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

Financial Statements
Year ended 31 December 2024

Report of the Trustee

HSBC Institutional Trust Services (Singapore) Limited (the "Trustee") is under a duty to take into custody and hold the assets of Parkway Life Real Estate Investment Trust (the "Trust") and its subsidiaries (the "Group") in trust for the holders ("Unitholders") of units in the Trust (the "Units"). In accordance with the Securities and Futures Act 2001 of Singapore, its subsidiary legislation and the Code on Collective Investment Scheme, the Trustee shall monitor the activities of Parkway Trust Management Limited (the "Manager") for compliance with the limitations imposed on the investment and borrowing powers as set out in the trust deed dated 12 July 2007 (as amended by the First Supplemental Deed dated 12 November 2009, the Second Supplemental Deed dated 30 March 2010, the Third Supplemental Deed dated 31 March 2016, the Fourth Supplemental Deed dated 2 May 2019, the Fifth Supplemental Deed dated 2 April 2020 and the Sixth Supplemental Deed dated 23 September 2020) (the "Trust Deed"), between the Trustee and the Manager in each annual accounting period and report thereon to Unitholders in an annual report.

To the best knowledge of the Trustee, the Manager has, in all material respects, managed the Trust during the year covered by these financial statements, set out on pages FS1 to FS89, in accordance with the limitations imposed on the investment and borrowing powers set out in the Trust Deed.

For and on behalf of the Trustee,
HSBC Institutional Trust Services (Singapore) Limited

Authorised Signatory

26 February 2025

Statement by the Manager

In the opinion of the directors of Parkway Trust Management Limited, the accompanying financial statements set out on pages FS1 to FS89, comprising the statements of financial position, statements of total return, distribution statements, statements of movements in Unitholders' funds and portfolio statements of the Group and of the Trust, statement of cash flows of the Group and a summary of material accounting policies and other explanatory notes, are drawn up so as to present fairly, in all material respects, the financial position and the portfolio of Parkway Life Real Estate Investment Trust (the "Trust") and its subsidiaries (the "Group") and of the Trust as at 31 December 2024, the total returns, distributable income, movements in Unitholders' funds of the Group and the Trust and cash flows of the Group for the year then ended in accordance with the recommendations of Statement of Recommended Accounting Practice 7 "*Reporting Framework for Investment Funds*" (RAP 7) issued by the Institute of Singapore Chartered Accountants and the provisions of the Trust Deed. At the date of this statement, there are reasonable grounds to believe that the Group and the Trust will be able to meet their financial obligations as and when they materialise.

For and on behalf of the Manager,
Parkway Trust Management Limited

Yong Yean Chau
Director

26 February 2025

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Independent auditors' report

Unitholders
Parkway Life Real Estate Investment Trust

Constituted in the Republic of Singapore pursuant to the trust deed dated 12 July 2007 (as amended by the First Supplemental Deed dated 12 November 2009, the Second Supplemental Deed dated 30 March 2010, the Third Supplemental Deed dated 31 March 2016, the Fourth Supplemental Deed dated 2 May 2019, the Fifth Supplemental Deed dated 2 April 2020 and the Sixth Supplemental Deed dated 23 September 2020)

Report on the audit of the financial statements

Opinion

We have audited the financial statements of Parkway Life Real Estate Investment Trust (the Trust) and its subsidiaries (the Group), which comprise the consolidated statement of financial position and consolidated portfolio statement of the Group and the statement of financial position and portfolio statement of the Trust as at 31 December 2024, the consolidated statement of total return, consolidated distribution statement, consolidated statement of movements in unitholders' funds and consolidated statement of cash flows of the Group and the statement of total return, distribution statement and statement of movements in unitholders' funds of the Trust for the year then ended, and notes to the financial statements, including a summary of material accounting policy information, as set out on pages FS1 to FS89.

In our opinion, the accompanying consolidated financial statements of the Group and the statement of financial position, portfolio statement, statement of total return, distribution statement and statement of movements in unitholders' funds of the Trust present fairly, in all material respects, the consolidated financial position and the consolidated portfolio holdings of the Group and the financial position and the portfolio holdings of the Trust as at 31 December 2024 and the consolidated total return, consolidated distributable income, consolidated movements in unitholders' funds and consolidated cash flows of the Group and the total return, distributable income and movements in unitholders' funds of the Trust for the year then ended on that date in accordance with the recommendations of Statement of Recommended Accounting Practice 7 *Reporting Framework for Investment Funds* (RAP 7) issued by the Institute of Singapore Chartered Accountants (ISCA).

Basis for opinion

We conducted our audit in accordance with Singapore Standards on Auditing (SSAs). Our responsibilities under those standards are further described in the '*Auditors' responsibilities for the audit of the financial statements'* section of our report. We are independent of the Group in accordance with the Accounting and Corporate Regulatory Authority *Code of Professional Conduct and Ethics for Public Accountants and Accounting Entities* (ACRA Code) together with the ethical requirements that are relevant to our audit of the financial statements in Singapore, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the ACRA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Valuation of investment properties (Refer to Portfolio Statements and Note 4 to the financial statements)

Risk

Investment properties represent the single largest category of assets on the consolidated statement of financial position of the Group at $2.5 billion (2023: $2.2 billion) as at 31 December 2024.

These investment properties are stated at their fair values based on independent external valuations.

The valuation process involves significant judgement in determining the appropriate valuation methodology to be used, and in estimating the underlying assumptions to be applied. The valuations are highly sensitive to key assumptions applied and a small change in the assumptions can have a significant impact to the valuation.

Our response

We evaluated the qualifications, competence and objectivity of the external valuers and held discussions with the valuers to understand their valuation methodologies and assumptions used.

We considered the valuation methodologies used against those applied by other valuers for similar property types. We tested the integrity of the significant data inputs applied in the projected cash flows used in the valuation to supporting leases and other documents. We challenged the key assumptions used in the valuations, which included capitalisation, discount and terminal yield rates by comparing them against historical rates and available industry data, taking into consideration comparability and market factors. Where assumptions were outside the expected range, we undertook further procedures to understand the effect of additional factors taken into account in the valuations.

Our findings

The valuers are members of recognised professional bodies for valuers and have considered their own independence in carrying out their work.

The valuation methodologies adopted by the valuers are in line with generally accepted market practices. The significant data inputs used were supported by relevant supporting documents. The key assumptions used in the valuations were generally comparable to available industry data. Where the assumptions were outside the expected range, the additional factors considered by the valuers were consistent with other corroborative evidence.

Other information

Parkway Trust Management Limited, the manager of the Trust (the Manager) is responsible for the other information contained in the annual report. Other information is defined as all information in the annual report other than the financial statements and our auditors' report thereon.

We have obtained the Report of the Trustee and Statement by the Manager prior to the date of this auditors' report. The other sections of the annual report ("the Reports") are expected to be made available to us after that date.

Our opinion on the financial statements does not cover the other information and we do not and will not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information identified above, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed on the other information that we obtained prior to the date of this auditors' report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

When we read the Reports, if we conclude that there is a material misstatement therein, we are required to communicate the matter to the Manager and take appropriate actions in accordance with SSAs.

Responsibilities of the Manager for the financial statements

The Manager is responsible for the preparation and fair presentation of these financial statements in accordance with the recommendations of RAP 7 issued by the ISCA, and for such internal control as the Manager determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Manager is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Manager either intends to terminate the Group or to cease operations of the Group, or has no realistic alternative but to do so.

The Manager's responsibilities include overseeing the Group's financial reporting process.

Auditors' responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SSAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with SSAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls.

- Obtain an understanding of internal controls relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal controls.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Manager.

- Conclude on the appropriateness of the Manager's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Plan and perform the group audit to obtain sufficient appropriate audit evidence regarding the financial information of the entities or business units within the group as a basis for forming an opinion on the group financial statements. We are responsible for the direction, supervision and review of the audit work performed for purposes of the group audit. We remain solely responsible for our audit opinion

We communicate with the Manager regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal controls that we identify during our audit.

We also provide the Manager with a statement that we have complied with relevant ethical requirements regarding independence, and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the Manager, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulations preclude public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partner on the audit resulting in this independent auditors' report is Sarina Lee.

KPMG LLP
Public Accountants and
Chartered Accountants

Singapore
26 February 2025

Statements of financial position
As at 31 December 2024

		Group		Trust	
	Note	**2024 $'000**	**2023 $'000**	**2024 $'000**	**2023 $'000**
Non-current assets					
Investment properties	4	2,464,764	2,230,981	1,603,000	1,506,000
Interests in subsidiaries	5	–	–	744,964	733,702
Trade and other receivables	8	–	–	168,811	–
Financial derivatives	7	15,556	39,257	15,556	39,257
		2,480,320	2,270,238	2,532,331	2,278,959
Current assets					
Financial derivatives	7	32,724	1,341	32,724	1,341
Trade and other receivables	8	8,632	6,316	6,958	2,831
Advance payment	6	–	27,740	–	27,740
Cash and cash equivalents	9	29,471	28,499	4,461	4,651
		70,827	63,896	44,143	36,563
Total assets		2,551,147	2,334,134	2,576,474	2,315,522
Current liabilities					
Financial derivatives	7	–	1,820	–	1,820
Trade and other payables	10	40,356	30,723	34,484	24,138
Current portion of security deposits		472	440	–	–
Loans and borrowings	11	17,797	53,544	17,797	53,544
Lease liabilities		15	15	–	–
		58,640	86,542	52,281	79,502
Non-current liabilities					
Financial derivatives	7	677	3,572	677	3,572
Non-current portion of security deposits		16,058	16,889	–	–
Loans and borrowings	11	866,243	772,843	866,243	772,843
Deferred tax liabilities	12	36,244	36,156	–	–
Deferred income		1,279	1,506	–	–
Lease liabilities		2,054	2,069	–	–
		922,555	833,035	866,920	776,415
Total liabilities		981,195	919,577	919,201	855,917
Net assets		1,569,952	1,414,557	1,657,273	1,459,605
Represented by:					
Unitholders' funds	13	1,569,952	1,414,557	1,657,273	1,459,605
Units in issue ('000)	14	652,371	605,002	652,371	605,002
Net asset value per unit ($)		2.41	2.34	2.54	2.41

The accompanying notes form an integral part of these financial statements.

Statements of total return
Year ended 31 December 2024

		Group		Trust	
	Note	**2024** **$'000**	**2023** **$'000**	**2024** **$'000**	**2023** **$'000**
Gross revenue	15	145,268	147,467	113,964	114,982
Property expenses	16	(8,671)	(8,383)	(3,721)	(3,538)
Net property income		136,597	139,084	110,243	111,444
Management fees	17	(14,511)	(14,491)	(13,277)	(13,190)
Trust expenses	18	(3,569)	(3,008)	(2,776)	(2,168)
Interest income		1,066	37	1,409	–
Finance costs	19	(12,147)	(10,803)	(11,887)	(10,532)
Foreign exchange gain, net		7,159	7,525	52,583	61,905
		(22,002)	(20,740)	26,052	36,015
Total return before changes in fair value of financial derivatives and investment properties		114,595	118,344	136,295	147,459
Net change in fair value of financial derivatives		5,178	1,173	10,600	8,434
Net change in fair value of investment properties	4	(18,037)	(11,249)	(7,556)	(10,645)
Total return before income tax		101,736	108,268	139,339	145,248
Income tax expense	20	(6,695)	(7,803)	–	–
Total return for the year		95,041	100,465	139,339	145,248
Earnings per unit (cents)					
Basic and diluted	21	15.51	16.61	22.73	24.01

The accompanying notes form an integral part of these financial statements.

Distribution statements
Year ended 31 December 2024

	Note	Group 2024 $'000	Group 2023 $'000	Trust 2024 $'000	Trust 2023 $'000
Amount available for distribution to Unitholders at beginning of the year		45,264	44,314	45,264	44,314
Total return for the year		95,041	100,465	139,339	145,248
Distribution adjustments	A	(624)	(8,221)	(44,922)	(53,004)
Rollover adjustment		2	97	2	97
Amount retained for capital expenditure		(3,000)	(3,000)	(3,000)	(3,000)
Income for the year available for distribution to Unitholders	B	91,419	89,341	91,419	89,341
Amount available for distribution to Unitholders		136,683	133,655	136,683	133,655
Distributions to Unitholders during the year:					
- Distribution of 7.32 cents per unit for period from 1 July 2022 to 31 December 2022		–	44,286	–	44,286
- Distribution of 7.29 cents per unit for period from 1 January 2023 to 30 June 2023		–	44,105	–	44,105
- Distribution of 7.48 cents per unit for period from 1 July 2023 to 31 December 2023		45,254	–	45,254	–
- Distribution of 7.54 cents per unit for period from 1 January 2024 to 30 June 2024		45,617	–	45,617	–
- Distribution of 5.00 cents per unit for period from 1 July 2024 to 31 October 2024		30,250	–	30,250	–
		121,121	88,391	121,121	88,391
Amount available for distribution to Unitholders at end of the year		15,562	45,264	15,562	45,264

The accompanying notes form an integral part of these financial statements.

Distribution statements (cont'd)
Year ended 31 December 2024

	Note	Group 2024	Group 2023	Trust 2024	Trust 2023
Number of units entitled to distribution ('000)	14	652,371	605,002	652,371	605,002
Distribution per unit (cents)[1]		14.92	14.77	14.92	14.77

[1] The distribution per unit relates to the distributions in respect of the relevant financial year. Distribution to Unitholders in 2024 included an advanced distribution of $30.3 million or 5.00 cents per units declared to eligible Unitholders on 1 November 2024. This advanced distribution represented distribution from 1 July 2024 to 31 October 2024 to Unitholders existing as at 31 October 2024 and prior to the issuance of new units pursuant to the private placement ("Private Placement") and was paid on 26 November 2024.

Note A – Distribution adjustments comprise:

	Group 2024 $'000	Group 2023 $'000	Trust 2024 $'000	Trust 2023 $'000
Non-tax deductible/(non-taxable) items:				
Trustee's fees	380	371	380	371
Finance costs	5,570	4,152	5,553	4,135
Net overseas income not distributed to the Trust	–	–	19,412	20,415
Management fees paid/payable in units	63	–	63	–
Foreign exchange loss/(gain), net	2,501	323	(42,932)	(54,064)
Net change in fair value of financial derivatives	(5,178)	(1,173)	(10,600)	(8,434)
Net change in fair value of investment properties (net of deferred tax impact)	20,706	14,814	7,556	10,645
Effect of recognising rental income on a straight-line basis over the lease terms	(24,063)	(27,012)	(24,186)	(26,441)
Others	(603)	304	(168)	369
Net effect of distribution adjustments	(624)	(8,221)	(44,922)	(53,004)

Note B – Income for the year available for distribution to Unitholders

	Group 2024 $'000	Group 2023 $'000	Trust 2024 $'000	Trust 2023 $'000
Unitholders' distributions:				
- from operations	71,146	68,972	71,146	68,972
- from Unitholders' contributions	20,273	20,369	20,273	20,369
Total Unitholders' distributions	91,419	89,341	91,419	89,341

The accompanying notes form an integral part of these financial statements.

Statements of movements in Unitholders' funds
Year ended 31 December 2024

	Group		Trust	
	2024	**2023**	**2024**	**2023**
	$'000	**$'000**	**$'000**	**$'000**
Unitholders' funds at beginning of year	1,414,557	1,410,486	1,459,605	1,410,133
Operations				
Total return for the year	95,041	100,465	139,339	145,248
Unitholders' transactions				
Issue of new units pursuant to Private Placement	180,002	–	180,002	–
Issue expenses	(2,619)	–	(2,619)	–
Distribution to Unitholders	(121,121)	(88,391)	(121,121)	(88,391)
Total increase in Unitholders' funds before movement in other reserves	151,303	12,074	195,601	56,857
Other reserves				
Net movement in hedging reserve	2,742	(6,769)	2,742	(6,769)
Net movement in cost of hedging reserve	(637)	(616)	(675)	(616)
Exchange differences on hedge of net investment in foreign operations	50,587	58,596	–	–
Translation differences arising on consolidation of foreign operations	(48,600)	(59,214)	–	–
Net increase/(decrease) in other reserves	4,092	(8,003)	2,067	(7,385)
Unitholders' funds at end of year	1,569,952	1,414,557	1,657,273	1,459,605

Portfolio statements
As at 31 December 2024

Description of property	Tenure of land	Term of lease (years)	Remaining term of lease (years)	Location	Existing use	At valuation 2024 $'000	At valuation 2023 $'000	Percentage of net assets 2024 %	Percentage of net assets 2023 %
Group									
Singapore									
The Mount Elizabeth Hospital Property [(1)]	Leasehold	67	50	3 Mount Elizabeth, Singapore 228510	Hospital and medical centre	942,000	897,000	60.0	63.4
The Gleneagles Hospital Property [(1)]	Leasehold	75	58	6 Napier Road, Singapore 258499; and 6A Napier Road, Singapore 258500	Hospital and medical centre	548,000	512,000	34.9	36.2
The Parkway East Hospital Property [(1)]	Leasehold	75	58	319 Joo Chiat Place, Singapore 427989; and 321 Joo Chiat Place, Singapore 427990	Hospital and medical centre	113,000	97,000	7.2	6.9
						1,603,000	1,506,000	102.1	106.5

The accompanying notes form an integral part of these financial statements.

Portfolio statements (cont'd)
As at 31 December 2024

Description of property	Tenure of land	Term of lease (years)	Remaining term of lease (years)	Location	Existing use	At valuation 2024 $'000	At valuation 2023 $'000	Percentage of net assets 2024 %	Percentage of net assets 2023 %
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	15,224	15,531	1.0	1.1
More Habitation Akashi (2)	Freehold	N.A.	N.A.	486, Yagi, Okubo-cho, Akashi City, Hyogo Prefecture, Japan	Nursing home with care service	15,916	17,019	1.0	1.2
More Habitation Suma Rikyu	Freehold	N.A.	N.A.	1-5-23, Chimori-cho, Suma-ku, Kobe City, Hyogo Prefecture, Japan	Nursing home with care service	9,342	9,951	0.6	0.7
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	16,348	17,298	1.0	1.2
Balance carried forward						56,830	59,799	3.6	4.2

The accompanying notes form an integral part of these financial statements.

Portfolio statements (cont'd)
As at 31 December 2024

Description of property	Tenure of land	Term of lease (years)	Remaining term of lease (years)	Location	Existing use	At valuation 2024 $'000	At valuation 2023 $'000	Percentage of net assets 2024 %	Percentage of net assets 2023 %
Group									
Japan (cont'd)									
Balance brought forward						56,830	59,799	3.6	4.2
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	7,361	7,793	0.5	0.6
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	14,446	15,345	0.9	1.1
Sompo no le Nakasyo (2)	Freehold	N.A.	N.A.	923-1 Aza Miyata, Hirata, Kurashiki City, Okayama Prefecture, Japan	Nursing home with care service	6,323	6,808	0.4	0.5
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	8,373	9,068	0.5	0.6
Maison des Centenaire Haruki (2)	Freehold	N.A.	N.A.	12-20, Haruki-Miyakawacho, Kishiwada City, Osaka Prefecture, Japan	Nursing home with care service	6,167	6,696	0.4	0.5
Balance carried forward						99,500	105,509	6.3	7.5

The accompanying notes form an integral part of these financial statements.

