



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

ANNUAL GENERAL MEETING ON 22 APRIL 2021
RESPONSES TO THE SUBSTANTIAL AND RELEVANT QUESTIONS

Parkway Trust Management Limited, as manager of Parkway Life Real Estate Investment Trust (“**Parkway Life REIT**”, and the manager of Parkway Life REIT, the “**Manager**”), refers to:

- (a) Parkway Life REIT's notice of annual general meeting (“**AGM**”) dated 31 March 2021; and
- (b) the accompanying general announcement released on 31 March 2021 setting out, *inter alia*, the alternative arrangements relating to attendance at the AGM via electronic means.

The Manager would like to thank all Unitholders who have submitted their questions in advance of the AGM.

Please refer to the Annex hereto for the Manager’s responses to the substantial and relevant questions which have been submitted by Unitholders and the Securities Investors Association (Singapore).

BY ORDER OF THE BOARD

Parkway Trust Management Limited

(Company Registration no. 200706697Z)

As manager of Parkway Life Real Estate Investment Trust

Chan Wan Mei

Company Secretary

21 April 2021

ANNEX

LIST OF SUBSTANTIAL AND RELEVANT QUESTIONS AND RESPONSES

No.	Question	Response
1	<p>Given that the Master Leases with Parkway Hospitals Singapore Pte Ltd (“PHS”) are coming up for renewal, can the Manager of PLife REIT elaborate on the progress made on the lease renewal so far?</p> <p>Who is leading the negotiation with the lessee?</p> <p>What is the level of oversight and involvement by the board, if any, on the negotiation?</p> <p>What's the average expiring rent versus market rent for several master leases that are expiring over the next few years in Singapore?</p>	<ul style="list-style-type: none"> • The master leases of the Singapore Hospital Properties are due to expire on 23 August 2022 (“SHP Lease Renewal”). We have started discussions with PHS in 2019 and have appointed independent consultants including valuers, market research consultants and legal counsel etc. to advise Parkway Life REIT. • The negotiation with PHS is led by the Chief Executive Officer, supported by Chief Portfolio Officer of Parkway Trust Management Limited (Manager of Parkway Life REIT), with oversight from the Audit Committee. • An independent financial advisor (“IFA”) will be appointed to review the terms of the SHP Lease Renewal and to provide its opinion on whether the transaction is on normal commercial terms and that the terms are non-prejudicial to the interest of Parkway Life REIT and its minority unitholders. • We will call for an Extraordinary General Meeting to seek approval from unitholders for the SHP Lease Renewal, which is a related-party transaction, in accordance with applicable requirements under the SGX listing rules and the Property Funds Appendix issued by the Monetary Authority of Singapore. All interested person of Sponsor and its associates shall abstain from voting on such resolutions. • We remain committed to work towards an agreeable arrangement with PHS to preserve the unique and attractive lease features of the Singapore Hospital Properties while ensuring the defensiveness and sustainability of both Parkway Life REIT and PHS as an operator in the long term. • Unlike other asset classes, there are no comparable transactions in Singapore.
2	<p>Can the Manager of Parkway Life REIT clarify the extent of its natural hedge for its Japanese assets and if a stronger Japanese Yen is positive or negative for the REIT after the natural hedge has been put in place?</p> <p>Is there significant currency mismatch between the assets and the source of funds?</p>	<ul style="list-style-type: none"> • Foreign currency risk is managed by adopting a natural hedge strategy for the Japanese investments to maintain a stable net asset value. The Group issues Japanese Yen fixed rate notes, borrows loans denominated in Japanese Yen, and loans denominated in Singapore dollar which were overlaid with cross currency interest rate swaps for realignment into effective Japanese Yen loans, to match the Japanese Yen denominated assets. Accordingly, these hedges are designated as a net investment hedge for the entire Japan portfolio. • To shield against Japanese Yen currency volatility, we have also put in place Japanese Yen forward exchange contracts to hedge the net Japanese Yen cash flows. As such, the impact of a weaker Japanese Yen is mitigated, and at the same time, the impact of a stronger Japanese Yen would also be muted.

