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

ANNUAL GENERAL MEETING ON 21 APRIL 2025

RESPONSES TO THE SUBSTANTIAL AND RELEVANT QUESTIONS

Parkway Trust Management Limited, as manager of Parkway Life Real Estate Investment Trust ("**Parkway Life REIT**", and the manager of Parkway Life REIT, the "**Manager**"), refers to Parkway Life REIT's notice of annual general meeting ("**AGM**") and the accompanying AGM announcement dated 28 March 2025.

The Manager would like to thank all Unitholders who have submitted their questions in advance of the AGM.

Please refer to the Annex hereto for the Manager's responses to the substantial and relevant questions which have been submitted by Unitholders.

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

Chan Wan Mei
Company Secretary
14 April 2025

ANNEX

LIST OF SUBSTANTIAL AND RELEVANT QUESTIONS AND RESPONSES

Question 1

For the debts that are required to be refinanced in 2026 and 2027, are their rates much lower than the current market rates? Approximately how much will the cost of debt increase if these are refinanced today?

Manager's Response:

The interest rate environment is expected to be volatile given the current economic uncertainty due to the current global trade policy uncertainty. PLife REIT adheres to a disciplined financial management framework. It has no more than 30% of outstanding debts due in a single year and hedges at least 50% (up to 100%) of all financial risks. As at 31 December 2024, about 87% of interest rate exposure is hedged. As part of its prudent capital management, PLife REIT has been progressively extending its maturing debts and its corresponding hedges for longer term so as to mitigate potential interest rate volatility. In this way, even if all-in interest costs are likely to move up as compared to the past years, any potential interest cost changes shall have a gradual impact on the REIT's distribution per unit.

Unitholders may refer to the cash flow sensitivity analysis on the financial impact to the REIT's total return arising from rising/declining interest costs, assuming a change in interest rate of 100 basis points (see pages 194 and 195 of the annual report).

Question 2

Great to know the Project Renaissance is expected to be completed by the end of 2025. The Pro Forma DPU, provided back in 2021, at the end of Year 4 is 18.26 cents. That is 27.6% above 2020 DPU of 13.79 cents if transaction was completed in 1 January 2020. With the changes over the years (new acquisitions, increased cost of debt), can you share if we can still expect similar increase in the DPU?

Manager's Response:

PLife REIT has consistently achieved uninterrupted recurring DPU growth since its IPO, with a record high DPU of 14.92 Singapore cents for FY2024.

Our strategic acquisitions are focused on building portfolio resilience through diversification and capitalising on growth in the healthcare sector, especially in countries with strong governmental support for aging populations. The Singapore Hospitals leases entail a guaranteed rental step up till FY2025 with Annual Rent Review Formula (similar to current formula) applicable for Year 4 to Year 20 of Renewal Term i.e. FY2026 to FY2042. In addition, the REIT has acquired a portfolio of 11 nursing homes in France with long lease arrangement of 12 years that comes with indexed rent escalations.

Further, we have adopted prudent financial risk management strategies, including hedging JPY and EUR net income until 1Q 2029 and 1Q 2030 respectively, to mitigate foreign currency risk, executing interest rate swaps to manage rising interest costs, and implementing a natural hedge financing strategy for the REIT's Japan and France investments to ensure stability in NAV. These strategies aim to enhance the stability of distributions to unitholders and help mitigate the effects of market volatility.

While we are not providing updated pro forma DPU figures at this stage, the operating landscape today differs significantly from 2021. Additionally, we had acquired several more properties in Japan and France in the intervening years which together with fluctuating interest rates and changes in funding conditions may impact the extent of DPU uplift originally envisaged. That said, PLife REIT has demonstrated its ability to grow distributions through different market cycles, and our track record reflects this resilience.

Our priority remains to unlock value for shareholders and continue achieving steady, uninterrupted DPU growth, with our growth strategies focused on that objective. We will continue to monitor market conditions and adjust our strategies as needed to maintain sustainable and stable DPU growth moving forward.

Question 3

Request for additional details regarding the allowance for doubtful debts of S$0.5 million:

i) I understand this is due to the default on the rental receivables for Kikuya Warakuen and Sanko, 2 of the nursing home properties in Japan. It is mentioned on page 37 of the annual report (AR) that an average of 4 months gross rental security deposit is secured against properties in Japan. On pages 43 and 44 of the annual report, the reported gross revenue for these 2 properties in 2024 is approximately JPY100 million. (Kikuya Warakuen: JPY60.64 million) and (Sanko: JPY38.64 million). The JPY100 million roughly translates to S$900,000 annual rental, or S$75,000 monthly. Thus the S$500,000 doubtful debts would be approximately 6 months rental.

ii) Assuming 4 months rental was recovered, the REIT permitted the operator of these 2 nursing homes to be delinquent for 10 months before it was replaced by the backup operator? If that is the case, would that be considered being too lenient with the operator, and are there any potential lessons that can be learnt to minimise the loss of future income?

iii) How do I reconcile the lack of decrease in the 2024 gross revenue for these 2 properties (vis-à-vis 2023 numbers, as reported on pages 43 and 44 of the annual report) to the S$0.5 million allowance for default on the rental receivables?

