



# ParkwayLife REIT

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

---

## **PARKWAY LIFE REAL ESTATE INVESTMENT TRUST 2020 THIRD QUARTER 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 48 high quality nursing home and care facility properties located in various prefectures of Japan (collectively, the “Japan Properties”).

As at 30 September 2020, Parkway Life REIT owns a well-diversified portfolio of 53 properties located in the Asia-Pacific region, including three hospitals in Singapore, 49 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 30 September 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.

**PARKWAY LIFE REAL ESTATE INVESTMENT TRUST  
2020 THIRD QUARTER UNAUDITED FINANCIAL STATEMENT & DISTRIBUTION ANNOUNCEMENT**

**SUMMARY OF PARKWAY LIFE REIT'S RESULTS FOR THE NINE MONTHS ENDED 30 SEPTEMBER 2020**

	Notes	YTD	YTD	Increase	
		3Q 2020	3Q 2019	S\$'000	%
<b>Gross Revenue</b>		<b>90,326</b>	<b>87,183</b>	<b>3,143</b>	<b>3.6</b>
<b>Net Property Income</b>		<b>84,069</b>	<b>80,902</b>	<b>3,167</b>	<b>3.9</b>
Amount Available for Distribution	(a)	<b>63,200</b>	<b>59,577</b>	<b>3,623</b>	<b>6.1</b>
Amount retained for COVID-19 related relief measures	(b)	(1,383)	-	1,383	n.m. <sup>1</sup>
<b>Distributable Income to Unitholders</b>		<b>61,817</b>	<b>59,577</b>	<b>2,240</b>	<b>3.8</b>
<b>Distribution per unit (cents)</b>	(c)	<b>10.22</b>	<b>9.85</b>	<b>0.37</b>	<b>3.8</b>
<b>Annualised distribution per unit (cents)</b>		<b>13.63</b>	<b>13.13</b>	<b>0.50</b>	<b>3.8</b>
Distribution yield (%), based on - Closing market price of S\$4.15 as at 30 September 2020		<b>3.28</b>	<b>3.16</b>		<b>3.8</b>

**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.

<sup>1</sup> The term "n.m." used throughout the financial statement and distribution announcement denotes "not meaningful".

**PARKWAY LIFE REAL ESTATE INVESTMENT TRUST  
2020 THIRD QUARTER UNAUDITED FINANCIAL STATEMENT & DISTRIBUTION ANNOUNCEMENT**

**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	3Q 2020 S\$'000	3Q 2019 S\$'000	Inc/ (Dec) %	YTD 3Q 2020 S\$'000	YTD 3Q 2019 S\$'000	Inc/ (Dec) %
<b>Gross revenue</b>		<b>30,180</b>	<b>29,929</b>	<b>0.8</b>	<b>90,326</b>	<b>87,183</b>	<b>3.6</b>
Property expenses		(2,079)	(2,376)	(12.5)	(6,257)	(6,281)	(0.4)
<b>Net property income</b>		<b>28,101</b>	<b>27,553</b>	<b>2.0</b>	<b>84,069</b>	<b>80,902</b>	<b>3.9</b>
Management fees	(a)	(3,166)	(3,019)	4.9	(9,434)	(8,857)	6.5
Trust expenses	(b)	(858)	(842)	1.9	(2,951)	(2,309)	27.8
Net foreign exchange gain/(loss)		134	(84)	n.m.	50	103	(51.5)
Interest income		1	2	(50.0)	6	8	(25.0)
Finance costs	(c)	(1,172)	(1,547)	(24.2)	(3,886)	(4,904)	(20.8)
Other expenses	(d)	-	-	-	(312)	-	n.m.
<b>Non-property expenses</b>		<b>(5,061)</b>	<b>(5,490)</b>	<b>(7.8)</b>	<b>(16,527)</b>	<b>(15,959)</b>	<b>3.6</b>
<b>Total return before changes in fair value of financial derivatives and investment properties</b>		<b>23,040</b>	<b>22,063</b>	<b>4.4</b>	<b>67,542</b>	<b>64,943</b>	<b>4.0</b>
Net change in fair value of financial derivatives	(e)	(352)	(1,324)	(73.4)	(1,949)	(1,666)	17.0
Net change in fair value of investment properties	(f)	(5)	-	n.m.	(16)	-	n.m.
<b>Total return for the period before tax and distribution</b>		<b>22,683</b>	<b>20,739</b>	<b>9.4</b>	<b>65,577</b>	<b>63,277</b>	<b>3.6</b>
Income tax expense	(g)	(1,917)	(2,036)	(5.8)	(5,856)	(5,875)	(0.3)
<b>Total return for the period after tax before distribution</b>		<b>20,766</b>	<b>18,703</b>	<b>11.0</b>	<b>59,721</b>	<b>57,402</b>	<b>4.0</b>

