

Parkway Life REIT

(SGX: C2PU)

Steady growth in distribution per unit

- **Higher DPU.** Parkway Life REIT's distribution per unit (DPU) grew by 1.5% year-on-year to 7.65 cents in 1H 2025, driven by contribution from nursing home properties acquired in 2024. Gross revenue grew by 8.1% year-on-year to S\$78.3 million, driven by the contributions from the new acquisitions but partly offset by weakness in the Japanese Yen. The properties in France contributed to the first 6-month results with S\$5.8 million in gross revenue. In Singapore, the properties with fixed 3% annual rental step-ups lease arrangements led to higher rental income. Distributable income (DI) increased 9.5% year-on-year to S\$49.9 million.
- **Tax exemption for investments in France.** Parkway Life REIT has received approval from Inland Revenue Authority of Singapore (IRAS) to apply tax exemption on income received from the France portfolio. Specifically, dividend income and interest income received from 7 of the 11 properties in France will be tax exempted. Full year tax savings are estimated at S\$1.26 million or 0.19 cents, equivalent to 1.3% of FY2024 DI. If tax exemption for the remaining 4 properties are approved, an additional tax saving of approximately S\$0.4 million per year is expected.
- **Stable and high-quality portfolio.** Parkway Life REIT continues to maintain a portfolio of defensive long term lease structure with downside protection. Weighted average lease expiry (WALE) remained steady, at 14.91 years, compared with 15.17 years as at 31 March 2025. As of 30 June 2025, the portfolio size was S\$2.46 billion and 90.5% of the revenue with downside protection.
- **Higher finance costs.** Due to the debt drawdown to fund the nursing home in Japan and the higher interest costs on the Japanese Yen debt, finance costs increased by 24.4% year-on-year to S\$6.78 million. Gearing ratio improved to 35.4% as at 30 June 2025, from 36.1% as at 31 March 2025. Debt profile was stable, with 97% of the interest rate exposure hedged as at 30 June 2025, compared with 90.0% as at 31 March 2025. Weighted average debt term to maturity of 3.0 years, compared with 3.3 years as at 31 March 2025. Parkway Life REIT does not have debt refinancing needs till September 2026.
- **Active management.** Singapore remains a core market and Project Renaissance is 85% completed. The notable Asset Enhancement Initiative (AEI) to rejuvenate Mount Elizabeth Orchard Hospital is on track to complete by end-2025 and within the S\$350 million budget. For the Japan portfolio, management is exploring opportunities to recycle the assets as revenue are unlikely to grow in the medium term. In Europe, the focus is on integrating the assets in France. Currently, Parkway Life REIT has debt headroom of S\$455.0 million before reaching the 45% gearing level, providing ample flexibility to pursue inorganic growth opportunities.

Ticker	C2PU
Rating	Buy
Price Target*	S\$4.60
Price (6 Aug)	S\$4.11
Upside/Downside:	+12%
52-week range	S\$3.51 - 4.27
Market Cap	S\$2.7B

*Target price is for 12 months

Research Analyst

Gerald Wong, CFA
gerald@growbeansprout.com

Parkway Life REIT

(SGX: C2PU)

- **Maintain BUY.** We continue to like Parkway Life REIT for its exposure to the growing healthcare sector, with a track record of generating consistent DPU growth since its IPO in 2007. Based on 1H 2025 DPU of 7.65 cents, Parkway Life REIT offers an annualised distribution yield of 3.7%. It currently trades at a price-to-book valuation of 1.68x.

Ticker	C2PU
Rating	Buy
Price Target*	S\$4.60
Price (6 Aug)	S\$4.11
Upside/Downside:	+12%
52-week range	S\$3.51 - 4.27
Market Cap	S\$2.7B

*Target price is for 12 months

Research Analyst

Gerald Wong, CFA
gerald@growbeansprout.com

Figure 1: Parkway Life REIT 1H25 results summary

S\$ '000	1H 2025	1H2024	YoY Change %
Gross revenue	78,308	72,420	8.1
Net property income	73,844	68,355	8.0
Trust expenses	(10,191)	(9,037)	12.8
Foreign exchange gain (net)	4,353	5,130	(15.1)
Finance costs (net)	(6,781)	(5,451)	24.4
Net change in fair value of financial derivatives	(5,383)	8,188	n.m.
Net change in fair value of investment properties	(11,342)	(12,023)	(5.7)
Income tax expense	(3,927)	(3,334)	17.8
Total return for the period after tax	40,573	51,828	(21.7)
Distribution adjustments	9,350	(6,219)	n.m.
Amount available for distribution	49,923	45,609	9.5
Distribution per unit (DPU) - Cents	7.65	7.54	1.5