Manager's Response:

When the tenant encountered financial difficulties initially, the REIT had worked out a catch-up payment plan to provide a temporary cash flow relief for the tenant to ensure no disruption to the services provided to the senior residents staying in the properties. The tenant had initially made payment in line with the payment plan but subsequently fall behind. The REIT promptly took tough action and filed bankruptcy against the tenant when they lagged behind in their payments. The court has already sentenced bankruptcy on the tenant and bankruptcy proceedings have commenced. As the REIT has fully utilised the three months' security deposit against the rent arrears, an allowance for doubtful debt of S$472,000 on the remaining rent arrears for the two properties (Kikuya Warakuen and Sanko) of about six months was provided as of 31 December 2024.

Currently, a replacement operator has been secured and ready to take over the operations. The REIT is negotiating with the various stakeholders to ensure that the transfer of operations can be carried out without disruption to the residents. A provision has been made for prudence as the transfer of nursing home operations is subject to the bankruptcy proceedings and approval from the local government.

The REIT regularly monitors the financial health of the operators. When the operators face issues, the REIT will work closely with them to help them and also ensure that the lease obligations continue to be fulfilled. On the other hand, the REIT also engages with potential replacement operators to take over the nursing home operations if necessary. Given that the Japan nursing home market is mature with many operators, it is always possible to find another operator willing to take over. Upon agreement between the current operator, replacement operator and the landlord, approval from the relevant authority will be sought to effect the transfer of operation.

To reconcile the lack of decrease in the 2024 gross revenue for these 2 properties, the gross revenue figures in the Portfolio Section (pages 43 and 44 of the annual report) are based on contractual rental to be received by the REIT. This will tie to the gross revenue shown in the Statement of Total Returns. Allowance for doubtful debts, on the other hand, was reported as part of property expenses (see page 182 of annual report under Note 16).

Question 4

Would there be headwinds to the next 4 years (2025-2029) of JPY rental income? The net income from Japan is generally hedged for approximately 5 years. For example, the 2020 AR mentioned the full JPY net income was hedged till 2Q 2025 (to better shield against JPY currency volatilities). The yen was on a general trend of gradual depreciation against SGD from approximately 2020 to 2024.

Example:

31 Dec 2020: JPY100 = S$1.28

31 Dec 2024: JPY100 = S$0.87

Would this imply headwinds to the next 4 years (2205-2029) of JPY rental income after conversion to SGD, if it is to be converted using (roughly) the rates recorded between 2020 to 2024 (example above)? For comparison, to compare like with like, i.e. excluding the effects of upward rental revisions and subsequent additional properties acquired.

Manager's Response:

PLife REIT has adopted a proactive financial risk management to mitigate currency-related risks. We have been progressively layering on new hedges over the years at favourable rates to hedge against the depreciating JPY. Currently, 100% of JPY net income is hedged until 1Q 2029, providing protection against foreign currency volatility. While the JPYSGD exchange rates are likely to be volatile going forward, these forward contracts hedges that the REIT has layered on, albeit at a progressively lower rate, would continue to act as a shield against these volatilities.

Further, the stability of our portfolio, driven by rental revisions and property acquisitions, is expected to provide some cushion against potential currency impacts.

We remain committed to proactively managing currency risks, focusing on the long-term growth of the REIT, and maximising value for our unitholders.

Question 5

The proposed trust deed amendment in the Circular 2.2.3: Unitholders are not materially prejudiced by the change in timing of the 75-Day Deadline from 75 days to 90 days given that Parkway Life REIT (PLife REIT) is able to earn interest on the distribution amount by placing the funds, once received, in fixed deposits during the interim period of 15 days or by using the distribution amount to pare down loans for working capital purposes, thus reducing borrowing costs of Parkway Life REIT. The longer period permitted for the payment of REIT to optimise return in the best interests of Unitholders. Regarding this rationale of the Circular, how much interest does Parkway Life REIT expect to earn?

Manager's Response:

Based on PLife REIT's FY2024 distributable income, with the extension of distribution payout period from 75 days to 90 days, the REIT will be expected to have an interest cost saving of about S$135,000 per annum, approximately 1.1% of FY2024 total finance cost of S$12.1 million.

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 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. An investment in Units is subject to investment risks, including the possible loss of the principal amount invested.

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

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