

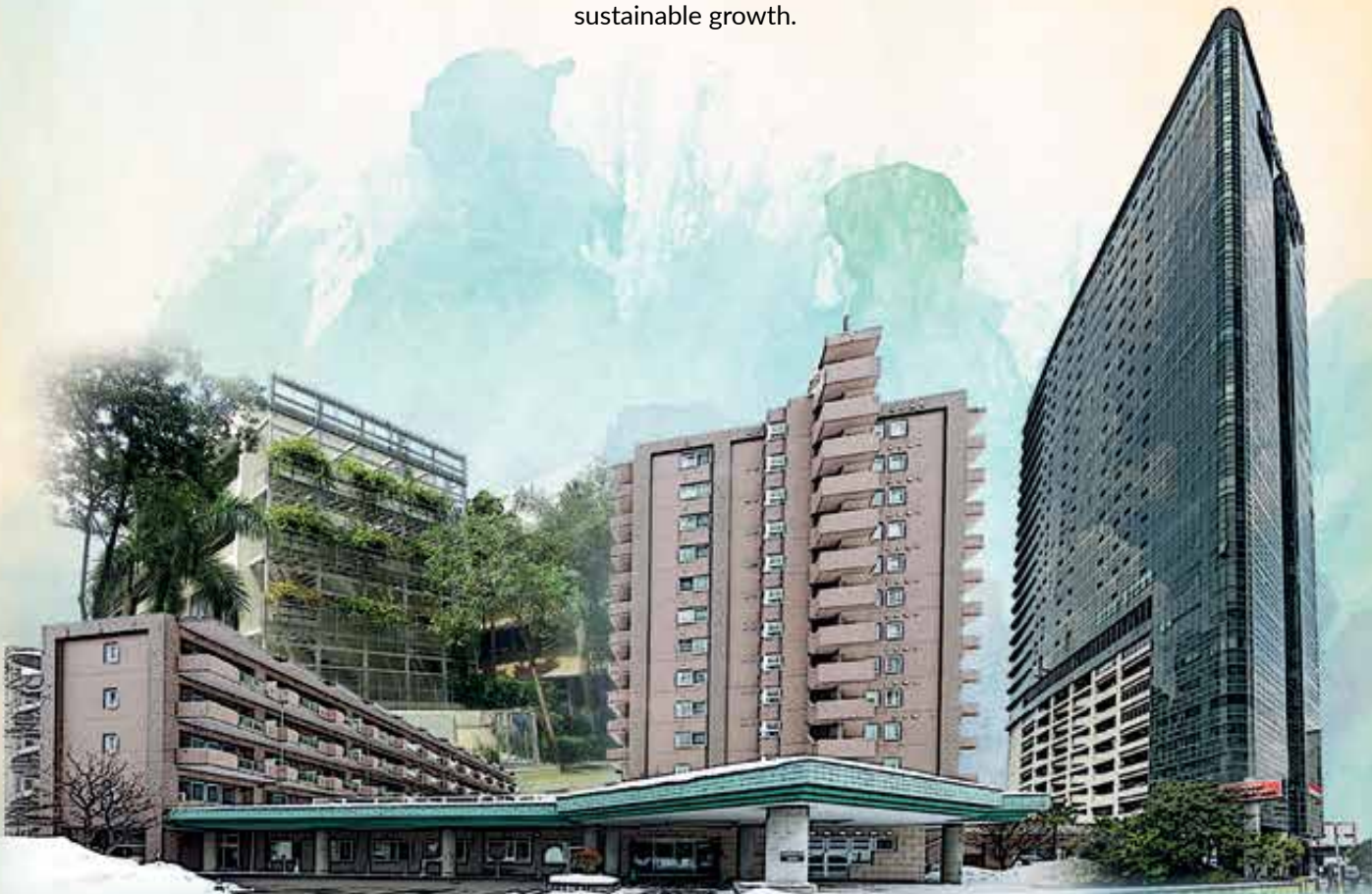


Strengthens for Sustainable Growth

ANNUAL REPORT 2023

Strengthens for Sustainable Growth

In 2023, First REIT continued to stay the course on its '2.0 Growth Strategy' by harnessing growth from its portfolio, enhancing capital flexibility through diversified funding sources, and seizing opportunities unlocked by megatrends to create a strengthened platform for sustainable growth.



Left to Right: Pacific Healthcare Nursing Home II @ Bukit Panjang, Hikari Heights Varus Kotoni, and Mochtar Riady Comprehensive Cancer Centre

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Annual Report
2023 online



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Sustainability Report
2023 online

CORPORATE PROFILE

First Real Estate Investment Trust (“**First REIT**” or the “**Trust**”), is a healthcare real estate investment trust focused on investing in diverse yield-accretive healthcare and healthcare-related real estate assets within and outside of Asia. First REIT is managed by First REIT Management Limited (the “**Manager**”), which is headquartered in Singapore. The Manager is 60% directly held by OUE Limited (“**OUE**”), and 40% directly held by OUE Healthcare Limited (“**OUEH**”), who together are its Sponsors and hold a combined stake in First REIT of 44.7% as at 31 December 2023.

The Trust has a portfolio of 32 properties across Asia, with a total asset value of S\$1.14 billion as at 31 December 2023. These include 15 properties in Indonesia comprising 11 hospitals, two integrated hospitals & malls, one integrated hospital & hotel, and one hotel & country club; three nursing homes in Singapore; and 14 nursing homes in Japan. The Trust’s healthcare properties in Indonesia are

operated by PT Siloam International Hospitals Tbk (“**Siloam**”) while healthcare properties in Singapore and Japan are operated by well-established third-party operators.

In line with its vision to become Asia’s premier healthcare trust, First REIT unveiled its ‘2.0 Growth Strategy’ of four well-defined strategic pillars to drive sustainable long-term growth. The four pillars are: firstly, diversify into developed markets; secondly, reshape portfolio for capital efficient growth; thirdly, strengthen capital structure to remain resilient; and fourthly, continue to pivot to ride megatrends.

The Trust has a right-of-first-refusal (“**ROFR**”) from OUEH and opportunities to tap on its growing healthcare network across Pan-Asia. In addition, First REIT also has a ROFR to a pipeline of hospitals from PT Lippo Karawaci Tbk (“**Lippo Karawaci**”), a majority shareholder of Siloam.



First REIT is harnessing sustainable growth from its resilient portfolio, strategically diversified across Indonesia, Japan and Singapore, to deliver sustainable distributions to unitholders.