Source: Company data

Figure 2: Parkway Life REIT 1H25 balance sheet summary

S\$ '000	As of 30 June 2025	As of 31 Dec 2024
Net gearing	35.4%	34.8%
Cash	49,043	29,471
Borrowings	925,415	884,040
Total assets	2,621,000	2,551,147
Total liabilities	1,026,710	981,195
Net asset value (NAV) per unit (S\$)	2.44	2.41

Source: Company data

About Parkway Life REIT

One of the largest listed healthcare REIT in Asia

Parkway Life Real Estate Investment Trust (PLife REIT) is a leading healthcare-focused REIT in Asia, with a total portfolio value of S\$2.46 billion as at 31 December 2024. The REIT is dedicated to investing in income-producing properties primarily used for healthcare purposes, including hospitals, nursing homes, and other healthcare facilities. It is managed by Parkway Trust Management Limited and has been listed on the SGX since August 2007.

As at 31 December 2024, PLifeREIT has 75 properties and 35 lessees across Singapore, Japan, France and Malaysia. With a 15.34 years weighted average lease expiry (WALE) by gross revenue, its portfolio is highly defensive, with 90.7% downside protection by gross revenue based on lease agreements providing for a resilient earnings stream.

Figure 3: Summary of PLife REIT's portfolio as at 31 December 2024

Portfolio	Singapore	Japan	Malaysia	France	Total
Type	3 Hospitals & Medicals Centres	60 nursing homes	Medical centre	11 nursing homes	4 Hospitals & medical centre; 71 nursing homes
Land Tenure	3 Leasehold 59 Freehold, 1 Leasehold		1 Freehold	11 Freehold	71 Freehold & 4 Leasehold
Land Area (sq m)	36,354	235,519	3,450	91,593	366,916
Floor Area (Sq m)	118,136	247,246	2,444	42,631	410,457
Beds	745	-	-	850	1,595
Strata Units/ Car Park Lots	40 Strata units/ 559 car park lots	-	9 strata units/ 69 car park lots	-	49 strata units/ 628 car park lots
Number of Units (Rooms)	-	5,058	-	-	5,058
Year of Completion	1979 to 1993	1964 to 2024	1999	1970 to 2022	1964 to 2024
Committed Occupancy	100%	100%	31% (excluding car park) ³	100%	99.7%
Leases/Lessees	3 Leases; 1 Master Lessee	60 Leases ¹ ; 30 Lessees	4 Leases, 3 Lessees	11 Leases, 1 Lessee	78 Leases; 35 Lessees
Year of Acquisition	2007	2008 to 2024	2012	2024	-
Appraised Value ²	S\$1,603.0m	¥79,853m (S\$690.7m)	RM19.3m (S\$5.9m)	€115.4m (S\$163.1m)	S\$2,462.7m

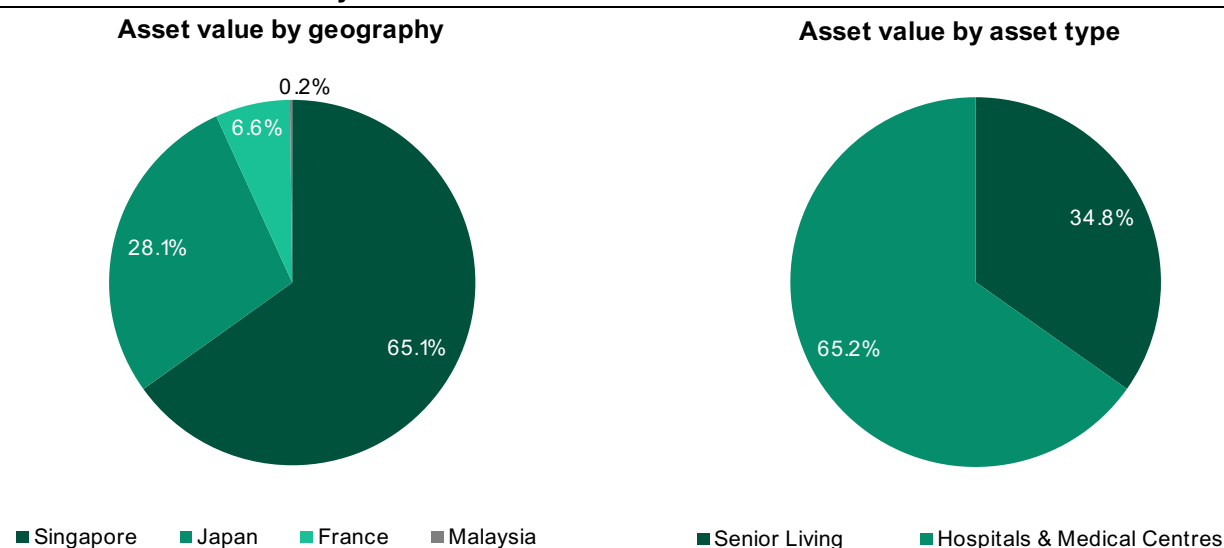
1. Single Lease Agreement for Habitation Hakusho and Group Home Hakusho. The Lease Agreement for Sampo no ie Nakasyo

