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

PARKWAY LIFE REAL ESTATE INVESTMENT TRUST
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020 UNAUDITED FINANCIAL STATEMENT & DISTRIBUTION ANNOUNCEMENT

INTRODUCTION

Parkway Life Real Estate Investment Trust ("Parkway Life REIT") is a real estate investment trust constituted by the Trust Deed entered into on 12 July 2007 (as amended) between Parkway Trust Management Limited as the Manager and HSBC Institutional Trust Services (Singapore) Limited as the Trustee. Parkway Life REIT was listed on the Singapore Exchange Securities Trading Limited ("SGX-ST") on 23 August 2007 ("Listing Date").

Parkway Life REIT is one of the largest listed healthcare REITs in Asia by asset size. It was established 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. In Singapore, Parkway Life REIT owns the largest portfolio of private hospitals comprising Mount Elizabeth Hospital, Gleneagles Hospital, and Parkway East Hospital (collectively, the "Singapore Hospital Properties").

In Japan, Parkway Life REIT owns one pharmaceutical product distributing and manufacturing facility in Chiba Prefecture, as well as 49 high quality nursing home and care facility properties located in various prefectures of Japan. This is inclusive of the nursing home acquired in December 2020 (collectively, the "Japan Properties").

As at 31 December 2020, Parkway Life REIT owns a well-diversified portfolio of 54 properties located in the Asia-Pacific region, including three hospitals in Singapore, 50 healthcare and healthcare-related assets in Japan and strata titled units/lots in MOB Specialist Clinics, Kuala Lumpur, Malaysia. Its total portfolio size stands at approximately S$2.0 billion as at 31 December 2020.

Parkway Life REIT's policy is to distribute at least 90% of its taxable income and net overseas income, with the actual level of distribution to be determined by the Manager. An amount of S$3.0 million is retained for capital expenditure on existing properties each year.

SUMMARY OF PARKWAY LIFE REIT'S RESULTS FOR THE YEAR ENDED 31 DECEMBER 2020

		2020	2019	Increase	
	Notes	S$'000	S$'000	S$'000	%
Gross Revenue		**120,892**	**115,222**	**5,670**	**4.9**
Net Property Income		**112,528**	**108,225**	**4,303**	**4.0**
Amount Available for Distribution	(a)	**83,887**	**79,822**	**4,065**	**5.1**
Amount retained for COVID-19 related relief measures	(b)	(478)	-	478	n.m.[1]
Distributable Income to Unitholders		**83,409**	**79,822**	**3,587**	**4.5**
Distribution per unit (cents)	(c)	**13.79**	**13.19**	**0.60**	**4.5**
Distribution yield (%), based on - Closing market price of S$3.87 as at 31 December 2020		**3.56**	**3.41**		**4.5**

Note(s):

(a) Net of amount retained for capital expenditure on existing properties amounting to S$3.0 million each year.

(b) As part of the S$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.

[1] The term "n.m." used throughout the financial statement and distribution announcement denotes "not meaningful".

1(a) Statement of Total Return (for the group), together with a comparative statement for the corresponding period of the immediately preceding financial year

Consolidated Statement of Total Return

	Notes	4Q 2020 S$'000	4Q 2019 S$'000	Inc/ (Dec) %	2020 S$'000	2019 S$'000	Inc/ (Dec) %
Gross revenue		**30,566**	**28,039**	**9.0**	**120,892**	**115,222**	**4.9**
Property expenses		(2,107)	(716)	194.3	(8,364)	(6,997)	19.5
Net property income		**28,459**	**27,323**	**4.2**	**112,528**	**108,225**	**4.0**
Management fees	(a)	(3,213)	(3,024)	6.3	(12,647)	(11,881)	6.4
Trust expenses	(b)	(789)	(765)	3.1	(3,739)	(3,074)	21.6
Net foreign exchange gain/(loss)		40	(217)	n.m.	90	(114)	n.m.
Interest income		1	2	(50.0)	7	10	(30.0)
Finance costs	(c)	(1,351)	(1,713)	(21.1)	(5,237)	(6,617)	(20.9)
Other expenses	(d)	(905)	-	n.m.	(1,218)	-	n.m.
Non-property expenses		**(6,217)**	**(5,717)**	**8.7**	**(22,744)**	**(21,676)**	**4.9**
Total return before changes in fair value of financial derivatives and investment properties		**22,242**	**21,606**	**2.9**	**89,784**	**86,549**	**3.7**
Net change in fair value of financial derivatives	(e)	1,126	4,102	(72.5)	(823)	2,436	n.m.
Net change in fair value of investment properties	(f)	7,444	43,019	(82.7)	7,428	43,019	(82.7)
Total return for the period before tax and distribution		**30,812**	**68,727**	**(55.2)**	**96,389**	**132,004**	**(27.0)**
Income tax expense	(g)	(3,309)	(2,732)	(21.1)	(9,165)	(8,607)	6.5
Total return for the period after tax before distribution		**27,503**	**65,995**	**(58.3)**	**87,224**	**123,397**	**(29.3)**

Note(s):

(a) Management fees comprise Manager's management fees and asset management fees payable to the asset managers of the Japan Properties.