LETTER TO UNITHOLDERS



Mr Christopher James Williams
Chairman and Non-Independent
Non-Executive Director

Mr Tan Kok Mian Victor
Executive Director and
Chief Executive Officer

DEAR UNITHOLDERS,

FY2023 has been a challenging year due to an elevated interest rate environment, sustained inflation, and disruptive impacts from heightened uncertainty globally. Although First REIT's full year distribution was lower year-on-year from higher finance costs, currency translation impact, and a one-off increase in unit base, distributions quarter-on-quarter were stable and First REIT's unit price held up relatively well.

As at 31 December 2023, First REIT delivered a total return of 10.4% over the 1-month period, 12.5% over the 12-month period, and 18.1% over the 3-year annualised periods which was the highest total return among the S-REITs. First REIT was one of 13 S-REITs that managed to deliver positive total returns over these three periods.

First REIT has grown in stability and broadened its tenant mix and geographical presence since 2021, which was when the restructured master leases agreements for almost all its hospitals in Indonesia started taking effect. In 2022, First REIT further diversified its portfolio with the acquisition of 14 nursing homes in Japan. In 2023, First REIT harnessed healthy underlying growth from its portfolio of 32 high-quality healthcare and healthcare-related assets amidst economic headwinds.

In Indonesia, 10 of First REIT's hospitals registered a built-in increment of rental income of 4.5% in local currency terms while three hospitals⁽¹⁾ achieved a higher performance-based rent⁽²⁾. In addition, one hospital⁽³⁾ increased its rental income by 2.0% in Singapore dollar terms. First REIT's developed markets' portfolio in Singapore comprises three nursing homes which continued to deliver rental growth of 2.0% in Singapore dollar terms. In Japan, the portfolio contributed the first full-period of rental income from 14 nursing homes in Japan⁽⁴⁾, adding to the Group's resilient performance.

First REIT derived its rental income from 11 tenants, with its largest tenant PT Siloam International Hospitals Tbk and subsidiaries ("**Siloam**") contributing 38.7% of rental income⁽⁵⁾ in FY2023. Siloam is a strong operator with one of the widest-reach private hospital networks in Indonesia, spread across 23 provinces throughout the entire archipelago.

In order to strengthen the sustainability of the Trust's performance, the Manager targets for developed markets to comprise more than 50% of the portfolio's Assets Under Management ("**AUM**") by FY2027. The diversification of our portfolio over time will reduce the concentration risk to any market or tenant. As at 31 December 2023, First REIT's AUM was S\$1.14 billion, which was fairly resilient compared to the year before, notwithstanding a difficult macro environment. Notably, 25.5% or over one quarter of First REIT's assets under management are now in developed markets. With this latest appraised valuation, we are at the halfway point from reaching our target of having more than 50% of AUM in developed markets.

STRENGTHENS FOR SUSTAINABLE GROWTH

A substantial 29 properties out of Trust's 32 properties are located outside of Singapore, underscoring the importance of managing potential volatility in foreign currency. In order to manage currency risk, the Trust has entered into non-deliverable forward contracts and call spreads to hedge net cashflow from Indonesia and Japan. Historically, there is also low-to-negative correlation between the SGD/IDR and SGD/JPY currency pairs.

First REIT's borrowings comprise onshore and offshore loans denominated in the Singapore Dollar and the Japanese Yen. For interest rate risk management, First REIT has completed

⁽¹⁾ Siloam Hospitals Kebon Jeruk, Siloam Hospitals Purwakarta, and Siloam Sriwijaya

⁽²⁾ 8.0% of each hospital's gross operating revenue in local currency terms in the preceding financial year

⁽³⁾ Siloam Hospitals Lippo Cikarang

⁽⁴⁾ The Trust acquired 12 nursing homes in March 2022 and another two nursing homes in September 2022.

⁽⁵⁾ Without recognition of FRS 116 rental straight-lining adjustments.

LETTER TO UNITHOLDERS

an early refinancing of a Japanese Yen denominated Tokutei Mokuteki Kaisha (“**TMK**”) bond in June 2023 with a new onshore banking institution.

The early refinancing of the TMK bond further strengthened the REIT’s overall debt maturity profile, as the weighted average term to maturity increased to 3.6 years as at 31 December 2023, from 3.4 years as at 31 December 2022, and the REIT has no refinancing requirements until May 2026. The Trust has also increased the proportion of debt on fixed rates or hedged to 87.2% as at 31 December 2023 from 59.6% as at 31 December 2022.

With the above strategic actions taken, First REIT’s overall financial position remained strong in FY2023, with a gearing of 38.7% and healthy interest coverage ratio at 4.1 times as at 31 December 2023. Including distribution to perpetual securities holders, the adjusted interest cover ratio is 3.9 times as at 31 December 2023.

LONG-TERM GROWTH PROSPECTS INTACT

According to the annual report “Ageing Society 2023” released by the Cabinet Office of Japan, out of a total population of around 125.0 million in 2022, 36.2 million are seniors aged 65 years and over, accounting for approximately 29.0% of the total population. The ageing of the population is expected to accelerate even further, with the report estimating that by 2070, one in every 2.6 persons will be over 65 years of age, and one in every 4.0 persons will be over 75 years of age.

Singapore is also one of the fastest-ageing nations in the world. Those aged 65 and above formed 17.3% of Singapore’s population as at end June 2023, up from 13.7% in 2018. This is projected to rise to 25% by 2030, similar to that in Japan and some European countries today ⁽⁶⁾.

In Indonesia, the productive age of 15 to 64 has also shown a stable increase over the years, eventually making up 69% of the total population in 2022. The high proportion of the productive age group could be associated with higher disposable income spent on expenses such as preventive healthcare. The increase in life expectancy along with the increase in fertility rate would also translate to an increase in demand for healthcare in the long-term ⁽⁷⁾.

FOCUSING ON 2.0 GROWTH STRATEGY

Healthcare real estate is a resilient asset class with robust demand fundamentals and long-run growth prospects. First REIT continues to stay the course on its four-pronged ‘2.0 Growth Strategy’ to create a strengthened platform for sustainable growth in the healthcare real estate sector. The four prongs of the 2.0 Growth Strategy are: firstly, diversify into developed markets; secondly, reshape portfolio for capital efficient growth by divesting non-core or mature assets; thirdly, strengthen capital structure to remain resilient; and fourthly, continue to pivot to ride megatrends such as sustainability.

On the divestment of non-core or mature assets, the Manager intends to continue to market Imperial Aryaduta Hotel & Country Club (“**IAHCC**”) for divestment and believes it is prudent to have in place a short-term lease in line with market terms while this process remains ongoing. In December, the master lease of IAHCC had been renewed up to 31 December 2024 and a further term of one year may be granted upon mutual agreement. The renewed lease provides some revenue stability from IAHCC while still allowing the Manager strategic flexibility as it further refines its longer-term business plans.