No.	Question	Response
		<ul style="list-style-type: none"> With the implementation of the above hedging strategies, there is no significant currency mismatch.
3	<p>Would the Board identify the service provider of the internal audit function?</p> <p>Does the scope of the internal audit cover the REIT's foreign operations in Japan and Malaysia?</p> <p>What are some of the key findings from the internal audit?</p>	<ul style="list-style-type: none"> The internal audit function of the Manager is outsourced to an independent service provider, BDO LLP, an established international auditing firm. Internal audit exercises are carried out on the Manager who manages the entire portfolio of Parkway Life REIT. The internal auditor has unfettered access to all documents, records, properties, and personnel in the Manager. On-site audits are carried out in Japan periodically. The Audit Committee reviews the internal audit reports and approves the internal audit plans. The internal auditor has not identified any material weakness in the Manager's internal controls and risk management systems that could lead to an adverse impact on the business.
4	<p>With the new mandate, Parkway Life REIT is ready for new growth phase. This article was published in The Edge last year August. May I know what is the progress of the new mandate ever since?</p> <p>Will the new mandate involve a rights issue to the shareholders?</p> <p>Any intention on the acquisition from the Sponsor for Singapore and Malaysia hospitals in the near future?</p>	<ul style="list-style-type: none"> The general mandate obtained allows Parkway Life REIT to issue up to 20% of the total issued units on a non-pro-rata basis; and up to 50% of the total issued units on a pro-rata basis within the mandated period. This would provide Parkway Life REIT with the flexibility and enhances the speed of fundraising to seize market opportunities. As Parkway Life REIT continues to grow, careful considerations would be taken to calibrate its capital structure, funding its growth with a combination of debt and equity. If equity fundraising is required, the Manager could consider various type of the equity issuance, including placements, preferential offerings or rights issue, depending on the quantum of the required fundraising and prevalent market conditions. Parkway Life REIT strives to establish a win-win collaborative long-term relationship with its Sponsor. As such, the Sponsor's assets are potential pipelines for Parkway Life REIT, subjected to an agreement on terms including pricing, valuation, and the readiness of the Sponsor to transact. Regardless, Parkway Life REIT will ensure any transaction it considers will be yield accretive and will be able to strengthen its core attractiveness.

Important Notice

This Announcement is for information only and does not constitute an invitation or offer to acquire, purchase or subscribe for units in Parkway Life Real Estate Investment Trust (“**Parkway Life REIT**” and the units in Parkway Life REIT, the “**Units**”).

The value of the Units and the income from them may fall as well as rise. The Units are not obligations of, deposits in, or guaranteed by, Parkway Trust Management Limited, as manager of Parkway Life REIT (the “**Manager**”) or any of its affiliates. An investment in Units is subject to investment risks, including the possible loss of the principal amount invested.

Investors have no right to request the Manager to redeem their Units while the Units are listed. It is intended that unitholders of Parkway Life REIT may only deal in their Units through trading on Singapore Exchange Securities Trading Limited (the “**SGX-ST**”). Listing of the Units on the SGX-ST does not guarantee a liquid market for the Units.

The past performance of Parkway Life REIT or the Manager is not necessarily indicative of the future performance of Parkway Life REIT or the Manager.

This announcement may contain forward-looking statements that involve assumptions, risks and uncertainties. Actual future performance, outcomes and results may differ materially from those expressed in these forward-looking statements as a result of a number of risks, uncertainties and assumptions. Representative examples of these factors include (without limitation) general industry and economic conditions, interest rate trends, cost of capital and capital availability, competition, shifts in expected levels of property rental income, changes in operating expenses, property expenses, governmental and public policy changes and the continued availability of financing in the amounts and on the terms necessary to support Parkway Life REIT’s future business. Investors are cautioned not to place undue reliance on these forward-looking statements, which are based on the Manager’s current view of future events.