth Hospital ("MEH"). The physical construction of the Renewal Capex Works at MEH will commence from January 2023 with estimated completion by December 2025 and during this period, bulk of MEH will be progressively closed for the major upgrading works ("MEH Construction Period"). To minimise disruptions and inconveniences as a whole, PLife REIT will be synchronising the carrying out of most of its regular capital expenditure works of MEH ("Synchronised Regular Capex Works") with the MEH Construction Period. In the same spirit and with the end goal of maximising value and sustenance, additional investments were also secured from IHH Healthcare Singapore, as the parties collectively roll out the transformational major refurbishment of MEH.

Named "Project Renaissance", a wall breaking event was officially held at MEH on 3 January 2023, to officially kick start the exciting S$350 million project, jointly funded by PLife REIT and IHH Healthcare Singapore. Reflective of the furtherance of strategic collaboration, Project Renaissance upon completion, will enable both PLife REIT and IHH Healthcare Singapore to enhance the quality positioning and increase competitiveness of IHH Healthcare and PLife REIT, thereby driving further growth.

In FY 2022, the Group has registered a total net change in fair value of investment properties of S$59.4 million comprising a fair value loss of S$47.5 million and impact from straight-line rental adjustment and amortisation of right-of-use assets amounting to S$11.9 million. The valuation loss of S$47.5 million (2.1%) of the total portfolio is largely attributed to the higher capex for Singapore hospitals as a result of inflation and Synchronised Regular Capex Works for MEH.

Dynamic Capital and Prudent Financial Management

Parkway Life REIT adheres to a disciplined financial management framework to mitigate any potential refinancing risk as well as actively manages any exposure to interest rate and foreign currency risks on an ongoing basis.

Despite the challenging financial market environment during 2022, the Group successfully issued a 6-year JPY5.0 billion and a maiden 7-year JPY6.04 billion notes (the "Notes") in December 2022 at attractive fixed rates of 0.85% and 0.97% per annum respectively. With the proceeds of the Notes to be used for the pre-emptive terming out of the existing fixed rate notes due in 2023 as well as the JPY short-term loans drawn down for the five properties acquired in 2022, the Group has effectively managed its debt maturity profile with no immediate long-term debt refinancing needs until February 2024.

On an ongoing basis, the Group manages interest rate risk by largely hedging long-term committed borrowings using interest rate hedging financial instruments or issuance of fixed rate notes to strengthen Parkway Life REIT's resilience against interest rate hikes. With the Notes issuance, it has increased its proportion of fixed-rate interest bearing borrowings to 80% as of 31 December 2022, from 73% in September 2022. To manage foreign currency risk, the Group adopts a natural hedge strategy for its Japanese investments to maintain a stable net asset value and putting on JPY net income hedges till 1Q 2027 to shield against Japanese Yen currency volatility.

As at 31 December 2022, PLife REIT's interest coverage ratio stood at 18.3 times. Gearing remains optimal at 36.4% well within the regulatory gearing limit of 50.0%.

Commenting on the results, Mr. Yong Yean Chau, Chief Executive Officer of the Manager, said: "For 15 years since its IPO in 2007, the Group has delivered un-interrupted recurring DPU growth underpinned by stable income streams supported by regular rental revision and bolt-on acquisitions. Today, PLife REIT is well-positioned with a diversified portfolio of high quality and yield accretive properties across Singapore, Malaysia and Japan. Helmed by the Group's focused strategy of targeted investment, proactive asset management and strategic asset recycling and development and supported by the Group's strong financial standing, the Group is well-positioned to ride the growth of the healthcare sector in the Asia-Pacific region even as it continues to create long-term value for its unitholders."

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About Parkway Life REIT

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

PLife REIT owns a well-diversified portfolio of 61 properties located in the Asia Pacific region, with a total portfolio size of approximately S$2.20 billion[3] as at 31 December 2022. It owns the largest portfolio of strategically located private hospitals in Singapore comprising Mount Elizabeth Hospital, Gleneagles Hospital and Parkway East Hospital. In addition, it has 57 assets of high-quality nursing home and care facility properties in various prefectures of Japan. It also owns strata-titled units/lots in MOB Specialist Clinics Kuala Lumpur in Malaysia.

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

[3] Based on latest appraised values (excludes right-of-use assets).