The Manager is also cognisant of the importance of integrating sustainability considerations into the Group’s strategic decisions and business plans. Given that First REIT’s properties are predominantly social assets, the Manager is in a unique position to do good while doing well. When investing in high quality healthcare and healthcare-related real estate assets, or when making financing or re-financing decisions, the Manager considers the impacts on economy, environment, and people.

The Manager stepped up efforts to encourage the adoption of energy-efficiency technologies in its properties in FY2023. During the year, the Manager committed to over S\$1.12 million in capital expenditure that will improve the energy efficiencies in six hospitals in Indonesia, seven nursing homes in Japan, and one nursing home in Singapore. It is envisaged that the installation of these technologies would also contribute to the health, safety, and well-being of the respective properties’ occupants.

APPRECIATION

We have continued to deliver steady value and remain steadfast in balancing stability and growth of the REIT. We would like to take this opportunity to extend our sincere appreciation to our fellow Board members and our sponsor group, for your counsel and invaluable guidance through the years. To our business partners, bankers, and tenants, thank you for your confidence and trust in First REIT. To our management and staff, we would like to acknowledge and thank you for your hard work and commitment as we forge ahead in our 2.0 Growth Strategy. To our loyal and valued Unitholders, we look forward to your continued support in the Trust as First REIT strengthens for sustainable growth.

Mr Christopher James Williams

Chairman and Non-Independent Non-Executive Director

Mr Tan Kok Mian Victor

Executive Director and Chief Executive Officer

First REIT Management Limited
As Manager of First REIT

⁽⁶⁾ Source: CBRE Singapore, SingStats

⁽⁷⁾ Source: National Statistic Bureau, PT LEADS Property Services, CBRE

AT A GLANCE

VISION

To be Asia's premier healthcare trust

MISSION

To deliver stable and sustainable distributions to Unitholders

A DIVERSIFIED HEALTHCARE PORTFOLIO OF 32 PROPERTIES



Asset Size

\$1.14

billion



Total GFA of Properties

448,744

square metres



Maximum No. of Beds and Rooms

6,522



Total No. of Tenants

11



Total Committed Occupancy Rate of Tenants

100%

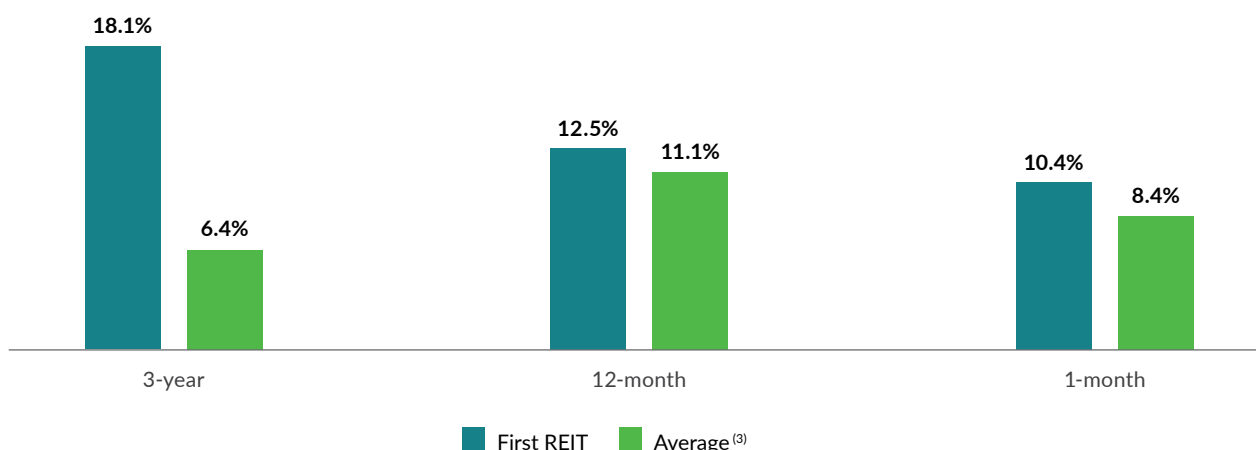


Weighted Average Lease Expiry ("WALE")⁽¹⁾

11.5 years



CONSISTENTLY DELIVERED POSITIVE TOTAL RETURNS⁽²⁾



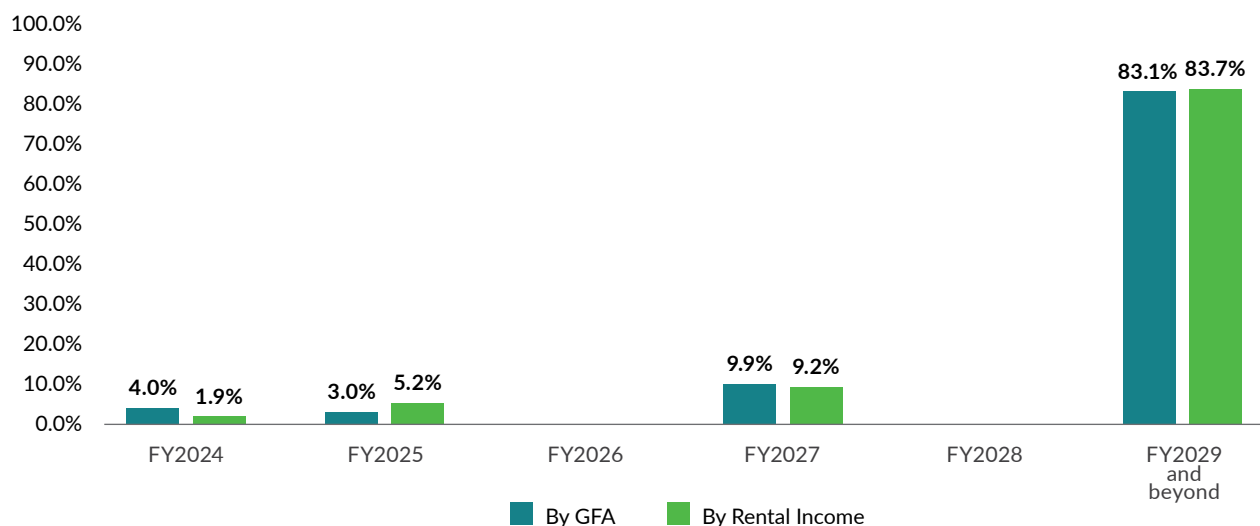
⁽¹⁾ By Gross Floor Area

⁽²⁾ Source: Bloomberg Finance L.P., as at 31 December 2023

⁽³⁾ Average of 13 S-REITs that delivered positive total returns over the 1-month, 12-month, and 3-year periods.