**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) The net change in fair value of investment properties in 2020 represented the right-of-use adjustment for a Japan leasehold property acquired in December 2019.
- (g) Included in 3Q 2020 income tax expense is the withholding tax of S\$1.3 million (3Q 2019: S\$1.3 million) and deferred tax of S\$0.7 million (3Q 2019: S\$0.7 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.

**PARKWAY LIFE REAL ESTATE INVESTMENT TRUST  
2020 THIRD QUARTER UNAUDITED FINANCIAL STATEMENT & DISTRIBUTION ANNOUNCEMENT**

**Distribution Statement**

	Notes	3Q 2020 S\$'000	3Q 2019 S\$'000	Inc/ (Dec) %	YTD 3Q 2020 S\$'000	YTD Q3 2019 S\$'000	Inc/ (Dec) %
<b>Total return after tax before distribution</b>		<b>20,766</b>	<b>18,703</b>	<b>11.0</b>	<b>59,721</b>	<b>57,402</b>	<b>4.0</b>
Non-tax deductible/(non-taxable) items:							
Trustee's fees		85	82	3.7	253	240	5.4
Amortisation of transaction costs relating to debt facilities		153	147	4.1	471	537	(12.3)
Net change in fair value of financial derivatives		352	1,324	(73.4)	1,949	1,666	17.0
Net change in fair value of investment properties		5	-	n.m.	16	-	n.m.
Foreign exchange (gain)/loss		(91)	22	n.m.	1	(16)	n.m.
Temporary differences	(a)	673	696	(3.3)	2,035	2,112	(3.6)
Others		194	(308)	n.m.	923	(114)	n.m.
<b>Net effect of non-tax deductible/(non-taxable) items</b>		<b>1,371</b>	<b>1,963</b>	<b>(30.2)</b>	<b>5,648</b>	<b>4,425</b>	<b>27.6</b>
Rollover adjustment	(b)	-	-	-	81	-	n.m.
<b>Amount available for distribution to Unitholders</b>		<b>22,137</b>	<b>20,666</b>	<b>7.1</b>	<b>65,450</b>	<b>61,827</b>	<b>5.9</b>
Amount retained for capital expenditure	(c)	(750)	(750)	-	(2,250)	(2,250)	-
<b>Amount available for distribution (net of capex retention)</b>		<b>21,387</b>	<b>19,916</b>	<b>7.4</b>	<b>63,200</b>	<b>59,577</b>	<b>6.1</b>
Amount retained for COVID-19 related relief measures	(d)	-	-	-	(1,383)	-	n.m.
<b>Distributable income to Unitholders</b>	(e)	<b>21,387</b>	<b>19,916</b>	<b>7.4</b>	<b>61,817</b>	<b>59,577</b>	<b>3.8</b>

**Note(s):**

- (a) This relates to deferred tax expense provided on the temporary difference between the fair value and the tax written down value at the applicable income tax rate in respect of the Japan investment properties.
- (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 and had been adjusted under the rollover mechanism agreed with the IRAS.
- (c) An amount of S\$3.0 million is retained for capital expenditure on existing properties each year.
- (d) 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.
- (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**  
**2020 THIRD QUARTER UNAUDITED FINANCIAL STATEMENT & DISTRIBUTION ANNOUNCEMENT**

