

**Parkway Life Real Estate Investment Trust
and its subsidiaries
(Constituted in the Republic of Singapore pursuant to
a trust deed dated 12 July 2007)**

Interim Financial Statements
For the Full Year ended 31 December 2022

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PARKWAY LIFE REAL ESTATE INVESTMENT TRUST
INTERIM FINANCIAL STATEMENTS FOR THE FULL YEAR ENDED 31 DECEMBER 2022

A. CONSOLIDATED STATEMENTS OF TOTAL RETURN

	2H 2022 S\$'000	2H 2021 S\$'000	Inc/ (Dec) %	2022 S\$'000	2021 S\$'000	Inc/ (Dec) %
Gross revenue	69,797	61,140	14.2	129,972	120,705	7.7
Property expenses	(3,965)	(5,359)	(26.0)	(8,104)	(9,471)	(14.4)
Net property income	65,832	55,781	18.0	121,868	111,234	9.6
Management fees	(7,114)	(6,629)	7.3	(13,782)	(12,852)	7.2
Trust expenses	(1,310)	(1,858)	(29.5)	(3,294)	(3,373)	(2.3)
Net foreign exchange gain	1,693	753	124.8	3,399	1,946	74.7
Finance costs	(3,493)	(2,546)	37.2	(5,753)	(4,683)	22.8
Non-property expenses	(10,224)	(10,280)	(0.5)	(19,430)	(18,962)	2.5
Total return before changes in fair value of financial derivatives, investment properties and gain on disposal of asset held for sale	55,608	45,501	22.2	102,438	92,272	11.0
Net change in fair value of financial derivatives	(1,486)	1,337	n.m.	5,160	4,161	24.0
Net change in fair value of investment properties	(58,213)	239,217	n.m.	(59,381)	239,206	n.m.
Gain on disposal of asset held for sale	–	–	–	–	5,113	n.m.
Total return for the period before tax and distribution	(4,091)	286,055	n.m.	48,217	340,752	(85.8)
Income tax expense	(3,844)	(4,346)	(11.6)	(7,081)	(8,874)	(20.2)
Total return for the period after tax before distribution	(7,935)	281,709	n.m.	41,136	331,878	(87.6)
Earnings per unit (cents)						
Basic and diluted	(1.31)	46.56		6.80	54.86	

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Distribution Statements

	Note	2H 2022 S\$'000	2H 2021 S\$'000	Inc/ (Dec) %	2022 S\$'000	2021 S\$'000	Inc/ (Dec) %
Amount available for distribution to Unitholders at the beginning of the period		42,696	20,468	108.6	21,622	21,628	(0.1)
Total return for the period		(7,935)	281,709	n.m.	41,136	331,878	(87.6)
Distribution adjustments	A	53,651	(237,558)	n.m.	48,776	(244,176)	n.m.
Rollover adjustment	B	92	–	n.m.	92	–	n.m.
Amount retained for capital expenditure	C	(1,500)	(1,500)	–	(3,000)	(3,000)	–
Amount reversed for COVID-19 related relief measures	D	–	476	n.m.	–	476	n.m.
Distributable income to Unitholders		44,308	43,127	2.7	87,004	85,178	2.1
Amount available for distribution to Unitholders		87,004	63,595	36.8	108,626	106,806	1.7
Distributions to Unitholders during the period:							
- Distribution of 3.57 cents per unit for period from 1 October 2020 to 31 December 2020		–	–		–	21,599	
- Distribution of 3.57 cents per unit for period from 1 January 2021 to 31 March 2021		–	–		–	21,598	
- Distribution of 3.38 cents per unit for period from 1 April 2021 to 30 June 2021		–	20,449		–	20,449	
- Distribution of 3.56 cents per unit for period from 1 July 2021 to 30 September 2021		–	21,538		–	21,538	
- Distribution of 3.57 cents per unit for period from 1 October 2021 to 31 December 2021		–	–		21,599	–	
- Distribution of 7.06 cents per unit for period from 1 January 2022 to 30 June 2022		42,713	–		42,713	–	
		42,713	41,987		64,312	85,184	
Rounding adjustment		–	(15)		(23)	(29)	
Amount available for distribution to Unitholders at the end of the period	E	44,291	21,593	105.1	44,291	21,593	105.1
Number of units entitled to distribution ('000)		605,002	605,002		605,002	605,002	
Distribution per unit based on Distributable income to Unitholders (cents)		7.32	7.13		14.38	14.08	

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Note:

A. Distribution adjustments comprise:

		2H 2022 S\$'000	2H 2021 S\$'000	Inc/ (Dec) %	2022 S\$'000	2021 S\$'000	Inc/ (Dec) %
Non-tax deductible items/(non-taxable):							
Trustee's fees		187	183	2.2	370	350	5.7
Amortisation of transaction costs relating to debt facilities		361	404	(10.6)	704	716	(1.7)
Net change in fair value of financial derivatives		1,486	(1,337)	n.m.	(5,160)	(4,161)	24.0
Net change in fair value of investment properties (net of deferred tax impact)		60,042	(237,023)	n.m.	62,403	(235,712)	n.m.
Gain on disposal of asset held for sale (net of tax)		–	–	–	–	(4,231)	n.m.
Foreign exchange loss/(gain)		2,333	(142)	n.m.	1,974	(926)	n.m.
Others	F	(10,758)	357	n.m.	(11,515)	(212)	5,331.6
Net effect of distribution adjustments		53,651	(237,558)	n.m.	48,776	(244,176)	n.m.

B. The rollover adjustment in 2022 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 2020. Differences have been adjusted under the rollover mechanism agreed with the IRAS.

C. An amount of \$3.0 million is retained for capital expenditure on existing properties each year.

D. The Group had retained \$1.7 million in 2020 as part of the COVID-19 related relief measures for tenants announced in 1Q 2020 and had subsequently released the balance unutilised retention sum amounting to \$476,000 in 2021.

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. On 24 January 2022, Parkway Life REIT has announced that it would be making distribution on a semi-annual basis from FY2022 onwards. The final quarterly distribution to unitholders was made on 28 February 2022 for Q4 of FY2021. Consequently, the figures reported for 2022 and 2021 pertain to income available for distribution to Unitholders for the six-month period ended 31 December 2022 and three-month period ended 31 December 2021, respectively.

F. Includes straight-line rental adjustment of \$10.8 million in 2H 2022 and \$11.9 million in full year 2022.

PARKWAY LIFE REAL ESTATE INVESTMENT TRUST
INTERIM FINANCIAL STATEMENTS FOR THE FULL YEAR ENDED 31 DECEMBER 2022

B. CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

	Note	Group 31/12/22 S\$'000	Group 31/12/21 S\$'000	Trust 31/12/22 S\$'000	Trust 31/12/21 S\$'000
Current assets					
Trade and other receivables		15,597	12,697	14,133	53,859
Financial derivatives	5	470	558	470	558
Cash and cash equivalents		40,010	25,793	15,467	1,594
Advance payment		18,493	-	18,493	-
		74,570	39,048	48,563	56,011
Non-current assets					
Investment properties	3	2,205,881	2,290,751	1,439,000	1,472,000
Interests in subsidiaries		-	-	727,412	638,591
Advance payment		27,740	-	27,740	-
Financial derivatives	5	33,958	15,337	33,958	15,337
Total assets		2,342,149	2,345,136	2,276,673	2,181,939
Current liabilities					
Trade and other payables		23,697	21,917	16,751	14,071
Current portion of security deposits		823	954	-	-
Lease liabilities		15	14	-	-
Loans and borrowings	4	56,635	94,719	56,635	94,719
		81,170	117,604	73,386	108,790
Non-current liabilities					
Financial derivatives	5	-	153	-	153
Non-current portion of security deposits		17,754	19,207	-	-
Lease liabilities		2,084	2,098	-	-
Loans and borrowings	4	793,154	731,176	793,154	731,176
Deferred income		1,732	1,860	-	-
Deferred tax liabilities		35,769	38,331	-	-
Total liabilities		931,663	910,429	866,540	840,119
Net assets		1,410,486	1,434,707	1,410,133	1,341,820
Represented by:					
Unitholders' funds		1,410,486	1,434,707	1,410,133	1,341,820
Units in issue ('000)	6	605,002	605,002	605,002	605,002
Net asset value per unit (\$)	7	2.33	2.37	2.33	2.22