FINANCIAL HIGHLIGHTS

HEALTHY LEASE EXPIRY PROFILE, % OF PORTFOLIO



RENTAL INCOME ⁽¹⁾ BY TENANT MIX AND TRADE SECTOR MIX

Tenants	% of Rental Income	
	FY2023	FY2022
1) PT Siloam International Hospitals Tbk and subsidiaries ⁽²⁾ (" Siloam ")	38.7%	35.7%
2) PT Lippo Karawaci Tbk and subsidiaries ⁽³⁾ (excluding Siloam)	34.9%	39.8%
3) Hikari Heights Varus Co., Ltd.	10.3%	9.7%
4) PT Metropolis Propertindo Utama and subsidiaries ⁽⁴⁾	5.9%	6.1%
5) Safety Life Co., Ltd.	2.3%	2.2%
6) The Lantor Residence Pte. Ltd.	2.0%	2.0%
7) Orchard Care Co., Ltd.	1.7%	1.6%
8) Precious Homes Pte. Ltd. ⁽⁵⁾	1.3%	1.3%
9) Precious Homes Bukit Panjang Pte. Ltd. ⁽⁶⁾	1.3%	1.3%
10) Benesse Style Care Co., Ltd.	1.0%	0.2%
11) Social Welfare Research Institute Co., Ltd.	0.6%	0.1%
	100.0%	100.0%

Trade Sector	% of Rental Income	
	FY2023	FY2022
1) Healthcare	89.6%	89.5%
2) Hospitality	5.5%	5.6%
3) Retail	4.9%	4.9%
	100.0%	100.0%

⁽¹⁾ Without recognition of FRS 116 rental straight-lining adjustments.

⁽²⁾ The subsidiaries of PT Siloam International Hospitals Tbk include PT East Jakarta Medika, PT Bina Bahtera Sejati, PT Lintas Buana Jaya, PT Taruna Perkasa Megah, PT Krisolis Jaya Mandiri, PT Rumah Sakit Siloam Hospitals Sumsel and PT Berlian Cahaya Indah.

⁽³⁾ The subsidiaries of PT Lippo Karawaci Tbk include PT Andromeda Sakti.

⁽⁴⁾ The subsidiaries of PT Metropolis Propertindo Utama include PT Bumi Sarana Sejahtera.

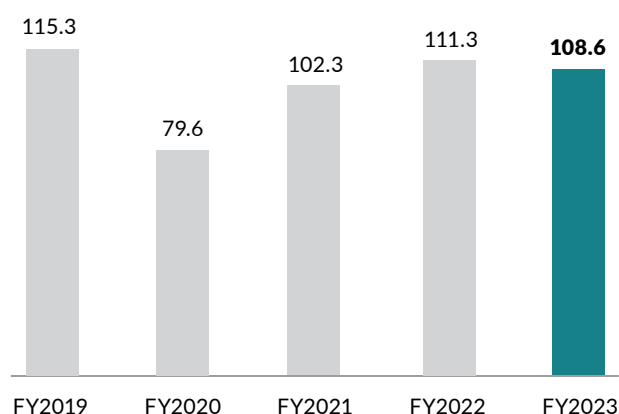
⁽⁵⁾ Formerly known as Pacific Healthcare Nursing Home Pte. Ltd.

⁽⁶⁾ Formerly known as Pacific Eldercare and Nursing Pte. Ltd.

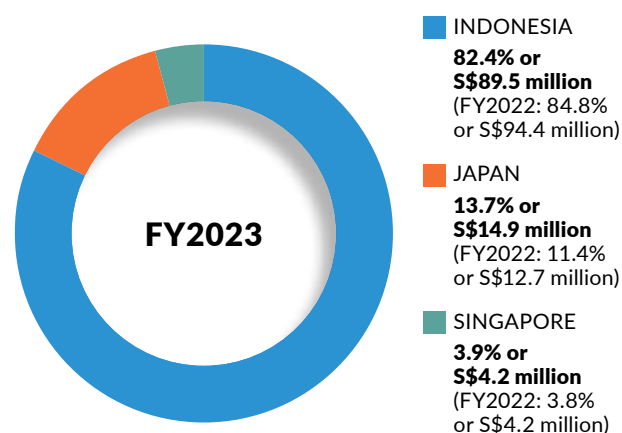
FINANCIAL HIGHLIGHTS

RENTAL AND OTHER INCOME (S\$' MILLION)

CAGR SINCE FY2021⁽¹⁾: 3%



RENTAL AND OTHER INCOME GEOGRAPHICAL MIX



DISTRIBUTIONS PER UNIT

(S\$' million)	FY2019	FY2020	FY2021	FY2022	FY2023
Net Property and Other Income	112.9	77.5	100.2	108.6	105.3
Distributable Amount	68.5	33.4	42.1	52.4	51.4
Distribution per Unit (Singapore cents)	8.60	4.15	2.61	2.64	2.48

EARNINGS PER UNIT

	FY2019	FY2020 ⁽²⁾	FY2021	FY2022	FY2023
Earnings Per Unit (Singapore cents)	5.74¢	(41.78)¢	4.00¢	1.56¢	2.98¢
Number of Units in issue ('000)	797,675	807,206	1,613,029	2,058,581	2,076,925
Weighted Average number of Units ('000)	793,376	851,724	1,499,382	1,981,551	2,067,938

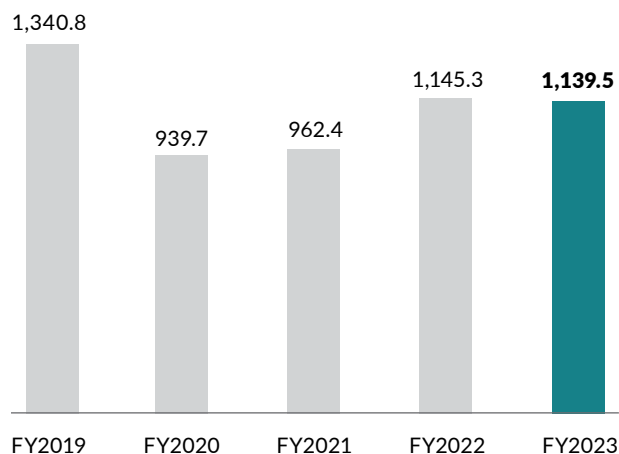
⁽¹⁾ Restructured master lease agreements in Indonesia took effect since 1 January 2021

⁽²⁾ With the completion of the issuance of rights units on 24 February 2021, prior year comparatives for earnings per unit were restated through retrospective application of a bonus factor to the average weighted number of units. The bonus factor is derived from the division of fair value per unit immediately before the exercise of rights by the theoretical ex-rights fair value.