(b) Trust expenses comprise mainly of Trustee's fees, professional fees and travelling expenses.

(c) Finance costs largely consist of interest expense on loans, settlement on interest rate swaps that provide fixed rate funding on loans, amortisation of costs of interest rate caps, amortisation of transaction costs of establishing debt facilities and the finance costs on lease liabilities.

(d) COVID-19 related support and targeted assistance extended to tenant(s).

(e) The Group entered into foreign currency forward contracts to hedge its net foreign income from Japan. The changes in fair value of the foreign currency forward contracts and any ineffective portion of changes in the fair value of designated hedging instrument were recognised in Statement of Total Return.

(f) Valuations were performed by independent professional valuers for all investment properties as at 31 December 2020. The net change in fair value of investment properties represented a gain of 0.4% in the total portfolio value. The net change in fair value of investment properties in 2020 also included the right-of-use adjustment for a Japan leasehold property acquired in December 2019.

(g) Included in 4Q 2020 income tax expense is the withholding tax of S$1.3 million (4Q 2019: S$1.1 million) and deferred tax of S$2.0 million (4Q 2019: S$1.6 million) in respect of the Japan investment properties for the temporary differences between the fair value and the tax written down value at the applicable tax rate.

Distribution Statement

	Note	4Q 2020 S$'000	4Q 2019 S$'000	Inc/ (Dec) %	2020 S$'000	2019 S$'000	Inc/ (Dec) %
Total return after tax before distribution		**27,503**	**65,995**	**(58.3)**	**87,224**	**123,397**	**(29.3)**
Non-tax deductible/(non-taxable) items:							
Trustee's fees		86	82	4.9	339	322	5.3
Amortisation of transaction costs relating to debt facilities		152	151	0.7	623	688	(9.4)
Net change in fair value of financial derivatives		(1,126)	(4,102)	(72.5)	823	(2,436)	n.m.
Net fair value gain on investment properties (net of deferred tax impact)		(5,507)	(41,427)	(86.7)	(3,456)	(39,315)	(91.2)
Foreign exchange loss		12	308	(96.1)	13	292	(95.5)
Others		253	(12)	n.m.	1,176	(126)	n.m.
Net effect of non-tax deductible/(non-taxable) items		**(6,130)**	**(45,000)**	**(86.4)**	**(482)**	**(40,575)**	**(98.8)**
Rollover adjustment	(a)	64	-	n.m.	145	-	n.m.
Amount available for distribution to Unitholders		**21,437**	**20,995**	**2.1**	**86,887**	**82,822**	**4.9**
Amount retained for capital expenditure	(b)	(750)	(750)	-	(3,000)	(3,000)	**-**
Amount available for distribution (net of capex retention)		**20,687**	**20,245**	**2.2**	**83,887**	**79,822**	**5.1**
Amount released/(retained) for COVID-19 related relief measures	(c)	905	-	n.m.	(478)	-	n.m.
Distributable income to Unitholders	(d)	**21,592**	**20,245**	**6.7**	**83,409**	**79,822**	**4.5**

Note(s):

(a) 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 and 2019. Differences have been adjusted under the rollover mechanism agreed with the IRAS.

(b) An amount of S$3.0 million is retained for capital expenditure on existing properties each year.

(c) As part of the S$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.

(d) 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.

1(b)(i) Statement of financial position (for the issuer and group), together with a comparative statement as at the end of the immediately preceding financial year