Portfolio statements (cont'd)
As at 31 December 2024

Description of property	Tenure of land	Term of lease (years)	Remaining term of lease (years)	Location	Existing use	At valuation 2024 $'000	At valuation 2023 $'000	Percentage of net assets 2024 %	Percentage of net assets 2023 %
Group									
Japan (cont'd)									
Balance brought forward						99,500	105,509	6.3	7.5
Hapine Fukuoka Noke [(2)]	Freehold	N.A.	N.A.	4-35-9, Noke, Sawara-ku, Fukuoka City, Fukuoka Prefecture, Japan	Nursing home with care service	8,347	9,040	0.5	0.6
Fiore Senior Residence Hirakata [(2)]	Freehold	N.A.	N.A.	4-10, Higashikori-Shinmachi, Hirakata City, Osaka Prefecture, Japan	Nursing home with care service	4,818	5,199	0.3	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	14,964	16,182	1.0	1.1
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	7,517	7,886	0.5	0.6
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	8,313	8,472	0.5	0.6
Sawayaka Nogatakan [(2)]	Freehold	N.A.	N.A.	442-1 Yamabe-Oaza, Nogata City, Fukuoka Prefecture, Japan	Nursing home with care service	7,223	7,700	0.5	0.5
Balance carried forward						150,682	159,988	9.6	11.3

The accompanying notes form an integral part of these financial statements.

Portfolio statements (cont'd)
As at 31 December 2024

Description of property	Tenure of land	Term of lease (years)	Remaining term of lease (years)	Location	Existing use	At valuation 2024 $'000	At valuation 2023 $'000	Percentage of net assets 2024 %	Percentage of net assets 2023 %
Group									
Japan (cont'd)									
Balance brought forward						150,682	159,988	9.6	11.3
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	9,601	10,323	0.6	0.7
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	3,607	3,757	0.2	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	6,315	6,761	0.4	0.5
As Heim Nakaurawa [2]	Freehold	N.A.	N.A.	2-21-9 Nishibori, Sakura-ku, Saitama Prefecture, Japan	Nursing home with care service	9,775	10,323	0.6	0.7
Hanadama no le Nakahara [2]	Freehold	N.A.	N.A.	5-14-25 Shimo Kotanaka Nakahara-ku, Kawasaki, Kanagawa Prefecture, Japan	Nursing home with care service	8,045	8,686	0.5	0.6
Balance carried forward						188,025	199,838	11.9	14.1

The accompanying notes form an integral part of these financial statements.

Portfolio statements (cont'd)
As at 31 December 2024

Description of property	Tenure of land	Term of lease (years)	Remaining term of lease (years)	Location	Existing use	At valuation 2024 $'000	At valuation 2023 $'000	Percentage of net assets 2024 %	Percentage of net assets 2023 %
Group									
Japan (cont'd)									
Balance brought forward						188,025	199,838	11.9	14.1
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	9,082	9,765	0.6	0.7
Happy Life Toyonaka [(2)]	Freehold	N.A.	N.A.	15-14, Kozushima 2-chome, Toyonaka City, Osaka Prefecture, Japan	Nursing home with care service	4,827	5,199	0.3	0.4
More Habitation Kobe Kitano [(2)]	Freehold	N.A.	N.A.	13-7, Kanocho 2-chome, Chuo-ku, Kobe City, Hyogo Prefecture, Japan	Nursing home with care service	14,359	15,438	0.9	1.1
Sawayaka Seaside Toba [(2)]	Freehold	N.A.	N.A.	300-73 Aza Hamabe, Ohamacho Toba City, Mie Prefecture, Japan	Nursing home with care service	13,926	14,973	0.9	1.1
Balance carried forward						230,219	245,213	14.6	17.4

The accompanying notes form an integral part of these financial statements.

Portfolio statements (cont'd)
As at 31 December 2024

Description of property	Tenure of land	Term of lease (years)	Remaining term of lease (years)	Location	Existing use	At valuation 2024 $'000	At valuation 2023 $'000	Percentage of net assets 2024 %	Percentage of net assets 2023 %
Group									
Japan (cont'd)									
Balance brought forward						230,219	245,213	14.6	17.4
Sawayaka Niihamakan (2)	Freehold	N.A.	N.A.	Otsu 11-77, Higashida 3-chome, Niihama City, Ehime Prefecture, Japan	Nursing home with care service	13,148	14,229	0.8	1.0
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	3,097	3,311	0.2	0.2
Sawayaka Kiyotakan (2)	Freehold	N.A.	N.A.	16-7, Kiyota 3-chome, Yahatahigashi-ku, Kitakyushushi, Fukuoka Prefecture, Japan	Nursing home with care service	9,082	9,858	0.6	0.7
Sawayaka Minatokan (2)	Freehold	N.A.	N.A.	5155-3 Jyusanbancho, Furumachidori, Chuo-ku, Niigata City, Niigata Prefecture, Japan	Nursing home with care service	6,678	7,198	0.4	0.5
Maison des Centenaire Hannan (2)	Freehold	N.A.	N.A.	8-423-29 Momonokidai, Hannan City, Osaka Prefecture, Japan	Nursing home with care service	16,867	18,228	1.1	1.3
Balance carried forward						279,091	298,037	17.7	21.1

The accompanying notes form an integral part of these financial statements.

Portfolio statements (cont'd)
As at 31 December 2024

Description of property	Tenure of land	Term of lease (years)	Remaining term of lease (years)	Location	Existing use	At valuation 2024 $'000	At valuation 2023 $'000	Percentage of net assets 2024 %	Percentage of net assets 2023 %
Group									
Japan (cont'd)									
Balance brought forward						279,091	298,037	17.7	21.1
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	6,929	7,477	0.4	0.5
Sunhill Miyako [(2)]	Freehold	N.A.	N.A.	8-423-30 Momonokidai, Hannan City, Osaka Prefecture, Japan	Extended stay lodging facility	8,339	8,965	0.5	0.6
Habitation Jyosui [(2)]	Freehold	N.A.	N.A.	4-1-26 Yakuin, Chuo-ku Fukuoka City, Fukuoka Prefecture, Japan	Nursing home with care service	31,745	33,945	2.0	2.4
Ocean View Shonan Arasaki [(2)]	Freehold	N.A.	N.A.	5-25-1 Nagai, Yokosuka City, Kanagawa Prefecture, Japan	Nursing home with care service	18,425	20,181	1.2	1.4
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	36,243	38,874	2.3	2.7
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	16,003	17,205	1.0	1.2
Balance carried forward						396,775	424,684	25.1	29.9

The accompanying notes form an integral part of these financial statements.

Portfolio statements (cont'd)
As at 31 December 2024

Description of property	Tenure of land	Term of lease (years)	Remaining term of lease (years)	Location	Existing use	At valuation 2024 $'000	At valuation 2023 $'000	Percentage of net assets 2024 %	Percentage of net assets 2023 %
Group									
Japan (cont'd)									
Balance brought forward						396,775	424,684	25.1	29.9
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	3,218	3,460	0.2	0.2
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	1,618	1,730	0.1	0.1
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	1,851	2,000	0.1	0.1
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	11,418	12,369	0.7	0.9
Live In Wakaba *(formerly known as Habitation Wakaba)* (2)	Freehold	N.A.	N.A.	1763-12 Oguramachi Wakabaku, Chiba City, Chiba Prefecture, Japan	Nursing home with care service	19,722	20,739	1.3	1.5
Habitation Hakusho (2)	Freehold	N.A.	N.A.	301 Hijikai, Yachimata City, Chiba Prefecture, Japan	Nursing home with care service	14,705	15,531	0.9	1.1
Balance carried forward						449,307	480,513	28.4	33.8

The accompanying notes form an integral part of these financial statements.

Portfolio statements (cont'd)
As at 31 December 2024

Description of property	Tenure of land	Term of lease (years)	Remaining term of lease (years)	Location	Existing use	At valuation 2024 $'000	At valuation 2023 $'000	Percentage of net assets 2024 %	Percentage of net assets 2023 %
Group									
Japan (cont'd)									
Balance brought forward						449,307	480,513	28.4	33.8
Group Home Hakusho [(2)]	Freehold	N.A.	N.A.	1345-16 Toyoma, Yachimata City, Chiba Prefecture, Japan	Group home with care service	943	995	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	6,998	8,026	0.4	0.6
Sanko [(2)]	Freehold	N.A.	N.A.	4-16-16 Mizuhomachi, Kudamatsu City, Yamaguchi Prefecture, Japan	Nursing home with care service	4,498	5,189	0.3	0.4
Konosu Nursing Home Kyoseien [(2)]	Freehold	N.A.	N.A.	3409-1 Shimoya, Konosu, Saitama Prefecture, Japan	Nursing rehabilitation facility	15,397	16,461	1.0	1.2
Haru no Sato [(2)]	Freehold	N.A.	N.A.	1-2-23 Hajima, Shunan, Yamaguchi Prefecture, Japan	Nursing rehabilitation facility	11,591	12,462	0.7	0.9
Hodaka no Niwa [(2)]	Freehold	N.A.	N.A.	205 Hitoegane, Okuhida Onsengo, Takayama, Gifu Prefecture, Japan	Nursing rehabilitation facility	11,937	13,299	0.8	0.9
Orange no Sato [(2)]	Leasehold	99	96	522 Yoshiwara, Aridagawa-machi, Arida, Wakayama Prefecture, Japan	Nursing rehabilitation facility	10,207	11,253	0.7	0.8
						510,878	548,198	32.4	38.7

The accompanying notes form an integral part of these financial statements.

Portfolio statements (cont'd)
As at 31 December 2024

Description of property	Tenure of land	Term of lease (years)	Remaining term of lease (years)	Location	Existing use	At valuation 2024 $'000	At valuation 2023 $'000	Percentage of net assets 2024 %	Percentage of net assets 2023 %
Group									
Japan (cont'd)									
Balance brought forward						510,878	548,198	32.4	38.7
Habitation Kamagaya [(2)]	Freehold	N.A.	N.A.	12-1 Shin-Kamagaya 4-Chome, Kamagaya City, Chiba Prefecture, Japan	Nursing home with care service	16,262	17,391	1.0	1.2
Will-Mark Kashiihama [(2)]	Freehold	N.A.	N.A.	2-1 Kashiihama 3-chome, Fukuoka City, Fukuoka Prefecture, Japan	Nursing home with care service	27,680	29,853	1.8	2.1
Crea Adachi [(2)]	Freehold	N.A.	N.A.	19-10 Iriya 2-chome Adachi City, Tokyo Prefecture, Japan	Nursing home with care service	11,937	12,555	0.8	0.9
Habitation Kisarazu Ichibankan [(2)]	Freehold	N.A.	N.A.	11-1, Kaneda Higashi 4-chome, Kisarazu City, Chiba, Japan	Nursing home with care service	31,486	33,945	2.0	2.4
Blue Rise Nopporo [(2)]	Freehold	N.A.	N.A.	39-1 Suehirocho, Nopporo, Ebetsu City, Hokkaido Prefecture, Japan	Nursing home with care service	6,963	7,412	0.4	0.5
Blue Terrace Kagura [(2)]	Freehold	N.A.	N.A.	9-2-27 Kagura 2jyo, Asahikawa City, Hokkaido Prefecture, Japan	Nursing home with care service	11,245	12,276	0.7	0.9
						616,451	661,630	39.1	46.7

The accompanying notes form an integral part of these financial statements.

Portfolio statements (cont'd)
As at 31 December 2024

Description of property	Tenure of land	Term of lease (years)	Remaining term of lease (years)	Location	Existing use	Carrying Value 2024 $'000	Carrying Value 2023 $'000	Percentage of Net Assets 2024 %	Percentage of Net Assets 2023 %
Group									
Japan (cont'd)									
Balance brought forward						616,451	661,630	39.1	46.7
Blue Terrace Taisetsu [(2)]	Freehold	N.A.	N.A.	506-16 Taisetsudori 7-chome, Asahikawa City, Hokkaido Prefecture, Japan	Nursing home with care service	6,600	7,151	0.4	0.5
Assisted Living Edogawa [(2)]	Freehold	N.A.	N.A.	3-27-17 Nishi-Ichinoe, Edogawa-ku, Tokyo Prefecture, Japan	Nursing home with care service	16,262	17,670	1.0	1.2
Assisted Living Toke [(2)]	Freehold	N.A.	N.A.	299-4 Tokecho, Midori-ku, Chiba City, Chiba Prefecture, Japan	Nursing home with care service	11,072	12,090	0.7	0.9
HIBISU Shirokita Koendori [(2)]	Freehold	N.A.	N.A.	4-30-18 Akagawa, Asahi-ku, Osaka City, Osaka Prefecture, Japan	Nursing home with care service	8,079	8,872	0.5	0.6
HIBISU Suita [(2)]	Freehold	N.A.	N.A.	9-19 Higashiomitabi-cho, Suita City, Osaka Prefecture, Japan	Nursing home with care service	8,996	9,765	0.6	0.7
HIBISU Higashi Sumiyoshi[(4)]	Freehold	N.A.	N.A.	5 Chome, 11-3 Sunjiyata, Higashisumiyoshi Ward, Osaka City, Osaka Prefecture, Japan	Nursing home with care service	23,268	–	1.5	–
						690,728	717,178	43.8	50.6

The accompanying notes form an integral part of these financial statements.

Portfolio statements (cont'd)
As at 31 December 2024

Description of property	Tenure of land	Term of lease (years)	Remaining term of lease (years)	Location	Existing use	Carrying Value 2024 $'000	Carrying Value 2023 $'000	Percentage of Net Assets 2024 %	Percentage of Net Assets 2023 %
Group									
France									
Résidence La Boétie & Résidence Montaigne [(5)]	Freehold	N.A.	N.A.	39-41 avenue de la Croix, Le Taillan-Médoc - 33320 France	Nursing home with senior home apartments	21,757	–	1.4	–
Résidence du Pyla-sur-Mer [(5)]	Freehold	N.A.	N.A.	7 allée de la Chapelle, La Teste-de-Buch - 33115 France	Nursing home	25,758	–	1.6	–
Résidence du Champ de Courses [(5)]	Freehold	N.A.	N.A.	80 avenue du Casino, La Tour-de-Salvagny - 69890 France	Nursing home	23,043	–	1.5	–
Résidence La Barillière [(5)]	Freehold	N.A.	N.A.	57 rue de l'Oppidum, Saint-Dèsir - 14100 France	Nursing home	18,767	–	1.2	–
Les Jardins de Creney [(5)]	Freehold	N.A.	N.A.	3 rue de l'Aulne, Creney-prés-Troyes - 10150 France	Nursing home	8,673	–	0.6	–
Résidence d'Automne [(5)]	Freehold	N.A.	N.A.	11 avenue du Docteur Schweitzer, Champs-sur-Yonne - 89290 France	Nursing home	8,447	–	0.5	–
Le Clos Rousset [(5)]	Freehold	N.A.	N.A.	Chemin Rousset, Saint-Marcel-lès-Valence - 26320 France	Nursing home	11,713	–	0.7	–
						118,158	–	7.5	–

The accompanying notes form an integral part of these financial statements.

Portfolio statements (cont'd)
As at 31 December 2024

Description of property	Tenure of land	Term of lease (years)	Remaining term of lease (years)	Location	Existing use	At valuation 2024 $'000	At valuation 2023 $'000	Percentage of net assets 2024 %	Percentage of net assets 2023 %
Group									
France (cont'd)									
Balance brought forward						118,158	–	7.5	–
Les Jardins de Saintonge [5]	Freehold	N.A.	N.A.	1 rue des Brunettes, Saint-Genis-de-Saintonge - 17240 France	Nursing home	12,631	–	0.8	–
Résidence Ducale [5]	Freehold	N.A.	N.A.	7 rue des Aliziers, Villers-Semeuse - 08000 France	Nursing home	9,168	–	0.6	–
Les Cinq Sens [5]	Freehold	N.A.	N.A.	Carièire dis Amourous, Garons - 30128 France	Nursing home	11,911	–	0.8	–
La Demeure du Bois Ardent [5]	Freehold	N.A.	N.A.	780 rue de l'Exode, Saint-Lô - 50000 France	Nursing home	11,239	–	0.7	–
						163,107	–	10.4	–
Malaysia									
MOB Specialist Clinics, Kuala Lumpur [3]	Freehold	N.A.	N.A.	282, Jalan Ampang 50450 Kuala Lumpur, Malaysia	Medical Centre	5,860	5,719	0.4	0.4
Total investment properties, at valuation						2,462,695	2,228,897	156.7	157.5
Other assets and liabilities (net)						(892,743)	(814,340)	(56.7)	(57.5)
Net assets						1,569,952	1,414,557	100.0	100.0

The accompanying notes form an integral part of these financial statements.

Portfolio statements (cont'd)
As at 31 December 2024

Description of property	Tenure of land	Term of lease (years)	Remaining term of lease (years)	Location	Existing use	At valuation 2024 $'000	At valuation 2023 $'000	Percentage of net assets 2024 %	Percentage of net assets 2023 %
Trust									
Singapore									
The Mount Elizabeth Hospital Property [1]	Leasehold	67	50	3 Mount Elizabeth, Singapore 228510	Hospital and medical centre	942,000	897,000	56.8	61.5
The Gleneagles Hospital Property [1]	Leasehold	75	58	6 Napier Road, Singapore 258499; and 6A Napier Road, Singapore 258500	Hospital and medical centre	548,000	512,000	33.1	35.1
The Parkway East Hospital Property [1]	Leasehold	75	58	319 Joo Chiat Place, Singapore 427989; and 321 Joo Chiat Place, Singapore 427990	Hospital and medical centre	113,000	97,000	6.8	6.6
Investment properties, at valuation						1,603,000	1,506,000	96.7	103.2
Other assets and liabilities (net)						54,273	(46,395)	3.3	(3.2)
Net assets						1,657,273	1,459,605	100.0	100.0

(1) These properties are leased to Parkway Hospitals Singapore Pte. Ltd., a related party 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 2024, the appraised value of these properties under the terms of the New Master Lease Agreements were determined by Knight Frank Pte. Ltd., using direct capitalisation and discounted cash flow methods.

(2) On 31 December 2024, 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. and Colliers International K.K. using the discounted cash flow method.

(3) On 31 December 2024, the appraised value of the property was determined by Nawawi Tie Leung Property Consultants Sdn. Bhd., using the direct capitalisation method.