PARKWAY LIFE REAL ESTATE INVESTMENT TRUST
INTERIM FINANCIAL STATEMENTS FOR THE FULL YEAR ENDED 31 DECEMBER 2022

C. CONSOLIDATED STATEMENTS OF MOVEMENT IN UNITHOLDERS' FUNDS

	Group 2022 S\$'000	Group 2021 S\$'000
Unitholders' funds at beginning of period	1,434,707	1,183,615
Operations		
Total return after tax	41,136	331,878
Translation transactions		
Net movement in foreign currency translation reserve	(8,410)	699
Hedging reserve		
Net movement in hedging reserve	6,958	3,768
Cost of hedging reserve		
Net movement in cost of hedging reserve	407	(69)
Unitholders' transactions		
Distribution to Unitholders	(64,312)	(85,184)
Unitholders' funds at end of period	1,410,486	1,434,707

PARKWAY LIFE REAL ESTATE INVESTMENT TRUST
INTERIM FINANCIAL STATEMENTS FOR THE FULL YEAR ENDED 31 DECEMBER 2022

D. PORTFOLIO STATEMENTS
As at 31 December 2022

Description of property	Tenure of land	Term of lease (years)	Remaining term of lease (years)	Location	Existing use	At valuation		Percentage of Net Assets	
						31/12/22 \$'000	31/12/21 \$'000	31/12/22 %	31/12/21 %
Group									
Singapore									
The Mount Elizabeth Hospital Property ⁽¹⁾	Leasehold	67	52	3 Mount Elizabeth, Singapore 228510	Hospital and medical centre	845,000	883,000	59.9	61.5
The Gleneagles Hospital Property ⁽¹⁾	Leasehold	75	60	6 Napier Road, Singapore 258499; and 6A Napier Road, Singapore 258500	Hospital and medical centre	500,000	503,000	35.4	35.1
The Parkway East Hospital Property ⁽¹⁾	Leasehold	75	60	319 Joo Chiat Place, Singapore 427989; and 321 Joo Chiat Place, Singapore 427990	Hospital and medical centre	94,000	86,000	6.7	6.0
						1,439,000	1,472,000	102.0	102.6

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INTERIM FINANCIAL STATEMENTS FOR THE FULL YEAR ENDED 31 DECEMBER 2022

Portfolio statements (cont'd)
As at 31 December 2022

Description of property	Tenure of land	Term of lease (years)	Remaining term of lease (years)	Location	Existing use	At valuation		Percentage of Net Assets	
						31/12/22 \$'000	31/12/21 \$'000	31/12/22 %	31/12/21 %
Group									
Japan									
Bon Sejour Yokohama Shin-Yamashita ⁽²⁾	Freehold	N.A.	N.A.	2-12-55 Shin Yamashita, Naka-Ku, Yokohama City, Kanagawa Prefecture, Japan	Nursing home with care service	16,882	20,434	1.2	1.4
More Habitation Akashi ⁽²⁾	Freehold	N.A.	N.A.	486, Yagi, Okubo-cho, Akashi City, Hyogo Prefecture, Japan	Nursing home with care service	18,204	20,196	1.3	1.4
More Habitation Suma ⁽²⁾	Freehold	N.A.	N.A.	1-5-23, Chimori-cho, Suma-ku, Kobe City, Hyogo Prefecture, Japan	Nursing home with care service	10,679	11,999	0.8	0.8
Senior Chonaikai Makuhari Kan ⁽²⁾	Freehold	N.A.	N.A.	5-370-4, Makuhari-cho, Hanamigawa-ku, Chiba City, Chiba Prefecture, Japan	Nursing home with care service	18,916	22,216	1.3	1.5
Balance carried forward						64,681	74,845	4.6	5.1

**PARKWAY LIFE REAL ESTATE INVESTMENT TRUST
INTERIM FINANCIAL STATEMENTS FOR THE FULL YEAR ENDED 31 DECEMBER 2022**

**Portfolio statements (cont'd)
As at 31 December 2022**

Description of property Group	Tenure of land	Term of lease (years)	Remaining term of lease (years)	Location	Existing use	At valuation		Percentage of Net Assets	
						31/12/22 \$'000	31/12/21 \$'000	31/12/22 %	31/12/21 %
Japan (cont'd)									
Balance brought forward						64,681	74,845	4.6	5.1
Smiling Home Medis Musashi Urawa ⁽²⁾	Freehold	N.A.	N.A.	5-5-6, Shikatebukuro, Minami-ku, Saitama City, Saitama Prefecture, Japan	Nursing home with care service	8,512	9,813	0.6	0.7
Smiling Home Medis Koshigaya Gamo ⁽²⁾	Freehold	N.A.	N.A.	2-2-5, Gamonishimachi, Koshigaya City, Saitama Prefecture, Japan	Nursing home with care service	16,781	19,483	1.2	1.4
Sompo no Ie Nakasyo ⁽²⁾	Freehold	N.A.	N.A.	923-1 Aza Miyata, Hirata, Kurashiki City, Okayama Prefecture, Japan	Nursing home with care service	7,455	8,708	0.5	0.6
Maison des Centenaire Ishizugawa ⁽²⁾	Freehold	N.A.	N.A.	2-1-9, Hamadera Ishizuchonishi, Nishi-Ku, Sakai City, Osaka Prefecture, Japan	Nursing home with care service	9,875	11,262	0.7	0.8
Maison des Centenaire Haruki ⁽²⁾	Freehold	N.A.	N.A.	12-20, Haruki- Miyakawacho, Kishiwada City, Osaka Prefecture, Japan	Nursing home with care service	7,282	8,542	0.5	0.6
Balance carried forward						114,586	132,653	8.1	9.2

PARKWAY LIFE REAL ESTATE INVESTMENT TRUST
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Portfolio statements (cont'd)
As at 31 December 2022

Description of property	Tenure of land	Term of lease (years)	Remaining term of lease (years)	Location	Existing use	At valuation		Percentage of Net Assets	
						31/12/22 \$'000	31/12/21 \$'000	31/12/22 %	31/12/21 %
Group									
Japan (cont'd)									
Balance brought forward						114,586	132,653	8.1	9.2
Hapine Fukuoka Noke ⁽²⁾	Freehold	N.A.	N.A.	4-35-9, Noke, Sawaraku, Fukuoka City, Fukuoka Prefecture, Japan	Nursing home with care service	9,824	10,823	0.7	0.8
Fiore Senior Residence Hirakata ⁽²⁾	Freehold	N.A.	N.A.	4-10, Higashikori-Shinmachi, Hirakata City, Osaka Prefecture, Japan	Nursing home with care service	5,665	6,320	0.4	0.4
Iyashi no Takatsuki Kan ⁽²⁾	Freehold	N.A.	N.A.	3-19, Haccho-Nishimachi, Takatsuki City, Osaka Prefecture, Japan	Nursing home with care service	17,594	20,552	1.2	1.4
Sawayaka Obatake Ichibankan ⁽²⁾	Freehold	N.A.	N.A.	3-3-51 Obatake, Kokura-kita-ku, Kita-kyushu City, Fukuoka Prefecture, Japan	Nursing home with care service	8,543	10,015	0.6	0.7
Sawayaka Sakurakan ⁽²⁾	Freehold	N.A.	N.A.	126-2 Nakadomari, Nishi-nagano, Kakunodate-machi, Senboku City, Akita Prefecture, Japan	Nursing home with care service	9,112	10,870	0.6	0.8
Sawayaka Nogatakan ⁽²⁾	Freehold	N.A.	N.A.	442-1 Yamabe-Oaza, Nogata City, Fukuoka Prefecture, Japan	Nursing home with care service	8,278	9,849	0.6	0.7
Balance carried forward						173,602	201,082	12.2	14.0

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Portfolio statements (cont'd)
As at 31 December 2022