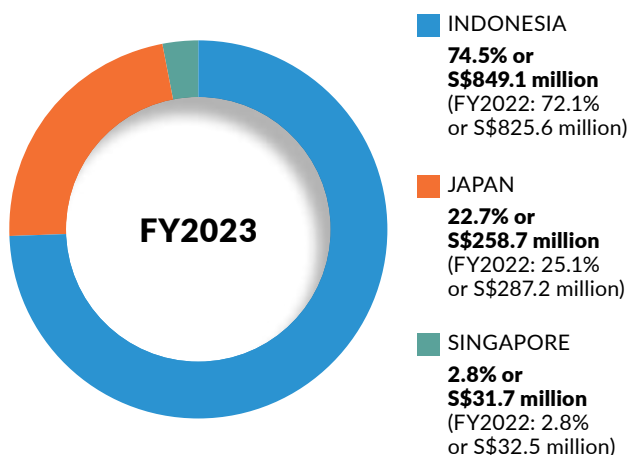
FINANCIAL HIGHLIGHTS

ASSETS-UNDER-MANAGEMENT (S\$'MILLION)

CAGR SINCE FY2021⁽¹⁾: 9%



ASSETS-UNDER-MANAGEMENT BREAKDOWN BY GEOGRAPHY



BALANCE SHEET

In S\$'000	As at 31 December 2023	As at 31 December 2022
Total Assets	1,187,331	1,198,625
Total Liabilities	527,165	533,263
Total Borrowings ⁽²⁾	458,925	461,198
Unitholders' Funds	626,884	632,080
Net Assets Value Attributable to Unitholders Per Unit (Singapore cents)	30.18¢	30.70¢

FINANCIAL RATIOS

	As at 31 December 2023	As at 31 December 2022
Interest Cover	4.1 times	5.0 times
Adjusted Interest Cover	3.9 times	4.4 times
Aggregate Leverage	38.7% ⁽³⁾	38.5% ⁽³⁾
% Debt, Fixed Rates or Hedged	87.2%	59.6%
% Debt, Social Finance Instruments	76.1%	76.5%
Derivative Financial Instruments as Percentage of Net Assets Attributable to Unitholders (%) ⁽⁴⁾	0.04%	0.1%

⁽¹⁾ Restructured master lease agreements in Indonesia took effect since 1 January 2021

⁽²⁾ Before transaction costs

⁽³⁾ The Manager is of the view that the higher aggregate leverage as at 31 December 2023 will not have a material impact on the risk profile of First REIT as it is still within a manageable range below the MAS regulated aggregate leverage limit of 45%. The MAS had proposed for S-REITs to have a new minimum interest coverage ratio ("ICR") of 2.5 times before they are allowed to increase their leverage to beyond the prevailing 45% limit (up to 50%), effective from 1 January 2022.

⁽⁴⁾ Derivative financial instruments refer to the interest rate swaps, interest rate caps and forward exchange contracts. (2022: interest rate swaps, interest rate caps and forward exchange contracts.) Please see (note 14 on pages 161 to 162) for more information.

2.0 GROWTH STRATEGY

Healthcare real estate continues to be a resilient asset class with robust demand fundamentals and long-term growth prospects. In Japan, the capacity in facilities for long-term care is small in comparison to the elderly population which is expected to grow from over 29% of the total population of approximately 125 million in 2023 to almost 35% by 2040. In Singapore, the population is also rapidly ageing, and nursing home capacity will increase in the next five years by at least eight new nursing homes and more than 2,000 beds. In Indonesia, the number of hospital beds per capita is the lowest in ASEAN, yet it also has the world's largest public health insurance scheme.

First REIT's healthcare portfolio comprises nursing homes in Japan and Singapore, as well as hospitals in Indonesia. Consistent with its 2.0 Growth Strategy, First REIT targets for developed markets to comprise more than 50% of its portfolio by FY2027. This includes divesting non-core assets or mature properties and capital recycling. The Trust will also continue to strengthen its capital structure to remain resilient and utilise derivative financial instruments to mitigate impact of interest rate and currency risk. Together with strong sponsor support from OUE Limited and OUE Healthcare Limited, First REIT is well-positioned to ride the tailwinds in the healthcare sector to deliver sustainable distributions.



DIVERSIFY INTO DEVELOPED MARKETS

To reduce geographical and tenant concentration risk; target to increase presence in developed markets to >50% of AUM by FY2027



RESHAPE PORTFOLIO FOR CAPITAL EFFICIENT GROWTH

Recycle capital from non-core or mature assets



STRENGTHEN CAPITAL STRUCTURE TO REMAIN RESILIENT

Diversify funding sources and continue to optimise financial position



PIVOTING TO MEGATRENDS

Environmental, Social and Governance, ageing population demographics and other growth drivers

Read more about First REIT's 2.0 Growth Strategy milestones in Annual Report 2023 pages 10 to 11, and about the industry outlook on pages 20 to 26.

SIGNIFICANT EVENTS 2023

FIRST REIT'S 2.0 GROWTH STRATEGY MILESTONES

LEGEND

- Diversify into developed markets
- Reshape portfolio for capital efficient growth
- Strengthen capital structure to remain resilient
- Pivoting to megatrends

JAN

17th

SGX-REITAS Corporate Connect Webinar

FEB

13th

FY2022 results announcement: Declared 4Q2022 DPU of 0.66 Singapore cent

23rd

Presentation to Phillip Securities

MAR

14th

Presentation to CGS-CIMB

21st to 22nd

Analysts' site visit to Jakarta

31st ●

Completed the acquisition of FRM Japan Management Co., Ltd ("**FRMJM**"), an asset management company that is licensed by the Tokyo Metropolitan Government, to support First REIT's existing portfolio and future growth in the Japan market.

APR

10th

SGX-REITAS-Maybank Seminar: Understanding REITs with Japan Assets

21st

Convened 14th Annual General Meeting via webcast

25th

1Q2023 business update announcement: Declared DPU of 0.62 Singapore cent

26th

Presentation to OCBC Securities

MAY

9th

Presentation to Lim & Tan Securities

18th

DBS Private Bank Luncheon Presentation

20th

REITs Symposium Panel Discussion: Opportunities and Challenges in a Post-Pandemic Era

JUN

20th to 21st

Non-deal roadshow in Tokyo, Japan

23rd ●

Completed an early refinancing of a Japanese Yen denominated Tokutei Mokuteki Kaisha ("**TMK**") bond with a new onshore banking institution. This further strengthened the REIT's overall debt maturity profile, resulting in the REIT having no refinancing requirements until May 2026.