Portfolio statements (cont'd)
As at 31 December 2024

(4) On 30 July 2024, the Group entered into a Tokumei Kumiai agreement as an investor in relation to the acquisition of a nursing home located in Japan for a purchase price of JPY2,446.2 million (approximately $22.1 million). The acquisition of the property was completed on 7 August 2024. The appraised value of the property as at 31 December 2024 was determined by Enrix Co., Ltd using discounted cash flow method.

(5) On 22 October 2024, the Group entered into a promise of sale and a contract for transfer of shares to acquire eleven nursing homes in France for a purchase price of EUR111.2 million (approximately $157.1 million). The acquisition of the properties was completed on 20 December 2024. The appraised value of the properties as at 31 December 2024 was determined by Cushman & Wakefield Valuation France using the income capitalisation and discounted cash flow methods.

The Manager believes that the independent valuers have appropriate professional qualifications and recent experience in the location and category of the properties being valued. The net change in fair value of the properties has been taken to the statement of total return.

Consolidated statement of cash flows
Year ended 31 December 2024

	Note	Group 2024 $'000	Group 2023 $'000
Cash flows from operating activities			
Total return before income tax		101,736	108,268
Adjustments for:			
Interest income		(1,066)	(37)
Finance costs	19	12,147	10,803
Net change in fair value of financial derivatives		(5,178)	(1,173)
Net change in fair value of investment properties	4	18,037	11,249
Straight-line rental adjustments	4	(24,063)	(27,012)
Deferred income recognised		(243)	(254)
Allowance for doubtful debts		472	–
Operating income before working capital changes		101,842	101,844
Changes in working capital:			
Trade and other receivables		(3,068)	(672)
Trade and other payables		652	11,211
Security deposits		524	515
Cash generated from operations		99,950	112,898
Income tax paid		(4,164)	(4,209)
Cash flows generated from operating activities		95,786	108,689
Cash flows from investing activities			
Interest received		1,042	37
Capital expenditure on investment properties		(49,103)	(31,036)
Cash outflow on purchase of investment properties (including acquisition related costs) (Note A)		(191,873)	(18,558)
Cash flows used in investing activities		(239,934)	(49,557)
Cash flows from financing activities			
Interest paid	11	(10,348)	(9,725)
Distributions to Unitholders		(121,121)	(88,391)
Proceeds from issuance of new units pursuant to Private Placement		180,002	–
Payment of issue expenses		(2,605)	–
Proceeds from loans and borrowings		379,205	750,359
Proceeds from issuance of medium term notes		–	32,410
Repayment of loans and borrowings		(275,857)	(699,626)
Redemption of medium term notes		–	(51,810)
Borrowing costs paid		(1,890)	(1,104)
Repayment of lease liabilities	11	(32)	(32)
Cash flows generated from/(used in) financing activities		147,354	(67,919)

The accompanying notes form an integral part of these financial statements.

Consolidated statement of cash flows (cont'd)
Year ended 31 December 2024

		Group	
	Note	**2024**	**2023**
		$'000	**$'000**
Net increase/(decrease) in cash and cash equivalents		3,206	(8,787)
Cash and cash equivalents at beginning of year		28,499	40,010
Effects of exchange differences on cash balances		(2,234)	(2,724)
Cash and cash equivalents at end of year	9	29,471	28,499

<u>**Note A:**</u>

Cash outflow on purchase of investment properties (including acquisition related costs)

Cash outflow on purchase of investment properties (including acquisition related costs) is set out below:

	Group	
	2024	**2023**
	$'000	**$'000**
Investment properties	179,177	16,145
Acquisition related costs	12,696	2,413
Cash outflow/cash consideration paid	191,873	18,558

Notes to the financial statements

These notes form an integral part of the financial statements.

The financial statements were authorised for issue by the Manager and the Trustee on 26 February 2025.

1 General

Parkway Life Real Estate Investment Trust (the "Trust") is a Singapore-domiciled unit trust constituted pursuant to the trust deed dated 12 July 2007 (as amended by the First Supplemental Deed dated 12 November 2009, Second Supplemental Deed dated 30 March 2010, the Third Supplemental Deed dated 31 March 2016, the Fourth Supplemental Deed dated 2 May 2019, the Fifth Supplemental Deed dated 2 April 2020 and the Sixth Supplemental Deed dated 23 September 2020) (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 Securities and Future Act 2001. 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.

At Listing Date, the Trust had invested in and owned an initial portfolio of three private hospitals in Singapore comprising The Mount Elizabeth Hospital Property, The Gleneagles Hospital Property, and The Parkway East Hospital Property (collectively, the "Hospital Properties"). The Hospital Properties are leased to a related party of the Manager and the Trust, Parkway Hospitals Singapore Pte. Ltd., pursuant to three separate master lease agreements.

The principal activity of the Trust is to invest primarily in income-producing real estate and/or real estate-related assets 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. The principal activities of the subsidiaries are set out in Note 5.

For financial reporting purposes, the Group is regarded as a subsidiary of Parkway Investments Pte. Ltd., a company incorporated in the Republic of Singapore. Accordingly, the ultimate holding company is IHH Healthcare Berhad, a company incorporated in Malaysia.

The Trust has entered into several service agreements in relation to the management of the Trust and its property operations. The fee structures of these services are as follows:

(A) Trustee's fee

Pursuant to the Trust Deed, the Trustee's fee shall not exceed 0.03% per annum of the value of the gross assets of the Group ("Deposited Property"), subject to a minimum of $10,000 per month or such higher percentage as may be fixed by an Extraordinary Resolution at a meeting of Unitholders of the Trust. The Trustee's fee is payable out of the Deposited Property on a monthly basis, in arrears. The Trustee is also entitled to seek reimbursement of expenses incurred in the performance of its duties under the Trust Deed.

Based on the current agreement between the Manager and the Trustee, the Trustee's fee is charged on a scaled basis of up to 0.03% per annum of the value of the Group's Deposited Property.

(B) Manager's management fees

Pursuant to the Trust Deed, the Manager is entitled to receive management fees comprising the base fee and performance fee as follows:

(i) A base fee of 0.3% per annum of the value of the Deposited Property; and

(ii) A performance fee of 4.5% per annum of the net property income of the Group.

The base fee and performance fee is payable to the Manager in the form of cash and/or units (as the Manager may elect prior to each payment) and in such proportion as may be determined by the Manager.

Where the management fees are payable in the form of units, such payment shall be made out quarterly in arrears and the Manager shall be entitled to receive such number of units as may be purchased with the relevant amount of the management fee attributable to the relevant period at an issue price set out in accordance with the Trust Deed. Where the management fees are payable in the form of cash, the portion of the base fee and performance fee payable in cash shall be payable monthly and quarterly in arrears, respectively. With effect from 1 January 2016, the performance fee is paid annually in arrears, regardless of whether it is paid in the form of cash and/or units.

Any increase in the maximum permitted amount or any change in the structure of the Manager's management fees must be approved by an Extraordinary Resolution at a meeting of Unitholders of the Trust duly convened and held in accordance with the provisions of the Trust Deed.

In addition to the management fees, the Manager is entitled to the following fees (excluding the Hospital Properties for the duration of the master lease agreements):

(i) A fee of 2.0% per annum of the revenue of the real estate held directly or indirectly by the Trust and managed by the Manager, for property management services provided by the Manager;

(ii) A fee of 1.0% per annum of the revenue of the real estate held directly or indirectly by the Trust and managed by the Manager, for lease management services provided by the Manager;

(iii) Commissions as set out below for securing new leases or renewal of leases for those real estate which are not leased to a master lessee under a master lease agreement, pursuant to marketing services provided by the Manager:

(a) Two months' gross rent inclusive of service charge, for securing a lease of more than three years;
(b) One month's gross rent inclusive of service charge, for securing a lease of three years or less;
(c) One month's gross rent inclusive of service charge, for securing a renewal of lease of more than three years; and
(d) Half month's gross rent inclusive of service charge, for securing a renewal of lease of three years or less.

If a third party agent secures a tenancy, the Manager will be responsible for any marketing services commission payable to such third party agent, and the Manager will be entitled to a marketing service commission of:

(a) 2.4 months' gross rent inclusive of service charge for securing or renewal of a lease of more than three years; and
(b) 1.2 months' gross rent inclusive of service charge for securing or renewal of a lease of three years or less.

The marketing services commission may be adjusted accordingly at the time of securing or renewal of a lease by the Manager or a third party agent, to be consistent with and no higher than the prevailing market rates of such marketing services commission in the country where the real estate is located.

(C) Manager's acquisition and divestment fees

The Manager is entitled to receive the following acquisition fees and divestment fees:

(i) An acquisition fee of 1.0% of the Enterprise Value of any real estate or real estate related asset acquired directly or indirectly by the Trust, prorated, if applicable, to the proportion of the Trust's interest.

Where the assets acquired by the Trust are shares in a special purpose vehicle whose primary purpose is to hold/own real estate (directly or indirectly), "Enterprise Value" shall mean the sum of the equity value and the total net debt attributable to the shares being acquired by the Trust. Where the asset acquired by the Trust is a real estate, "Enterprise Value" shall mean the value of the real estate.

In the event that there is a payment to be made to third party agents or brokers in connection with the acquisition, such payment shall be paid out of the Deposited Property. Unless required under the Property Funds Appendix to be paid in the form of units only, the Manager may opt to receive such acquisition fee in the form of cash or units or a combination of cash and units as it may determine. Units representing the acquisition fee or any part thereof will be issued at an issue price on a similar basis as management fees.

In the event that the Manager receives an acquisition fee in connection with a transaction with a related party, any such acquisition fee shall be paid in the form of units.

(ii) A divestment fee of 0.5% of the Enterprise Value of any real estate or real estate related asset sold or divested directly or indirectly by the Trust, pro-rated, if applicable, to the proportion of the Trust's interest.

Unless required under the Property Funds Appendix to be paid in the form of units only, the Manager may opt to receive such divestment fee in the form of cash or units or a combination of cash and units as it may determine. Units representing the divestment fee or any part thereof will be issued at an issue price on a similar basis as management fees. Any payment to third party agents or brokers in connection with the divestment of any real estate or real estate related assets of the Trust shall be paid by the Trust. In the event the Manager receives divestment fee in connection with a transaction with a related party, any such divestment fee shall be paid in the form of units.

2 Basis of preparation

2.1 Statement of compliance

The financial statements are 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 changes to material accounting policies are described in Note 2.5.

2.2 Basis of measurement

The financial statements have been prepared on the historical cost basis except for the following items:

- derivative financial instruments are measured at fair value; and
- investment properties are measured at fair value.

2.3 Functional and presentation currency

The financial statements of the Group and the Trust 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.

2.4 Use of estimates and judgements

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.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised prospectively.

Information about assumptions and estimation uncertainties that have a significant risk of resulting in a material adjustment to the carrying amounts of assets and liabilities within the next financial year are included in the following notes:

- Note 4 – fair value determination of investment properties; and
- Note 24 – valuation of financial instruments.

Measurement of fair values

A number of the Group's accounting policies and disclosures require the measurement of fair values, for both financial and non-financial assets and liabilities.

When measuring the fair value of an asset or a liability, the Group uses market observable data as far as possible. Fair values are categorised into different levels in a fair value hierarchy based on the inputs used in the valuation techniques as follows:

- Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities;
- Level 2: Inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and
- Level 3: Inputs for the asset or liability that are not based on observable market data (unobservable inputs).

If the inputs used to measure the fair value of an asset or a liability fall into different levels of the fair value hierarchy, then the fair value measurement is categorised in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement (with Level 3 being the lowest).

The Group recognises transfers between levels of the fair value hierarchy as of the end of the reporting period during which the change has occurred.

Further information about the assumptions made in measuring fair values is included in the following notes:

- Note 4 – fair value determination of investment properties; and
- Note 24 – valuation of financial instruments.

2.5 Changes in material accounting policies

New standards and amendments

The Group has applied the following FRSs, amendments to and interpretations of FRS for the first time for the annual period beginning on 1 January 2024:

- Amendments to FRS 1: *Classification of Liabilities as Current or Non-current and Non-current Liabilities with Covenants*
- Amendments to FRS 116: *Lease Liability in a Sale and Leaseback*
- Amendments to FRS 7 and FRS 107: *Supplier Finance Arrangements*

Other than the below, the application of these amendments to accounting standards and interpretations does not have a material effect on the financial statements.

Classification of Liabilities as Current or Non-current and Non-current Liabilities with Covenants

The Group has adopted *Classification of Liabilities as Current or Non-current* (Amendments to FRS 1) and *Non-current Liabilities with Covenants* (Amendments to FRS 1) from 1 January 2024. The amendments apply retrospectively. They clarify certain requirements for determining whether a liability should be classified as current or non-current and require new disclosures for non-current loan liabilities that are subject to covenants within 12 months after the reporting period.

3 Material accounting policies

The accounting policies set out below have been applied consistently to all periods presented in these financial statements, and have been applied consistently by Group entities, except as explained in Note 2.5, which addresses changes in accounting policies.

3.1 Basis of consolidation

Business combinations

The Group accounts for business combinations using the acquisition method when the acquired set of activities and assets meets the definition of a business and control is transferred to the Group. In determining whether a particular set of activities and assets is a business, the Group assesses whether the set of assets and activities acquired includes, at a minimum, an input and substantive process and whether the acquired set has the ability to produce outputs.

The Group has an option to apply a ‘concentration test’ that permits a simplified assessment of whether an acquired set of activities and assets is not a business. The optional concentration test is met if substantially all of the fair value of the gross assets acquired is concentrated in a single identifiable asset or group of similar identifiable assets.

Business combinations and property acquisitions

Where a property is acquired, the Manager considers the substance of the assets and activities of the acquired entity in determining whether the acquisition represents the acquisition of a business.

The Group accounts for an acquisition as business combination where the set of assets and activities acquired includes, at a minimum, an input and substantive process and whether the acquired set has the ability to produce outputs.

The Group has an option to apply a ‘concentration test’ that permits a simplified assessment of whether an acquired set of activities and assets is not a business. The optional concentration test is met if substantially all of the fair value of the gross assets acquired is concentrated in a single identifiable asset or group of similar identifiable assets.

When acquisition of an asset or a group of assets does not constitute a business combination, it is treated as property acquisition. In such cases, the individual identifiable assets acquired and liabilities assumed are recognised. The acquisition cost shall be allocated to the individual identifiable assets and liabilities on the basis of their relative fair values at the date of acquisition. Such a transaction does not give rise to goodwill.

Subsidiaries

Subsidiaries are entities controlled by the Group. The Group controls an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases.

The accounting policies of subsidiaries have been changed where necessary to align them with the policies adopted by the Group.

Transactions eliminated on consolidation

Intra-group balances and transactions, and any unrealised income or expenses arising from intra-group transactions, are eliminated in preparing the consolidated financial statements.

Accounting for subsidiaries by the Trust

Investments in subsidiaries are stated in the Trust’s statement of financial position at cost less accumulated impairment losses.

3.2 Foreign currency

Foreign currency transactions

Transactions in foreign currencies are translated to the respective functional currencies of the Group entities at the exchange rates at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies at the reporting date are translated to the functional currency at the exchange rate at that date. The foreign currency gain or loss on monetary items is the difference between amortised cost in the functional currency at the beginning of the year, adjusted for effective interest and payments during the year, and the amortised cost in foreign currency translated at the exchange rate at the end of the reporting year.

Non-monetary assets and liabilities denominated in foreign currencies that are measured at fair value are translated to the functional currency at the exchange rate at the date that the fair value was determined. Non-monetary items in a foreign currency that are measured in terms of historical cost are translated using the exchange rate at the date of the transaction.

Foreign currency differences arising on translation are recognised in the statement of total return, except for differences arising on the translation of monetary items that in substance form part of the Group's net investment in foreign operations, and financial liabilities designated as hedges of the net investment in foreign operations, which are recognised in the Unitholders' funds.

Foreign operations

The assets and liabilities of foreign operations, including goodwill and fair value adjustments arising on acquisition, are translated to Singapore dollars at exchange rates at the reporting date. The income and expenses of foreign operations are translated to Singapore dollars at exchange rates at the dates of the transactions.

Foreign currency differences are recognised in the foreign currency translation reserve. When a foreign operation is disposed of such that control is lost, the cumulative amount in the foreign currency translation reserve related to that foreign operation is transferred to the statement of total return as part of the gain or loss on disposal. When the Group disposes of only part of its interest in a subsidiary that includes a foreign operation while retaining control, the relevant proportion of the cumulative amount is reattributed to non-controlling interests.

3.3 Investment properties

Investment properties are properties held either to earn rental income or for capital appreciation or for both, but not for sale in the ordinary course of business. Investment properties are accounted for as non-current assets and are initially recognised at cost and at fair value thereafter. The cost of a purchased property comprises its purchase price and any directly attributable expenditure. Fair value of investment properties are determined in accordance with the Trust Deed, which requires the investment properties to be valued by independent registered valuers in the following manner:

(i) in such manner and frequency required under the CIS code issued by MAS; and
(ii) at least once a year, on the 31st December of each year.

Any increase or decrease on revaluation is credited or charged directly to the statement of total return as a net change in fair value of investment properties.

Subsequent expenditure relating to investment properties that has already been recognised is added to the carrying amount of the asset when it is probable that future economic benefits, in excess of originally assessed standard of performance of the existing asset, will flow to the Group. All other subsequent expenditure is recognised as an expense in the period in which it is incurred.

When an investment property is disposed of, the resulting gain or loss recognised in the statement of total return is the difference between net disposal proceeds and the carrying amount of the property.

Investment properties are not depreciated. The properties are subject to continued maintenance and regularly revalued on the basis set out above.

3.4 Financial instruments

Recognition and initial measurement

Non-derivative financial assets and financial liabilities

Trade receivables are initially recognised when they are originated. All other financial assets and financial liabilities are initially recognised when the Group becomes a party to the contractual provisions of the instrument.

A financial asset (unless it is a trade receivable without a significant financing component) or financial liability is initially measured at fair value plus, or minus, for an item not at fair value through profit or loss ("FVTPL"), transaction costs that are directly attributable to its acquisition or issue. A trade receivable without a significant financing component is initially measured at the transaction price.

Classification and subsequent measurement

Non-derivative financial assets

On initial recognition, a financial asset is classified as measured at amortised cost.

Financial assets are not reclassified subsequent to their initial recognition unless the Group changes its business model for managing financial assets, in which case all affected financial assets are reclassified on the first day of the first reporting period following the change in the business model.

Financial assets at amortised cost

A financial asset is measured at amortised cost if it meets both of the following conditions and is not designated as at FVTPL:

- it is held within a business model whose objective is to hold assets to collect contractual cash flows; and
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Financial assets: Business model assessment

The Group makes an assessment of the objective of the business model in which a financial asset is held at a portfolio level because this best reflects the way the business is managed and information is provided to the Manager. The information considered includes:

- how the performance of the portfolio is evaluated and reported to the Manager; and
- the risks that affect the performance of the business model (and the financial assets held within that business model) and how those risks are managed.