Description of property Group	Tenure of land	Term of lease (years)	Remaining term of lease (years)	Location	Existing use	At valuation		Percentage of Net Assets	
						31/12/22 \$'000	31/12/21 \$'000	31/12/22 %	31/12/21 %
Japan (cont'd)									
Balance brought forward						173,602	201,082	12.2	14.0
Sawayaka Shinmojikan ⁽²⁾	Freehold	N.A.	N.A.	1543-1 Oaza Hata, Moji-ku, Kita-kyushu City, Fukuoka Prefecture, Japan	Nursing home with care service	11,085	12,830	0.8	0.9
Sawayaka Obatake Nibankan ⁽²⁾	Freehold	N.A.	N.A.	1-6-26 Obatake, Kokura-kita-ku, Kita- kyushu City, Fukuoka Prefecture, Japan	Short stay/Day care home	4,058	4,800	0.3	0.3
Sawayaka Fukufukukan ⁽²⁾	Freehold	N.A.	N.A.	1-24-4 Fukuyanagi, Tobata-ku, Kita-kyushu City, Fukuoka Prefecture, Japan	Nursing home with care service	7,383	8,863	0.5	0.6
As Heim Nakaurawa ⁽²⁾	Freehold	N.A.	N.A.	2-21-9 Nishibori, Sakura-ku, Saitama Prefecture, Japan	Nursing home with care service	11,289	13,424	0.8	0.9
Hanadama no Ie Nakahara ⁽²⁾	Freehold	N.A.	N.A.	5-14-25 Shimo Kotanaka Nakahara- ku, Kawasaki, Kanagawa Prefecture, Japan	Nursing home with care service	9,468	10,930	0.7	0.8
Balance carried forward						216,885	251,929	15.3	17.5

**PARKWAY LIFE REAL ESTATE INVESTMENT TRUST
INTERIM FINANCIAL STATEMENTS FOR THE FULL YEAR ENDED 31 DECEMBER 2022**

**Portfolio statements (cont'd)
As at 31 December 2022**

Description of property Group	Tenure of land	Term of lease (years)	Remaining term of lease (years)	Location	Existing use	At valuation		Percentage of Net Assets	
						31/12/22 \$'000	31/12/21 \$'000	31/12/22 %	31/12/21 %
Japan (cont'd)									
Balance brought forward						216,885	251,929	15.3	17.5
Sawayaka Higashikagurakan ⁽²⁾	Freehold	N.A.	N.A.	2-351-4 Kitaichijo Higashi, Higashikagura-cho Kamikawa-gun, Hokkaido Prefecture, Japan	Nursing home with care service	10,475	12,474	0.7	0.9
Happy Life Toyonaka ⁽²⁾	Freehold	N.A.	N.A.	15-14, Kozushima 2-chome, Toyonaka City, Osaka Prefecture, Japan	Nursing home with care service	5,685	6,593	0.4	0.5
More Habitation Shin-Kobe ⁽²⁾	Freehold	N.A.	N.A.	13-7, Kanocho 2-chome, Chuo-ku, Kobe City, Hyogo Prefecture, Japan	Nursing home with care service	16,679	19,008	1.2	1.3
Sawayaka Seaside Toba ⁽²⁾	Freehold	N.A.	N.A.	300-73 Aza Hamabe, Ohamacho Toba City, Mie Prefecture, Japan	Nursing home with care service	16,374	19,127	1.2	1.3
Balance carried forward						266,098	309,131	18.8	21.5

PARKWAY LIFE REAL ESTATE INVESTMENT TRUST
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Portfolio statements (cont'd)
As at 31 December 2022

Description of property	Tenure of land	Term of lease (years)	Remaining term of lease (years)	Location	Existing use	At valuation		Percentage of Net Assets	
						31/12/22 \$'000	31/12/21 \$'000	31/12/22 %	31/12/21 %
Group									
Japan (cont'd)									
Balance brought forward						266,098	309,131	18.8	21.5
Sawayaka Niihamakan ⁽²⁾	Freehold	N.A.	N.A.	Otsu 11-77, Higashida 3-chome, Niihama City, Ehime Prefecture, Japan	Nursing home with care service	15,560	18,295	1.1	1.3
Sawayaka Mekari Nibankan ⁽²⁾	Freehold	N.A.	N.A.	2720-2, Okubo 1-chome, Mojiku, Kitakyushushi City, Fukuoka Prefecture, Japan	Nursing home with care service	3,824	4,027	0.3	0.3
Sawayaka Kiyotakan ⁽²⁾	Freehold	N.A.	N.A.	16-7, Kiyota 3-chome, Yahatahigashi-ku, Kitakyushushi, Fukuoka Prefecture, Japan	Nursing home with care service	10,475	12,355	0.7	0.9
Sawayaka Minatokan ⁽²⁾	Freehold	N.A.	N.A.	5155-3 Jyusanbancho, Furumachidori, Chuo-ku, Niigata City, Niigata Prefecture, Japan	Nursing home with care service	7,729	9,231	0.5	0.6
Maison des Centenaire Hannan ⁽²⁾	Freehold	N.A.	N.A.	8-423-29 Momonokidai, Hannan City, Osaka Prefecture, Japan	Nursing home with care service	19,628	23,998	1.4	1.7
Balance carried forward						323,314	377,037	22.8	26.3

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INTERIM FINANCIAL STATEMENTS FOR THE FULL YEAR ENDED 31 DECEMBER 2022

Portfolio statements (cont'd)
As at 31 December 2022

Description of property	Tenure of land	Term of lease (years)	Remaining term of lease (years)	Location	Existing use	At valuation		Percentage of Net Assets	
						31/12/22 \$'000	31/12/21 \$'000	31/12/22 %	31/12/21 %
Group									
Japan (cont'd)									
Balance brought forward						323,314	377,037	22.8	26.3
Maison des Centenaire Ohhama ⁽²⁾	Freehold	N.A.	N.A.	3-11-18 Ohhama Kitamachi Sakai-Ku, Sakai City, Osaka Prefecture, Japan	Nursing home with care service	8,024	8,969	0.6	0.6
Sunhill Miyako ⁽²⁾	Freehold	N.A.	N.A.	8-423-30 Momonokidai, Hannan City, Osaka Prefecture, Japan	Extended stay lodging facility	9,682	11,227	0.7	0.8
Habitation Jyosui ⁽²⁾	Freehold	N.A.	N.A.	4-1-26 Yakuin, Chuo-ku Fukuoka City, Fukuoka Prefecture, Japan	Nursing home with care service	37,324	46,094	2.6	3.2
Ocean View Shonan Arasaki ⁽²⁾	Freehold	N.A.	N.A.	5-25-1 Nagai, Yokosuka City, Kanagawa Prefecture, Japan	Nursing home with care service	21,967	25,661	1.6	1.8
Habitation Hakata I, II and III ⁽²⁾	Freehold	N.A.	N.A.	23-10 Kanenokuma 3-chome Hakata-ku, Fukuoka City, Fukuoka Prefecture, Japan	Nursing home with care service	42,512	48,352	3.0	3.4
Excellent Tenpaku Garden Hills ⁽²⁾	Freehold	N.A.	N.A.	141-3 Tsuchihara 2-chome, Tenpaku-ku, Nagoya City, Aichi Prefecture, Japan	Nursing home with care service	18,408	22,453	1.3	1.6
Balance carried forward						461,231	539,793	32.6	37.7