**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 30/09/20 S\$'000	Group 31/12/19 S\$'000	Trust 30/09/20 S\$'000	Trust 31/12/19 S\$'000
<b>Current assets</b>					
Trade and other receivables		12,086	11,971	10,202	61,683
Financial derivatives		-	28	-	28
Cash and cash equivalents		33,859	21,870	1,626	959
		<b>45,945</b>	<b>33,869</b>	<b>11,828</b>	<b>62,670</b>
<b>Non-current assets</b>					
Investment properties	(a)	1,996,389	1,966,140	1,211,679	1,210,700
Interests in subsidiaries		-	-	618,393	567,182
Financial derivatives		2,105	3,018	2,105	3,018
<b>Total assets</b>		<b>2,044,439</b>	<b>2,003,027</b>	<b>1,844,005</b>	<b>1,843,570</b>
<b>Current liabilities</b>					
Financial derivatives		2,880	2,496	2,880	2,496
Trade and other payables		19,194	21,940	11,940	13,802
Current portion of security deposits		755	697	-	-
Lease liabilities		14	14	-	-
Loans and borrowings	(b)	226,653	77,745	226,653	77,745
Provision for taxation		-	2	-	-
		<b>249,496</b>	<b>102,894</b>	<b>241,473</b>	<b>94,043</b>
<b>Non-current liabilities</b>					
Financial derivatives		492	817	492	817
Non-current portion of security deposits		18,919	18,139	-	-
Lease liabilities		2,116	2,127	-	-
Loans and borrowings	(c)	559,598	662,288	559,598	662,288
Deferred income		2,316	2,316	-	-
Deferred tax liabilities		36,104	32,598	-	-
<b>Total liabilities</b>		<b>869,041</b>	<b>821,179</b>	<b>801,563</b>	<b>757,148</b>
<b>Net assets</b>		<b>1,175,398</b>	<b>1,181,848</b>	<b>1,042,442</b>	<b>1,086,422</b>
<b>Represented by:</b>					
Unitholders' funds		1,175,398	1,181,848	1,042,442	1,086,422
<b>Total equity</b>		<b>1,175,398</b>	<b>1,181,848</b>	<b>1,042,442</b>	<b>1,086,422</b>

**Note(s):**

- (a) The increase in investment properties was due to capital expenditure of existing assets and appreciation of the Japanese Yen as compared to 31 December 2019.
- (b) The increase in current term borrowings was mainly due to reclassification of a \$75.0 million revolving credit facility ("RCF") maturing in August 2021 from long term borrowings and drawdown of short term loan facility for working capital purposes. The current term borrowings also included two loan facilities maturing in June 2021, amounting to S\$50.0 million and JPY6.5 billion (approximately S\$84.2 million). In September 2020, the Group refinanced the matured S\$75.2 million loan facility with the new 6-year loan facility secured in March 2020.

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 Group targets to put in place loan facilities by 4Q 2020 to term out all maturing loan facilities due in 2021.

**PARKWAY LIFE REAL ESTATE INVESTMENT TRUST  
2020 THIRD QUARTER UNAUDITED FINANCIAL STATEMENT & DISTRIBUTION ANNOUNCEMENT**

- (c) The decrease in long term borrowings was mainly due to reclassification of the three 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**

	<b>Group 30/09/20 S\$'000</b>	<b>Group 31/12/19 S\$'000</b>	<b>Trust 30/09/20 S\$'000</b>	<b>Trust 31/12/19 S\$'000</b>
<b>Unsecured gross borrowings</b>				
Amount repayable within one year	226,813	77,800	226,813	77,800
Amount repayable after one year	560,999	663,940	560,999	663,940
Less: Transaction costs in relation to the term loan and revolving credit facilities	(1,561)	(1,707)	(1,561)	(1,707)
	<b>786,251</b>	<b>740,033</b>	<b>786,251</b>	<b>740,033</b>

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<sup>2</sup> was 38.6% as at 30 September 2020 within the 50%<sup>3</sup> limit allowed under the Monetary Authority of Singapore's Property Funds Appendix. The interest coverage ratio stood at 17.0 times<sup>4</sup> at of 30 September 2020.

(a) **Details of borrowings and collateral**

**Unsecured Borrowings**

In March 2020, the Group has secured a 6-year up to S\$82.0 million committed and unsecured loan facility ("6-year Facility"). On 7 September 2020, S\$81.9 million of the 6-year Facility was drawn down to refinance and fully term out the matured S\$75.2 million loan facility.

As at 30 September 2020, the total credit facilities drawn of JPY25,198 million (approximately S\$326.3 million<sup>5</sup>) and S\$81.9 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.