27th

SIAS-SGX Corporate Connect Webinar

SIGNIFICANT EVENTS 2023

JUL

11th

Presentation to CGS-CIMB Securities Sdn. Bhd.

AUG

1st

1H2023 results announcement: declared 2Q2023 DPU of 0.62 Singapore cent

8th ●

Organised Japanese Orizome Workshop for elderly at The Lentor Residence



NOV

1st

9M2023 business update announcement: Declared DPU of 0.62 Singapore cent

16th to 17th

Non-deal roadshow in Tokyo, Japan

27th ●

Organised a "Singapore Day" for residents at Loyal Residence Ayase, a three-storey nursing home that is geographically situated between Tokyo and Yokohama

28th

Presentation to Phillip Securities

DEC

7th

Reverse non-deal roadshow hosted by NH Investment & Securities

19th

SIAS-SGX Corporate Connect

29th ●

Renewed master lease for Imperial Aryaduta Hotel & Country Club ("**IAHCC**") for one year. A further term of one year may be granted upon mutual agreement ⁽¹⁾. IAHCC is a non-core asset which is being marketed for divestment. The renewed lease provides revenue stability from IAHCC while still allowing strategic flexibility.

⁽¹⁾ Upon the mutual agreement of PT. Karya Sentra Sejahtera ("**PT KSS**"), an indirect wholly-owned subsidiary of First REIT, and PT. Lippo Karawaci Tbk ("**LKPR**"), PT KSS shall grant to LKPR a lease of IAHCC for a further term of one year.

BOARD OF DIRECTORS

**MR CHRISTOPHER JAMES WILLIAMS, 65**

Chairman and Non-Independent Non-Executive Director

Date of first appointment as a Director:

26 October 2018

Length of service as a Director (as at 31 December 2023):

5 years 2 months

Board Committee(s) served on:

Nil

Academic & Professional Qualification(s):

- Bachelor of Arts (Honours) in International Relations and Economics, the University of Reading, United Kingdom
- Solicitor, England and Wales
- Solicitor, Hong Kong

Present Directorships (as at 1 January 2024):*Listed companies*

- OUE Limited (Deputy Chairman and Non-Executive Non-Independent Director)

Other principal directorships

- OUB Centre Limited

Major Appointments (other than directorships):

- Founding Partner, Howse Williams

Past Principal Directorships held over the preceding 5 years (from 1 January 2019 to 31 December 2023):

- OUE REIT Management Pte. Ltd. (the manager of OUE Real Estate Investment Trust, formerly known as OUE Commercial Real Estate Investment Trust)
- OUE Hospitality Trust Management Pte. Ltd. (in liquidation pursuant to a member's voluntary winding up since 23 June 2023)
- OUE Hospitality REIT Management Pte. Ltd. (dissolved through a member's voluntary winding up)

Others:

Nil

**MR TAN KOK MIAN VICTOR, 57**

Chief Executive Officer and Executive Director

Date of first appointment as a Director:

19 May 2017

Length of service as a Director (as at 31 December 2023):

6 years 7 months

Board Committee(s) served on:

Nil

Academic & Professional Qualification(s):

- Chartered Accountant, The Institute of Singapore Chartered Accountants
- Fellow Member, Association of Chartered Certified Accountants

Present Directorships (as at 1 January 2024):*Listed companies*

Nil

Other principal directorships

Nil

Major Appointments (other than directorships):

Nil

Past Principal Directorships held over the preceding 5 years (from 1 January 2019 to 31 December 2023):

Nil

Others:

Nil

BOARD OF DIRECTORS



MR CHAN PENGEE ADRIAN, 60

Lead Independent Director

Date of first appointment as a Director:

26 October 2018

Length of service as a Director (as at 31 December 2023):

5 years 2 months

Board Committee(s) served on:

- Nominating and Remuneration Committee (Chairman)
- Audit and Risk Committee (Member)

Academic & Professional Qualification(s):

- Bachelor of Laws (Honours), National University of Singapore
- Advocate and Solicitor, Singapore

Present Directorships (as at 1 January 2024):

Listed companies

- Hong Fok Corporation Limited
- Best World International Limited
- Food Empire Holdings Limited
- Keppel Infrastructure Fund Management Pte. Ltd. (the trustee-manager of Keppel Infrastructure Trust)

Other principal directorships

- Shared Services For Charities Limited
- Azalea Asset Management Pte. Ltd.

Major Appointments (other than directorships):

- Senior Partner (Head of Corporate), Lee & Lee
- Vice-Chairman, Singapore Institute of Directors
- Member, Legal Service Commission
- Member, Singapore Management University's Enterprise Board
- Honorary Secretary, Association of Small & Medium Enterprises

Past Principal Directorships held over the preceding 5 years (from 1 January 2019 to 31 December 2023):

- Global Investments Limited
- Yoma Strategic Holdings Ltd
- AEM Holdings Ltd
- CapitaLand Ascendas REIT Management Limited (f.k.a Ascendas Funds Management (S) Limited (the manager of Ascendas REIT))

Others:

- Board Member, Accounting and Corporate Regulatory Authority (from 1 April 2014 to 31 March 2021)



MR FERRIS CHARLES BYE, 70

Independent Director

Date of first appointment as a Director:

26 October 2018

Length of service as a Director (as at 31 December 2023):

5 years 2 months

Board Committee(s) served on:

- Audit and Risk Committee (Chairman)

Academic & Professional Qualification(s):

- Chartered Accountant, Institute of Chartered Accountants for England and Wales

Present Directorships (as at 1 January 2024):

Listed companies

Nil

Other principal directorships

Nil

Major Appointments (other than directorships):

- Responsible Officer, Redbridge Global Strategies Limited

Past Principal Directorships held over the preceding 5 years (from 1 January 2019 to 31 December 2023):

Nil

Others:

- Managing Director, Newport Private Equity Asia LLC (from 2000 to 2014)
- Member, General Committee of Hong Kong Country Club (from 2010 to 2018)

BOARD OF DIRECTORS



MR TAN CHUAN LYE, 67

Independent Director

Date of first appointment as a Director:

5 April 2017

Length of service as a Director (as at 31 December 2023):

6 years 9 months

Board Committee(s) served on:

- Audit and Risk Committee (Member)
- Nominating and Remuneration Committee (Member)

Academic & Professional Qualification(s):

- Master of Business Administration, Henley Management College/University of Brunel London
- Non-Practising Fellow Member, The Institute of Singapore Chartered Accountants
- Member, Singapore Institute of Directors
- Fellow Member, The Association of Chartered Certified Accountants (UK)

Present Directorships (as at 1 January 2024):

Listed companies

- Isetan (Singapore) Limited
- Heeton Holdings Limited

Other principal directorships

- Sompo Insurance Singapore Pte. Ltd.
- All Saints Home
- Synapxe Pte. Ltd. (formerly known as Integrated Health Information System Pte. Ltd.)
- Berjaya Sompo Insurance Berhad
- Science Centre Board
- Meranti Power Pte. Ltd.