PARKWAY LIFE REAL ESTATE INVESTMENT TRUST
INTERIM FINANCIAL STATEMENTS FOR THE FULL YEAR ENDED 31 DECEMBER 2022

Portfolio statements (cont'd)
As at 31 December 2022

Description of property	Tenure of land	Term of lease (years)	Remaining term of lease (years)	Location	Existing use	At valuation		Percentage of Net Assets	
						31/12/22 \$'000	31/12/21 \$'000	31/12/22 %	31/12/21 %
Group									
Japan (cont'd)									
Balance brought forward						461,231	539,793	32.6	37.7
Liverari Shiroishi Hana Ichigo-kan ⁽²⁾	Freehold	N.A.	N.A.	1-18 Kitago 3jyo, Shiraishi-ku, Sapporo City, Hokkaido Prefecture, Japan	Nursing home with care service	3,732	4,562	0.3	0.3
Liverari Shiroishi Hana Nigo-kan ⁽²⁾	Freehold	N.A.	N.A.	5-10 Kitago 2jyo 5-chome, Shiraishi-ku, Sapporo City, Hokkaido Prefecture, Japan	Nursing home with care service	1,892	2,245	0.1	0.2
Sunny Spot Misono ⁽²⁾	Freehold	N.A.	N.A.	4-24 Misono 7jyo 3-chome, Toyohira-ku, Sapporo City, Hokkaido Prefecture, Japan	Group home with care service	2,166	2,471	0.2	0.2
Silver Heights Hitsujigaoka (Ichibankan and Nibankan) ⁽²⁾	Freehold	N.A.	N.A.	6-1 Fukuzumi, 3jyo 3-chome, Toyohira-ku, Sapporo City, Hokkaido Prefecture, Japan	Nursing home with care service	13,526	14,137	1.0	1.0
Habitation Wakaba ⁽²⁾	Freehold	N.A.	N.A.	1763-12 Oguramachi Wakabaku, Chiba City, Chiba Prefecture, Japan	Nursing home with care service	22,679	26,136	1.6	1.8
Habitation Hakusho ⁽²⁾	Freehold	N.A.	N.A.	301 Hijikai, Yachimata City, Chiba Prefecture, Japan	Nursing home with care service	16,882	19,958	1.2	1.4
Balance carried forward						522,108	609,302	37.0	42.6

PARKWAY LIFE REAL ESTATE INVESTMENT TRUST
INTERIM FINANCIAL STATEMENTS FOR THE FULL YEAR ENDED 31 DECEMBER 2022

Portfolio statements (cont'd)
As at 31 December 2022

Description of property	Tenure of land	Term of lease (years)	Remaining term of lease (years)	Location	Existing use	At valuation		Percentage of Net Assets	
						31/12/22 \$'000	31/12/21 \$'000	31/12/22 %	31/12/21 %
Group									
Japan (cont'd)									
Balance brought forward						522,108	609,302	37.0	42.6
Group Home Hakusho ⁽²⁾	Freehold	N.A.	N.A.	1345-16 Toyoma, Yachimata City, Chiba Prefecture, Japan	Group home with care service	1,098	1,247	0.1	0.1
Kikuya Warakuen ⁽²⁾	Freehold	N.A.	N.A.	1404-10 Nishitoyoi, Oaza, Kudamatsu City, Yamaguchi Prefecture, Japan	Nursing home with care service	8,746	10,336	0.6	0.7
Sanko ⁽²⁾	Freehold	N.A.	N.A.	4-16-16 Mizuhomachi, Kudamatsu City, Yamaguchi Prefecture, Japan	Nursing home with care service	5,675	6,594	0.4	0.5
Konosu Nursing Home Kyoseien ⁽²⁾	Freehold	N.A.	N.A.	3409-1 Shimoya, Konosu, Saitama Prefecture, Japan	Nursing rehabilitation facility	17,899	20,552	1.3	1.4
Haru no Sato ⁽²⁾	Freehold	N.A.	N.A.	1-2-23 Hajima, Shunan, Yamaguchi Prefecture, Japan	Nursing rehabilitation facility	14,035	16,157	1.0	1.1
Hodaka no Niwa ⁽²⁾	Freehold	N.A.	N.A.	205 Hitoegane, Okuhida Onsengo, Takayama, Gifu Prefecture, Japan	Nursing rehabilitation facility	15,153	16,394	1.1	1.1
Orange no Sato ⁽²⁾	Leasehold	99	97	522 Yoshiwara, Aridagawa-machi, Arida, Wakayama Prefecture, Japan	Nursing rehabilitation facility	12,713	14,731	0.9	1.0
Habitation Kamagaya ⁽²⁾	Freehold	N.A.	N.A.	12-1 Shin-Kamagaya 4-chome, Kamagaya City, Chiba Prefecture, Japan	Nursing home with care service	18,306	20,790	1.3	1.4
Balance carried forward						615,733	716,103	43.7	49.9

PARKWAY LIFE REAL ESTATE INVESTMENT TRUST
INTERIM FINANCIAL STATEMENTS FOR THE FULL YEAR ENDED 31 DECEMBER 2022

Portfolio statements (cont'd)
As at 31 December 2022

Description of property	Tenure of land	Term of lease (years)	Remaining term of lease (years)	Location	Existing use	At valuation		Percentage of Net Assets	
						31/12/22 \$'000	31/12/21 \$'000	31/12/22 %	31/12/21 %
Group									
Japan (cont'd)									
Balance brought forward						615,733	716,103	43.7	49.9
Will-Mark Kashiihama ⁽²⁾	Freehold	N.A.	N.A.	2-1 Kashiihama 3-chome, Fukuoka City, Fukuoka Prefecture, Japan	Nursing home with care service	33,053	38,135	2.3	2.7
Crea Adachi ⁽²⁾	Freehold	N.A.	N.A.	19-10 Iriya 2-chome Adachi City, Tokyo Prefecture, Japan	Nursing home with care service	12,814	15,087	0.9	1.1
Habitation Kisarazu Ichiban-kan ⁽²⁾	Freehold	N.A.	N.A.	11-1, Kaneda Higashi 4-chome, Kisarazu City, Chiba, Japan	Nursing home with care service	34,781	40,867	2.5	2.8
Blue Rise Nopporo ⁽⁴⁾	Freehold	N.A.	N.A.	39-1 Suehirocho, Nopporo, Ebetsu City, Hokkaido Prefecture, Japan	Nursing home with care service	8,014	-	0.6	-
Blue Terrace Kagura ⁽⁴⁾	Freehold	N.A.	N.A.	419-37 Kagura 2jo 9-chome, Asahikawa City, Hokkaido Prefecture, Japan	Nursing home with care service	13,526	-	1.0	-
Blue Terrace Taisetsu ⁽⁴⁾	Freehold	N.A.	N.A.	506-16 Taisetsudori 7-chome, Asahikawa City, Hokkaido Prefecture, Japan	Nursing home with care service	7,821	-	0.6	-
Assisted Living Edogawa ⁽⁵⁾	Freehold	N.A.	N.A.	1379 Nishi-Ichinoe 2-chome, Edogawa-ku, Tokyo Prefecture, Japan	Nursing home with care service	19,425	-	1.4	-
Assisted Living Toke ⁽⁵⁾	Freehold	N.A.	N.A.	299-4 Tokecho, Midori-ku, Chiba City, Chiba Prefecture, Japan	Nursing home with care service	13,323	-	0.9	-
						758,490	810,192	53.9	56.5

**PARKWAY LIFE REAL ESTATE INVESTMENT TRUST
INTERIM FINANCIAL STATEMENTS FOR THE FULL YEAR ENDED 31 DECEMBER 2022**

**Portfolio statements (cont'd)
As at 31 December 2022**

Description of property	Tenure of land	Term of lease (years)	Remaining term of lease (years)	Location	Existing use	At valuation		Percentage of Net Assets	
						31/12/22 \$'000	31/12/21 \$'000	31/12/22 %	31/12/21 %
Group									
Malaysia									
MOB Specialist Clinics, Kuala Lumpur ⁽³⁾	Freehold	N.A.	N.A.	282, Jalan Ampang 50450 Kuala Lumpur, Malaysia	Medical Centre	6,316	6,462	0.4	0.5
Investment properties, at valuation						2,203,806	2,288,654	156.3	159.6
Other assets and liabilities (net)						(793,320)	(853,947)	(56.3)	(59.6)
Net assets						<u>1,410,486</u>	<u>1,434,707</u>	<u>100.0</u>	<u>100.0</u>

PARKWAY LIFE REAL ESTATE INVESTMENT TRUST
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Portfolio statements (cont'd)
As at 31 December 2022