Transfers of financial assets to third parties in transactions that do not qualify for derecognition are not considered sales for this purpose, consistent with the Group's continuing recognition of the assets.

Non-derivative financial assets: Assessment whether contractual cash flows are solely payments of principal and interest

In assessing whether the contractual cash flows are solely payments of principal and interest, the Group considers the contractual terms of the instrument. This includes assessing whether the financial asset contains a contractual term that could change the timing or amount of contractual cash flows such that it would not meet this condition.

Non-derivative financial assets: Subsequent measurement and gains and losses

Financial assets at amortised cost

These assets are subsequently measured at amortised cost using the effective interest method. The amortised cost is reduced by impairment losses. Interest income, foreign exchange gains and losses and impairment are recognised in statement of total return. Any gain or loss on derecognition is recognised in statement of total return.

Non-derivative financial liabilities: Classification, subsequent measurement and gains and losses

Financial liabilities are classified as other financial liabilities and are initially measured at fair value less directly attributable transaction costs. They are subsequently measured at amortised cost using the effective interest method. Interest expense and foreign exchange gains and losses are recognised in statement of total return. These financial liabilities comprised loans and borrowings, trade and other payables and security deposits.

Derecognition

Financial assets

The Group derecognises a financial asset when:
- the contractual rights to the cash flows from the financial asset expire; or
- it transfers the rights to receive the contractual cash flows in a transaction in which either
  - substantially all of the risks and rewards of ownership of the financial asset are transferred; or
  - the Group neither transfers nor retains substantially all of the risks and rewards of ownership and it does not retain control of the financial asset.

Transferred assets are not derecognised when the Group enters into transactions whereby it transfers assets recognised in its statement of financial position, but retains either all or substantially all of the risks and rewards of the transferred assets.

Financial liabilities

The Group derecognises a financial liability when its contractual obligations are discharged or cancelled, or expire. The Group also derecognises a financial liability when its terms are modified and the cash flows of the modified liability are substantially different, in which case a new financial liability based on the modified terms is recognised at fair value.

On derecognition of a financial liability, the difference between the carrying amount extinguished and the consideration paid (including any non-cash assets transferred or liabilities assumed) is recognised in statement of total return.

Cash and cash equivalents

Cash and cash equivalents comprise cash balances and short-term deposits with maturities of three months or less from the date of acquisition that are subject to an insignificant risk of changes in their fair value, and are used by the Group in the management of its short-term commitments.

Derivative financial instruments and hedge accounting

The Group holds derivative financial instruments to hedge its foreign currency and interest rate risk exposures.

Derivatives are initially measured at fair value and any directly attributable transaction costs are recognised in statement of total return as incurred. Subsequent to initial recognition, derivatives are measured at fair value, and changes therein are generally recognised in statement of total return, unless it is designated in a hedge relationship that qualifies for hedge accounting.

The Group designates certain derivatives and non-derivative financial instruments as hedging instruments in qualifying hedging relationships. At inception of designated hedging relationships, the Group documents the risk management objective and strategy for undertaking the hedge. The Group also documents the economic relationship between the hedged item and the hedging instrument, including whether the changes in cash flows of the hedged item and hedging instrument are expected to offset each other.

Cash flow hedges

The Group designates certain derivatives as hedging instruments to hedge the variability in cash flows associated with highly probable forecast transactions arising from changes in foreign exchange rates and interest rates.

When a derivative is designated as a cash flow hedging instrument, the effective portion of changes in the fair value of the derivative is recognised in Unitholders' funds and accumulated in the hedging reserve. The effective portion of changes in the fair value of the derivative that is recognised in Unitholders' funds is limited to the cumulative change in fair value of the hedged item, determined on a present value basis, from inception of the hedge. Any ineffective portion of changes in the fair value of the derivative is recognised immediately in statement of total return.

The Group designates only the change in intrinsic value of interest rate cap contracts as the hedging instrument in cash flow hedging relationships. The change in time value of interest rate cap contracts is separately accounted for as a cost of hedging and recognised in a cost of hedging reserve within Unitholders' funds.

For all hedge transactions, the amount accumulated in the hedging reserve is reclassified to the statement of total return in the same period or periods during which the hedged expected future cash flows affect the statement of total return.

If the hedge no longer meets the criteria for hedge accounting or the hedging instrument is sold, expires, is terminated or is exercised, then hedge accounting is discontinued prospectively. When hedge accounting for cash flow hedges is discontinued, the amount that has been accumulated in the hedging reserve and the cost of hedging reserve remains in Unitholders' funds until, for a hedge of a transaction resulting in recognition of a non-financial item, it is included in the non-financial item's cost on its initial recognition or, for other cash flow hedges, it is reclassified to statement of total return in the same period or periods as the hedged expected future cash flows affect total return.

If the hedged future cash flows are no longer expected to occur, then the amounts that have been accumulated in the hedging reserve and the cost of hedging reserve are immediately reclassified to statement of total return.

Net investment hedges

The Group designates certain derivatives and non-derivative financial liabilities as hedges of foreign exchange risk on a net investment in a foreign operation.

When a derivative instrument or a non-derivative financial liability is designated as the hedging instrument in a hedge of a net investment in a foreign operation, the effective portion of, for a derivative, changes in the fair value of the hedging instrument or, for a non-derivative, foreign exchange gains and losses is recognised in Unitholders' funds and presented in the translation reserve within Unitholders' funds. Any ineffective portion of the changes in the fair value of the derivative or foreign exchange gains and losses on the non-derivative is recognised immediately in statement of total return. The amount recognised in Unitholders' funds is fully or partially reclassified to statement of total return as a reclassification adjustment on disposal or partial disposal of the foreign operation, respectively.

3.5 Leases

At inception of a contract, the Group assesses whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

As a lessee

At commencement or on modification of a contract that contains a lease component, the Group allocates the consideration in the contract to each lease component on the basis of its relative stand-alone prices. However, for the leases of property, the Group has elected not to separate non-lease components and account for the lease and non-lease components as a single lease component.

The Group recognises a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date.

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the end of the lease term, unless the lease transfers ownership of the underlying asset to the Group by the end of the lease term or the cost of the right-of-use asset reflects that the Group will exercise a purchase option. In that case the right-of-use asset will be depreciated over the useful life of the underlying asset, which is determined on the same basis as those of property and equipment. In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

The right-of-use asset is subsequently stated at cost less accumulated depreciation and impairment losses, except for right-of-use assets that meet the definition of investment property are carried at fair value in accordance with Note 4.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the lessee's incremental borrowing rate. Generally, the Group uses the lessee's incremental borrowing rate as the discount rate.

The Group determines the lessee's incremental borrowing rate by obtaining interest rates from various external financing sources and makes certain adjustments to reflect the terms of the lease and type of the asset leased.

Lease payments included in the measurement of the lease liability comprise the following:

- fixed payments, including in-substance fixed payments;
- variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date;
- amounts expected to be payable under a residual value guarantee; and
- the exercise price under a purchase option that the Group is reasonably certain to exercise, lease payments in an optional renewal period if the Group is reasonably certain to exercise an extension option, and penalties for early termination of a lease unless the Group is reasonably certain not to terminate early.

The lease liability is measured at amortised cost using the effective interest method. It is remeasured when there is a change in future lease payments arising from a change in an index or rate, if there is a change in the Group's estimate of the amount expected to be payable under a residual value guarantee, if the Group changes its assessment of whether it will exercise a purchase, extension or termination option or if there is a revised in-substance fixed lease payment.

When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or is recorded in statement of total return if the carrying amount of the right-of-use asset has been reduced to zero.

Where the basis for determining future lease payments changes as required by interest rate benchmark reform, the Group remeasures the lease liability by discounting the revised lease payments using the revised discount rate that reflects the change to an alternative benchmark interest rate.

The Group presents right-of-use assets in investment property and lease liabilities as a separate caption in the statement of financial position. There are no right-of-use assets that do not meet the definition of investment property.

Short-term leases and leases of low-value assets

The Group has elected not to recognise right-of-use assets and lease liabilities for leases of low-value assets and short-term leases. The Group recognises the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

As a lessor

At inception or on modification of a contract that contains a lease component, the Group allocates the consideration in the contract to each lease component on the basis of their relative stand-alone prices.

When the Group acts as a lessor, it determines at lease inception whether each lease is a finance lease or an operating lease.

To classify each lease, the Group makes an overall assessment of whether the lease transfers substantially all of the risks and rewards incidental to ownership of the underlying asset. If this is the case, then the lease is a finance lease; if not, then it is an operating lease. As part of this assessment, the Group considers certain indicators such as whether the lease is for the major part of the economic life of the asset.

The Group recognises lease payments received from investment property under operating leases as income on a straight-line basis over the lease term as part of 'gross revenue'.

3.6 Impairment

Non-derivative financial assets

The Group recognises loss allowances for expected credit loss ("ECL") on financial assets measured at amortised cost.

Loss allowances of the Group are measured on either of the following bases:

- 12-month ECLs: these are ECLs that result from default events that are possible within the 12 months after the reporting date (or for a shorter period if the expected life of the instrument is less than 12 months); or
- Lifetime ECLs: these are ECLs that result from all possible default events over the expected life of a financial instrument.

Simplified approach

The Group applies the simplified approach to provide for ECLs for all trade receivables. The simplified approach requires the loss allowance to be measured at an amount equal to lifetime ECLs.

General approach

The Group applies the general approach to provide for ECLs on all other financial instruments. Under the general approach, the loss allowance is measured at an amount equal to 12-month ECLs at initial recognition.

At each reporting date, the Group assesses whether the credit risk of a financial instrument has increased significantly since initial recognition. When credit risk has increased significantly since initial recognition, loss allowance is measured at an amount equal to lifetime ECLs.

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECLs, the Group considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Group's historical experience and informed credit assessment and includes forward-looking information.

If credit risk has not increased significantly since initial recognition or if the credit quality of the financial instruments improves such that there is no longer a significant increase in credit risk since initial recognition, loss allowance is measured at an amount equal to 12-month ECLs.

The Group considers a financial asset to be in default when:

- the borrower is unlikely to pay its credit obligations to the Group in full, without recourse by the Group to actions such as realising security (if any is held); or
- the financial asset is more than 90 days past due.

The maximum period considered when estimating ECLs is the maximum contractual period over which the Group is exposed to credit risk.

Measurement of ECLs

ECLs are probability-weighted estimates of credit losses. Credit losses are measured at the present value of all cash shortfalls (i.e. the difference between the cash flows due to the entity in accordance with the contract and the cash flows that the Group expects to receive). ECLs are discounted at the effective interest rate of the financial asset.

Credit-impaired financial assets

At each reporting date, the Group assesses whether financial assets carried at amortised cost are credit-impaired. A financial asset is 'credit-impaired' when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.

Evidence that a financial asset is credit-impaired includes the following observable data:

- significant financial difficulty of the borrower or issuer;
- a breach of contract such as a default or being more than 90 days past due;
- the restructuring of a loan or advance by the Group on terms that the Group would not consider otherwise;
- it is probable that the borrower will enter bankruptcy or other financial reorganisation; or
- the disappearance of an active market for a security because of financial difficulties.

Presentation of allowance for ECLs in the statement of financial position

Loss allowances for financial assets measured at amortised cost are deducted from the gross carrying amount of these assets.

Write-off

The gross carrying amount of a financial asset is written off (either partially or in full) to the extent that there is no realistic prospect of recovery. This is generally the case when the Group determines that the debtor does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subject to the write-off. However, financial assets that are written off could still be subject to enforcement activities in order to comply with the Group's procedures for recovery of amounts due.

3.7 Revenue recognition

(i) Rental income from operating leases

Rental income receivable under operating leases is recognised in the statement of total return on a straight-line basis over the term of the lease, except where an alternative basis is more representative of the pattern of benefits to be derived from the leased assets. Lease incentives granted are recognised as an integral part of the total rental to be received over the term of the lease.

(ii) Interest income

Interest income is recognised on an accrual basis, using the effective interest method.

(iii) Dividend income

Dividend income is recognised in the statement of total return on the date the Trust's right to receive payment is established.

3.8 Expenses

(i) Property expenses

Property expenses are recognised on an accrual basis.

(ii) Management fees

Management fees comprise the Manager's base fees, performance fees and asset management fees payable to the asset managers of the Japan properties.

Manager's base fees and performance fees are recognised on an accrual basis based on the applicable formula stipulated in Note 1(B). Where applicable, Manager's base fee and performance fee paid and payable in units are recognised as an expense in the statement of total return with a corresponding increase in Unitholders' funds.

(iii) Trust expenses

Trust expenses are recognised on an accrual basis. Included in trust expenses is the trustee's fees which are based on the applicable formula stipulated in Note 1(A).

(iv) Finance costs

Finance costs comprise interest expense on borrowings, settlement on financial derivatives, amortisation of borrowings related transactions costs and security deposits and interests on lease liabilities.

Interest expense and similar charges are recognised in the statement of total return, using the effective interest rate method over the period of borrowings. Expenses incurred in connection with the arrangement of borrowings are recognised in the statement of total return using the effective interest method over the period for which the borrowings are granted.

3.9 Income tax expense

Income tax expense comprises current and deferred tax. Income tax is recognised in the statement of total return except to the extent that it relates to items directly related to Unitholders' funds, in which case it is recognised in the Unitholders' funds.

Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous years. The amount of current tax payable or receivable is the best estimate of the tax amount expected to be paid or received that reflects uncertainty related to income taxes, if any.

Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is not recognised for the following temporary differences: the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss, and differences relating to investments in subsidiaries to the extent that the Group is able to control the timing of the reversal of the temporary difference and it is probable that they will not reverse in the foreseeable future. In addition, deferred tax is not recognised for taxable temporary differences arising on the initial recognition of goodwill.

The measurement of deferred tax reflects the tax consequences that would follow the manner in which the Group expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities. For investment property that is measured at fair value, the presumption that the carrying amount of the investment will be recovered through sale has not been rebutted. Deferred tax is measured at the tax rates that are expected to be applied to temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the reporting date, and reflects uncertainty related to income taxes, if any.

Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to income taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realised simultaneously.

Deferred tax assets are recognised for unused tax losses, unused tax credits and deductible temporary differences to the extent that it is probable that future taxable profits will be available against which they can be used. Future taxable profits are determined based on the reversal of relevant taxable temporary differences. If the amount of taxable temporary differences is insufficient to recognise a deferred tax asset in full, then future taxable profits, adjusted for reversals of existing temporary differences, are considered, based on the business plans for individual subsidiaries in the Group. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised; such reductions are reversed when the probability of future taxable profits improves.

Unrecognised deferred tax assets are reassessed at each reporting date and recognised to the extent that it has become probable that future taxable profits will be available against which they can be used.

The Inland Revenue Authority of Singapore (the "IRAS") has issued a tax ruling on the income tax treatment of the Trust. Subject to meeting the terms and conditions of the tax ruling which includes a distribution of at least 90.0% of the taxable income of the Trust, the Trustee is not subject to tax on the taxable income of the Trust. Instead, the distributions made by the Trust out of such taxable income are subject to tax in the hands of Unitholders, unless they are exempt from tax on the Trust's distributions. This treatment is known as the tax transparency treatment.

Qualifying Unitholders are entitled to gross distributions from the Trust. For distributions made to foreign non-individual Unitholders during the period from 18 February 2005 to 31 December 2025 or foreign funds during the period from 1 July 2019 to 31 December 2025, the Trustee is required to withhold tax at the reduced rate of 10.0% on distributions made. For other types of Unitholders, the Trustee is required to withhold tax at the prevailing corporate tax rate on the distributions made by the Trust. Such other types of Unitholders are subject to tax on the regrossed amounts of the distributions received but may claim a credit for the tax deducted at source at the prevailing corporate tax rate by the Trustee.

A Qualifying Unitholder refers to a Unitholder who is:

- An individual;
- A company incorporated and tax resident in Singapore;
- A Singapore branch of a company incorporated outside Singapore;
- A body of persons incorporated or registered in Singapore including a charity registered under the Charities Act 1994 or established by any written law, a town council, a statutory board, a co-operative society registered under the Co-operative Societies Act 1979 or a trade union registered under the Trade Unions Act 1940;
- An international organisation that is exempt from tax on such distributions by reason of an order made under the International Organisations (Immunities and Privileges) Act 1948; or
- A real estate investment trust exchange-traded fund which has been accorded the tax transparency treatment.

A foreign non-individual Unitholder refers to a Unitholder who is not a resident of Singapore for income tax purpose and:

- who does not have any permanent establishment in Singapore; or
- who carries on any operation through a permanent establishment in Singapore, where the funds used to acquire the units in that REIT are not obtained from that operation.

A foreign fund refers to one that qualifies for tax exemption under section 13D, 13U or 13V of the Income Tax Act 1947 ("ITA") that is not a resident of Singapore for income tax purposes and:

- does not have any permanent establishment in Singapore (other than a fund manager in Singapore); or
- carries on any operation through a permanent establishment in Singapore (other than a fund manager in Singapore), where the funds used by that qualifying fund to acquire the units in that REIT are not obtained from that operation.

The above tax transparency treatment does not apply to gains from disposal of any properties such as real estate properties, shares, etc that are determined by the IRAS to be revenue gains chargeable to tax. Tax on such gains or profits will be subject to tax, in accordance with Section 10(1)(a) of the Income Tax Act 1947 and collected from the Trustee. Where the gains are capital gains, they will not be subject to tax and the Trustee and the Manager may distribute the capital gains without tax being deducted at source.

3.10 Distribution policy

The Trust has a distribution policy to distribute at least 90.0% of its taxable income and net overseas income with the actual level of distribution to be determined at the Manager's discretion, other than gains from the sale of real estate properties that are determined by IRAS to be trading gains. For the taxable income that is not distributed, referred to as retained taxable income, tax will be assessed on the Trustee. Where such retained taxable income is subsequently distributed, the Trustee need not deduct tax at source.

Net overseas income refers to the net profits (excluding any gains from the sale of property or shares, as the case may be) after applicable taxes and adjustment for non-cash items such as depreciation derived by the Trust from its properties, if any.

From 2022 onwards, distributions to Unitholders are made on a semi-annual basis, with the amount calculated as at 30 June and 31 December each year for the half year period ending on each of the said dates. Prior to 2022, distributions were made on a quarterly basis. In accordance with the provisions of the Trust Deed, the Manager is required to pay distributions within 75 days after the end of the first distribution periods of a financial year and within 90 days from the end of a financial year. Distributions, when paid, will be in Singapore dollars.

3.11 Earnings per unit

The Group presents basic and diluted earnings per unit ("EPU") data for its units. Basic EPU is calculated by dividing the total return for the period after tax by the weighted average number of units outstanding during the period, adjusted for own units held. Diluted EPU is determined by adjusting the total return for the period after tax and the weighted average number of units outstanding, adjusted for own units held, for the effects of all dilutive potential units.