Since 2Q 2020, two loan facilities amounting to approximately S\$134.2 million<sup>5</sup> (i.e. JPY6,500 million and S\$50 million) were reclassified to current term borrowings due to their maturity in June 2021. In 3Q 2020, a loan facility of S\$75.0 million was reclassified to current term borrowing due to its maturity in August 2021. The Group targets to put in place loan facilities by 4Q 2020 to term out all maturing loan facilities due in 2021.

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 30 September 2020, the Group has drawn down S\$2.5 million and JPY1,169 million (approximately S\$17.6 million<sup>5</sup>) over one to three months via the Uncommitted Short Term Facilities, at the bank's cost of fund.

<sup>2</sup> Total debts (including lease liabilities) as a percentage of total assets.

<sup>3</sup> On 16 April 2020, the MAS has raised the leverage limit for S-REITs from 45% to 50%.

<sup>4</sup> Interest coverage ratio as prescribed under the Monetary Authority of Singapore's Property Funds Appendix (last revised on 16 April 2020).

<sup>5</sup> Based on exchange rate of S\$1.295 per JPY100 as at 30 September 2020.

### **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 30 September 2020, there were three series of outstanding fixed rate notes issued under the Debt Issuance Programme amounted to JPY11,800 million (approximately S\$152.8 million<sup>5</sup>).

### **(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 30 September 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.

**PARKWAY LIFE REAL ESTATE INVESTMENT TRUST  
2020 THIRD QUARTER UNAUDITED FINANCIAL STATEMENT & DISTRIBUTION ANNOUNCEMENT**

**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	3Q 2020 S\$'000	3Q 2019 S\$'000	YTD 3Q 2020 S\$'000	YTD 3Q 2019 S\$'000
<b>Operating activities</b>					
Total return before tax and distribution		22,683	20,739	65,577	63,277
<b>Adjustments for</b>					
Interest income		(1)	(2)	(6)	(8)
Finance costs		1,172	1,547	3,886	4,904
Net change in fair value of financial derivatives		352	1,324	1,949	1,666
Net change in fair value of investment properties		5	-	16	-
<b>Operating income before working capital changes</b>		<b>24,211</b>	<b>23,608</b>	<b>71,422</b>	<b>69,839</b>
<b>Changes in working capital</b>					
Trade and other receivables		(652)	(1,338)	(47)	(1,168)
Trade and other payables		904	1,663	(2,360)	(608)
Security deposits		(303)	(43)	(110)	(69)
Cash generated from operations		24,160	23,890	68,905	67,994
Income tax paid		(1,276)	(1,265)	(3,643)	(3,691)
<b>Cash flows generated from operating activities</b>	<b>(a)</b>	<b>22,884</b>	<b>22,625</b>	<b>65,262</b>	<b>64,303</b>
<b>Investing activities</b>					
Interest received		1	2	6	8
Capital expenditure on investment properties		(982)	(1,618)	(3,153)	(6,680)
Cash outflow on purchase of investment properties (including acquisition related costs)	<b>(b)</b>	(311)	-	(598)	-
<b>Cash flows used in investing activities</b>	<b>(c)</b>	<b>(1,292)</b>	<b>(1,616)</b>	<b>(3,745)</b>	<b>(6,672)</b>
<b>Financing activities</b>					
Interest paid		(1,121)	(1,281)	(4,009)	(4,235)
Distribution to Unitholders		(20,328)	(19,784)	(60,621)	(59,472)
Proceeds from borrowings		28,733	23,716	69,933	159,843
Repayment of borrowings		(25,817)	(21,465)	(54,973)	(143,530)
Borrowing costs paid		(287)	-	(673)	(639)
Repayment of lease liabilities		(8)	-	(24)	-
<b>Cash flows used in financing activities</b>	<b>(d)</b>	<b>(18,828)</b>	<b>(18,814)</b>	<b>(50,367)</b>	<b>(48,033)</b>
<b>Net increase in cash and cash equivalents</b>		<b>2,764</b>	<b>2,195</b>	<b>11,150</b>	<b>9,598</b>
<b>Cash and cash equivalents at beginning of the period</b>		<b>31,071</b>	<b>29,309</b>	<b>21,870</b>	<b>21,832</b>
Effects of exchange differences on cash balances		24	504	839	578
<b>Cash and cash equivalents at end of the period<sup>6</sup></b>		<b>33,859</b>	<b>32,008</b>	<b>33,859</b>	<b>32,008</b>

<sup>6</sup> Cash and cash equivalents as at 30 September 2019 excluded a cash deposit of JPY21.7 million (approximately S\$0.3 million) placed with the Group by a vendor, for the purpose of Rental Income Guarantee. No cash deposit was placed with the Group as of 30 September 2020.