Description of property	Tenure of land	Term of lease (years)	Remaining term of lease (years)	Location	Existing use	At valuation		Percentage of Net Assets	
						31/12/22 \$'000	31/12/21 \$'000	31/12/22 %	31/12/21 %
Trust									
Singapore									
The Mount Elizabeth Hospital Property ⁽¹⁾	Leasehold	67	52	3 Mount Elizabeth, Singapore 228510	Hospital and medical centre	845,000	883,000	59.9	65.8
The Gleneagles Hospital Property ⁽¹⁾	Leasehold	75	60	6 Napier Road, Singapore 258499; and 6A Napier Road, Singapore 258500	Hospital and medical centre	500,000	503,000	35.5	37.5
The Parkway East Hospital Property ⁽¹⁾	Leasehold	75	60	319 Joo Chiat Place, Singapore 427989; and 321 Joo Chiat Place, Singapore 427990	Hospital and medical centre	94,000	86,000	6.7	6.4
Investment properties, at valuation						1,439,000	1,472,000	102.1	109.7
Other assets and liabilities (net)						(28,867)	(130,180)	(2.1)	(9.7)
Net assets						1,410,133	1,341,820	100.0	100.0

⁽¹⁾ These properties are leased to Parkway Hospitals Singapore Pte. Ltd., a related corporation of the Manager and the Trust under separate master lease agreements, which are renewed under the terms of the New Master Lease Agreements from 23 August 2022 to 31 December 2042 with an option to extend the lease of each of these properties for a further term of 10 years. On 31 December 2022, the appraised value of these properties under the terms of the New Master Lease Agreements were determined by CBRE Pte. Ltd., using direct capitalisation and discounted cash flow methods.

⁽²⁾ On 31 December 2022, independent valuations of these properties were undertaken by CBRE K.K., Enrix Co., Ltd, Cushman & Wakefield K.K. and JLL Morii Valuation & Advisory K.K. using the discounted cash flow method.

⁽³⁾ On 31 December 2022, the appraised value of the property was determined by Knight Frank Malaysia Sdn Bhd, using the direct capitalisation method and supported by comparison approach.

⁽⁴⁾ On 13 September 2022, the Group entered into a Tokumei Kumiai agreement as an investor in relation to the acquisition of three nursing homes located in Japan for a purchase price of JPY2,558 million (approximately \$25.1 million). The acquisition of the properties was completed on 21 September 2022. The appraised value of the properties as at 31 December 2022 was determined by Enrix Co., Ltd using discounted cash flow method.

⁽⁵⁾ On 20 September 2022, the Group entered into a Tokumei Kumiai agreement as an investor in relation to the acquisition of two nursing home located in Japan for a purchase price of JPY2,880 million (approximately \$28.7 million). The acquisition of the property was completed on 28 September 2022. The appraised value of the properties as at 31 December 2022 was determined by Enrix Co., Ltd using discounted cash flow method.

The Manager believes that the independent valuers have appropriate professional qualifications and recent experience in the location and category of the properties being valued.

PARKWAY LIFE REAL ESTATE INVESTMENT TRUST
INTERIM FINANCIAL STATEMENTS FOR THE FULL YEAR ENDED 31 DECEMBER 2022

E. CONSOLIDATED STATEMENT OF CASH FLOWS

	2022 S\$'000	2021 S\$'000
Operating activities		
Total return before income tax	48,217	340,752
Adjustments for		
Finance costs	5,753	4,683
Net change in fair value of financial derivatives	(5,160)	(4,161)
Net change in fair value of investment properties	59,381	(239,206)
Gain on disposal of asset held for sale	–	(5,113)
Straight-line rental adjustments	(11,908)	(832)
Deferred income recognised	(260)	(251)
Allowance for doubtful debts	–	1,028
Operating income before working capital changes	96,023	96,900
Changes in working capital		
Trade and other receivables	(3,114)	5,069
Trade and other payables	4,151	(7,615)
Security deposits	1,709	1,033
Cash generated from operations	98,769	95,387
Income tax paid	(4,137)	(5,525)
Cash flows generated from operating activities	94,632	89,862
Investing activities		
Capital expenditure on investment properties	(17,658)	(11,692)
Cash outflow on purchase of investment properties (including acquisition-related costs)	(61,293)	(99,207)
Advance payment for capital expenditure on investment properties	(46,233)	–
Net proceeds from sale of investment property (including divestment-related costs)	–	35,911
Cash flows used in from investing activities	(125,184)	(74,988)
Financing activities		
Interest paid	(4,424)	(3,842)
Distribution to Unitholders	(64,312)	(85,184)
Proceeds from loans and borrowings	271,757	482,124
Proceeds from issuance of medium term notes	109,583	–
Repayment of loans and borrowings	(233,772)	(402,114)
Repayment of medium term notes	(29,778)	–
Borrowing costs paid	(1,269)	(934)
Repayment of lease liabilities	(32)	(31)
Cash flows generated from/(used in) financing activities	47,753	(9,981)
Net increase in cash and cash equivalents	17,201	4,893
Cash and cash equivalents at beginning of year	25,793	22,658
Effects of exchange differences on cash balances	(2,984)	(1,758)
Cash and cash equivalents at end of year	40,010	25,793

F. SELECTED NOTES TO THE FINANCIAL STATEMENTS

1. Corporate Information

Parkway Life Real Estate Investment Trust (“Parkway Life REIT” or the “Trust”) is a Singapore-domiciled unit trust constituted pursuant to the trust deed dated 12 July 2007 (as amended) (the “Trust Deed”) between Parkway Trust Management Limited (the “Manager”) and HSBC Institutional Trust Services (Singapore) Limited (the “Trustee”), governed by the laws of the Republic of Singapore. On 12 July 2007, the Trust was declared as an authorised unit trust scheme under the Trustees Act, Chapter 337. The Trustee is under a duty to take into custody and hold the assets of the Trust and its subsidiaries (the “Group”) in trust for the holders (“Unitholders”) of units in the Trust (the “Units”).

On 23 August 2007 (“Listing Date”), the Trust was admitted to the Official List of the Singapore Exchange Securities Trading Limited (“SGX-ST”) and was included under the Central Provident Fund (“CPF”) Investment Scheme on the same date.

The principal activity of the Trust is 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.

2. Basis of Preparation

The condensed interim financial statements for the full year ended 31 December 2022 have been prepared in accordance with the recommendations of Statement of Recommended Accounting Practice (“RAP”) 7 *Reporting Framework for Investment Funds* issued by the Institute of Singapore Chartered Accountants and the applicable requirements of the Code on Collective Investment Schemes (“CIS Code”) issued by the Monetary Authority of Singapore (“MAS”) and the provisions of the Trust Deed. RAP 7 requires that accounting policies adopted should generally comply with the recognition and measurement principles of Singapore Financial Reporting Standards (“FRS”).

The accounting policies and methods of computation applied in the condensed interim financial statements for the current reporting period are consistent with those disclosed in the audited financial statements for the year ended 31 December 2021.

The consolidated interim financial statements of the Group are presented in Singapore dollars, which is the Trust’s functional currency. All financial information presented in Singapore dollars have been rounded to the nearest thousand, unless otherwise stated.

2.1 New and amended standards adopted by the Group

There are no new standards, amendments to standards and interpretations, effective for annual periods beginning on or after 1 January 2022, which will result in significant impact on the condensed interim financial statements of the Group.

2.2 Use of judgements and estimates

The preparation of financial statements in conformity with RAP 7 requires the Manager to make judgements, estimates and assumptions that affect the application of policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

PARKWAY LIFE REAL ESTATE INVESTMENT TRUST
INTERIM FINANCIAL STATEMENTS FOR THE FULL YEAR ENDED 31 DECEMBER 2022

3. Investment properties

	Group		Trust	
	31/12/2022 \$'000	31/12/2021 \$'000	31/12/2022 \$'000	31/12/2021 \$'000
At 1 January	2,290,751	1,991,019	1,472,000	1,213,800
Acquisition of investment properties	53,888	88,853	–	–
Acquisition related costs	6,902	11,235	–	–
Capital expenditure	17,310	12,514	13,972	9,259
Translation difference	(115,497)	(52,908)	–	–
	<u>2,253,354</u>	<u>2,050,713</u>	<u>1,485,972</u>	<u>1,223,059</u>
Change in fair value of investment properties	(47,451)	240,060	(46,972)	248,941
Amortisation of right-of-use assets	(22)	(22)	–	–
At end of reporting period	<u>2,205,881</u>	<u>2,290,751</u>	<u>1,439,000</u>	<u>1,472,000</u>

Determination of fair value

Investment properties are stated at fair value based on valuations as at 31 December 2022 performed by independent professional valuers having appropriate recognised professional qualification and experience in the location and category of property being valued.