3.12 Segment reporting

An operating segment is a component of the Group that engages in business activities from which it may earn revenues and incur expenses, including revenues and expenses that relate to transactions with any of the Group's other components. All operating segments' operating results are reviewed regularly by the Manager's CEO to make decisions about resources to be allocated to the segment and assess its performance, and for which discrete financial information is available.

Segment results include items directly attributable to a segment as well as those that can be allocated on a reasonable basis. Unallocated items comprise mainly corporate assets and expenses, and tax assets and liabilities.

Segment capital expenditure is the total cost incurred during the year on additions to investment properties that are expected to be used for more than one year.

3.13 New standards and amendments not adopted

A number of new standards, interpretations and amendments to standards are effective for annual periods beginning after 1 January 2024 and earlier application is permitted; however, the Group has not early adopted the new or amended standards and interpretations in preparing these financial statements.

The new FRSs, interpretations and amendments to FRSs is not expected to have a significant impact on the Group's consolidated financial statements and the Trust's statement of financial position.

4 Investment properties

	Group		**Trust**	
	2024	**2023**	**2024**	**2023**
	$'000	**$'000**	**$'000**	**$'000**
At 1 January	2,230,981	2,205,881	1,506,000	1,439,000
Acquisition of investment properties	179,177	16,145	–	–
Acquisition related costs	14,667	2,003	–	–
Capital expenditure	84,523	56,280	80,370	51,204
Translation differences	(50,610)	(65,091)	–	–
	2,458,738	2,215,218	1,586,370	1,490,204
Change in fair value of investment properties	6,048	15,785	16,630	15,796
Amortisation of right-of-use assets	(22)	(22)	–	–
At 31 December	2,464,764	2,230,981	1,603,000	1,506,000

Determination of fair value

Investment properties are stated at fair value based on valuations as at 31 December 2024 performed by independent professional valuers having appropriate recognised professional qualification and experience in the location and category of property being valued.

The fair values are generally derived using the capitalisation approach and/or discounted cash flow valuation techniques.

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	
	2024	**2023**	**2024**	**2023**
	$'000	**$'000**	**$'000**	**$'000**
Change in fair value of investment properties	6,048	15,785	16,630	15,796
Amortisation of right-of-use assets	(22)	(22)	–	–
Straight-line rental adjustments	(24,063)	(27,012)	(24,186)	(26,441)
Net change in fair value of investment properties recognised in statement of total return	(18,037)	(11,249)	(7,556)	(10,645)

Valuation processes applied by the Group and Trust

As explained under Note 3.3, 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.

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.

	2024	**2023**
	$'000	**$'000**
Fair value of investment properties (based on valuation)	2,462,695	2,228,897
Add: Carrying amount of lease liabilities	2,069	2,084
Carrying amount of investment properties	2,464,764	2,230,981

Significant unobservable inputs

The following table shows the key unobservable inputs used in the valuation model:

Type	**Key unobservable inputs**	**Inter-relationship between key unobservable inputs and fair value measurement**
Capitalisation method	• Capitalisation rates range from 4.2% to 6.9% (2023: 4.2% to 6.4%).	The estimated fair value would increase/(decrease) if the capitalisation rates were lower/(higher).
Discounted cash flow method	• Risk-adjusted discount rates range from 4.0% to 8.2% (2023: 4.0% to 7.0%). • Terminal yield rates range from 4.3% to 7.3% (2023: 4.3% to 6.5%).	The estimated fair value would increase/(decrease) if: • the risk-adjusted discount rates were lower/(higher); or • the terminal yield rates were lower/(higher).

Key unobservable inputs correspond to:

- Capitalisation rate corresponds to a rate of return on investment properties on the expected annual income that the property will generate.
- Discount rates, based on the risk-free rate for bonds issued by government in the relevant market, adjusted for a risk premium to reflect the increased risk of investing in the asset class.
- Terminal yield rate is the estimated capitalisation rate at maturity of the holding period.

5 Interests in subsidiaries

	Trust	
	2024	**2023**
	$'000	**$'000**
Equity investments, at cost	740,889	729,627
Amount due from subsidiary (non-trade)	4,075	4,075
	744,964	733,702

Amount due from subsidiary is unsecured and interest-free. The settlement of the amount is neither planned nor likely to occur in the foreseeable future and hence the amount due from subsidiary is classified as non-current and is stated at amortised cost.

Ownership interests

The Group does not hold any ownership interest in the special purpose entities ("SPEs") in Japan listed below. The SPEs were established under terms that impose strict limitations on the decision-making powers of the SPE's management, resulting in the Group receiving the majority of the benefits related to the SPE's operations and net assets, being exposed to the majority of risks incident to the SPEs' activities, and retaining the majority of the residual or ownership risk related to the SPEs of their assets. Consequently, the SPEs are regarded as subsidiaries of the Group.

Details of the subsidiaries are as follows:

	Name of subsidiaries	Principal activities	Place of incorporation and business	Effective interest held by the Group 2024 %	2023 %
*	Parkway Life Japan2 Pte. Ltd.	Investment holding	Singapore	100	100
	** Godo Kaisha Del Monte	Special purpose entity - Investment in real estate	Japan	100	100
	** Godo Kaisha Tenshi 1	Special purpose entity - Investment in real estate	Japan	100	100
	** Godo Kaisha Tenshi 2	Special purpose entity - Investment in real estate	Japan	100	100
	** G.K. Nest	Special purpose entity - Investment in real estate	Japan	100	100
	** Godo Kaisha Samurai 19	Special purpose entity - Investment in real estate	Japan	100	100
	** Godo Kaisha Samurai 20	Special purpose entity - Investment in real estate	Japan	100	–
*	Parkway Life Japan3 Pte. Ltd.	Investment holding	Singapore	100	100
	** Godo Kaisha Healthcare 1	Special purpose entity - Investment in real estate	Japan	100	100
	** Godo Kaisha Healthcare 2	Special purpose entity - Investment in real estate	Japan	100	100
	** Godo Kaisha Healthcare 3	Special purpose entity - Investment in real estate	Japan	100	100
	** Godo Kaisha Healthcare 4	Special purpose entity - Investment in real estate	Japan	100	100
	** Godo Kaisha Healthcare 5	Special purpose entity - Investment in real estate	Japan	100	100
*	Parkway Life Japan4 Pte. Ltd.	Investment holding	Singapore	100	100
	** Godo Kaisha Samurai	Special purpose entity - Investment in real estate	Japan	100	100

Name of subsidiaries	**Principal activities**	**Place of incorporation and business**	**Effective interest held by the Group**	
			2024 **%**	**2023** **%**
** Godo Kaisha Samurai 2	Special purpose entity - Investment in real estate	Japan	100	100
** Godo Kaisha Samurai 3	Special purpose entity - Investment in real estate	Japan	100	100
** Godo Kaisha Samurai 4	Special purpose entity - Investment in real estate	Japan	100	100
** Godo Kaisha Samurai 5	Special purpose entity - Investment in real estate	Japan	100	100
** Godo Kaisha Samurai 6	Special purpose entity - Investment in real estate	Japan	100	100
** Godo Kaisha Samurai 7	Special purpose entity - Investment in real estate	Japan	100	100
** Godo Kaisha Samurai 8	Special purpose entity - Investment in real estate	Japan	100	100
** Godo Kaisha Samurai 9	Special purpose entity - Investment in real estate	Japan	100	100
** Godo Kaisha Samurai 10	Special purpose entity - Investment in real estate	Japan	100	100
** Godo Kaisha Samurai 11	Special purpose entity - Investment in real estate	Japan	100	100
** Godo Kaisha Samurai 12	Special purpose entity - Investment in real estate	Japan	100	100
** Godo Kaisha Samurai 13	Special purpose entity - Investment in real estate	Japan	100	100
** Godo Kaisha Samurai 14	Special purpose entity - Investment in real estate	Japan	100	100
** Godo Kaisha Samurai 15	Special purpose entity - Investment in real estate	Japan	100	100
** Godo Kaisha Samurai 16	Special purpose entity - Investment in real estate	Japan	100	100

	Name of subsidiaries	Principal activities	Place of incorporation and business	Effective interest held by the Group 2024 %	2023 %
**	Godo Kaisha Samurai 17	Special purpose entity - Investment in real estate	Japan	100	100
**	Godo Kaisha Samurai 18	Special purpose entity - Investment in real estate	Japan	100	100
*	Parkway Life Malaysia Pte. Ltd.	Investment holding	Singapore	100	100
#	Parkway Life Malaysia Sdn. Bhd.	Special purpose entity - Investment in real estate	Malaysia	100	100
*	Parkway Life Nova Pte. Ltd.	Investment holding	Singapore	100	–
**	Parkway Life Soleil SAS	Investment holding	France	100	–
**	Parkway Life Santé SC	Investment holding	France	100	–
**	Parkway Life Santé 1 SCI	Special purpose entity - Investment in real estate	France	100	–
**	Parkway Life Santé 2 SCI	Special purpose entity - Investment in real estate	France	100	–
**	Parkway Life Santé 3 SCI	Special purpose entity - Investment in real estate	France	100	–
**	Parkway Life Santé 4 SCI	Special purpose entity - Investment in real estate	France	100	–
**	Parkway Life Santé 5 SCI	Special purpose entity - Investment in real estate	France	100	–
**	Parkway Life Santé 6 SCI	Investment holding	France	100	–
**	Parkway Life Santé 7 SCI	Investment holding	France	100	–
**	Parkway Life Santé 8 SCI	Investment holding and Special purpose entity - Investment in real estate	France	100	–
**	Parkway Life Santé 9 SCI	Investment holding and Special purpose entity - Investment in real estate	France	100	–

Name of subsidiaries	Principal activities	Place of incorporation and business	Effective interest held by the Group 2024 %	2023 %
** Champs Invest	Special purpose entity - Investment in real estate	France	100	–
** Saint Marcel Invest	Special purpose entity - Investment in real estate	France	100	–
** Villers-Semeuse Invest	Special purpose entity - Investment in real estate	France	100	–
** SCI Turquoise	Special purpose entity - Investment in real estate	France	100	–
* Parkway Life MTN Pte. Ltd.	Provision of financial and treasury services	Singapore	100	100

* Audited by KPMG Singapore.
** Not required to be audited under the laws of country of incorporation.
\# Audited by KPMG Malaysia.

For consolidation purposes, the SPEs are audited by KPMG Singapore.

6 Advance payment

On 13 October 2021, the Group entered into new master lease agreements with Parkway Hospitals Singapore Pte. Ltd. (“PHS”), a related party of the Manager and the Trust, for the three hospital properties in Singapore. Along with the new master lease agreements, the Group had on the same date, entered into the agreement for the renewal capital expenditure works (“Renewal Capex Works”). The Renewal Capex Works was awarded to a non-related party contractor in 2022 and shall be entirely carried out at Mount Elizabeth Hospital. In order to minimise operational disruptions, the Trust will synchronise the regular capital expenditure works with the Renewal Capex Works at Mount Elizabeth Hospital.

There was an advance payment of approximately $46.2 million to the contractor in December 2022 in relation to the above capital expenditure works. With progression of the capital expenditure works in Mount Elizabeth Hospital, the advance payment has been fully utilised as of 31 December 2024.

7 Financial derivatives

	Group and Trust 2024 $'000	Group and Trust 2023 $'000
Current derivative assets	32,724	1,341
Non-current derivative assets	15,556	39,257
Total derivative assets	48,280	40,598
Current derivative liabilities	–	(1,820)
Non-current derivative liabilities	(677)	(3,572)
Total derivative liabilities	(677)	(5,392)
Total derivative assets (net)	47,603	35,206

	Group 2024 %	Group 2023 %	Trust 2024 %	Trust 2023 %
Percentage of derivative assets to unitholders' funds	3.1	2.9	2.9	2.8
Percentage of derivative liabilities to unitholders' funds	*	(0.4)	*	(0.4)

* Less than 0.1%

Interest rate swaps

The Group manages its exposure to interest rate movement on its floating rate loans and borrowings by entering into interest rate swaps. As at the reporting date, the Group has interest rate swaps (including forward-starting swaps) with a total notional principal of approximately $439.4 million (2023: $263.7 million) to provide fixed rate funding up to 2031 (2023: up to 2030) at a weighted average effective interest rate of 1.09% (2023: 1.27%) per annum.

As at 31 December 2024, where the interest rate swaps are designated as the hedging instruments in qualifying cash flow hedges, the effective portion of the changes in fair value of the interest rate swaps amounting to $3.7 million gain (2023: $2.6 million loss) was recognised in the hedging reserve.

Interest rate caps

Apart from interest rate swaps, the Group also manages its exposure to interest rate movement on its floating rate loans and borrowings by entering into interest rate caps. As at the reporting date, the Group has interest rate caps with a notional principal of approximately $300.0 million (2023: approximately $322.6 million).

These instruments are designated as hedging instruments. As at 31 December 2024, a change of time value of the interest rate caps of $0.7 million loss (2023: $0.6 million loss) was recognised in the cost of hedging reserve. $0.6 million gain in intrinsic value (2023: $1.8 million loss) was recognised in the hedging reserve during the year.

Forward exchange contracts

The Group manages its exposure to foreign currency movements on its net income denominated in Japanese Yen from its investments in Japan by using forward exchange contracts to provide a hedge to the distribution of income from its investments in Japan, net of Japanese Yen financing costs.

At the reporting date, the Group has outstanding forward exchange contracts with aggregate notional amounts of approximately $96.2 million (2023: $182.0 million). The change in fair value of $3.3 million gain (2023: $1.2 million gain) was recognised in the statement of total return.

Cross currency interest rate swaps

At the reporting date, the Group has cross currency interest rate swap ("CCIRS") with notional principal of $81.9 million (2023: $81.9 million) to manage its foreign currency risk and interest rate risk arising from the financing of Japan properties using Singapore dollar loan facilities. To maintain a natural hedge, the Group utilised CCIRS to realign the Singapore dollar denominated loans back into effective Japanese Yen denominated loans to match its underlying Japanese Yen denominated assets.

The Group had in-substance bifurcated the CCIRS and applied hedge accounting for net investment hedge and cash flow hedge, where the changes in fair value of $5.6 million gain (2023: $7.3 million gain) and $1.6 million loss (2023: $2.4 million loss) were recognised in the foreign currency translation reserve and hedging reserve, respectively.

At the reporting date, the Group has also put in place a cross currency swap ("CCS") with notional principal of $171.6 million to manage its foreign currency risk arising from the financing of France properties using Singapore dollar proceeds from the equity fund raising. To maintain a natural hedge, the Group utilised this CCS to hedge against the EUR/SGD fluctuation from the underlying Euro denominated assets.

Upon completion of the acquisition of the France properties, the Group had applied hedged accounting for net investment hedge, where the changes in fair value of $0.2 million loss was recognised in the foreign currency translation reserve and a change of time value of the CCS of $37,000 gain was recognised in cost of hedging reserve. As part of the pre-emptive measures to manage the foreign currency exposure arising from the France acquisition, the CCS was entered into in advance of the completion of acquisition. The change in fair value prior to the completion of the acquisition of $1.8 million gain was recognised in the statement of total return.

Offsetting financial assets and financial liabilities

The Group's derivative transactions are entered into under International Swaps and Derivatives Association ("ISDA") master netting agreements. In general, under such agreements, the amounts owed by each counterparty in respect of the same transactions outstanding in the same currency under the agreement are aggregated into a single net amount that is payable by one party to the other. In certain circumstances, for example when a credit event such as a default occurs, all outstanding transactions under the agreement are terminated, the termination value is assessed and only a single net amount is due or payable in settlement of all outstanding transactions.

The Group's derivatives under the ISDA master netting agreements do not meet the criteria for offsetting in the statement of financial position. This is because they create a right of set-off of recognised amounts that is enforceable only following an event of default, insolvency or bankruptcy of the Group or the counterparties. In addition the Group and its counterparties do not intend to settle on a net basis or to realise the assets and settle the liabilities simultaneously in its normal course of business. Accordingly, as at 31 December 2024, the Group does not have any offsetting financial assets and liabilities in the statement of financial position.

8 Trade and other receivables

	Group		Trust	
	2024	**2023**	**2024**	**2023**
	$'000	**$'000**	**$'000**	**$'000**
Trade receivables (net)	2,427	2,392	–	–
Amounts due from related party (trade)	3,433	2,792	3,433	2,792
Amounts due from subsidiaries (non-trade)	–	–	368	–
Loans to subsidiaries	–	–	168,811	–
Advances to subsidiary	–	–	2,206	–
Other receivables	1,774	69	946	–
	7,634	5,253	175,764	2,792
Prepayments	998	1,063	5	39
	8,632	6,316	175,769	2,831
Current	8,632	6,316	6,958	2,831
Non-current	–	–	168,811	–
	8,632	6,316	175,769	2,831

Included in the trade and other receivables of the Trust are loans to subsidiaries and advances to subsidiary, in relation to the France acquisition. The loans to subsidiaries are at an interest rate of 5.6% for a 12-year tenure. Advances to subsidiary is interest-free and expected to be settled within the next 12 months.

The maximum exposure to credit risks for trade receivables at reporting date by operating segment is as follows:

	Group		Trust	
	2024	**2023**	**2024**	**2023**
	$'000	**$'000**	**$'000**	**$'000**
Nursing homes	2,427	2,392	–	–
Hospitals and medical centres	3,433	2,792	3,433	2,792
	5,860	5,184	3,433	2,792

At the reporting date, the hospitals and medical centres located in Singapore are leased to one master lessee, PHS. Accordingly, the Group's most significant outstanding trade receivables amounted to $3,433,000 (2023: $2,792,000) is due from PHS as at the reporting date. These trade receivables are in accordance with the payment schedule as set out in the lease agreements entered with PHS.

As at 31 December 2024, the Trust has in its possession a corporate guarantee in its favour amounting to $16.2 million (2023: $16.2 million). It is provided to the Trust by Parkway Pantai Limited, as the guarantor for PHS, in lieu of security deposits.

During the year, the Group acquired eleven nursing homes under a sale and leaseback arrangement. As required under the lease agreements, banker guarantees equivalent to 5 months' rent were provided to the Group, in lieu of security deposits.

The Manager is of the opinion that there are no conditions that cast doubt over the recoverability of the Group's trade receivables.

Impairment

During the year, the Group has made an allowance for doubtful debts of $0.5 million due to default on the rental receivables by an operator for 2 of the nursing home properties in Japan (see Note 24).