	Notes	Group 31/12/20 S$'000	Group 31/12/19 S$'000	Trust 31/12/20 S$'000	Trust 31/12/19 S$'000
Current assets					
Trade and other receivables	(a)	18,060	11,971	39,701	61,683
Financial derivatives		-	28	-	28
Cash and cash equivalents		22,658	21,870	1,487	959
Asset held for sale	(b)	30,872	-	-	-
		71,590	**33,869**	**41,188**	**62,670**
Non-current assets					
Investment properties	(b)	1,991,019	1,966,140	1,213,800	1,210,700
Interests in subsidiaries		-	-	603,205	567,182
Financial derivatives		4,362	3,018	4,362	3,018
Total assets		**2,066,971**	**2,003,027**	**1,862,555**	**1,843,570**
Current liabilities					
Financial derivatives		2,266	2,496	2,266	2,496
Trade and other payables	(a)	26,867	21,940	19,343	13,802
Current portion of security deposits		608	697	-	-
Lease liabilities		14	14	-	-
Loans and borrowings	(c)	163,022	77,745	163,022	77,745
Provision for taxation		2	2	-	-
		192,779	**102,894**	**184,631**	**94,043**
Non-current liabilities					
Financial derivatives		261	817	261	817
Non-current portion of security deposits		19,940	18,139	-	-
Lease liabilities		2,113	2,127	-	-
Loans and borrowings	(d)	628,502	662,288	628,502	662,288
Deferred income		2,103	2,316	-	-
Deferred tax liabilities		37,658	32,598	-	-
Total liabilities		**883,356**	**821,179**	**813,394**	**757,148**
Net assets		**1,183,615**	**1,181,848**	**1,049,161**	**1,086,422**
Represented by:					
Unitholders' funds		1,183,615	1,181,848	1,049,161	1,086,422
Total equity		**1,183,615**	**1,181,848**	**1,049,161**	**1,086,422**

Note(s):

(a) The increase in trade and other receivables and, trade and other payables relate to Small and Medium Enterprises (SMEs) cash grants, to be disbursed to eligible sub-lessee and is being administered by the master lessee on behalf of the Group. Any excess amounts are receivable from the master lessee and will be refunded to the government.

(b) The increase in investment properties was due to the gain on property revaluation, acquisition of a nursing home in Japan on 18 December 2020 and appreciation of the Japanese Yen as compared to 31 December 2019. However, the increase was partially offset by the reclassification of P-Life Matsudo to asset held for sale as the Group has plans to sell off its investment property in the near term. Investment properties were stated at valuation performed by independent valuers as at 31 December 2020. A revaluation gain of S$7.4 million was recognised in the Statement of Total Return.

(c) The increase in current term borrowings was mainly due to reclassification of loan facilities maturing in the next 12 months and drawdown of short term loan facilities. During the year, the Group has refinanced a matured S$75.2 million loan facility and extended the maturity of another loan facility due in 2021.

The current term borrowings as at 31 December 2020 included two loan facilities (approximately S$133.3 million) maturing in June 2021. In 4Q 2020, the Group has secured new loan facilities to term out these maturing debts upon their maturity next 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.

(d) The decrease in long term borrowings was mainly due to reclassification of maturing loan facilities to current term borrowings, partially offset by the drawdown of new loan facility for refinancing purpose as mentioned in point (b) and appreciation of the Japanese Yen.

1(b)(ii) Aggregate amount of borrowings

	Group 31/12/20 S$'000	Group 31/12/19 S$'000	Trust 31/12/20 S$'000	Trust 31/12/19 S$'000
Unsecured gross borrowings				
Amount repayable within one year	163,093	77,800	163,093	77,800
Amount repayable after one year	630,819	663,940	630,819	663,940
Less: Transaction costs in relation to the term loan and revolving credit facilities	(2,388)	(1,707)	(2,388)	(1,707)
	791,524	**740,033**	**791,524**	**740,033**

Parkway Life REIT has a Baa2 issuer rating, as well as a provisional (P)Baa2 senior unsecured rating to the S$500 million Multicurrency Debt Issuance Programme (the "Debt Issuance Programme") by Moody's, with Stable Outlook.

Parkway Life REIT's gearing[2] was 38.5% as at 31 December 2020 within the 50%[3] limit allowed under the Monetary Authority of Singapore's Property Funds Appendix. The interest coverage ratio stood at 18.1 times[4] at of 31 December 2020.

(a) <u>**Details of borrowings and collateral**</u>

Unsecured Borrowings

As at 31 December 2020, the total credit facilities drawn of JPY31,698 million (approximately S$406.0 million[5]) and S$206.9 million (the "**Long Term Facilities**") were committed, unsecured and rank *pari passu* with all the other present and future unsecured debt obligations of Parkway Life REIT.

During the year, three of the Long Term Facilities amounting to approximately S$208.3 million[5] (i.e. JPY6,500 million and S$125.0 million) were reclassified to current term borrowings due to their maturity in 2021. In 4Q 2020, the Group has put in place 6-year committed and unsecured loan facilities which will be used to term out two loans upon their maturity in June 2021, as well as extended the maturity of the remaining loan facility due in 2021.

[2] Total debts (including lease liabilities) as a percentage of total assets.
[3] On 16 April 2020, the MAS has raised the leverage limit for S-REITs from 45% to 50%.
[4] Interest coverage ratio as prescribed under the Monetary Authority of Singapore's Property Funds Appendix (last revised on 16 April 2020).
[5] Based on exchange rate of S$1.281 per JPY100 as at 31 December 2020.