The independent external valuers have used capitalisation approach, comparison approach and discounted cash flow methods.

The capitalisation approach capitalises an income stream into a present value using revenue multipliers or single-year capitalisation rates. The discounted cash flow method involves the estimation and projection of an income stream over a period and discounting the income stream with an appropriate rate of return.

The net change in fair value of the investment properties recognised in the statement of total return comprises the following:

	Group		Trust	
	31/12/2022 \$'000	31/12/2021 \$'000	31/12/2022 \$'000	31/12/2021 \$'000
Change in fair value of investment properties	(47,451)	240,060	(46,972)	248,941
Amortisation of right-of-use assets	(22)	(22)	–	–
Straight-line rental adjustments	(11,908)	(832)	(10,081)	–
Net change in fair value of investment properties recognised in statement of total return	<u>(59,381)</u>	<u>239,206</u>	<u>(57,053)</u>	<u>248,941</u>

Valuation processes applied by the Group and Trust

Valuation of investment properties is performed in accordance with the Trust Deed. In determining the fair value, the valuers have used valuation methods which involved certain estimates. In assessing the fair value measurements, the Manager reviews the valuation methodologies and evaluates the assessments made by the valuers. The Manager exercised its judgement and is satisfied that the valuation methods and estimates are reflective of the current market conditions. The valuation reports are prepared in accordance with recognised appraisal and valuation standards.

PARKWAY LIFE REAL ESTATE INVESTMENT TRUST
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Fair value hierarchy

The fair value measurement for investment properties of the Group and the Trust have been categorised as Level 3 fair values based on inputs to the valuation technique used.

Reconciliations from the beginning balances to the ending balances for fair value measurements of Level 3 investment properties are set out in the above table.

	31/12/2022	31/12/2021
	\$'000	\$'000
Fair value of investment properties (based on valuation)	2,203,806	2,288,654
Add: Carrying amount of lease liabilities	2,075	2,097
Carrying amount of investment properties	<u>2,205,881</u>	<u>2,290,751</u>

4. Loans and borrowings

	Group and Trust	
	31/12/2022	31/12/2021
	\$'000	\$'000
Current liabilities		
Unsecured bank loans	36,300	94,719
Unsecured medium term notes	20,340	-
Unamortised transaction costs	(5)	-
	<u>56,635</u>	<u>94,719</u>
Non-current liabilities		
Unsecured bank loans	614,131	593,598
Unsecured medium term notes	181,433	140,184
Unamortised transaction costs	(2,410)	(2,606)
	<u>793,154</u>	<u>731,176</u>

The loans and borrowings comprise the following:

(1) Long Term Unsecured Term Loans and Revolving Credit Facilities

As at the reporting date, the Group has utilised various long term unsecured term loans and revolving credit facilities totalling JPY43,486 million (approximately \$442.2 million) and \$171.9 million (2021: JPY35,776 million (approximately \$425.0 million) and \$168.6 million) (the "Long Term Facilities"). The Long Term Facilities are committed, unsecured and rank pari passu with all the other present and future unsecured debt obligations of the Group. Interest on the Long Term Facilities is subject to re-pricing on a monthly or quarterly basis or any other interest period as mutually agreed between the lenders and Parkway Life REIT, and is based on the relevant floating rate plus a margin.

Interest rate was largely hedged as the Group entered into interest rate swaps, cross currency interest rate swap and interest rate caps to manage the interest rate exposures for the above Long Term Facilities.

(2) Unsecured Debt Issuance

The Group, through its wholly-owned subsidiary, Parkway Life MTN Pte. Ltd. ("PLife MTN"), has put in place a \$500 million Multicurrency Debt Issuance Programme to provide the Group with the flexibility to tap various types of capital market products including issuance of perpetual securities when needed.

PARKWAY LIFE REAL ESTATE INVESTMENT TRUST
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Under the Debt Issuance Programme, PLife MTN 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.

All sums payable in respect of the notes issued by PLife MTN are unconditionally and irrevocably guaranteed by Parkway Life REIT Trustee.

As at 31 December 2022, there were five series of outstanding fixed rate notes issued under the Debt Issuance Programme amounting to JPY19,840 million (approximately \$201.8 million) with maturity dates between 2023 to 2029 (2021: JPY11,800 million (approximately \$140.2 million)).

(3) Short Term Facilities

The Group has two unsecured and uncommitted short-term multi-currency facilities (the “Short Term Facilities”) amounting to \$195.0 million (2021: \$195.0 million) for general working capital purposes. Interest on the Short Term Facilities is based on the bank’s cost of fund.

As at 31 December 2022, a total of \$36.3 million (2021: JPY7,973 million (approximately \$94.7 million)) was drawn down via Short Term Facilities for working capital purpose for a month (2021: 3 months).

5. Financial derivatives

	Group and Trust	
	31/12/2022	31/12/2021
	\$'000	\$'000
Current derivative assets	470	558
Non-current derivative assets	33,958	15,337
Total derivative assets	34,428	15,895
Non-current derivative liabilities	-	(153)
Total derivative liabilities	-	(153)
Total derivative assets (net)	34,428	15,742

	Group		Trust	
	31/12/2022	31/12/2021	31/12/2022	31/12/2021
	%	%	%	%
Percentage of derivative assets to unitholders’ funds	2.4	1.1	2.4	1.2
Percentage of derivative liabilities to unitholders’ funds	-	-*	-	-*

* Amount is immaterial

6. Units in issue

	2H 2022	2H 2021	2022	2021
	'000	'000	'000	'000
Units in issue at beginning and at end of period	605,002	605,002	605,002	605,002

PARKWAY LIFE REAL ESTATE INVESTMENT TRUST
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7. Net asset value per unit and net tangible asset per unit based on units issued at the end of the period

	Note	Group 31/12/22 S\$	Group 31/12/21 S\$	Trust 31/12/22 S\$	Trust 31/12/21 S\$
Net asset value ("NAV") per unit	(a)	2.33	2.37	2.33	2.22
Adjusted NAV per unit (excluding the distributable income)		2.26	2.34	2.26	2.18
Net tangible asset per unit	(a)	2.33	2.37	2.33	2.22

Note:

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

	Note	2H 2022 '000	2H 2021 '000	2022 '000	2021 '000
Number of units in issue at end of period		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)	(1.31)	46.56	6.80	54.86
Applicable number of units for calculation of DPU		605,002	605,002	605,002	605,002
Distribution per unit in cents (DPU) based on Distributable income to Unitholders	(b)	7.32	7.13	14.38	14.08

Note:

- (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.

9. Financial ratios

	Note	2022 (Actual) %	2021 (Actual) %
Ratio of expenses to weighted average net assets	(a)		
- excluding performance component of Manager's fees		0.81	0.86
- including performance component of Manager's fees		1.20	1.24
Portfolio turnover rate	(b)	-	2.35

Note:

- (a) The ratios are computed in accordance with the guidelines of Investment Management Association of Singapore. The expenses used in the computation relate to expenses at the Group level, excluding property related expenses, finance costs, income tax expense and foreign exchange gains/(losses).

PARKWAY LIFE REAL ESTATE INVESTMENT TRUST
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(b) The ratio is computed based on the lesser of purchases or sales of underlying investment properties of the Group expressed as a percentage of daily average net asset value.

10. Segmented revenue and results for operating segments (of the group) with comparative information for the immediately preceding year.

As at 31 December 2022, the operating segments of the Group comprise the following segments – Hospital Properties, Nursing Home and Care Facility Properties and Medical Centre Units. The Pharmaceutical Product Distributing and Manufacturing Facility was divested on 29 January 2021.

The Group's operations and its identifiable assets are located in Singapore (consisting of Hospital Properties), Japan (consisting of 57 Nursing Home and Care Facility Properties) and Medical Centre Units in Malaysia. Accordingly, no geographical segmental analysis is separately presented.