The ageing of trade receivables that were not impaired at the reporting date was:

	Group		Trust	
	2024	**2023**	**2024**	**2023**
	$'000	**$'000**	**$'000**	**$'000**
Neither past due nor impaired	3,433	4,141	3,433	2,792
Past due 1 - 30 days	971	1,043	–	–
Past due 31 - 180 days	1,456	–	–	–
	5,860	5,184	3,433	2,792

9 Cash and cash equivalents

	Group		Trust	
	2024	2023	2024	2023
	$'000	$'000	$'000	$'000
Cash and cash equivalents in the statement of financial position and the cash flow statement	29,471	28,499	4,461	4,651

10 Trade and other payables

	Group		Trust	
	2024	2023	2024	2023
	$'000	$'000	$'000	$'000
Trade payables and accrued operating expenses	22,181	12,858	19,163	10,362
Amounts due to related parties:				
- the Manager (trade)	8,370	7,405	8,368	7,402
- the Manager (non-trade)	463	133	463	133
- the Trustee (trade)	67	62	67	62
Interest payable	1,023	779	1,023	779
	32,104	21,237	29,084	18,738
Advance rent received	8,252	9,486	5,400	5,400
	40,356	30,723	34,484	24,138

The non-trade amounts due to the Manager relate to reimbursement of travelling expenses which are unsecured, interest-free, and repayable on demand.

11 Loans and borrowings

	Group and Trust	
	2024	2023
	$'000	$'000
Current liabilities		
Unsecured bank loans	17,797	53,559
Unamortised transaction costs	–	(15)
	17,797	53,544
Non-current liabilities		
Unsecured bank loans	715,268	609,708
Unsecured medium term notes	154,316	165,912
Unamortised transaction costs	(3,341)	(2,777)
	866,243	772,843

Terms and debt repayment schedule

Terms and conditions of outstanding loans and borrowings are as follows:

Group and Trust	Nominal interest rate	Year of maturity	2024 Face value $'000	2024 Carrying amount $'000	2023 Face value $'000	2023 Carrying amount $'000
JPY variable rate loans	Bank's cost of fund	2024	–	–	12,639	12,639
JPY floating rate loan	TIBOR + margin	2024	–	–	40,920	40,905
JPY variable rate loans	Bank's cost of fund	2025	17,797	17,797	–	–
JPY floating rate loans	TONA + margin	2025	–	–	111,581	111,393
S$ floating rate loans	SORA + margin	2026	151,875	151,712	151,875	151,617
JPY floating rate loan	TONA + margin	2026	76,120	75,905	81,840	81,513
S$ floating rate loan	SORA + margin	2027	60,000	59,794	21,000	20,725
JPY medium term note	0.51%	2027	28,545	28,518	30,690	30,651
JPY floating rate loans	TONA + margin	2027	158,194	157,653	170,082	169,321
S$ floating rate loan	SORA + margin	2028	37,900	37,445	53,800	53,234
JPY medium term note	0.85%	2028	43,250	43,196	46,500	46,433
JPY medium term note	0.97%	2029	52,246	52,178	56,172	56,091
JPY floating rate loan	TONA + margin	2029	18,165	18,044	19,530	19,384
JPY medium term note	1.28%	2030	30,275	30,217	32,550	32,481
JPY floating rate loan	TONA + margin	2030	115,269	114,583	–	–
JPY floating rate loan	TONA + margin	2031	97,745	96,998	–	–
			887,381	884,040	829,179	826,387

SORA denotes Singapore Overnight Rate Average
TONA denotes Tokyo Overnight Average
TIBOR denotes Tokyo Interbank Offered Rate

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 JPY53,814 million (approximately $465.5 million) and $249.8 million (2023: JPY41,186 million (approximately $383.1 million) and $226.7 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 Parkway Life REIT. 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 the Group, and is based on the relevant floating rate plus a margin.

Amongst the long term facilities, the Group has three revolving credit facilities ("RCF"), total amounting to $186.5 million, which include covenants that need to be complied with as at the reporting date. These loans can be utilised as long as on the date of each utilisation, there is no event of default, no material adverse change in the business, financial condition or operations and all representations and warranties of the facility agreements have been complied with.

During the year, the Trust has executed several committed and unsecured loan facilities to refinance its existing loan facilities and for financing general working capital purposes. As at the reporting date, the Group has remaining unutilised long term committed facility amounting to approximately $112.1 million.

Interest rate was largely hedged as the Group entered into interest rate swaps, CCIRS and interest rate caps to manage the interest rate exposures for the above Long Term Facilities. Details of these hedging initiatives are set out in Note 7.

(2) Unsecured Debt Issuance

Parkway Life REIT, 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 Parkway Life REIT with the flexibility to tap various types of capital market products, including issuance of perpetual securities when needed.

Under the Multicurrency 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 2024, there were four series of outstanding fixed rate notes issued under the Multicurrency Debt Issuance Programme, amounting to JPY17,840 million (approximately $154.3 million) (2023: JPY17,840 million (approximately $165.9 million)) maturing between 2027 to 2030.

(3) Short Term Facilities

The Trust has two unsecured and uncommitted short-term multi-currency facilities (the "Short Term Facilities"), amounting to $195.0 million (2023: $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 2024, a total of JPY2,058 million (approximately $17.8 million) (2023: JPY1,359 million (approximately $12.6 million) was drawn down via Short Term Facilities for working capital purpose for 3 months (2023: 3 months).

Reconciliation of liabilities arising from financing activities

			Non-cash changes				
	1 January 2023 $'000	**Financing cash flows $'000**	**Foreign exchange movement $'000**	**Interest expense $'000**	**Transaction costs related to loans and borrowings $'000**	**Other changes $'000**	**31 December 2023 $'000**
Loans and borrowings	849,789	30,229[1]	(54,473)	–	842	–	826,387
Interest payable (Note 10)	835	(9,725)	–	9,669	–	–	779
Lease liabilities	2,099	(32)	–	17	–	–	2,084
Cross currency interest rate swap used for hedging –liabilities	(18,914)	–	–	–	–	(4,872)	(23,786)
Interest rate caps used for hedging - (assets)	(3,942)	–	–	–	–	2,695	(1,247)
Interest rate swap used for hedging – liabilities/(assets)	(38)	–	–	–	–	2,572	2,534
Forward exchange contracts (net) – assets	(11,534)	–	(7,841)	–	–	6,668	(12,707)

			Non-cash changes				
	1 January 2024 $'000	**Financing cash flows $'000**	**Foreign exchange movement $'000**	**Interest expense $'000**	**Transaction costs related to loans and borrowings $'000**	**Other changes $'000**	**31 December 2024 $'000**
Loans and borrowings	826,387	101,458[1]	(44,810)	–	1,005	–	884,040
Interest payable (Note 10)	779	(10,348)	–	10,592	–	–	1,023
Lease liabilities	2,084	(32)	–	17	–	–	2,069
Cross currency interest rate swap used for hedging – assets	(23,786)	–	–	–	–	(3,958)	(27,744)
Cross currency swap used for hedging liabilities/ assets	–	–	–	–	–	(1,653)	(1,653)
Interest rate caps used for hedging - assets	(1,247)	–	–	–	–	302	(945)
Interest rate swaps used for hedging – (assets)/liabilities	2,534	–	–	–	–	(3,740)	(1,206)
Forward exchange contracts – assets	(12,707)	–	(9,651)	–	–	6,303	(16,055)

[1] Net proceeds from loans and borrowings and medium term notes, includes repayment of loans and borrowings, redemption of medium term notes and payment of borrowing costs.

12 Deferred tax assets and liabilities

	At 1 January $'000	Recognised in statement of total return (Note 20) $'000	Translation differences $'000	At 31 December $'000
Group				
2024				
Deferred tax liabilities/(assets)				
Investment properties (including right-of-use assets)	36,582	2,666	(2,581)	36,667
Lease liabilities	(426)	3	–	(423)
	36,156	2,669	(2,581)	36,244
2023				
Deferred tax liabilities/(assets)				
Investment properties (including right-of-use assets)	36,197	3,563	(3,178)	36,582
Lease liabilities	(428)	2	–	(426)
	35,769	3,565	(3,178)	36,156

13 Unitholders' funds

	Group		Trust	
	2024 $'000	**2023 $'000**	**2024 $'000**	**2023 $'000**
Unitholders' contribution	734,871	585,258	734,871	585,258
Revenue reserve	834,398	832,708	919,848	873,860
Hedging reserve	3,130	388	3,130	388
Cost of hedging reserve	(538)	99	(576)	99
Foreign currency translation reserve	(1,909)	(3,896)	–	–
	1,569,952	1,414,557	1,657,273	1,459,605

Hedging reserve

The 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.

Cost of hedging reserve

The cost of hedging reserve reflects gain or loss from the designated hedging instrument that relates to the time value element of interest rate cap contracts.

Foreign currency translation reserve

The foreign currency translation reserve comprises the cumulative effects of:

(a) foreign exchange differences arising from the translation of the financial statements of foreign operations whose functional currencies are different from the functional currency of the Trust; and

(b) the gains or losses on instruments used to hedge the Trust's net investment in foreign operations that are determined to be effective hedges.

14 Units in issue

	Trust	
	2024	**2023**
	('000)	**('000)**
Units in issue:		
Balance at beginning of year	605,002	605,002
Issue of units pursuant to the Private Placement	47,369	-
Balance at end of year	652,371	605,002

47,369,000 new units were issued on 1 November 2024 at an issue price of $3.80 per unit in connection with the private placement ("Private Placement") to fund the acquisition of 11 nursing homes in France.

Each unit in the Trust represents an undivided interest in the Trust and carries the same voting rights. The rights and interests of Unitholders are contained in the Trust Deed and include the right to:

- receive income and other distributions attributable to the units held;
- receive audited financial statements and annual reports of the Trust;
- participate in the termination of the Trust by receiving a share of all net cash proceeds derived from the realisation of the assets of the Trust available for purposes of such distribution less any liabilities, in accordance with their proportionate interests in the Trust. However, a Unitholder has no equitable or proprietary interest in the underlying assets of the Trust and is not entitled to the transfer to it of any assets (or part thereof) or of any estate or interest in any asset (or part thereof) of the Trust;
- attend all Unitholders' meetings. The Trustee or the Manager may (and the Manager shall at the request in writing of not less than 50 Unitholders or 10% of the total units issued, whichever is the lesser) at any time convene a meeting of Unitholders in accordance with the provisions of the Trust Deed; and
- one vote per unit at the meeting of the Trust.

The restrictions of a Unitholder include the following:

- a Unitholder's right is limited to the right to require due administration of the Trust in accordance with the provisions of the Trust Deed; and
- a Unitholder has no right to request the Manager to repurchase or redeem his units while the units are listed on the SGX-ST and/or any other recognised stock exchange.

A Unitholder's liability is limited to the amount paid or payable for any unit in the Trust. The provisions of the Trust Deed provide that if the issue price of the units held by a Unitholder has been fully paid, no such Unitholder will be personally liable to indemnify the Trustee or any creditor of the Trustee in the event that the liabilities of the Trust exceed its assets.

15 Gross revenue

	Group		Trust	
	2024	2023	2024	2023
	$'000	$'000	$'000	$'000
Property rental income	144,848	146,960	101,583	101,583
Dividend income from subsidiaries	–	–	12,381	13,399
Other income	420	507	–	–
	145,268	147,467	113,964	114,982

16 Property expenses

	Group		Trust	
	2024	2023	2024	2023
	$'000	$'000	$'000	$'000
Operations and maintenance expenditure	5,333	5,105	3,721	3,426
Property tax	2,851	3,055	–	–
Property and lease management fees	8	8	–	–
Marketing services commission	–	206	–	112
Allowance for doubtful debts	472	–	–	–
Others	7	9	–	–
	8,671	8,383	3,721	3,538

An allowance for doubtful debts of $0.5 million due to default on the rental receivables by an operator for 2 of the nursing home properties in Japan was provided during the year.

17 Management fees

	Group		Trust	
	2024	2023	2024	2023
	$'000	$'000	$'000	$'000
Base fees	7,130	6,931	7,130	6,931
Performance fees	6,147	6,259	6,147	6,259
Asset management fees	1,234	1,301	–	–
	14,511	14,491	13,277	13,190

18 Trust expenses

	Group		Trust	
	2024	**2023**	**2024**	**2023**
	$'000	**$'000**	**$'000**	**$'000**
Trustee fees	380	371	380	371
Valuation fees	233	223	233	223
Audit fees paid to auditors of the Trust and other affiliated firm	295	279	267	249
Non-audit fees paid to auditors of the Trust and other affiliated firm	168	66	162	56
Professional fees	1,471	1,355	886	789
Other expenses	1,022	714	848	480
	3,569	3,008	2,776	2,168

19 Finance costs

	Group		Trust	
	2024	**2023**	**2024**	**2023**
	$'000	**$'000**	**$'000**	**$'000**
Interest paid and payable				
- bank loans	12,977	12,660	12,977	12,660
- financial derivatives	(2,604)	(3,244)	(2,604)	(3,244)
	10,373	9,416	10,373	9,416
Amortisation of transaction costs relating to debt facilities	1,005	842	1,005	842
Financial liabilities measured at amortised cost – interest expense	260	271	–	–
Others	509	274	509	274
	12,147	10,803	11,887	10,532

20 Income tax expense

	Group		Trust	
	2024	**2023**	**2024**	**2023**
	$'000	**$'000**	**$'000**	**$'000**
Current tax expense				
Withholding tax	4,006	4,221	–	–
Income tax expense	21	19	–	–
Changes in estimates related to prior year	(1)	(2)	–	–
	4,026	4,238	–	–
Deferred tax expense				
Movement in temporary differences	2,669	3,565	–	–
Total	6,695	7,803	–	–

	Group		Trust	
	2024	**2023**	**2024**	**2023**
	$'000	**$'000**	**$'000**	**$'000**
Reconciliation of effective tax rate				
Total return for the year before income tax	101,736	108,268	139,339	145,248
Income tax using Singapore tax rate of 17% (2023: 17%)	17,295	18,406	23,688	24,692
Effect of different tax rate in foreign jurisdictions	1,092	1,299	–	–
Income not subject to tax	(2,802)	(1,242)	(12,058)	(12,667)
Non-tax deductible items	5,137	3,288	2,396	1,921
Tax transparency	(14,026)	(13,946)	(14,026)	(13,946)
Changes in estimates related to prior year	(1)	(2)	–	–
	6,695	7,803	–	–

21 Earnings per unit

The calculation of basic earnings per unit ("EPU") is based on the weighted average number of units in issue during the year and the total return after income tax.

	Group		Trust	
	2024	**2023**	**2024**	**2023**
	$'000	**$'000**	**$'000**	**$'000**
Total return before income tax and distribution	101,736	108,268	139,339	145,248
Less: Income tax expense	(6,695)	(7,803)	–	–
Total return after income tax, before distribution	95,041	100,465	139,339	145,248

	Group and Trust	
	2024 Number of Units ('000)	**2023 Number of Units ('000)**
Weighted average number of units in issue (basic and diluted)	612,897	605,002

	Group		Trust	
	2024	**2023**	**2024**	**2023**
Basic and diluted earnings per unit (cents)	15.51	16.61	22.73	24.01

The diluted EPU is computed using the total return for the period after tax, and the weighted average number of units issued for the period. The weighted average number of units issued has been adjusted for the dilutive effects of units to be issued to the Manager as partial payment of the Manager's management fees incurred in 2024 for the France portfolio. The basic and diluted weighted average number of units and EPU are the same as the dilutive effect is less than 1,000 units.

22 Commitments

	Group		Trust	
	2024	**2023**	**2024**	**2023**
	$'000	**$'000**	**$'000**	**$'000**
Capital commitments:				
- contracted but not provided for	80,898	123,836	78,112	121,734
- authorised but not contracted for	10,864	10,324	9,085	9,437
	91,762	134,160	87,197	131,171

Operating lease commitments

Operating lease rental receivable

The Group leases out its investment properties. Non-cancellable operating lease rentals receivable are as follows:

	Group		Trust	
	2024	**2023**	**2024**	**2023**
	$'000	**$'000**	**$'000**	**$'000**
Operating leases under FRS 116				
Less than one year	123,512	116,836	79,719	77,397
One to two years	138,616	112,484	98,179	79,719
Two to three years	137,161	129,293	99,161	98,179
Three to four years	137,868	127,255	100,152	99,161
Four to five years	136,516	127,533	101,154	100,152
More than five years	1,586,570	1,639,018	1,410,837	1,511,991
Total	2,260,243	2,252,419	1,889,202	1,966,599

Since August 2007, the Group leases out its investment properties in Singapore to PHS, a related party of the Manager and the Trust, under separate master lease agreements for a period of 15 years. On 13 October 2021, the Group entered into new master lease agreements with PHS for the three investment properties for another approximately 20.4 years, commenced on 23 August 2022.

As at 31 December 2024, the Group leased out some of its strata titled units/lots within MOB Specialist Clinics, Kuala Lumpur to Gleneagles Hospital Kuala Lumpur (a branch of Pantai Medical Centre Sdn. Bhd.), a related party of the Manager and the Trust.

Operating lease rental payable

Leases as lessee (FRS 116)

The Group pays land rent for a leasehold property in Japan, which has a land lease period of 99 years.

Right-of-use assets related to leased property are presented as part of investment properties (see Note 4).

The Group pays land rent for its leasehold properties in Singapore, with remaining land lease periods of 50 – 58 years. These leases are of low-value. The Group has elected not to recognise right-of-use assets and lease liabilities for these leases.

Amounts recognised in statement of total return

	2024 **$'000**	**2023** **$'000**
Interest on lease liabilities	17	17
Net change in fair valuation of investment properties	(7)	(8)
Expenses relating to leases of low-value assets	*	*

Amounts recognised in statement of cash flows

	2024 **$'000**	**2023** **$'000**
Total cash outflow for leases	32	32

* Less than $1,000

23 Significant related party transactions

For the purposes of these financial statements, parties are considered to be related if the Group has the ability, directly or indirectly, to control the party or exercise significant influence over the party in making financial and operating decisions, or vice versa, or where the Group and the party are subject to common significant influence. Related parties may be individuals or other entities.

	Group		Trust	
	2024	**2023**	**2024**	**2023**
	$'000	**$'000**	**$'000**	**$'000**
Related parties of the Manager				
Rental income received/receivable	77,498	75,245	77,397	75,142
Other income received/receivable	41	37	–	–
The Manager				
Manager's management fees paid/payable	13,277	13,190	13,277	13,190
Acquisition fees paid/payable to the Manager[1]	1,792	161	1,792	161
Travelling expenses reimbursed/reimbursable to the Manager	765	379	765	379
Property and lease management fees paid/payable to the Manager	8	8	–	–
Marketing services commission paid/payable to the Manager	–	117	–	112

	Group		Trust	
	2024	**2023**	**2024**	**2023**
	$'000	**$'000**	**$'000**	**$'000**
The Trustee				
Trustee's fees paid/payable	380	371	380	371

[1] Included in acquisition related costs, capitalised as part of investment properties (note 4)

24 Financial instruments

Financial risk management

Overview

The Group has exposure to the following risks:

- credit risk
- liquidity risk
- market risk

This note presents information about the Group's exposure to each of the above risks, the Group's objectives, policies and processes for measuring and managing risks, as well as the Group's capital management strategy.