Major Appointments (other than directorships):

- Adjunct Associate Professor, NUS Business School of National University of Singapore
- Member, Asia Advisory Board, EFG Bank, AG
- Member of Audit & Risk Committee, MOH Holdings Pte Ltd
- Member of Audit Committee, A*Star

Past Principal Directorships held over the preceding 5 years (from 1 January 2019 to 31 December 2023):

- Singapore Repertory Theatre

Others:

- Partner, KPMG Advisory LLP (from April 2008 to September 2015)



MR MARTIN LECHNER, 55

Independent Director

Date of first appointment as a Director:

8 January 2018

Length of service as a Director (as at 31 December 2023):

6 years

Board Committee(s) served on:

- Audit and Risk Committee (Member)

Academic & Professional Qualification(s):

- Master Diploma in Business Administration, University of Passau, Germany
- Executive Master of Business Administration (Spot Program), INSEAD, France

Present Directorships (as at 1 January 2024):

Listed companies

Nil

Other principal directorships

- Corecam Pte. Ltd.
- Select Alternative Investments Pte. Ltd.

Major Appointments (other than directorships):

- Founding Partner and Chief Investment Officer, Corecam AG, Corecam Pte. Ltd., Select Alternative Investments Pte. Ltd.

Past Principal Directorships held over the preceding 5 years (from 1 January 2019 to 31 December 2023):

- Hydroinformatics Institute Pte. Ltd.

Others:

- Founding Partner and Chairman, Proprietary Partners AG (from 2002 to 2009)

BOARD OF DIRECTORS



MS MINNY RIADY, 62

Non-Independent Non-Executive Director

Date of first appointment as a Director:

10 April 2019

Length of service as a Director (as at 31 December 2023):

4 years 9 months

Board Committee(s) served on:

- Nominating and Remuneration Committee (Member)

Academic & Professional Qualification(s):

- Bachelor of Business Administration, Fu Jen Catholic University, Taiwan

Present Directorships (as at 1 January 2024):

Listed companies

Nil

Other principal directorships

- Lippo Realty (Shanghai) Limited

Major Appointments (other than directorships):

- Board Member, Pelita Harapan Foundation for Education

Past Principal Directorships held over the preceding 5 years (from 1 January 2019 to 31 December 2023):

Nil

Others:

Nil

KEY MANAGEMENT



MS NG CHWEE NGOR, VALERIE

Chief Financial Officer

Ms Ng Chwee Ngor, Valerie joined the Manager in September 2008 as Senior Finance Manager and was responsible for financial matters associated to First REIT and the Manager. She was the Financial Controller since January 2014 and was subsequently appointed as Chief Financial Officer in February 2018, overseeing all matters relating to financial reporting, taxation, capital management, treasury and risk management.

Prior to joining the Manager, Ms Ng held numerous positions at Parkway Holdings Limited between 2001 and 2008. She first joined them as Assistant Group Accountant and was subsequently promoted to Finance Manager. She assisted the Financial Controller in the preparation of the consolidated accounts for Parkway Group and was responsible for the preparation of the financial accounts and treasury functions of the holding company and subsidiaries.

Prior to joining Parkway Holdings Limited, she assumed the position of Group Accountant at Osprey Maritime Limited between 1996 and 2000. Ms Ng supported the financial controllers for financial reporting of the Group and was responsible for the financial matters of the subsidiaries.

Ms Ng graduated with professional qualifications from the Association of Chartered Certified Accountants (“ACCA”). She is a Chartered Accountant of the Institute of Singapore Chartered Accountants and a fellow member of ACCA.