2. Based on latest appraised values as at 31 December 2024; at an exchange rate of S\$1.00 : ¥115.6 and S\$1.00 : RM3.30 and S\$1.00 : €0.71

3. Vacancy mainly due to expiry of Level 8 lease

Source: Company data

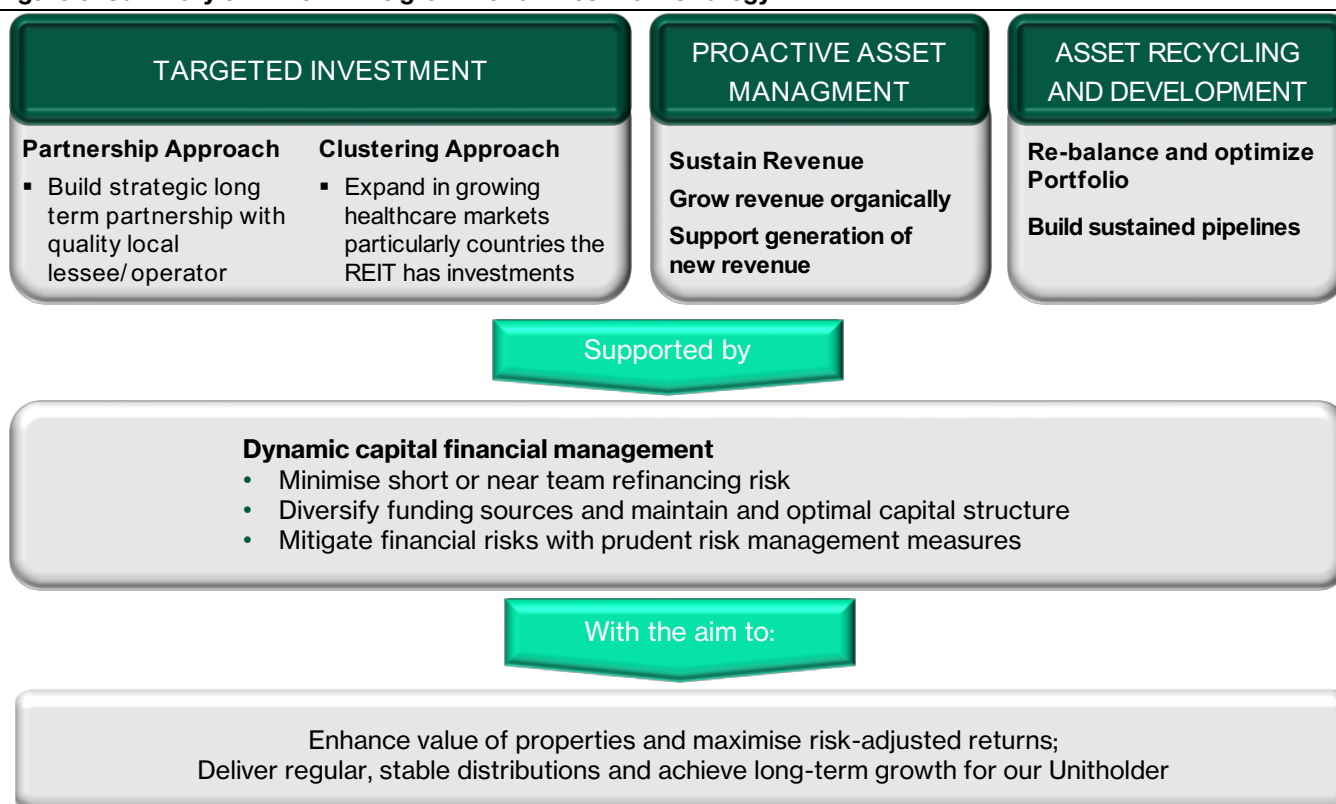
Following the acquisition of a portfolio of 11 nursing home properties in France from DomusVI Group, the REIT has increased its geographic diversification with 65.1% of assets by value in Singapore, 28.1% in Japan, 6.6% in France and 0.2% in Malaysia. 65.2% of assets are represented by hospitals and medical centres and 34.8% of assets represented by nursing homes.