Risk management framework

The Manager has overall responsibility for the establishment and oversight of the Group's risk management framework. The Group has a system of controls in place to create an acceptable balance between the cost of risks occurring and the cost of managing the risks. The Manager continually monitors the Group's risk management processes to ensure an appropriate balance between risks and controls is achieved. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Group's activities.

Credit risk

Credit risk is the risk of financial loss to the Group if a lessee or deposit taking financial institution fails to meet its contractual obligations, and arises principally from the Group's receivables from lessees and cash and cash equivalents placed with these financial institutions.

Trade and other receivables

The investment properties in Singapore are leased to one master lessee, PHS, a related party of the Manager and the Trust. The investment properties in Japan are leased to several nursing home operators. Except as disclosed in note 16, the Manager is of the opinion that there were no conditions that cast doubt over the recoverability of the Group's trade receivables. The maximum exposure to credit risk is represented by the carrying value of these receivables on the statement of financial position.

Expected credit loss assessment as at 31 December

The Group uses an allowance matrix to measure the ECLs of trade receivables from individual customers. Loss rates are calculated using a 'roll rate' method based on the probability of a receivable progressing through successive stages of delinquency to write-off and are based on actual credit loss over the past three years. An allowance for doubtful debts of $0.5 million due to default on the rental receivables by an operator for 2 of the nursing home properties in Japan was provided in the year (see Note 16). The Manager believes that no further allowance of impairment is necessary in respect of the trade receivable as these receivables relate mainly to lessees that have a good record with the Group or have sufficient security deposits as collateral, and hence ECL is not material.

At the reporting date, except as disclosed in Note 8, there were no significant concentration of credit risk. The maximum exposure to credit risk is represented by the carrying value on the statement of financial position.

Movements in allowance for impairment in respect of trade receivables

The movement in the allowance for impairment in respect of trade receivables during the year was as follows:

	Group		Trust	
	2024	**2023**	**2024**	**2023**
	$'000	**$'000**	**$'000**	**$'000**
Balance at 1 January	–	–	–	–
Impairment loss recognised	472	–	–	–
Balance at 31 December	472	–	–	–

Cash and cash equivalents

Cash and fixed deposits are placed with financial institutions which are regulated.

Impairment on cash and cash equivalents has been measured on the 12-month expected loss basis and reflects the short maturities of the exposures. The Group considers that its cash and cash equivalents have low credit risk based on the external credit ratings of the counterparties. The amount of the allowance on cash and cash equivalents was negligible.

Derivatives

The derivatives are entered only with bank counterparties that are regulated and at least investment grade as per internationally recognised credit rating agencies (Moody's Investors Service, Fitch Ratings and Standard & Poor's).

Liquidity risk

Liquidity risk is the risk that the Group will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The Group's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Group's reputation.

The Manager monitors and maintains a level of cash and cash equivalents deemed adequate to finance the Group's operations and to cater for the fluctuations in cash flow requirements. Typically, the Group ensures that it has sufficient cash on demand to meet expected operational expenses for a reasonable period of time, including the servicing of financial obligations; this excludes the potential impact of extreme circumstances that cannot reasonably be predicted. In addition, the Manager also monitors and observes the CIS Code issued by the MAS concerning limits on total borrowings.

As at 31 December 2024, the Group has remaining unutilised long term committed credit facilities of approximately \$112.1 million (2023: \$166.8 million) that can be drawn down to meet short term financing needs. Based on the net projected cashflow position, including capital expenditure and undrawn committed facilities for the next twelve months, the Manager concluded the Group and the Trust have sufficient liquidity to meet its liabilities for the next twelve months from the date of financial statements as and when they fall due.

The following are the outstanding contractual maturities of financial liabilities and lease liabilities, including estimated interest payments and excluding the impact of netting agreements:

			<------------ Cash flow ------------>		
	Carrying amount $'000	**Contractual cash flows $'000**	**Within 1 year $'000**	**1 to 5 years $'000**	**More than 5 years $'000**
Group					
2024					
Non-derivative financial liabilities					
S$ unsecured bank loans	248,951	(272,211)	(9,454)	(262,757)	–
JPY unsecured bank loans	480,980	(496,750)	(21,074)	(261,145)	(214,531)
JPY medium term notes	154,109	(160,866)	(1,427)	(128,943)	(30,496)
Lease liabilities	2,069	(2,956)	(31)	(126)	(2,799)
Security deposits	16,530	(16,756)	(472)	(6,692)	(9,592)
Trade and other payables^	32,104	(32,104)	(32,104)	–	–
	934,743	(981,643)	(64,562)	(659,663)	(257,418)
Derivative financial instruments					
Forward exchange contracts (gross-settled)	(16,055)				
- inflow		96,155	32,657	63,498	–
- outflow		(79,472)	(26,902)	(52,570)	–
Cross currency interest rate swap (gross-settled)	(27,744)				
- inflow		110,659	110,659	–	–
- outflow		(82,047)	(82,047)	–	–
Cross currency swap (gross-settled)	(1,653)				
- inflow		172,135	292	171,843	–
- outflow		(171,602)	–	(171,602)	–
Interest rate swaps used for hedging (net-settled)	(1,206)	1,244	193	899	152
Interest rate caps used for hedging (net-settled)	(945)	802	314	488	–
	(47,603)	47,874	35,166	12,556	152
	887,140	(933,769)	(29,396)	(647,107)	(257,266)

	Carrying amount $'000	Contractual cash flows $'000	<------------ Cash flow ------------> Within 1 year $'000	1 to 5 years $'000	More than 5 years $'000
Group					
2023					
Non-derivative financial liabilities					
S$ unsecured bank loans	225,576	(259,987)	(9,785)	(250,202)	–
JPY unsecured bank loans	435,155	(441,404)	(55,264)	(366,515)	(19,625)
JPY medium term notes	165,656	(174,488)	(1,534)	(83,020)	(89,934)
Lease liabilities	2,084	(2,987)	(31)	(126)	(2,830)
Security deposits	17,329	(18,835)	(440)	(4,162)	(14,233)
Trade and other payables^	21,237	(21,237)	(21,237)	–	–
	867,037	(918,938)	(88,291)	(704,025)	(126,622)
Derivative financial instruments					
Forward exchange contracts (gross-settled)	(12,707)				
- inflow		182,015	85,860	92,620	3,535
- outflow		(168,779)	(80,993)	(84,557)	(3,229)
Cross currency interest rate swap (gross-settled)	(23,786)				
- inflow		106,740	14,778	91,962	–
- outflow		(82,230)	(211)	(82,019)	–
Interest rate swaps used for hedging (net-settled)	2,534	(2,611)	(427)	(1,700)	(484)
Interest rate caps used for hedging (net-settled)	(1,247)	1,250	–	1,250	–
	(35,206)	36,385	19,007	17,556	(178)
	831,831	(882,553)	(69,284)	(686,469)	(126,800)
Trust					
2024					
Non-derivative financial liabilities					
S$ unsecured bank loans	248,951	(272,211)	(9,454)	(262,757)	–
JPY unsecured bank loans	480,980	(496,750)	(21,074)	(261,145)	(214,531)
JPY medium term notes	154,109	(160,866)	(1,427)	(128,943)	(30,496)
Trade and other payables^	29,084	(29,084)	(29,084)	–	–
	913,124	(958,911)	(61,039)	(652,845)	(245,027)
Derivative financial instruments					
Forward exchange contracts (gross-settled)	(16,055)				
- inflow		96,155	32,657	63,498	–
- outflow		(79,472)	(26,902)	(52,570)	–
Cross currency interest rate swap (gross-settled)	(27,744)				
- inflow		110,659	110,659	–	–
- outflow		(82,047)	(82,047)	–	–
Cross currency swap (gross-settled)	(1,653)				
- inflow		172,135	292	171,843	–
- outflow		(171,602)	–	(171,602)	–
Interest rate swap used for hedging (net-settled)	(1,206)	1,244	193	899	152
Interest rate caps used for hedging (net-settled)	(945)	802	314	488	–
	(47,603)	47,874	35,166	12,556	152
	865,521	(911,037)	(25,873)	(640,289)	(244,875)

	Carrying amount $'000	Contractual cash flows $'000	<------------ Cash flow ------------> Within 1 year $'000	1 to 5 years $'000	More than 5 years $'000
Trust					
2023					
Non-derivative financial liabilities					
S$ unsecured bank loans	225,576	(259,987)	(9,785)	(250,202)	–
JPY unsecured bank loans	435,155	(441,404)	(55,264)	(366,515)	(19,625)
JPY medium term notes	165,656	(174,488)	(1,534)	(83,020)	(89,934)
Trade and other payables^	18,738	(18,738)	(18,738)	–	–
	845,125	(894,617)	(85,321)	(699,737)	(109,559)
Derivative financial instruments					
Forward exchange contracts (gross-settled)	(12,707)				
- inflow		182,015	85,860	92,620	3,535
- outflow		(168,779)	(80,993)	(84,557)	(3,229)
Cross currency interest rate swap (gross-settled)	(23,786)				
- inflow		106,740	14,778	91,962	–
- outflow		(82,230)	(211)	(82,019)	–
Interest rate swap used for hedging (net-settled)	2,534	(2,611)	(427)	(1,700)	(484)
Interest rate caps used for hedging (net-settled)	(1,247)	1250	–	1,250	–
	(35,206)	36,385	19,007	17,556	(178)
	809,919	(858,232)	(66,314)	(682,181)	(109,737)

^ Excludes advance rent received

Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates and interest rates, will affect the Group's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return on risk.

Exposure to foreign currency risk

In order to manage the currency risk involved in investing in assets outside of Singapore, the Manager may, as appropriate, adopt currency risk management strategies including:

- the use of foreign currency denominated borrowings to match the currency of the asset investment as a natural hedge. These borrowings are designated as net investment hedges;

- the use of derivative or other hedging instruments to hedge against fluctuations in the exchange rates of foreign currency income received from offshore assets against Singapore dollars; and

- the use of cross currency swap to hedge against the fluctuations in the exchange rates of any foreign currency denominated net assets of the Group against Singapore dollars.

The Group is exposed to foreign currency risk arising from its investments in Japan, France and Malaysia. The income generated from these investments and net assets are denominated in foreign currencies, mainly Japanese Yen ("JPY") and European Euro ("EUR").

The Group is exposed to foreign currency risk from the distribution of net income denominated in JPY from its investment properties located in Japan and its net investment in foreign operations denominated in JPY. The Manager limits the Group's exposure to adverse movements in foreign currency exchange rates by using forward exchange contracts to hedge the distribution of net income from its investments in Japan. In addition, the Group borrows loans denominated in JPY and utilised CCIRS to realign the Singapore dollar denominated loan back into effective JPY denominated loan to create a natural hedge for its JPY denominated investments and are designated as net investment hedge. Accordingly, the JPY denominated loans, JPY medium term notes and Singapore dollar denominated loans which were overlaid with CCIRS are excluded from the below disclosure of the Group's exposure to foreign currencies.

During the year, the Group launched an equity fund raising exercise to fund its investment in France. The Group had utilised CCS to swap the Singapore dollar proceeds from this equity fund raising exercise into Euro to fund the acquisition, thereby creating a natural hedge for its EUR denominated investment which is designated as net investment hedge. To fund the acquisition, the Euro amount from the CCS were on-lent to the French subsidiaries. Accordingly, these EUR denominated loans to subsidiaries and CCS are excluded from the below disclosure of the Group's exposure to foreign currencies.

The Group determines the existence of an economic relationship between the hedging instrument and hedged item based on the currency, amount and timing of their respective cash flows. The Group assesses the effectiveness of each hedging relationship by comparing changes in the carrying amount of the debt and the CCS that is due to a change in the spot rate with changes in the investment in the foreign operation due to movements in the spot rate (the offset method).

In these hedge relationships, the main sources of ineffectiveness are:

- the effect of the counterparty and the Group's own credit risk on the fair value of the forward exchange contracts or cross currency swaps, which is not reflected in the change in the fair value of the hedged cash flows attributable to the change in exchange rates; and
- changes in the timing of the hedged transactions.

The Group's exposure to various foreign currencies are shown in Singapore dollar, translated using the spot rate as at 31 December as follows:

	JPY $'000	EUR $'000	Total $'000
Group			
2024			
Cash and cash equivalents	92	194	286
Trade and other payables	(786)	–	(786)
Forward exchange contracts	(76,129)	–	(76,129)
Net exposure	(76,823)	194	(76,629)
2023			
Cash and cash equivalents	860	–	860
Trade and other payables	(483)	–	(483)
Forward exchange contracts	(161,019)	–	(161,019)
Net exposure	(160,642)	–	(160,642)

The Trust's exposure to various foreign currencies which relates primarily to its use of financial instruments are shown in Singapore dollar, translated using the spot rate as at 31 December as follows:

	JPY $'000	EUR $'000	Total $'000
Trust			
2024			
Cash and cash equivalents	92	194	286
Trade and other receivables	–	168,811	168,811
Trade and other payables	(786)	–	(786)
Loans and borrowings	(637,606)	–	(637,606)
Forward exchange contracts	(76,129)	–	(76,129)
Cross currency interest rate swap	(54,063)	–	(54,063)
Cross currency swap	–	(168,938)	(168,938)
Net exposure	(768,492)	67	(768,425)
2023			
Cash and cash equivalents	860	–	860
Trade and other payables	(483)	–	(483)
Loans and borrowings	(602,504)	–	(602,504)
Forward exchange contracts	(161,019)	–	(161,019)
Cross currency interest rate swap	(58,125)	–	(58,125)
Net exposure	(821,271)	–	(821,271)

Sensitivity analysis

A 5% (2023: 5%) strengthening of the Singapore dollar against the following currencies at the reporting date would have increased/(decreased) the total return by the amounts shown below. This analysis assumes that all other variables, in particular interest rates, remain constant.

	Statement of total return	
	2024 $'000	2023 $'000
Group		
JPY	3,841	8,032
EUR	(10)	–
Trust		
JPY	38,425	41,064
EUR	(3)	–

In respect to the Group, a 5 % (2023: 5%) strengthening or weakening of Singapore dollar against Japanese Yen would have less significant impact than to the Trust as the Group issues Japanese Yen fixed rate notes, borrows loans denominated in Japanese Yen and Singapore dollar denominated loans which were overlaid with cross currency interest rate swap to realign it into effective JPY loans, and designated this as a net investment hedge. For the year ended 31 December 2024, the effective portion of the net investment hedge charged to the Unitholders' funds amounted to $50.8 million gain (2023: $58.6 million gain).

Exposure to interest rate risk

The Group's exposure to changes in interest rates relates primarily to the floating interest rates incurred for its loans and borrowings. Interest rate risk is managed by the Manager on an ongoing basis with the primary objective of limiting the extent to which net interest expenses could be affected by adverse movements in interest rates. The Manager adopts a policy of fixing the interest rates for at least 50% (and up to 100%) of its borrowings through the use of interest rate hedging financial instruments.

The Group determines the existence of an economic relationship between the hedging instrument and hedged item based on the reference interest rates, tenors, repricing dates and maturities and the notional or par amounts. The Group's policy is for the critical terms of the interest rate swaps and interest rate caps to align with the hedged borrowings.

Derivatives

The Group holds interest rate swap, interest rate caps and cross currency interest rate swap for risk management purposes that are designated in cash flow hedging relationships. The Group's derivative instruments are governed by contracts based on the International Swaps and Derivatives Association (ISDA)'s master agreements.

Hedge accounting

At the reporting date, the interest rate profile of the interest-bearing financial instruments (including forward-starting interest swaps to term out maturing hedges in 2025) was as follows:

	Group and Trust Nominal amount	
	2024	**2023**
	$'000	**$'000**
Fixed rate instrument		
Medium term notes	(154,316)	(165,912)
Variable rate instruments		
Interest rate swaps	439,423	263,700
Interest rate caps	300,037	322,583
Cross currency interest rate swap	81,875	81,875
Loans and borrowings	(733,065)	(663,267)
	88,270	4,891

Fair value sensitivity analysis for fixed rate instruments

The Group does not account for any fixed rate financial assets at fair value through profit or loss. Therefore a change in interest rates at the reporting date would not affect statement of total return and Unitholders' funds.

Cash flow sensitivity analysis for variable rate instruments

A change of 100 basis points in interest rates at the reporting date would have increased/(decreased) the total return and Unitholders' funds by the amounts shown below. This analysis assumes that all other variables, in particular foreign currency rates, remain constant.

	Statement of total return		Unitholders' funds	
	100 bp increase $'000	100 bp decrease $'000	100 bp increase $'000	100 bp decrease $'000
Group and Trust				
31 December 2024				
Loans and borrowings	(7,331)	7,331	–	–
Interest rate swaps	2,355	(2,355)	19,537	(19,285)
Interest rate caps	1,232	–	(3,099)	(180)
Cross currency interest rate swap	819	(819)	229	238
Cash flow sensitivity (net)	(2,925)	4,157	16,667	(19,227)
31 December 2023				
Loans and borrowings	(6,633)	6,633	–	–
Interest rate swap	2,637	(2,637)	8,799	(10,459)
Interest rate caps	1,324	–	(4,482)	36
Cross currency interest rate swap	819	(819)	187	211
Cash flow sensitivity (net)	(1,853)	3,177	4,504	(10,212)

Hedge accounting

Cash flow hedges

At 31 December 2024, the Group held the following instruments to hedge exposures to changes in interest rates.

	Maturity	
	Within 1 year	More than 1 year
Interest rate risk		
Cross currency interest rate swap		
Net exposure ($'000)	81,875	–
Fixed interest rate	0.46%	–
Interest rate swaps		
Net exposure ($'000)	–	439,423
Fixed interest rate	–	0.61% to 3.08%
Interest rate caps		
Net exposure ($'000)	203,967	96,070
Fixed interest cap rate	0.25%	0.25%

At 31 December 2023, the Group held the following instruments to hedge exposures to changes in interest rates.

	Maturity	
	Within 1 year	**More than 1 year**
Interest rate risk		
Cross currency interest rate swap		
Net exposure ($'000)	–	81,875
Fixed interest rate	–	0.36%
Interest rate swaps		
Net exposure ($'000)	40,920	222,780
Fixed interest rate	0.16%	0.71% to 3.08%
Interest rate caps		
Net exposure ($'000)	–	322,583
Fixed interest cap rate	–	0.25%

The amounts at the reporting date relating to items designated as hedged items were as follows:

	Change in value used for calculating hedge ineffectiveness $'000	**Cash flow hedge reserve $'000**	**Cost of hedging reserve $'000**	**Balances remaining in the cash flow hedge reserve from hedging relationships for which hedge accounting is no longer applied $'000**
31 December 2024				
Interest rate risk				
Variable-rate instruments	–	(3,130)	538	–
31 December 2023				
Interest rate risk				
Variable-rate instruments	–	(388)	(99)	–

The following table provides a reconciliation of Unitholders' funds resulting from cash flow hedge accounting.