**PARKWAY LIFE REAL ESTATE INVESTMENT TRUST  
2020 THIRD QUARTER UNAUDITED FINANCIAL STATEMENT & DISTRIBUTION ANNOUNCEMENT**

---

**Note(s):**

- (a) The higher cash flows from operating activities in 3Q 2020 was mainly due to rental income from the three new properties acquired in December 2019 and higher rent from the Singapore properties.
- (b) Net cash outflow on purchase of investment properties (including acquisition related costs) was as follows:

	<b>3Q 2020 S\$'000</b>	<b>3Q 2019 S\$'000</b>	<b>YTD 3Q 2020 S\$'000</b>	<b>YTD 3Q 2019 S\$'000</b>
Investment properties	-	-	-	-
Acquisition related costs	311	-	598	-
<b>Net cash outflow/Cash consideration paid</b>	<b>311</b>	<b>-</b>	<b>598</b>	<b>-</b>

- (c) The cash flows in investing activities in 3Q 2020 was mainly due to payment of capital expenditure on existing properties and payment of acquisition taxes for the Japanese properties acquired in 2019.
- (d) The cash flows in financing activities in 3Q 2020 was mainly due to the payment of 2Q 2020 distribution to Unitholders.

**PARKWAY LIFE REAL ESTATE INVESTMENT TRUST  
2020 THIRD QUARTER UNAUDITED FINANCIAL STATEMENT & DISTRIBUTION ANNOUNCEMENT**

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

	Notes	Group 3Q 2020 S\$'000	Group 3Q 2019 S\$'000	Group YTD 3Q 2020 S\$'000	Group YTD 3Q 2019 S\$'000
<b>Unitholders' funds at beginning of period</b>		1,173,902	1,133,747	1,181,848	1,136,393
<b>Operations</b>					
Total return after tax		20,766	18,703	59,721	57,402
<b>Translation transactions</b>					
Net movement in foreign currency translation reserve	(a)	791	(2,113)	(2,795)	(3,973)
<b>Hedging reserve</b>					
Net movement in hedging reserve	(b)	169	150	(2,829)	353
<b>Cost of hedging reserve</b>					
Net movement in cost of hedging reserve	(c)	98	-	74	-
<b>Unitholders' transactions</b>					
Distribution to Unitholders		(20,328)	(19,784)	(60,621)	(59,472)
<b>Unitholders' funds at end of period</b>		1,175,398	1,130,703	1,175,398	1,130,703

	Notes	Trust 3Q 2020 S\$'000	Trust 3Q 2019 S\$'000	Trust YTD 3Q 2020 S\$'000	Trust YTD 3Q 2019 S\$'000
<b>Unitholders' funds at beginning of period</b>		1,045,442	1,037,229	1,086,422	1,052,523
<b>Operations</b>					
Total return after tax		17,061	2,541	19,396	26,732
<b>Hedging reserve</b>					
Net movement in hedging reserve	(b)	169	150	(2,829)	353
<b>Cost of hedging reserve</b>					
Net movement in cost of hedging reserve	(c)	98	-	74	-
<b>Unitholders' transactions</b>					
Distribution to Unitholders		(20,328)	(19,784)	(60,621)	(59,472)
<b>Unitholders' funds at end of period</b>		1,042,442	1,020,136	1,042,442	1,020,136

**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.

**PARKWAY LIFE REAL ESTATE INVESTMENT TRUST  
2020 THIRD QUARTER UNAUDITED FINANCIAL STATEMENT & DISTRIBUTION ANNOUNCEMENT**

---

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

	<b>3Q 2020 '000</b>	<b>3Q 2019 '000</b>	<b>YTD 3Q 2020 '000</b>	<b>YTD 3Q 2019 '000</b>
<b>Units in issue at beginning and at end of period</b>	<b>605,002</b>	<b>605,002</b>	<b>605,002</b>	<b>605,002</b>