Figure 4: Breakdown of PLife REIT by asset value as of 31 December 2024

Source: Company data

Growth strategy and investment approach

PLife REIT has a two-pronged investment strategy to ensure that its portfolio grows in a sustainable manner. This includes the development of win-win partnerships with operators and expanding its footprint in growing healthcare markets.

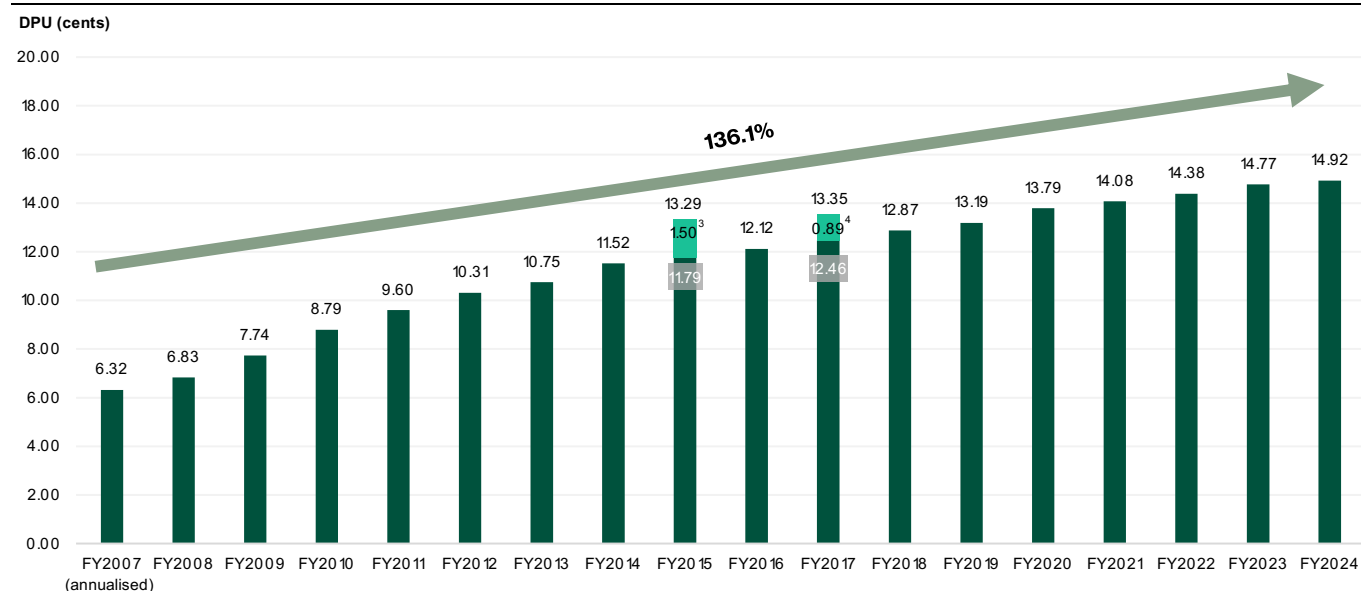
Figure 9: Summary of PLife REIT's growth and investment strategy

Source: Company data

Uninterrupted recurring DPU growth since its IPO

Part of the attraction of PLife REIT is its enviable track record of generating uninterrupted recurring DPU growth since its IPO in 2007. From 2007 to 2024, its DPU has grown by about 136% from an annualised DPU of 6.32 cents to 14.92 cents in 2024.