	Hedging reserve $'000	Cost of hedging reserve $'000
Balance at 1 January 2023	(7,157)	(715)
Cash flow hedges		
Changes in fair value	6,769	616
Balance at 31 December 2023	(388)	(99)
Balance at 1 January 2024	(388)	(99)
Cash flow hedges		
Changes in fair value	(2,742)	637
Balance at 31 December 2024	(3,130)	538

The amounts relating to items designated as hedging instruments were as follows:

	2024					During the period - 2024			
	Nominal amount	**Carrying amount**		**Line item in the statement of financial position where**		**Changes in the value of the hedging instrument recognised in Unitholders' funds**	**Hedge ineffectiveness recognised in statement of total return**	**Cost of hedging recognised in Unitholders' funds**	**Line item in statement of total return that includes hedge ineffectiveness**
	\$'000	**Assets \$'000**	**Liabilities \$'000**	**the hedging instrument is included**	**the hedged item is included**	**\$'000**	**\$'000**	**\$'000**	
Interest rate risk									
Cross currency interest rate swap	81,875	27,744	–	Financial derivatives	Loans and borrowings	(1,642)	–	–	N/A
Interest rate swaps	439,423	1,883	(677)	Financial derivatives	Loans and borrowings	3,741	–	–	N/A
Interest rate caps	300,037	945	–	Financial derivatives	Loans and borrowings	643	–	(675)	N/A

	2023					During the period - 2023			
	Nominal amount	**Carrying amount**		**Line item in the statement of financial position where**		**Changes in the value of the hedging instrument recognised in Unitholders' funds**	**Hedge ineffectiveness recognised in statement of total return**	**Cost of hedging recognised in Unitholders' funds**	**Line item in statement of total return that includes hedge ineffectiveness**
	\$'000	**Assets \$'000**	**Liabilities \$'000**	**the hedging instrument is included**	**the hedged item is included**	**\$'000**	**\$'000**	**\$'000**	
Interest rate risk									
Cross currency interest rate swap	81,875	23,786	–	Financial derivatives	Loans and borrowings	(2,389)	–	–	N/A
Interest rate swap	263,700	–	(2,534)	Financial derivatives	Loans and borrowings	(2,573)	–	–	N/A
Interest rate caps	322,583	1,247	–	Financial derivatives	Loans and borrowings	(1,807)	–	(616)	N/A

Net investment hedges

The amounts related to items designated as hedging instruments were as follows:

	2024				**During the period - 2024**			
	Nominal amount $'000	**Carrying amount Assets $'000**	**Carrying amount Liabilities $'000**	**Line item in the statement of financial position where the hedging instrument is included**	**Changes in the value of the hedging instrument recognised in Unitholders' funds $'000**	**Hedge ineffectiveness recognised in statement of total return $'000**	**Cost of hedging recognised in Unitholders' funds**	**Line item in statement of total return that includes hedge ineffectiveness**
Foreign currency denominated loans and borrowings	719,481	–	(716,873)	Loans and borrowings	50,801	–	–	NA
Cross currency swap	171,602	1,653	–	Financial derivatives	(214)	1,830	37	Net change in fair value of financial derivatives

	2023				**During the period - 2023**		
	Nominal amount $'000	**Carrying amount Assets $'000**	**Carrying amount Liabilities $'000**	**Line item in the statement of financial position where the hedging instrument is included**	**Changes in the value of the hedging instrument recognised in Unitholders' funds $'000**	**Hedge ineffectiveness recognised in statement of total return $'000**	**Line item in statement of total return that includes hedge ineffectiveness**
Foreign currency denominated loans and borrowings	684,379	–	(682,541)	Loans and borrowings	58,596	–	N.A.

The amounts related to items designated as hedged items were as follows:

	2024		
	Change in the value of the hedged item $’000	**Foreign currency translation reserve $’000**	**Balances remaining in the foreign currency translation reserve from hedging relationships for which hedge accounting is no longer applied $’000**
Net investment in SPEs with JPY functional currency	(49,030)	(267,417)	–
Net investment in SPEs with EUR functional currency	253	253	–

	2023		
	Change in the value of the hedged item $’000	**Foreign currency translation reserve $’000**	**Balances remaining in the foreign currency translation reserve from hedging relationships for which hedge accounting is no longer applied $’000**
Net investment in SPEs with JPY functional currency	(58,997)	(218,387)	–

Capital management

The Manager reviews the Group's and the Trust's capital structure regularly and uses a combination of debt and equity to fund acquisitions and asset enhancement projects.

The objectives of the Manager are to:

(a) maintain a strong financial position by adopting and maintaining an optimal gearing ratio;

(b) secure diversified funding sources from financial institutions and/or capital markets; and

(c) adopt a proactive financial risk management strategy to manage financial risks related to interest rate and foreign currency fluctuations.

The Manager seeks to maintain an optimal combination of debt and equity in order to minimise the cost of capital and maximise returns to Unitholders. The Manager also monitors the externally imposed capital requirements closely and ensures the capital structure adopted comply with these requirements.

The Group is subjected to the Aggregate Leverage limit as defined in the Property Funds Appendix of the CIS Code. The CIS Code stipulates that the total borrowings and deferred payments (the "Aggregate Leverage") of a property fund should not exceed 50% of the fund's Deposited Property.

The Aggregate Leverage of the Group as at 31 December 2024 was 34.8% (2023: 35.6%) of the Group's Deposited Property. This complied with the stipulated Aggregate Leverage limit. The interest coverage ratio is 9.8 times at of 31 December 2024 (2023: 11.3 times).

There were no changes in the Group's approach to capital management during the year.

Determination of fair values

The carrying amounts and fair values of financial assets and liabilities, including their levels in the fair value hierarchy are as follows. It does not include fair value information for financial assets and liabilities not measured at fair value if the carrying amount is a reasonable approximation of fair value. Further, for the current year the fair value disclosure of lease liabilities is also not required.

		Carrying amount					Fair value			
Group	**Note**	**Amortised cost $'000**	**Mandatorily at FVTPL $'000**	**Other financial liabilities $'000**	**Fair value – hedging instruments $'000**	**Total carrying amount $'000**	**Level 1 $'000**	**Level 2 $'000**	**Level 3 $'000**	**Total $'000**
31 December 2024										
Financial assets measured at fair value										
Forward exchange contracts		–	16,055	–	–	16,055	–	16,055	–	16,055
Interest rate caps used for hedging		–	–	–	945	945	–	945	–	945
Interest rate swap used for hedging		–	–	–	1,883	1,883	–	1,883	–	1,883
Cross currency interest rate swap used for hedging		–	–	–	27,744	27,744	–	27,744	–	27,744
Cross currency swap used for hedging		–	–	–	1,653	1,653	–	1,653	–	1,653
		–	16,055	–	32,225	48,280				
Financial assets not measured at fair value										
Trade and other receivables*	8	7,634	–	–	–	7,634				
Cash and cash equivalents	9	29,471	–	–	–	29,471				
		37,105	–	–	–	37,105				
Financial liabilities measured at fair value										
Interest rate swaps used for hedging		–	–	–	(677)	(677)	–	(677)	–	(677)

	Note	Carrying amount					Fair value			
		Amortised cost $'000	**Mandatorily at FVTPL $'000**	**Other financial liabilities $'000**	**Fair value – hedging instruments $'000**	**Total carrying amount $'000**	**Level 1 $'000**	**Level 2 $'000**	**Level 3 $'000**	**Total $'000**
Group										
31 December 2024										
Financial liabilities not measured at fair value										
Loans and borrowings	11									
- Unsecured bank loans		–	–	(729,931)	–	(729,931)				
- Medium term notes		–	–	(154,109)	–	(154,109)	–	(150,206)	–	(150,206)
Security deposits		–	–	(16,530)	–	(16,530)				
Trade and other payables^	10	–	–	(32,104)	–	(32,104)				
		–	–	(932,674)	–	(932,674)				

* Excludes prepayments
^ Excludes advance rent received

		Carrying amount					Fair value			
	Note	**Amortised cost $'000**	**Mandatorily at FVTPL $'000**	**Other financial liabilities $'000**	**Fair value – hedging instruments $'000**	**Total carrying amount $'000**	**Level 1 $'000**	**Level 2 $'000**	**Level 3 $'000**	**Total $'000**
Group										
31 December 2023										
Financial assets measured at fair value										
Forward exchange contracts		–	15,565	–	–	15,565	–	15,565	–	15,565
Interest rate caps used for hedging		–	–	–	1,247	1,247	–	1,247	–	1,247
Cross currency interest rate swap used for hedging		–	–	–	23,786	23,786	–	23,786	–	23,786
		–	15,565	–	25,033	40,598				
Financial assets not measured at fair value										
Trade and other receivables*	8	5,253	–	–	–	5,253				
Cash and cash equivalents	9	28,499	–	–	–	28,499				
		33,752	–	–	–	33,752				
Financial liabilities measured at fair value										
Forward exchange contracts		–	(2,858)	–	–	(2,858)	–	(2,858)	–	(2,858)
Interest rate swaps used for hedging		–	–	–	(2,534)	(2,534)	–	(2,534)	–	(2,534)
		–	(2,858)	–	(2,534)	(5,392)				
Financial liabilities not measured at fair value										
Loans and borrowings	11									
- Unsecured bank loans		–	–	(660,731)	–	(660,731)				
- Medium term notes		–	–	(165,656)	–	(165,656)	–	(162,746)	–	(162,746)
Security deposits		–	–	(17,329)	–	(17,329)				
Trade and other payables^	10	–	–	(21,237)	–	(21,237)				
		–	–	(864,953)	–	(864,953)				

* Excludes prepayments
^ Excludes advance rent received

		Carrying amount					Fair value			
	Note	**Amortised cost $'000**	**Mandatorily at FVTPL $'000**	**Other financial liabilities $'000**	**Fair value – hedging instruments $'000**	**Total carrying amount $'000**	**Level 1 $'000**	**Level 2 $'000**	**Level 3 $'000**	**Total $'000**
Trust										
31 December 2024										
Financial assets measured at fair value										
Forward exchange contracts		–	16,055	–	–	16,055	–	16,055	–	16,055
Interest rate caps used for hedging		–	–	–	945	945	–	945	–	945
Interest rate swaps used for hedging		–	–	–	1,883	1,883	–	1,883	–	1,883
Cross currency interest rate swap used for hedging		–	–	–	27,744	27,744	–	27,744	–	27,744
Cross currency swap used for hedging		–	–	–	1,653	1,653	–	1,653	–	1,653
		–	16,055	–	32,225	48,280				
Financial assets not measured at fair value										
Amount due from subsidiary	5	4,075	–	–	–	4,075				
Trade and other receivables (current)*	8	6,953	–	–	–	6,953				
Trade and other receivables (non-current)*	8	168,811	–	–	–	168,811	–	168,811	–	168,811
Cash and cash equivalents	9	4,461	–	–	–	4,461				
		184,300	–	–	–	184,300				
Financial liabilities measured at fair value										
Interest rate swaps used for hedging		–	–	–	(677)	(677)	–	(677)	–	(677)
Financial liabilities not measured at fair value										
Loans and borrowings	11									
- Unsecured bank loans		–	–	(729,931)	–	(729,931)				
- Medium term notes		–	–	(154,109)	–	(154,109)	–	(150,206)	–	(150,206)
Trade and other payables^	10	–	–	(29,084)	–	(29,084)				
		–	–	(913,124)	–	(913,124)				

* Excludes prepayments
^ Excludes advance rent received

		Carrying amount					Fair value			
	Note	**Amortised cost $'000**	**Mandatorily at FVTPL $'000**	**Other financial liabilities $'000**	**Fair value – hedging instruments $'000**	**Total carrying amount $'000**	**Level 1 $'000**	**Level 2 $'000**	**Level 3 $'000**	**Total $'000**
Trust										
31 December 2023										
Financial assets measured at fair value										
Forward exchange contracts		–	15,565	–	–	15,565	–	15,565	–	15,565
Interest rate caps used for hedging		–	–	–	1,247	1,247	–	1,247	–	1,247
Cross currency interest rate swap used for hedging		–	–	–	23,786	23,786	–	23,786	–	23,786
		–	15,565	–	25,033	40,598				
Financial assets not measured at fair value										
Amount due from subsidiary	5	4,075	–	–	–	4,075				
Trade and other receivables*	8	2,792	–	–	–	2,792				
Cash and cash equivalents	9	4,651	–	–	–	4,651				
		11,518	–	–	–	11,518				
Financial liabilities measured at fair value										
Forward exchange contracts		–	(2,858)	–	–	(2,858)	–	(2,858)	–	(2,858)
Interest rate swaps used for hedging		–	–	–	(2,534)	(2,534)	–	(2,534)	–	(2,534)
		–	(2,858)	–	(2,534)	(5,392)				
Financial liabilities not measured at fair value										
Loans and borrowings	11									
- Unsecured bank loans		–	–	(660,731)	–	(660,731)				
- Medium term notes		–	–	(165,656)	–	(165,656)	–	(162,746)	–	162,746
Trade and other payables^	10	–	–	(18,738)	–	(18,738)				
		–	–	(845,125)	–	(845,125)				

* Excludes prepayments
^ Excludes advance rent received

Measurement of fair values

(i) Valuation techniques and significant unobservable inputs

The following tables show the valuation techniques used in measuring Level 2 and Level 3 fair values, as well as the significant unobservable inputs used.

Financial instruments measured at fair value

Type	Valuation technique	Key unobservable inputs
Group and Trust		
Derivatives: interest rate swaps, interest rate caps, forward exchange contracts, cross currency interest rate swap and cross currency swap	*Market comparison technique:* The fair values are based on valuations provided by the financial institutions that are the counterparties to the transactions. These quotes are tested for reasonableness by discounting estimated future cash flows based on the terms and maturity of each contract and using market interest rates for a similar instrument at the reporting date.	Not applicable

Financial instruments not measured at fair value

Type	Valuation technique	Key unobservable inputs
Group and Trust		
Medium term notes	The fair value is estimated taking into consideration of the quoted price	Not applicable
Security deposits	Discounted cash flows	Discount rate – 0.95 % (2023: 0.67%)

Other financial assets and liabilities

The carrying amounts of financial assets and liabilities with a maturity of less than one year (including trade and other receivables, cash and cash equivalents, trade and other payables and interest-bearing borrowings which reprice within three months) are assumed to approximate their fair values because of the short period to maturity or repricing.

The carrying amounts of non-current other receivables, which comprise loans to subsidiaries, are assumed to approximate their fair values because the amounts were disbursed close to the year end and the interest rate was based on arms-length range of interest rates.

(ii) Transfer between Level 1 and Level 2

During the financial year ended 31 December 2024, there were no transfers between Level 1 and Level 2.

25 Financial ratios

	2024 %	2023 %
Ratio of expenses to weighted average net assets [1]		
- excluding performance component of Manager's fees	0.80	0.80
- including performance component of Manager's fees	1.21	1.24
Portfolio turnover rate [2]	–	–

[1] The annualised 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).

[2] The annualised 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.

26 Operating segments

Segment information is presented in respect of the Group's strategic business units. For each of the reportable segments, the Chief Executive Officer of the Manager reviews internal management reports regularly. This forms the basis of identifying the operating segments of the Group.

The Group is engaged in a single business of investing in investment properties in the healthcare and/or healthcare-related sector, namely hospital and medical centres and nursing homes. During the financial year, the Group had four reportable geographical segments in Singapore, Japan, France and Malaysia.

Performance measurement based on segment profit before income tax and non-financial assets as well as financial assets attributable to each segment is used as the Manager believes that such information is most relevant in evaluating the results of certain segments relative to other entities that operate within these industries.

Segment results, assets and liabilities include items directly attributable to a segment as well as those that can be allocated on a reasonable basis. Unallocated items comprise mainly assets and expenses of the subsidiary providing financial and treasury services which were not allocated to an identified segment.

Segment capital expenditure is the total cost incurred on additions to investment properties that are expected to be used for more than one year.

	Hospitals and Medical Centres		Nursing Homes		Total	
	2024	2023	2024	2023	2024	2023
	$'000	$'000	$'000	$'000	$'000	$'000
Revenue and expenses						
Gross revenue	101,864	101,860	43,404	45,607	145,268	147,467
Net property income	98,011	98,186	38,586	40,898	136,597	139,084
Interest income	1,041	–	25	37	1,066	37
Foreign exchange (gain)/loss	202	(514)	6,957	8,039	7,159	7,525
Non-property expenses	(12,072)	(11,066)	(6,013)	(6,439)	(18,085)	(17,505)
Finance costs	(5,624)	(6,015)	(6,523)	(4,788)	(12,147)	(10,803)
Total return before changes in fair value of financial derivatives and investment properties	81,558	80,591	33,032	37,747	114,590	118,338
Net change in fair value of financial derivatives	–	–	5,178	1,173	5,178	1,173
Net change in fair value of investment properties	(7,781)	(10,822)	(10,256)	(427)	(18,037)	(11,249)
Total return before income tax	73,777	69,769	27,954	38,493	101,731	108,262
Income tax expense	(16)	(19)	(6,679)	(7,784)	(6,695)	(7,803)
Total return after income tax	73,761	69,750	21,275	30,709	95,036	100,459
Assets and liabilities						
Reportable segment assets	1,617,925	1,547,223	933,173	786,867	2,551,098	2,334,090
Reportable segment liabilities	201,746	168,384	779,442	751,185	981,188	919,569
Other segment information						
Capital expenditure	80,370	51,216	4,153	5,064	84,523	56,280

Reconciliations of reportable segment revenue, total return before income tax, assets and liabilities

	2024 $'000	2023 $'000
Revenue		
Total revenue for reportable segments	145,268	147,467
Total return before income tax		
Total return for reportable segments	101,731	108,262
Other unallocated amounts	5	6
Consolidated return before income tax	101,736	108,268
Assets		
Total assets for reportable segments	2,551,098	2,334,090
Other unallocated amounts	49	44
Consolidated total assets	2,551,147	2,334,134
Liabilities		
Total liabilities for reportable segments	981,188	919,569
Other unallocated amounts	7	8
Consolidated total liabilities	981,195	919,577

Geographical information

	2024 $'000	2023 $'000
Revenue		
Singapore	101,583	101,583
Japan	43,032	45,607
France	372	-
Malaysia	281	277
	145,268	147,467
Non-current assets*		
Singapore	1,603,000	1,506,000
Japan	692,797	719,262
France	163,107	-
Malaysia	5,860	5,719
	2,464,764	2,230,981

* Non-current assets presented consist of investment properties

27 Subsequent events

On 5 February 2025, the Manager declared a distribution of 2.38 cents per unit in respect of the period 1 November 2024 to 31 December 2024 which is payable on 11 March 2025.