Interest on the Long Term Facilities is subjected to re-pricing on a monthly or quarterly basis or any other interest period as mutually agreed between the lenders and the Group, and is based on the relevant floating rate plus a margin.

In addition, Parkway Life REIT has two unsecured and uncommitted short term multi-currency facilities ("**Uncommitted Short Term Facilities**") amounting to S$120 million for general working capital purposes. As at 31 December 2020, the Group has drawn down S$2.8 million and JPY2,106 million (approximately S$27.0 million[5]) over one to four months via the Uncommitted Short Term Facilities, at the bank's cost of fund.

Unsecured Debt Issuance

Parkway Life REIT, through its wholly-owned subsidiary, Parkway Life MTN Pte Ltd (the "MTN Issuer"), has put in place a S$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, the MTN Issuer 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.

The notes shall constitute direct, unconditional, unsecured and unsubordinated obligations of the respective issuer ranking *pari passu*, without any preference or priority among themselves, and *pari passu* with all other present and future unsecured obligations (other than subordinated obligations and priorities created by law) of the respective issuer. All sums payable in respect of the notes issued by the MTN Issuer are unconditionally and irrevocably guaranteed by Parkway Life REIT Trustee. The liability of the trustee shall be limited to the assets of Parkway Life REIT over which the trustee has recourse.

As at 31 December 2020, there were three series of outstanding fixed rate notes issued under the Debt Issuance Programme amounted to JPY11,800 million (approximately S$151.2 million[5]).

(b) **Interest Rate Swaps, Interest Rate Caps and Foreign Currency Forwards**

For the financing facilities put in place for the acquisitions of investment properties in Japan, the Group has entered into various interest rate swaps, interest rate caps and fixed rate cross currency swap to hedge the floating rate loans.

The appropriate hedge accounting treatment is applied to the interest rate swaps and fixed rate cross currency swap whereby the effective portion of changes in the fair value are recognised directly in Unitholders' funds. To the extent that the hedge is ineffective, such differences are recognised in the Statement of Total Return. Hedge accounting treatment is also applied to the interest rate caps whereby the intrinsic value and time value of the interest rate caps is recognised in the hedging reserve and the cost of hedging reserve respectively.

The Group has also entered into foreign currency forward contracts to hedge the net foreign income from Japan. As at 31 December 2020, the Group has put in place Japanese Yen forward contracts till 2Q 2025. This enhances the stability of distribution to Unitholders.

The changes in fair value of the foreign currency forward contracts were recognised in the Statement of Total Return.

1(c) Statement of cash flows (for the group), together with a comparative statement for the corresponding period of the immediately preceding financial year

	Notes	4Q 2020 S$'000	4Q 2019 S$'000	2020 S$'000	2019 S$'000
Operating activities					
Total return before tax and distribution		**30,812**	**68,727**	**96,389**	**132,004**
Adjustments for					
Interest income		(1)	(2)	(7)	(10)
Finance costs		1,351	1,713	5,237	6,617
Net change in fair value of financial derivatives		(1,126)	(4,102)	823	(2,436)
Net change in fair value of investment properties		(7,444)	(43,019)	(7,428)	(43,019)
Deferred income recognised		(257)	(251)	(257)	(251)
Operating income before working capital changes		**23,335**	**23,066**	**94,757**	**92,905**
Changes in working capital					
Trade and other receivables		(6,002)	403	(6,048)	(765)
Trade and other payables		8,253	1,668	5,880	1,060
Security deposits		898	1,062	788	993
Cash generated from operations		26,484	26,199	95,377	94,193
Income tax paid		(1,422)	(1,254)	(5,065)	(4,945)
Cash flows generated from operating activities	**(a)**	**25,062**	**24,945**	**90,312**	**89,248**
Investing activities					
Interest received		1	2	7	10
Capital expenditure on investment properties		(1,424)	(2,953)	(4,579)	(9,633)
Cash outflow on purchase of investment properties (including acquisition related costs)	**(b)**	(23,405)	(51,518)	(24,003)	(51,518)
Cash flows used in investing activities	**(c)**	**(24,828)**	**(54,469)**	**(28,575)**	**(61,141)**
Financing activities					
Interest paid		(1,105)	(1,206)	(5,101)	(5,441)
Distribution to Unitholders		(21,417)	(19,965)	(82,038)	(79,437)
Proceeds from borrowings		58,258	80,154	128,191	239,997
Repayment of borrowings		(45,861)	(38,898)	(100,834)	(182,428)
Borrowing costs paid		(978)	(492)	(1,650)	(1,131)
Repayment of lease liabilities		(8)	(2)	(32)	(2)
Cash flows (used in)/generated from financing activities	**(d)**	**(11,111)**	**19,591**	**(61,464)**	**(28,442)**
Net (decrease)/ increase in cash and cash equivalents		**(10,877)**	**(9,933)**	**273**	**(335)**
Cash and cash equivalents at beginning of the period/year		**33,859**	**32,008**	**21,870**	**21,832**
Effects of exchange differences on cash balances		(324)	(205)	515	373
Cash and cash equivalents at end of the period/year		**22,658**	**21,870**	**22,658**	**21,870**

Note(s):

(a) The higher cash flows from operating activities in 4Q 2020 includes rental income from the nursing home acquired in December 2020 and higher rent from the Singapore properties.