	Note	2022 S\$'000	2021 S\$'000	Change %
Hospital Properties (Singapore)	(a)	82,241	70,393	16.8
Nursing Home and Care Facility Properties (Japan)	(b)	47,429	49,889	(4.9)
Pharmaceutical Product Distributing and Manufacturing Facility (Japan)	(c)	-	128	n.m.
Medical Centre Units (Malaysia)	(d)	302	295	2.4
Total gross revenue		129,972	120,705	7.7

	Note	2022 S\$'000	2021 S\$'000	Change %
Hospital Properties (Singapore)	(a)	78,997	67,105	17.7
Nursing Home and Care Facility Properties (Japan)	(b)	42,711	43,852	(2.6)
Pharmaceutical Product Distributing and Manufacturing Facility (Japan)	(c)	-	121	n.m.
Medical Centre Units (Malaysia)	(d)	160	156	2.6
Total net property income		121,868	111,234	9.6

Note:

- (a) Higher revenue and net property income was driven by the straight-lining of rental income under the new master lease agreements which have commenced on 23 August 2022. In addition, Parkway East Hospital's hospital revenue for the 15th year lease (23 August 2022 - 22 August 2023) has outperformed the minimum guaranteed rent, contributing to the increase in 2022.
- (b) Lower revenue was mainly due to the depreciation of the Japanese Yen, partially offset by the revenue contribution from the nursing home properties acquired in July 2021, December 2021 and September 2022.
- (c) This property was divested on 29 January 2021.
- (d) The increase in revenue was mainly due to higher rent following the lease renewal with a tenant.

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G. OTHER INFORMATION REQUIRED BY LISTING RULE APPENDIX 7.2

1. **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.

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

Not Applicable.

3. **Review of the performance of the Group**

Summary of Parkway Life REIT's Results for the full year ended 31 December 2022

	Note	2022	2021	Increase/ (Decrease)	
		S\$'000	S\$'000	S\$'000	%
Gross Revenue		129,972	120,705	9,267	7.7
Net Property Income		121,868	111,234	10,634	9.6
Amount Available for Distribution	(a)	87,004	84,702	2,302	2.7
Amount reversed for COVID-10 related relief measures	(b)	-	476	476	n.m.
Distributable Income to Unitholders		87,004	85,178	1,826	2.1
Distribution per unit based on Distributable income to Unitholders (cents)	(c)	14.38	14.08	0.30	2.1
Distribution yield (%), based on - Closing market price of \$3.76 as at 31 December 2022		3.82	3.74		2.1

Note:

- (a) Net of amount retained for capital expenditure on existing properties amounting to \$3.0 million each year.
- (b) The Group had retained \$1.7 million in 2020 as part of the COVID-19 related relief measures for tenants announced in 1Q 2020 and had subsequently released the balance unutilised retention sum amounting to \$476,000 in 2021.
- (c) In computing the Distribution per Unit ("DPU"), the number of units in issue as at the end of each period is used.

Consolidated Statements of Total Return

2H 2022 Vs 2H 2021

Gross revenue for 2H 2022 has increased by 14.2% year-on-year to \$69.8 million. The increase was due to contribution from three nursing homes acquired in July and December 2021, five nursing homes acquired in September 2022 and higher rent from the Singapore properties under the new master lease agreements which commenced in August 2022. This was partially offset by the depreciation of Japanese Yen. Correspondingly, the net property income has increased by 18.0% to \$65.8 million for 2H 2022.

The Manager's management fees for 2H 2022 of \$7.1 million was 7.3% higher than 2H 2021, largely due to higher deposited property value mainly led by significant valuation gains in prior year on the existing property portfolio resulted largely from the successful entry into the new master lease agreements and the renewal capital expenditure agreement for its three Singapore hospitals. Further, the Group has registered higher deposited property value from the properties acquired in December 2021 and September 2022 and higher net property income from the Singapore assets. The increase was partially offset by the depreciation of Japanese Yen. Lower trust expenses were also registered for 2H 2022 due to lower professional fees incurred during the period.

Of the net foreign exchange movement, the Group had registered a realised foreign exchange gain amounting to about \$3.2 million and \$1.3 million from the settlement of Japanese Yen forward contracts in 2H 2022 and 2H 2021 respectively.

Finance costs have increased mainly due to funding of new acquisitions in 2021 and 2022 and higher interest costs from Singapore dollar debts partially offset by depreciation of JPY.

The Group has step-up lease arrangements for certain of its properties which include the new 20.4-year master lease agreements for its three Singapore hospitals and the 20-year lease agreements for the 3 Japan nursing home (Palmary Inn) properties. As part of revenue recognition, the step-up lease arrangements were accounted on a straight line basis over the lease term (i.e. effective rent) since August 2022 and September 2021, respectively. This had led to corresponding increase in the gross revenue and investment properties. As property valuation is based on discounted cash flow method which deviates from effective rent accounting treatment, the Group has removed the impact of effective rent from investment properties accordingly. This resulted in adjustments in the net change in fair value of investment properties (See Note 3 to the Financial Statements). There is no distribution impact arising from the above treatment.

Overall, DPU for 2H 2022 of 7.32 cents has outperformed by 2.7% or 0.19 cents as compared with 2H 2021's DPU of 7.13 cents.

2022 Vs 2021

Gross revenue for 2022 has increased by 7.7% year-on-year to \$130.0 million. The increase was due to contribution from three nursing homes acquired in July and December 2021, five nursing homes acquired in September 2022 and higher rent from the Singapore properties under the new master lease agreements which commenced in August 2022. In 2021, the Group provided for one-off allowance for doubtful debts of \$1.0 million resulting in a lower net property income. The increase in 2022 was partially offset by the loss of income from the divestment of a pharmaceutical product distributing and manufacturing facility in Japan ("P-Life Matsudo") in January 2021 and depreciation of Japanese Yen. Correspondingly, the net property income has increased by 9.6% to \$121.9 million in 2022.

The Manager's management fees for 2022 of \$13.8 million was 7.2% higher than 2021. This was due to higher net property income and deposited property value during the period following the significant valuation gains in 2021 on the property portfolio largely from the successful entry into the new master lease agreements and the renewal capital expenditure agreement for its three Singapore hospitals. Further, the Group has registered higher deposited property value and higher net property income from the properties acquired in 2021 and 2022. This increase is partially offset by the depreciation of Japanese Yen.

Of the net foreign exchange movement, the Group had registered a realised foreign exchange gain amounting to about \$5.1 million and \$2.1 million from the settlement of Japanese Yen forward contracts in 2022 and 2021 respectively.

Overall finance costs have increased mainly due to funding of new acquisitions in 2021 and 2022, higher interest costs from Singapore dollar debts partially offset by depreciation of JPY.

At the reporting date, the Group has outstanding forward exchange contracts with aggregate notional amounts of approximately \$109.8 million. The change in fair value of \$5.2 million gain was charged to the statement of total return.

Valuations were performed by independent professional valuers for all investment properties as at 31 December 2022. During the year, the Group has recognised a net change in fair value of investment properties of \$59.4 million in the Statement of Total Return, which includes fair value loss of \$47.5 million and impact from straight-line rental adjustments and amortisation of right-of-use assets amounting to \$11.9m. The valuation loss is largely attributed to the higher capital expenditure for the Singapore hospitals as a result of inflation and synchronised regular capital expenditure works for Mount Elizabeth Hospital ("MEH"). The Group will be synchronising the execution of MEH's regular capital expenditure works, where possible, with the closure of the hospital to commence the 3-year Renewal Capex Works, to minimise further inconveniences and reduced prolonged operational disruptions. Any fair value adjustments (surplus / deficit) in respect of the revaluation would not be taxable / deductible on the basis that the fair value changes are unrealised and the properties are held for long-term purposes. As such, these fair value adjustments (surplus / deficit) would be adjusted out when determining the distributable income to the Unitholders.

In 2021, the Group has recognised a gain of approximately \$5.1 million (net of disposal costs and before withholding tax) from the disposal of P-Life Matsudo. Correspondingly, a net withholding tax payable of \$0.9 million imposed on the P-Life Matsudo's disposal gain was also recognised in 2021 income tax expenses.