**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.

**PARKWAY LIFE REAL ESTATE INVESTMENT TRUST  
2020 THIRD QUARTER UNAUDITED FINANCIAL STATEMENT & DISTRIBUTION ANNOUNCEMENT**

**6 Earnings per unit (“EPU”) and distribution per unit (“DPU”) for the period**

	Notes	3Q 2020 '000	3Q 2019 '000	YTD 3Q 2020 '000	YTD 3Q 2019 '000
<b>Number of units in issue at end of period</b>		<b>605,002</b>	<b>605,002</b>	<b>605,002</b>	<b>605,002</b>
Weighted average number of units for the period		<b>605,002</b>	<b>605,002</b>	<b>605,002</b>	<b>605,002</b>
Earnings per unit in cents (basic and diluted) (EPU)	(a)	<b>3.43</b>	<b>3.09</b>	<b>9.87</b>	<b>9.49</b>
Applicable number of units for calculation of DPU		<b>605,002</b>	<b>605,002</b>	<b>605,002</b>	<b>605,002</b>
Distribution per unit in cents (DPU)	(b)	<b>3.54</b>	<b>3.30</b>	<b>10.22</b>	<b>9.85</b>

**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 30/09/20 S\$	Group 31/12/19 S\$	Trust 30/09/20 S\$	Trust 31/12/19 S\$
Net asset value (“NAV”) per unit	(a)	<b>1.94</b>	<b>1.95</b>	<b>1.72</b>	<b>1.80</b>
Adjusted NAV per unit (excluding the distributable income)		<b>1.91</b>	<b>1.92</b>	<b>1.69</b>	<b>1.76</b>
Net tangible asset per unit	(a)	<b>1.94</b>	<b>1.95</b>	<b>1.72</b>	<b>1.80</b>

**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.

**PARKWAY LIFE REAL ESTATE INVESTMENT TRUST  
2020 THIRD QUARTER UNAUDITED FINANCIAL STATEMENT & DISTRIBUTION ANNOUNCEMENT**

**8 Review of the performance**

	<b>3Q 2020 S\$'000</b>	<b>3Q 2019 S\$'000</b>	<b>Inc/ (Dec) %</b>	<b>YTD 3Q 2020 S\$'000</b>	<b>YTD 3Q 2019 S\$'000</b>	<b>Inc/ (Dec) %</b>
<b>Gross revenue</b>	<b>30,180</b>	<b>29,929</b>	<b>0.8</b>	<b>90,326</b>	<b>87,183</b>	<b>3.6</b>
Property expenses	(2,079)	(2,376)	(12.5)	(6,257)	(6,281)	(0.4)
<b>Net property income</b>	<b>28,101</b>	<b>27,553</b>	<b>2.0</b>	<b>84,069</b>	<b>80,902</b>	<b>3.9</b>
Management fees	(3,166)	(3,019)	4.9	(9,434)	(8,857)	6.5
Trust expenses	(858)	(842)	1.9	(2,951)	(2,309)	27.8
Net foreign exchange gain/(loss)	134	(84)	n.m.	50	103	(51.5)
Interest income	1	2	(50.0)	6	8	(25.0)
Finance costs	(1,172)	(1,547)	(24.2)	(3,886)	(4,904)	(20.8)
Other expenses	-	-	-	(312)	-	n.m.
<b>Non-property expenses</b>	<b>(5,061)</b>	<b>(5,490)</b>	<b>(7.8)</b>	<b>(16,527)</b>	<b>(15,959)</b>	<b>3.6</b>
<b>Total return before changes in fair value of financial derivatives and investment properties</b>	<b>23,040</b>	<b>22,063</b>	<b>4.4</b>	<b>67,542</b>	<b>64,943</b>	<b>4.0</b>
Net change in fair value of financial derivatives	(352)	(1,324)	(73.4)	(1,949)	(1,666)	17.0
Net change in fair value of investment properties	(5)	-	n.m.	(16)	-	n.m.
<b>Total return for the period before tax and distribution</b>	<b>22,683</b>	<b>20,739</b>	<b>9.4</b>	<b>65,577</b>	<b>63,277</b>	<b>3.6</b>
Income tax expense	(1,917)	(2,036)	(5.8)	(5,856)	(5,875)	(0.3)
<b>Total return for the period after tax before distribution</b>	<b>20,766</b>	<b>18,703</b>	<b>11.0</b>	<b>59,721</b>	<b>57,402</b>	<b>4.0</b>
Net effect of non-tax deductible/(non-taxable) items	1,371	1,963	(30.2)	5,648	4,425	27.6
Rollover adjustment	-	-	-	81	-	n.m.
<b>Amount available for distribution to Unitholders</b>	<b>22,137</b>	<b>20,666</b>	<b>7.1</b>	<b>65,450</b>	<b>61,827</b>	<b>5.9</b>
Amount retained for capital expenditure	(750)	(750)	-	(2,250)	(2,250)	-
<b>Amount available for distribution (net of capex retention)</b>	<b>21,387</b>	<b>19,916</b>	<b>7.4</b>	<b>63,200</b>	<b>59,577</b>	<b>6.1</b>
Amount retained for COVID-19 related relief measures	-	-	-	(1,383)	-	n.m.
<b>Distributable income to Unitholders</b>	<b>21,387</b>	<b>19,916</b>	<b>7.4</b>	<b>61,817</b>	<b>59,577</b>	<b>3.8</b>
<b>Distribution per Unit (cents)</b>	<b>3.54</b>	<b>3.30</b>	<b>7.4</b>	<b>10.22</b>	<b>9.85</b>	<b>3.8</b>
<b>Annualised Distribution per Unit (cents)</b>	<b>14.16</b>	<b>13.20</b>	<b>7.4</b>	<b>13.63</b>	<b>13.13</b>	<b>3.8</b>