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

	4Q 2020 S$'000	4Q 2019 S$'000	2020 S$'000	2019 S$'000
Investment properties	21,203	45,732	21,203	45,732
Acquisition related costs	2,202	5,786	2,800	5,786
Net cash outflow/Cash consideration paid	**23,405**	**51,518**	**24,003**	**51,518**

(c) The cash flows in investing activities in 4Q 2020 was mainly due to acquisition of a nursing home in Japan and payment of capital expenditure on existing properties.

(d) The cash flows in financing activities in 4Q 2020 was mainly due to the payment of 3Q 2020 distribution to Unitholders, repayment of short-term facilities partially offset by the drawdown of loan facility to finance the property acquisition.

1(d)(i) Statement of changes in Unitholders' funds

	Notes	Group 4Q 2020 S$'000	Group 4Q 2019 S$'000	Group 2020 S$'000	Group 2019 S$'000
Unitholders' funds at beginning of period/year		**1,175,398**	**1,130,703**	**1,181,848**	**1,136,393**
Operations					
Total return after tax		**27,503**	**65,995**	**87,224**	**123,397**
Translation transactions					
Net movement in foreign currency translation reserve	(a)	**1,882**	**4,845**	**(913)**	**872**
Hedging reserve					
Net movement in hedging reserve	(b)	**247**	**(31)**	**(2,582)**	**322**
Cost of hedging reserve					
Net movement in cost of hedging reserve	(c)	**2**	**301**	**76**	**301**
Unitholders' transactions					
Distribution to Unitholders		**(21,417)**	**(19,965)**	**(82,038)**	**(79,437)**
Unitholders' funds at end of period/year		**1,183,615**	**1,181,848**	**1,183,615**	**1,181,848**

	Notes	Trust 4Q 2020 S$'000	Trust 4Q 2019 S$'000	Trust 2020 S$'000	Trust 2019 S$'000
Unitholders' funds at beginning of period/year		**1,042,442**	**1,020,136**	**1,086,422**	**1,052,523**
Operations					
Total return after tax		**27,887**	**85,981**	**47,283**	**112,713**
Hedging reserve					
Net movement in hedging reserve	(b)	**247**	**(31)**	**(2,582)**	**322**
Cost of hedging reserve					
Net movement in cost of hedging reserve	(c)	**2**	**301**	**76**	**301**
Unitholders' transactions					
Distribution to Unitholders		**(21,417)**	**(19,965)**	**(82,038)**	**(79,437)**
Unitholders' funds at end of period/year		**1,049,161**	**1,086,422**	**1,049,161**	**1,086,422**

Note(s):

(a) Foreign currency translation reserve encompasses the exchange differences arising from the translation of the financial statements of the foreign operations, as well as the effective portion of any currency differences arising from hedges of net investments in foreign operations.

(b) Hedging reserve comprises the effective portion of the cumulative net change in the fair value of cash flow hedging instruments used to hedge against cash flow variability arising from interest payments on floating rate loans, as well as the intrinsic value of the interest rate caps.

(c) Cost of hedging reserve comprises the amortisation of costs and time value of interest rate caps.

1(d)(ii) Details of any changes in the units

	4Q 2020 ’000	4Q 2019 ’000	2020 ’000	2019 ’000
Units in issue at beginning and at end of period/year	**605,002**	**605,002**	**605,002**	**605,002**

2 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.

3 Where the figures have been audited or reviewed, the auditors’ report (including any qualifications or emphasis of matter).

Not Applicable.

4 Whether the same accounting policies and methods of computation as in the issuer’s most recently audited annual financial statements have been applied.

Except as disclosed in paragraph 5 below, the accounting policies and methods of computation applied in the financial statements for the current reporting period are consistent with those disclosed in the audited financial statements for the year ended 31 December 2019.

5 If there are any changes in the accounting policies and methods of computation, including any required by an accounting standard, what has changed, as well as the reasons for, and the effect of, the change.

The Group adopted a number of new standards, amendments to standards and interpretations that are effective for annual periods beginning on or after 1 January 2020. The adoption of new standards, amendments to standards are interpretations did not result in any significant impact on the financial statements of the Group.

