

NEWS RELEASE
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PLIFE REIT'S 1H 2022 DPU CONTINUED TO GROW BY 1.5% TO 7.06 CENTS

- Gross Revenue increased 1.0% Y-O-Y to S\$60.2 million, despite loss of income from the property divested in January 2021
- Healthy gearing level of 32.5% with all-in cost of debt at a low of 0.61% and no debt refinancing needs till June 2023
- On-going financial risk management with JPY net income hedges extended till 1Q 2027 and about 82% of interest rate exposure hedged
- Renewal term for Singapore Hospitals commenced with rental step-up of 2.0% for the Interim Period¹ and 3.0% annual step-up thereafter for the next 3 years

Total Portfolio	1H 2022 S\$'000	1H 2021 S\$'000	Variance %
Gross revenue	60,175	59,565	1.0
Net property income	56,036	55,453	1.1
Distributable income to Unitholders (net of amount retained for capital expenditure)	42,696	42,051	1.5
Distribution Per Unit (cents) ²			
- DPU for the period	7.06	6.95	1.5
- Annualised DPU	14.12	13.90	1.5
Annualised distribution yield (%) (based on closing market price of S\$4.87 as at 30 June 2022)	2.90	2.85	1.5

Singapore, 08 August 2022 – Parkway Trust Management Limited (the “Manager”), as manager of Parkway Life Real Estate Investment Trust (“PLife REIT” or the “Group”), one of Asia’s largest listed healthcare REITs with an asset portfolio of S\$2.29 billion, today announced its results for the first half year ended 30 June 2022 (“1H 2022”). The Group is

¹ 23 August 2022 to 31 December 2022; the step-up rent of the interim period is to be applied on a pro-rata basis.

² In computing the Distribution per Unit, the number of units in issue as at the end of each period is used.

pleased to announce a Distribution per unit (“DPU”) of 7.06 Singapore cents for 1H 2022, representing an increase of 1.5% year-on-year (“Y-O-Y”).

Gross revenue for 1H 2022 increased 1.0% year-on-year to S\$60.2 million due principally to bolt-on contribution from the three nursing homes acquired in July and December 2021 as well as higher rent from the Group’s Singapore properties, partially offset by the loss of income from the divested property and depreciation of the Japanese Yen. Property expenses increased marginally by 0.7% to S\$4.1 million in 1H 2022 and consequently, the Group’s net property income increased 1.1% from the first half year ended 30 June 2021 (“1H 2021”) to S\$56.0 million.

In 1H 2022, the Group registered a realised foreign exchange gain amounting to about \$1.3 million from the settlement of Japanese Yen forward contracts which has partially offset the higher management fees and trust expenses. Overall, distributable income to Unitholders grew by 1.5% to S\$42.7 million in 1H 2022, as compared with S\$42.1 million in the previous corresponding period.

Sustainable and Quality Rental Growth as Renewal Term for Singapore Hospitals commences

The Singapore properties comprising Mount Elizabeth Hospital Property, Gleneagles Hospital Property and Parkway East Hospital Property (“Singapore Hospitals”) are key assets of PLife REIT, contributing approximately 60.6% of the Group’s net property income for 1H 2022.

In August 2022, the renewal term of 20.4 years which signifies 100% committed occupancy for the Singapore Hospitals will commence where rents are guaranteed to increase with a 2.0% rental step-up for the Interim Period from 23 August 2022 to 31 December 2022³ and 3.0% annual rental step-up for the next 3 years i.e. 1 January 2023 to 31 December 2025. With the annual (CPI+1%) rent review formula⁴ in-place for the subsequent 17 years, the Singapore Hospitals will continue to underpin the organic growth of PLife REIT, providing a sustained quality rental income stream for the Group.

As part of the lease renewal arrangement for the Singapore Hospitals, PLife REIT will inject a one-time renewal capex of S\$150.0 million to renovate and upgrade the properties (“Renewal Capex Works”). Currently, IHH Healthcare Berhad and PLife REIT are working in close collaboration on the planning and execution of the Renewal Capex Works. The Renewal

³ The 2.0% step-up rent for the Interim Period is to be applied on a pro-rata basis.

⁴ The annual rent review formula is based on the higher of {1+(CPI+1%) X total rent payable for the immediately preceding year} or {Base Rent + Variable Rent}. For FY2026, the annual rent review formula is based on the higher of {1+(CPI+1%) X Initial Rent of S\$97.2 million} or {Base Rent + Variable Rent}.

Capex Works will be mainly carried out at Mount Elizabeth Hospital and the target remains for the works on-site to commence no later than 1 January 2023. The Renewal Capex Works upon completion, are expected to enhance the quality positioning and increase competitiveness of IHH Healthcare and PLife REIT, thereby driving further growth.

Dynamic Capital and Financial Management

The Group remains steadfast in proactively managing its exposure to interest rate risk and foreign currency risk. In April 2022, the JPY net income hedges was extended till 1Q 2027, and about 82.0% of the interest rate exposure has been hedged, providing protection against the weakening of the JPY and enhancing the stability of distribution to Unitholders.

As at 30 June 2022, there are no long-term debt refinancing needs for PLife REIT till June 2023. The Group continues to enjoy an effective low all-in cost of debt at 0.61% with interest coverage ratio of 19.8 times. Gearing remains optimal at 32.5% well within the regulatory gearing limit of 50.0%.

Commenting on the results, Mr. Yong Yean Chau, Chief Executive Officer of the Manager, said: “In the face of increasing macroeconomic uncertainties, interest rate hikes and challenges ahead, the Group’s key priority remains in building PLife REIT’s resilience continuum. As the Group strategically navigates for growth opportunities, relentless efforts remain on proactively managing its portfolio as it engages in prudent capital and financial management to mitigate any potential refinancing, interest rate and foreign exchange risks.

Over the years, PLife REIT has been disciplined in strengthening its core fundamentals to ensure sustainable distributions to its Unitholders. The long-term lease renewal of the Singapore Hospitals, which will commence on 23 August 2022, exemplify such dedicated focus and also the continual efforts of the REIT to foster strong strategic arrangements with its valued partners.”

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About Parkway Life REIT

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

PLife REIT owns a well-diversified portfolio of 56 properties located in the Asia Pacific region, with a total portfolio size of approximately S\$2.29 billion⁵ as at 31 December 2021. It owns the largest portfolio of strategically located private hospitals in Singapore comprising Mount Elizabeth Hospital, Gleneagles Hospital and Parkway East Hospital. In addition, it has 52 assets of high-quality nursing home and care facility properties in various prefectures of Japan. It also owns strata-titled units/lots in MOB Specialist Clinics Kuala Lumpur in Malaysia.

For media queries, please contact:

Klareco Communications

Elaine Ang – eang@klarecomms.com / (65) 8722 2151

Jolynn Chia – jchia@klarecomms.com / (65) 9100 4167

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⁵ Based on latest appraised values (excludes right-of-use assets).