Figure 5: Historical DPU track record since IPO in 2007



1. Single IPO till FY2023
2. Since FY2012, S\$3.0 million per annum of amount available for distribution has been retained for capital expenditure
3. One-off divestment gain of 1.50 cents (S\$9.1 million) relating to the divestment of seven Japan assets in December 2014 was equally distributed over the four quarters in FY2015
4. One-off divestment gain of 0.89 cents (S\$5.39 million) relating to the divestment of four Japan assets in December 2016 was equally distributed over the four quarters in FY2017

Source: Company data

What is also noteworthy is that this is despite a depreciation of the JPY against the SGD, particularly in the last five years.

Moreover, unlike many other REITs which rely on equity fundraising to drive inorganic growth, i.e. raising funding from shareholders through a combination of private placements, preferential offerings or rights issues, the growth in DPU at PLifeREIT has been driven solely via organic growth, debt and internal sources, without the need to tap shareholder's funding.

It was only in October 2024 that PLife REIT conducted its first equity fundraising exercise to finance the acquisition of a portfolio of 11 nursing homes in France to establish a third key market for the REIT.

Key risks

Interest Rate Risk

Should the trend of interest rates reverse and move upwards, Parkway Life REIT may face increased borrowing costs, which could affect profitability and distributions. Although the REIT has implemented interest rate swaps to hedge against rising rates, fluctuations in interest rates can still impact its overall financial health and cash flow management.

Currency Exchange Risk

With a significant portion of its portfolio located in Japan, Parkway Life REIT is exposed to currency fluctuations between the Singapore Dollar (SGD) and Japanese Yen (JPY), and now the Singapore Dollar and Euro. While the REIT has taken steps to hedge against currency risks through JPY-denominated debt, adverse movements in exchange rates could still affect its earnings from Japanese assets.

Regulatory Risks

Changes in healthcare regulations or policies in Singapore, Japan, France or Malaysia could potentially adversely affect operations. Regulatory changes may impact rental agreements, operational costs, or the ability to acquire new properties. For instance, any shifts in government healthcare funding or reimbursement policies could directly influence the profitability of hospitals and nursing homes.

Operational Risks

Operational risks include challenges related to property management, tenant relationships, and maintaining high occupancy levels. Any disruptions in operations – such as those caused by natural disasters or pandemics – could lead to increased costs and decreased revenues. The COVID-19 pandemic has highlighted vulnerabilities in healthcare facilities that could persist.

Disclosure Appendix

Analyst Certification and Disclosures

The analyst(s) named in this report certifies that (i) all views expressed in this report accurately reflect the personal views of the analyst(s) with regard to any and all of the subject securities and companies mentioned in this report and (ii) no part of the compensation of the analyst(s) was, is, or will be, directly or indirectly, related to the specific views expressed by that analyst herein. The analyst(s) named in this report (or their associates) does not have a financial interest in the corporation(s) mentioned in this report.

An associate is defined as (i) the spouse, or any minor child (natural or adopted) or minor step-child, of the analyst; (ii) the trustee of a trust of which the analyst, his spouse, minor child (natural or adopted) or minor step-child, is a beneficiary or discretionary object; or (iii) another person accustomed or obliged to act in accordance with the directions or instructions of the analyst.

Company Disclosure

Global Wealth Technology Pte Ltd ("Beansprout") does not have any financial interest in the corporation(s) mentioned in this report.

Disclaimer

This report is provided by Beansprout for the use of intended recipients only and may not be reproduced, in whole or in part, or delivered or transmitted to any other person without our prior written consent. By accepting this report, the recipient agrees to be bound by the terms and limitations set out herein.

You acknowledge that this document is provided for general information purposes only. Nothing in this document shall be construed as a recommendation to purchase, sell, or hold any security or other investment, or to pursue any investment style or strategy. Nothing in this document shall be construed as advice that purports to be tailored to your needs or the needs of any person or company receiving the advice. The information in this document is intended for general circulation only and does not constitute investment advice. Nothing in this document is published with regard to the specific investment objectives, financial situation and particular needs of any person who may receive the information.