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

	Notes	4Q 2020 '000	4Q 2019 '000	2020 '000	2019 '000
Number of units in issue at end of period/year		**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)	**4.55**	**10.91**	**14.42**	**20.40**
Applicable number of units for calculation of DPU		**605,002**	**605,002**	**605,002**	**605,002**
Distribution per unit in cents (DPU)	(b)	**3.57**	**3.34**	**13.79**	**13.19**

Note(s):

(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.

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

	Notes	Group 31/12/20 S$	Group 31/12/19 S$	Trust 31/12/20 S$	Trust 31/12/19 S$
Net asset value ("NAV") per unit	(a)	**1.96**	**1.95**	**1.73**	**1.80**
Adjusted NAV per unit (excluding the distributable income)		**1.92**	**1.92**	**1.70**	**1.76**
Net tangible asset per unit	(a)	**1.96**	**1.95**	**1.73**	**1.80**

Note(s):

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

8 Review of the performance

	4Q 2020 S$'000	4Q 2019 S$'000	Inc/ (Dec) %	2020 S$'000	2019 S$'000	Inc/ (Dec) %
Gross revenue	**30,566**	**28,039**	**9.0**	**120,892**	**115,222**	**4.9**
Property expenses	(2,107)	(716)	194.3	(8,364)	(6,997)	19.5
Net property income	**28,459**	**27,323**	**4.2**	**112,528**	**108,225**	**4.0**
Management fees	(3,213)	(3,024)	6.3	(12,647)	(11,881)	6.4
Trust expenses	(789)	(765)	3.1	(3,739)	(3,074)	21.6
Net foreign exchange gain/(loss)	40	(217)	n.m.	90	(114)	n.m.
Interest income	1	2	(50.0)	7	10	(30.0)
Finance costs	(1,351)	(1,713)	(21.1)	(5,237)	(6,617)	(20.9)
Other expenses	(905)	-	n.m.	(1,218)	-	n.m.
Non-property expenses	**(6,217)**	**(5,717)**	**8.7**	**(22,744)**	**(21,676)**	**4.9**
Total return before changes in fair value of financial derivatives and investment properties	**22,242**	**21,606**	**2.9**	**89,784**	**86,549**	**3.7**
Net change in fair value of financial derivatives	1,126	4,102	(72.5)	(823)	2,436	n.m.
Net change in fair value of investment properties	7,444	43,019	(82.7)	7,428	43,019	(82.7)
Total return for the period before tax and distribution and investment properties	**30,812**	**68,727**	**(55.2)**	**96,389`**	**132,004**	**(27.0)**
Income tax expense	(3,309)	(2,732)	21.1	(9,165)	(8,607)	6.5
Total return for the period after tax before distribution	**27,503**	**65,995**	**(58.3)**	**87,224**	**123,397**	**(29.3)**
Net effect of non-tax deductible/(non-taxable) items	(6,130)	(45,000)	(86.4)	(482)	(40,575)	(98.8)
Rollover adjustment	64	-	n.m.	145	-	n.m.
Amount available for distribution to Unitholders	**21,437**	**20,995**	**2.1**	**86,887**	**82,822**	**4.9**
Amount retained for capital expenditure	(750)	(750)	-	(3,000)	(3,000)	-
Amount available for distribution (net of capex retention)	**20,687**	**20,245**	**2.2**	**83,887**	**79,822**	**5.1**
Amount released/(retained) for COVID-19 related relief measures	905	-	n.m.	(478)	-	n.m.
Distributable income to Unitholders	**21,592**	**20,245**	**6.7**	**83,409**	**79,822**	**4.5**
Distribution per Unit (cents)	**3.57**	**3.34**	**6.7**	**13.79**	**13.19**	**4.5**
Annualised Distribution per Unit (cents)	**14.28**	**13.36**	**6.7**	**13.79**	**13.19**	**4.5**

<u>4Q 2020 Vs 4Q 2019</u>

Gross revenue for 4Q 2020 comprised contribution from a nursing home acquired on 18 December 2020, full quarter contribution from the three nursing rehabilitation facilities acquired in December 2019, higher rent from the Singapore properties as well as the appreciation of the Japanese Yen.

Property expenses were significantly lower in 4Q 2019 due to an one-off reclassification of insurance reimbursement received in FY2019 from gross revenue to property expenses to better reflect the performance of the underlying properties. Notwithstanding the reclassification, there is no impact to the net property income.

After deducting property expenses, we have achieved a net property income of S$28.5 million for 4Q 2020, which was S$1.1 million higher than 4Q 2019.

