



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

RESPONSE TO SGX-ST'S QUERY ON ANNUAL REPORT FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

The Board of Directors ("**Board**") of Parkway Trust Management Limited ("**Company**"), the Manager of Parkway Life Real Estate Investment Trust ("**Parkway Life REIT**"), wishes to announce the following response to a query received from the Singapore Exchange Securities Trading Limited ("**SGX-ST**") on 14 April 2021 relating to the annual report of Parkway Life REIT for the financial year ended 31 December 2020 ("**Annual Report FY2020**").

Query:

Listing Rule 1207(10C) requires the Audit Committee's comments on whether the internal audit function is independent, effective and adequately resourced. We note that the AC has not commented on who the internal auditors are and whether the internal auditors were effective. Please provide information on the relevant experience of accounting firm and the engagement team and whether the AC is of the view that the internal auditors were effective.

Response:

Listing Rule 1207(10C) states as follows: "Audit Committee's comment on whether the internal audit function is independent, effective and adequately resourced."

The Manager has disclosed on page 74 of the Annual Report FY2020, *inter alia*, that the internal audit function of the Manager is outsourced to an independent assurance service provider and the Audit Committee of the Manager ("**AC**") reviews the adequacy and effectiveness of the internal auditor at least once a year. The AC is satisfied that the internal auditor has the relevant qualifications and experience and has met the standards established by internationally recognised professional bodies including the Standards for the Professional Practice of Internal Auditing set by The Institute of Internal Auditors. The internal auditor reports directly to the AC on audit matters and the AC approves the hiring, removal, evaluation and fees of the internal auditor. The AC meets with the internal auditor, without the presence of management, at least once a year. The AC is of the view that the internal auditor has adequate resources to perform its functions and has to the best of its ability, maintained its independence from the activities that it audits.

The Manager currently outsources its internal audit function to BDO LLP ("**BDO**"), which is an established international auditing firm. BDO conducts their internal audits based on the BDO Global Internal Audit Methodology which is consistent with the International Standards for the Professional Practice of Internal Auditing adopted by The Institute of Internal Auditors. The engagement partner of BDO, Mr. Willy Leow, has more than 20 years of audit and advisory experience and is a Chartered Accountant (Singapore), Certified Internal Auditor and Certified Information System Auditor. As Head of Risk Advisory Services in BDO Singapore, Mr. Leow

manages a portfolio of outsourced internal audits of several listed companies and other organisations such as government bodies and regulated entities. Members of the internal audit team also have relevant academic qualifications, professional certifications and internal audit experience.

For the financial year under review, the AC has reviewed the adequacy and effectiveness of the internal audit function performed by BDO and is satisfied that the internal audit function is independent, effective and adequately resourced.

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
15 April 2021

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.