The Group had retained \$1.7 million in 2020 as part of the COVID-19 related relief measures for tenants and had subsequently released the balance unutilised retention sum amounting to \$476,000 in 2021.

Overall, DPU for 2022 of 14.38 cents has outperformed by 2.1% or 0.30 cents as compared with 2021's DPU of 14.08 cents

Consolidated Statements of Financial Position

The current and non-current advance payment in 2022 arose from an advance payment of about \$46.2 million to the contractor¹ in relation to the Renewal Capex Works for MEH. As part of the agreement with the contractor, the contractor is obliged to provide an irrevocable on-demand performance bond from a bank for a sum equivalent to the advance payment, for the due performance of the agreement ("Advance Payment Bond"). As at 31 December 2022, the Group has in its possession an Advance Payment Bond in its favour amounting to a sum same as the advance payment.

¹ On 29 November 2022, Parkway Life REIT has announced that that the Renewal Capex Works have been awarded to a non-related third party building contractor in Singapore within the Renewal Capex Costs, with estimated completion by December 2025.

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Higher trade and other receivables in 2022 mainly due to GST receivable of \$2.6 million.

The decrease in investment properties was largely due to the depreciation of the Japanese Yen and valuation loss on the property portfolio. Excluding the impact from straight-line rental adjustments and amortisation of right-of-use assets amounting to \$11.9 million, a fair value loss of \$47.5 million was recognised in the Statement of Total Return, representing a loss of 2.1% in the total portfolio value. This was largely attributed to the higher capital expenditure for the Singapore hospitals as a result of inflation and synchronised regular capital expenditure works for MEH. This was partially offset by the acquisition of five nursing homes in Japan in September 2022.

The overall increase in loans and borrowings was mainly due to the issuance of fixed rate notes and drawdown of long term revolving credit facility for funding of acquisitions and working capital purposes partly offset by depreciation of the Japanese Yen.

In 1H 2022, the Group has drawn down a 5-year committed and unsecured loan facility to term out the short term loans amounting to JPY7,710 million (approximately \$79.3 million) on its maturity on 15 March 2022. In 2H 2022, the Group issued 2 fixed rate notes of (i) JPY6,040 million (approximately \$61.4 million) for 7 years till 2029, to fund the acquisitions in September 2022 and (ii) JPY5,000 million (approximately \$50.9 million) for 6 years till 2028, to term out fixed rate note of JPY3,000 million (approximately \$30.5 million) in advance of its maturity in June 2023 and fixed rate note of JPY2,000 million (approximately \$20.4 million) upon its maturity in June 2023.

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 Aggregate Leverage of the Group as at 31 December 2022 was 36.4% (31 December 2021: 35.4%) of the Group's Deposited Property. This complied with the stipulated Aggregate Leverage limit. The interest coverage ratio (ICR) and adjusted ICR² stood at 18.3 times at of 31 December 2022.

Consolidated Statement of Cash Flows

Net cash from operating activities has increased in 2022 as compared to 2021, mainly due to higher rental income from the nursing homes acquired in July 2021, December 2021 and September 2022 as well as higher rent from the Singapore properties.

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

	2022 S\$'000	2021 S\$'000
Investment properties	53,888	88,853
Acquisition related costs	7,405	10,354
Net cash outflow/Cash consideration paid	61,293	99,207

The acquisition related costs paid in 2022 were in relation to the nursing home properties acquired in July 2021, December 2021 and September 2022.

Net cash used in investing activities as of 2022 included payment of capital expenditure on existing properties and an advance payment to the contractor in relation to the Renewal Capex Works for MEH.

Net cash from financing activities in 2022 was mainly from the issuance of fixed rate notes and drawdown of loan facility to finance the property acquisitions in September 2022, partially offset by payment of distributions to Unitholders and repayment of borrowings.

² As PLife REIT has no hybrid securities as of the reporting date, there is no difference between ICR and Adjusted-ICR.

4. Where a forecast, or a prospect statement, has been previously disclosed to shareholders, any variance between it and the actual results

Not Applicable.

5. A commentary at the date of the announcement of 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 operating period and the next 12 months

Moving into 2023, global growth is expected to decelerate, reflecting synchronous policy tightening aimed at containing very high inflation, worsening financial conditions, and continued disruptions from Russia's invasion of Ukraine³.

Amid the macroeconomic uncertainties and challenges, Parkway Life REIT remains prudent as the Group continues to proactively manage its portfolio and strategically navigate for growth opportunities.

In September 2022, Parkway Life REIT strengthened its presence in the Japan's aged care market with the acquisition of five nursing homes and the initiation of a new collaboration with Daiwa House, a reputable real estate developer in Japan. The group started year 2023 on an exciting note with the wall breaking ceremony on 3 January 2023, to mark the commencement of the major refurbishment works at Mount Elizabeth Hospital, named "Project Renaissance". The expansive S\$350 million Project Renaissance, jointly funded by Parkway Life REIT and IHH Healthcare Singapore will span three years. Reflective of the extension of strategic collaboration, Project Renaissance upon completion, will enable both Parkway Life REIT and IHH Healthcare Singapore to sustain competitiveness and ride the growth potential of Singapore's healthcare industry.

Parkway Life REIT adheres to a disciplined financial management framework to mitigate any potential refinancing risk as well as actively manages any exposure to interest rate and foreign currency risks on an ongoing basis. Despite the challenging financial market environment, the Group has successfully issued a 6-year JPY5.0 billion and a maiden 7-year JPY6.04 billion notes (the "Notes") in December 2022 at attractive fixed rates of 0.85% and 0.97% per annum respectively. With the proceeds of the Notes to be used for the pre-emptive terming out of the existing fixed rate notes due in 2023 as well as the JPY short-term loans drawn down for the five properties acquired in 2022, the Group has effectively managed its debt maturity profile with no immediate long-term debt refinancing need till February 2024. On an ongoing basis, the Group manages interest rate risk by largely hedging long-term committed borrowings using interest rate hedging financial instruments or issuance of fixed rate notes to strengthen Parkway Life REIT's resilience against interest rate hikes. In the face of rising interest rate trends, it has increased its proportion of fixed-rate interest bearing borrowings to 80% as of 31 December 2022, from 73% in September 2022, to manage Parkway Life REIT's interest rate risk. To manage foreign currency risk, the Group adopts a natural hedge strategy for its Japanese investments to maintain a stable net asset value and establishing Japanese Yen forward exchange contracts to shield against Japanese Yen currency volatility. As at 31 December 2022, the Group has put in place Japanese Yen forward contracts till 1Q 2027 to manage adverse foreign currency risk pertaining to its Japan portfolio.

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

³ Source: World Bank Global Economic Prospects, 6 January 2023

REIT's assets place it in a good position to benefit from the resilient growth of the healthcare industry in the Asia Pacific region.

6. Distributions

(a) Current financial period

Any distributions declared for the current financial period: Yes

Name of distribution: Second half year distribution for the period from 1 July 2022 to 31 December 2022

Distribution Type	Distribution Rate (cents per unit)
Taxable Income	4.83
Exempt Income	0.34
Capital Distribution	2.15
Total	7.32

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: Third and Fourth quarter distribution for the period from 1 July 2021 to 30 September 2021 and 1 October 2021 to 31 December 2021, respectively

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Distribution Type	Distribution Rate (cents per unit)	
	1 July 2021 to 30 September 2021	1 October 2021 to 31 December 2021
Taxable Income	2.42	2.42
Exempt Income	0.46	0.39
Capital Distribution	0.68	0.76
Total	3.56	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 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:** 6 February 2023

(d) **Date payable:** 28 February 2023

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

Not Applicable.

8. **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.

9. 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 half year ended 31 December 2022:

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 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.

10. 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).

11. 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.

12. Breakdown of gross revenue and total return after tax before distribution

	FY 2022 S\$’000	FY 2021 S\$’000	Change %
Gross revenue reported for first half year	60,175	59,565	1.0
Total return after tax before distribution for first half year	49,071	50,169	(2.2)
Gross revenue reported for second half year	69,797	61,140	14.2
Total return after tax before distribution for second half year	(7,935)	281,709	n.m.

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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
27 January 2023

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.