The increase in management fees was mainly due to higher deposited property value and higher net property income from the properties acquired in December 2019 and 2020, as well as valuation gains on the existing property portfolio and appreciation of Japanese Yen, which led to a corresponding increase in deposited property.

In 4Q 2020, the Group has recognised a realised foreign exchange gain of S$51,000 from the delivery of quarterly Japanese Yen forward contracts to hedge the net income from Japan.

Finance costs have decreased due to a reduction in net financing cost arising from the extension of interest rate hedges in 4Q 2019 and 1Q 2020, loan refinancing initiative completed in 3Q 2020 and lower interest costs for the Singapore dollars debts, partially offset by the appreciation of the Japanese Yen.

Overall, distribution per unit (DPU) of 3.57 cents for 4Q 2020 has outperformed by 6.7% or 0.23 cents as compared to 4Q 2019, mainly led by contribution from the properties acquired in December 2019 and 2020, rental growth of existing properties and financing cost savings.

2020 Vs 2019

Gross revenue for 2020 has increased by 4.9% year-on-year to S$120.9 million. The growth was largely attributed to revenue contribution from the Japan property acquisitions in December 2019 and 2020, higher rent from the existing properties and appreciation of the Japanese Yen.

Property expenses for 2020 were S$1.4 million or 19.5% higher than 2019 due to higher repair expenses incurred in 2020 and general increase in property expenses in line with larger portfolio in 2020. The result was a net property income of S$112.5 million for 2020, which was S$4.3 million higher than 2019.

The Manager's management fees for 2020 of S$12.6 million was 6.4% higher than 2019. This was due to higher deposited property value and higher net property income from the properties acquired in December 2019 and 2020 as well as valuation gains on the existing property portfolio and appreciation of the Japanese Yen which led to a corresponding increase in deposited property.

Finance costs have decreased mainly due to finance cost savings arising from the loan refinancing initiatives and extension of interest rate hedges completed in 2019 and 2020 as well as lower interest costs for the Singapore dollars debts. The drop in finance costs was partially offset by the appreciation of the Japanese Yen. Higher trust expenses for 2020 due to higher professional fees incurred during the period.

Of the net foreign exchange movement, the Group had registered a realised foreign exchange gain amounting to about S$104,000 and S$179,000 from the delivery of Japan net income hedges in 2020 and 2019 respectively.

The Group has retained S$1.7 million as part of the COVID-19 related relief measures for tenants announced in 1Q 2020. The retention sum was released as and when the COVID-19 related support has been utilised.

Overall, DPU for 2020 of 13.79 cents has outperformed by 4.5% or 0.60 cents as compared with 2019's DPU of 13.19 cents, mainly led by acquisitions, rental growth of existing properties, financing cost savings and partially offset by the retention for COVID-19 related relief measures.

9 Review of the performance against Forecast/Prospect Statement

Not Applicable.

10 Commentary on 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 reporting period and the next 12 months.

Following an unparalleled 12 months, the COVID-19 pandemic remains unabated with resurgence of infection in several countries and emergence of new strains. While several coronavirus vaccines have now been approved for use offering some light at the end of the tunnel, supply and distribution of the vaccine remains an issue. Globally, countries continue to put in place varying degrees of travel and movement restrictions with subdued global economic recovery as the uncertainty remains.

At Parkway Life REIT, its portfolio of 54 healthcare and healthcare-related assets continues to be operational with its healthcare tenants enforcing strict precautionary infection control measures to keep their employees and patients/ nursing care residents safe.

Against a backdrop of volatility in the macro economy and tepid performance in the financial markets, Parkway Life REIT continues to deliver sustainable returns while remaining in a stable financial position with a healthy gearing of 38.5% and interest cover of 18.1 times[6]. Further, the REIT expects the recent acquisition of one nursing home in December 2020 to contribute positively to the Group's results.

The portfolio is largely supported by favourable rental lease structures, where at least 95% of its Singapore and Japan portfolios have downside revenue protection[7] and 58% of the total portfolio is pegged to CPI-linked revision formula, ensuring steady rental growth whilst protecting revenue stability amid uncertain market conditions.

With its stable yield backed by defensive income structure, Parkway Life REIT continues to strengthen its balance sheet with no long-term debt refinancing needs until 2022. Additionally, Parkway Life REIT adopts prudent financial risk management to manage the exposure to interest rate risk and foreign currency risk. 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 contracts to shield against Japanese Yen currency volatility.

Going forward, Parkway Life REIT will continue to focus on driving resilient returns backed by solid financial management. The healthcare industry will remain critically essential in a rapidly aging population with greater demand for better quality healthcare and aged care services. Parkway Life REIT's portfolio of 54 high-quality healthcare and healthcare-related assets places it in a good position to benefit from the resilient growth of the healthcare industry in the Asia Pacific region.