**3Q 2020 Vs 3Q 2019**

Gross revenue for 3Q 2020 comprised contribution from three nursing rehabilitation facilities acquired on 13 December 2019 and higher rent from the Singapore properties as well as the appreciation of the Japanese Yen. The higher rent was partially offset by the one-off receipt of insurance proceeds for the reimbursement of property repair expenses incurred by certain Japanese assets in 2019.

Property expenses were lower in 3Q 2020 despite a larger portfolio due to higher repair cost in 3Q 2019. After deducting property expenses, we have achieved a net property income of S\$28.1 million for 3Q 2020, which was S\$0.5 million higher than 3Q 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, as well as valuation gains on the existing property portfolio and appreciation of Japanese Yen, which led to a corresponding increase in deposited property.

**PARKWAY LIFE REAL ESTATE INVESTMENT TRUST  
2020 THIRD QUARTER UNAUDITED FINANCIAL STATEMENT & DISTRIBUTION ANNOUNCEMENT**

---

In 3Q 2020, the Group has recognised a realised foreign exchange gain of S\$44,000 from the delivery of quarterly Japanese Yen forward contracts to hedge the net income from Japan.

Finance costs have decreased due to finance cost savings 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 3.54 cents for 3Q 2020 has outperformed by 7.4% or 0.24 cents as compared to 3Q 2019, mainly led by contribution from the three properties acquired in December 2019, rental growth of existing properties and financing cost savings.

**YTD 3Q 2020 Vs YTD 3Q 2019**

Gross revenue for YTD 3Q 2020 has increased by 3.6% year-on-year to S\$90.3 million. The growth was largely attributed to revenue contribution from the Japan property acquisitions in December 2019, higher rent from the existing properties and appreciation of the Japanese Yen.

Property expenses for YTD 3Q 2020 were S\$0.02 million or 0.4% lower than YTD 3Q 2019 due to higher repair expenses incurred in 2019 partially offset by general increase in property expenses in line with larger portfolio in 2020. The result was a net property income of S\$84.1 million for YTD 3Q 2020, which was S\$3.2 million higher than YTD 3Q 2019.

The Manager's management fees for YTD 3Q 2020 of S\$9.4 million was 6.5% higher than YTD 3Q 2019. This was due to higher deposited property value and higher net property income from the properties acquired in December 2019 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 YTD 3Q 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\$53,000 and S\$87,000 from the delivery of Japan net income hedges in YTD 3Q 2020 and YTD 3Q 2019 respectively.