Nothing in this document shall be construed as, or form part of, any offer for sale or subscription of or solicitation or invitation of any offer to buy or subscribe for any securities. The data and information made available in this document are of a general nature and do not purport, and shall not in any way be deemed, to constitute an offer or provision of any professional or expert advice, including without limitation any financial, investment, legal, accounting or tax advice, and shall not be relied upon by you in that regard. You should at all times consult a qualified expert or professional adviser to obtain advice and independent verification of the information and data contained herein before acting on it. Any financial or investment information in this document are intended to be for your general information only. You should not rely upon such information in making any particular investment or other decision which should only be made after consulting with a fully qualified financial adviser. Such information do not nor are they intended to constitute any form of financial or investment advice, opinion or recommendation about any investment product, or any inducement or invitation relating to any of the products listed or referred to. Any arrangement made between you and a third party named on or linked to from these pages is at your sole risk and responsibility.

You acknowledge that Beansprout is under no obligation to exercise editorial control over, and to review, edit or amend any data, information, materials or contents of any content in this document. You agree that all statements, offers, information, opinions, materials, content in this document should be used, accepted and relied upon only with care and discretion and at your own risk, and Beansprout shall not be responsible for any loss, damage or liability incurred by you arising from such use or reliance.

This document (including all information and materials contained in this document) is provided “as is”. Although the material in this document is based upon information that Beansprout considers reliable and endeavours to keep current, Beansprout does not assure that this material is accurate, current or complete and is not providing any warranties or representations regarding the material contained in this document. All opinions contained herein constitute the views of the analyst(s) named in this report, they are subject to change without notice and are not intended to provide the sole basis of any evaluation of the subject securities and companies mentioned in this report. Any reference to past performance should not be taken as an indication of future performance. To the fullest extent permissible pursuant to applicable law, Beansprout disclaims all warranties and/or representations of any kind with regard to this document, including but not limited to any implied warranties of merchantability, non-infringement of third-party rights, or fitness for a particular purpose.

Beansprout does not warrant, either expressly or impliedly, the accuracy or completeness of the information, text, graphics, links or other items contained in this document. Neither Beansprout nor any of its affiliates, directors, employees or other representatives will be liable for any damages, losses or liabilities of any kind arising out of or in connection with the use of this document. To the best of Beansprout’s knowledge, this document does not contain and is not based on any non-public, material information. The information in this document is not intended for distribution to, or use by, any person or entity in any jurisdiction where such distribution or use would be contrary to law or regulation, or which would subject Beansprout to any registration requirement within such jurisdiction or country. Beansprout is not licensed or regulated by any authority in any jurisdiction or country to provide the information in this document.

As a condition of your use of this document, you agree to indemnify, defend and hold harmless Beansprout and its affiliates, and their respective officers, directors, employees, members, managing members, managers, agents, representatives, successors and assigns from and against any and all actions, causes of action, claims, charges, cost, demands, expenses and damages (including attorneys’ fees and expenses), losses and liabilities or other expenses of any kind that arise directly or indirectly out of or from, arising out of or in connection with violation of these terms, use of this document, violation of the rights of any third party, acts, omissions or negligence of third parties, their directors, employees or agents. To the extent permitted by law, Beansprout shall not be liable to you, any other person, or organization, for any direct, indirect, special, punitive, exemplary, incidental or consequential damages, whether in contract, tort (including negligence), or otherwise, arising in any way from, or in connection with, the use of this document and/or its content. This includes, without limitation, liability for any act or omission in reliance on the information in this document. Beansprout expressly disclaims and excludes all warranties, conditions, representations and terms not expressly set out in this User Agreement, whether express, implied or statutory, with regard to this document and its content, including any implied warranties or representations about the accuracy or completeness of this document and the content, suitability and general availability, or whether it is free from error.

If these terms or any part of them is understood to be illegal, invalid or otherwise unenforceable under the laws of any state or country in which these terms are intended to be effective, then to the extent that they are illegal, invalid or unenforceable, they shall in that state or country be treated as severed and deleted from these terms and the remaining terms shall survive and remain fully intact and in effect and will continue to be binding and enforceable in that state or country.

These terms, as well as any claims arising from or related thereto, are governed by the laws of Singapore without reference to the principles of conflicts of laws thereof. You agree to submit to the personal and exclusive jurisdiction of the courts of Singapore with respect to all disputes arising out of or related to this Agreement. Beansprout and you each hereby irrevocably consent to the jurisdiction of such courts, and each Party hereby waives any claim or defence that such forum is not convenient or proper.

© 2025 Global Wealth Technology Pte Ltd