[6] Interest coverage ratio as prescribed under the Monetary Authority of Singapore's Property Funds Appendix (last revised on 16 April 2020).
[7] Based on existing lease agreements and subject to applicable laws.

11 Distributions

(a) Current financial period

Any distributions declared for the current financial period: Yes

Name of distribution: Fourth quarter distribution for the period from 1 October 2020 to 31 December 2020

Distribution Type	Distribution Rate (cents per unit)
Taxable Income	2.29
Exempt Income	0.57
Capital Distribution	0.71
Total	**3.57**

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: Fourth quarter distribution for the period from 1 October 2019 to 31 December 2019

Distribution Type	Distribution Rate (cents per unit)
Taxable Income	2.35
Exempt Income	0.47
Capital Distribution	0.52
Total	**3.34**

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%.

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.

(c) Book closure date: 2 February 2021

(d) Date payable: 26 February 2021

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

Not Applicable.

13 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.

14 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).

PART II – ADDITIONAL INFORMATION FOR FULL YEAR ANNOUNCEMENT

15 Segmented revenue and results for operating segments (of the group) in the form presented in the issuer's most recently audited annual financial statements, with comparative information for the immediately preceding year.

As at 31 December 2020, the operating segments of the Group comprise the following segments – Hospital Properties, Nursing Home and Care Facility Properties, Pharmaceutical Product Distributing and Manufacturing Facility and Medical Centre Units.

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 one Pharmaceutical Product Distributing and Manufacturing Facility) and Medical Centre Units in Malaysia. Accordingly, no geographical segmental analysis is separately presented.

	FY 2020 S$'000	FY 2019 S$'000	Change %
Hospital Properties (Singapore) [1]	69,457	68,493	1.4
Nursing Home and Care Facility Properties (Japan) [2]	49,401	44,692	10.5
Pharmaceutical Product Distributing and Manufacturing Facility (Japan) [3]	1,725	1,671	3.2
Medical Centre Units (Malaysia) [4]	309	366	(15.6)
Total gross revenue	120,892	115,222	4.9

	FY 2020 S$'000	FY 2019 S$'000	Change %
Hospital Properties (Singapore) [1]	66,298	65,375	1.4
Nursing Home and Care Facility Properties (Japan) [2]	44,456	41,060	8.3
Pharmaceutical Product Distributing and Manufacturing Facility (Japan) [3]	1,616	1,569	3.0
Medical Centre Units (Malaysia) [4]	158	221	(28.5)
Total net property income	112,528	108,225	4.0

Footnotes

(1) Higher revenue and net property income was driven by the higher rent under the inflation-linked CPI + 1% rental review mechanism.

(2) Increase in revenue and net property income was mainly due to full year revenue contribution of the properties acquired in December 2019, close to half a month of revenue contribution from the nursing home property acquired on 18 December 2020 and appreciation of the Japanese Yen.

(3) Increase in revenue and net property income was mainly due to the appreciation of the Japanese Yen.

(4) Decrease in revenue was mainly due to lower rent arising from a strata unit that remained vacant after its lease expiry in end February 2019 and depreciation of the Malaysia Ringgit. The vacant unit is currently undergoing evaluation to convert it to medical suites.

16 In the review of performance, the factors leading to any material changes in contributions to turnover and earnings by the operating segments

Refer to section 8 for the review of actual performance.

17 Breakdown of gross revenue and total return after tax before distribution

	FY 2020 S$'000	FY 2019 S$'000	Change %
Gross revenue reported for first half year	60,146	57,254	5.1
Total return after tax before distribution for first half year	38,955	38,699	0.7
Gross revenue reported for second half year	60,746	57,968	4.8
Total return after tax before distribution for second half year	48,269	84,698	(43.0)

18 Breakdown of the total distribution

In respect of the period:

	FY 2020 S$'000	FY 2019 S$'000
1 October 2018 to 31 December 2018		19,844
1 January 2019 to 31 March 2019		19,844
1 April 2019 to 30 June 2019		19,784
1 July 2019 to 30 September 2019		19,965
1 October 2019 to 31 December 2019	20,207	
1 January 2020 to 31 March 2020	20,086	
1 April 2020 to 30 June 2020	20,328	
1 July 2020 to 30 September 2020	21,417	

19 Disclosure of person occupying a managerial position in the issuer or any of its principal subsidiaries who is a relative of a director or chief executive officer or substantial shareholder of the issuer pursuant to Rule 704(10) in the format below. If there are no such persons, the issuer must make an appropriate negative statement.

Neither Parkway Trust Management Limited nor Parkway Life REIT and any of its principal subsidiaries have any person occupying a managerial position who is related to a director or chief executive officer or substantial shareholder.

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
25 January 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.