The Group has retained S\$1.7 million in 1H 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.

Overall, annualised DPU for YTD 3Q 2020 of 13.63 cents has outperformed by 3.8% or 0.50 cents as compared with YTD 3Q 2019's DPU of 13.13 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.**

Uncertainty remains as geopolitical and trade tension risks persist. The world health and economic experts are cautious of further adverse developments arising from COVID-19, as varying degrees of travel and movement restrictions continue to be in place globally.

For Parkway Life REIT, its portfolio of 53 healthcare and healthcare-related assets continues to be in operations with all its healthcare tenants enforcing strict precautionary measures for safety of their employees and patients/ nursing care residents.

On 18 September 2020, Parkway Life REIT was included in the FTSE EPRA NAREIT Global Developed Index after the close of business. With the inclusion in the index, the trading liquidity and visibility of Parkway Life REIT to investors and index funds worldwide is expected to be enhanced, reaffirming Parkway Life REIT's position as one of the largest listed healthcare REITs in Asia.

In the face of on-going uncertainties in the macro economy and volatility in the financial markets, Parkway Life REIT remains in a stable financial position with a healthy gearing level of 38.6% and interest cover of 17.0 times<sup>7</sup>.

The portfolio is largely supported by favourable rental lease structures, where at least 95% of its Singapore and Japan portfolios have downside revenue protection<sup>8</sup> and 59% of the total portfolio is pegged to CPI-linked revision formula, ensuring steady rental growth whilst protecting revenue stability amid uncertain market conditions.

In addition, 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.

Notwithstanding near-term headwinds, the long-term outlook of the industry continues to be driven by an increasingly aging population and demand for better quality healthcare and global aged care services. Parkway Life REIT's portfolio of 53 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.

---

<sup>7</sup> Interest coverage ratio as prescribed under the Monetary Authority of Singapore's Property Funds Appendix (last revised on 16 April 2020).

<sup>8</sup> Based on existing lease agreements and subject to applicable laws.

**PARKWAY LIFE REAL ESTATE INVESTMENT TRUST  
2020 THIRD QUARTER UNAUDITED FINANCIAL STATEMENT & DISTRIBUTION ANNOUNCEMENT**

---

**11 Distributions**

**(a) Current financial period**

Any distributions  
declared for the  
current financial period: Yes

Name of distribution: Third quarter distribution for the period from 1 July 2020 to 30 September 2020

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

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.



**PARKWAY LIFE REAL ESTATE INVESTMENT TRUST  
2020 THIRD QUARTER UNAUDITED FINANCIAL STATEMENT & DISTRIBUTION ANNOUNCEMENT**

---

**(b) Corresponding period of the immediately preceding year**

Any distributions declared for the previous corresponding financial period: Yes

Name of distribution: Third quarter distribution for the period from 1 July 2019 to 30 September 2019

<b>Distribution Type</b>	<b>Distribution Rate (cents per unit)</b>
Taxable Income	2.34
Exempt Income	0.44
Capital Distribution	0.52
<b>Total</b>	<b>3.30</b>

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:** 12 November 2020

**(d) Date payable:** 8 December 2020

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

Not Applicable.

**PARKWAY LIFE REAL ESTATE INVESTMENT TRUST  
2020 THIRD QUARTER UNAUDITED FINANCIAL STATEMENT & DISTRIBUTION ANNOUNCEMENT**

---

- 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 Certification pursuant to Paragraph 7.3 of the Property Funds Appendix**

The Manager hereby certifies that in relation to the distribution to the Unitholders of Parkway Life REIT for the quarter ended 30 September 2020:

1. Parkway Life REIT will declare a distribution (“Distribution”) in excess of its profits (defined as the total return for the period after tax before distribution for the purpose of this certification). The excess is mainly a result of differences between, Financial Reporting Standards (“FRS”) and income tax rules, applied to certain items reported in the statement of total return; and
2. The Manager is satisfied on reasonable grounds that, immediately after making the Distribution, Parkway Life REIT will be able to fulfil from its deposited property, its liabilities as and when they fall due.

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.

- 15 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).

- 16 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  
2020 THIRD QUARTER UNAUDITED FINANCIAL STATEMENT & DISTRIBUTION ANNOUNCEMENT**

---

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  
4 November 2020

---

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.