MR CHAN SENG LEONG, JACKY

Senior Vice President, Asset & Investment Management

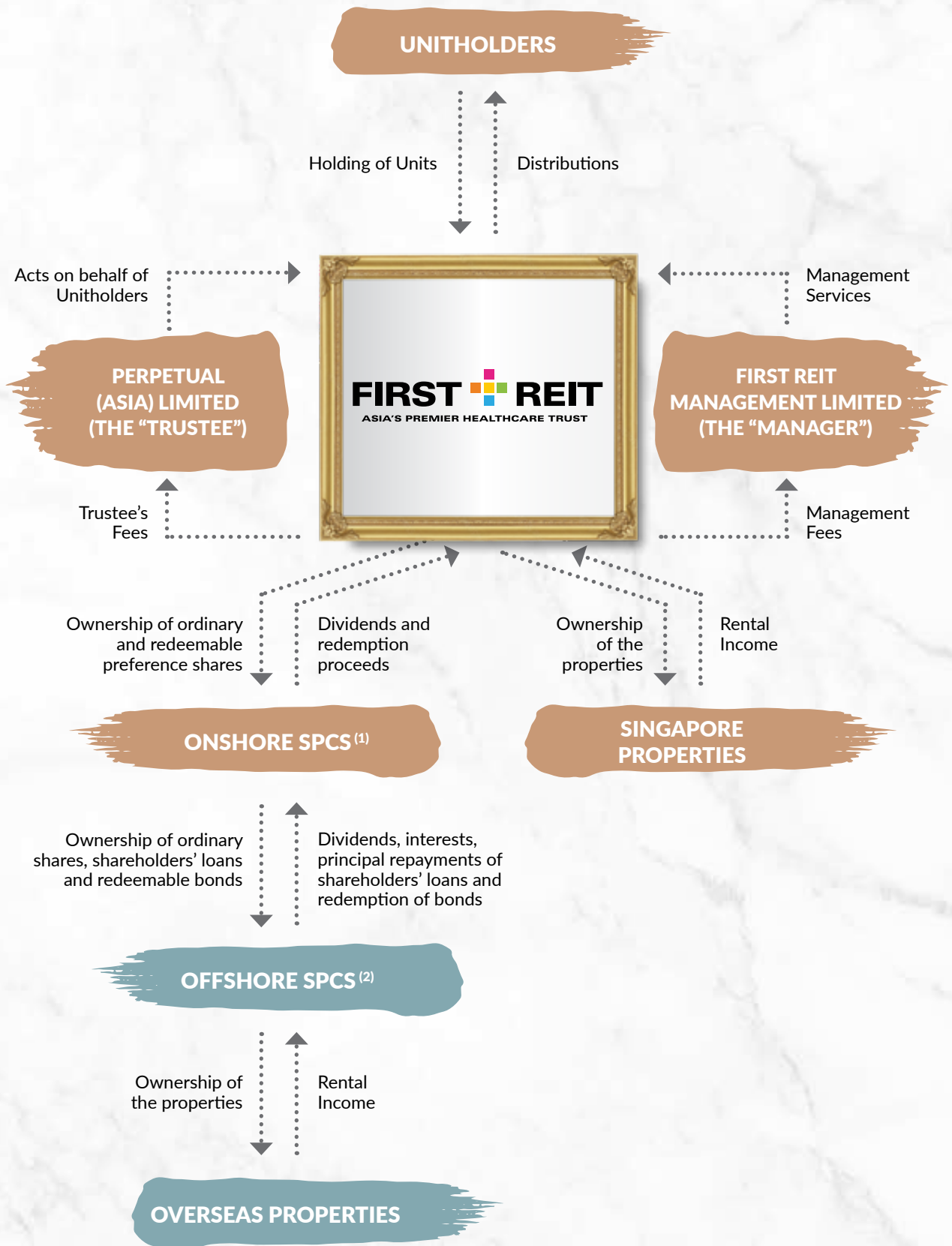
Mr Chan Seng Leong, Jacky, oversees the Manager’s Asset & Investment Management team. Being a member of the Singapore Institute of Surveyors and Valuers as well as a Licensed Appraiser (Lands & Buildings), Mr Chan possess extensive real estate and property experience across Singapore, Hong Kong, the People’s Republic of China, and in cities where First REIT is invested in.

Between 1993 and 1998, his work responsibilities involved, among others, property valuations, property sales and marketing, property consulting, real estate research and feasibility studies. In 1998, he joined Chesterton International Property Consultants Pte Ltd as Assistant Manager (Valuations) and was subsequently promoted in rank and file to Executive Director (Valuations & Investment Advisory) where he performed valuations totalling more than S\$1 billion worth of real estate in Singapore and regionally, and advised in real estate transactions worth more than S\$600 million in total. His scope of responsibilities then included managing and advising real estate transactions, providing real estate market advisory and real estate financial advice, as well as managing key clients’ accounts for strategic real estate services.

Prior to joining the Manager, Mr Chan was with Ascendas-MGM Funds Management Ltd since early 2005 as the Investment Manager for Ascendas Real Estate Investment Trust. As Investment Manager, he was involved in spearheading multimillion dollar real estate acquisitions, structuring property investment and development deals (such as sale and leaseback, built-to-suit and partial headlease), conducting property due diligence, as well as the planning and implementation of leasing and asset enhancement strategies to improve efficiency.

Mr Chan graduated from the National University of Singapore in 1993 with a Bachelor of Science (Real Estate) (2nd Class Upper Honours) degree and subsequently in 1999 with a Master of Science (Real Estate) degree. In 2002, he obtained a Master in Business Administration degree from the University of Western Australia, Graduate School of Management, Perth, majoring in finance, and was awarded the Director’s Letter for scoring full distinctions in the course.

TRUST STRUCTURE



⁽¹⁾ Onshore SPCs refer to Singapore Special Purpose Companies

⁽²⁾ Offshore SPCs refer to Overseas Special Purpose Companies



With enhanced capital efficiency, First REIT is actively executing its 2.0 Growth Strategy, diversifying its portfolio and riding on favourable demographic megatrends.

Left to Right: Elysion Mamigaoka & Annex, Loyal Residence Ayase, Orchard Amanohashidate, Medical Rehabilitation Home Bon Séjour Komaki and Hikari Heights Varus Makomanai-Koen



INDEPENDENT MARKET REVIEW

JAPAN

OVERVIEW

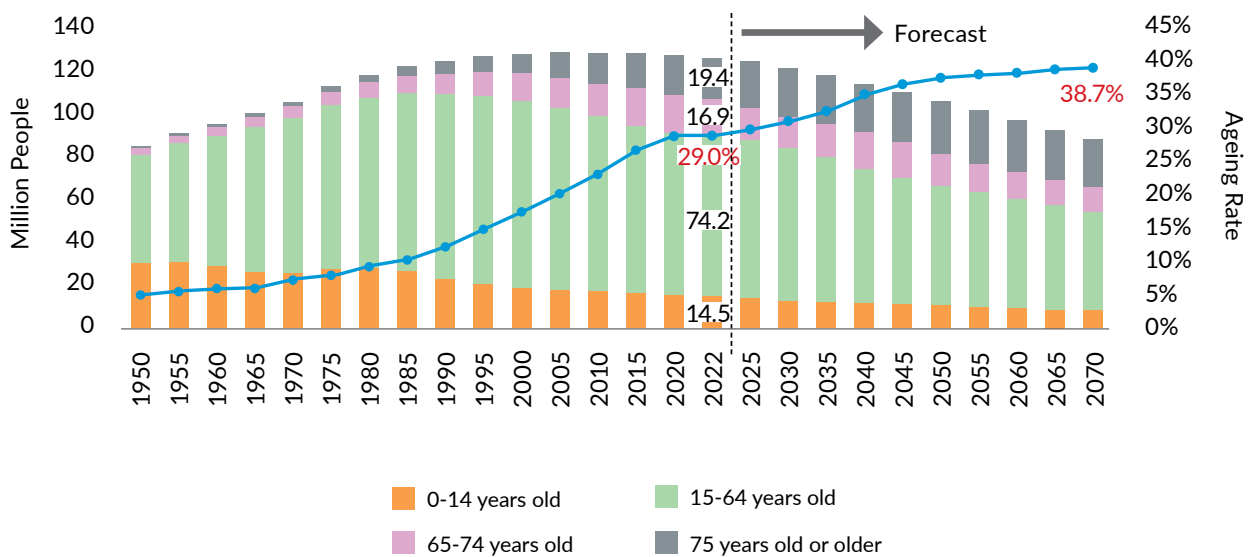
In an effort to address the growing needs of an ageing population, the Japanese government implemented a mandatory Long-Term Care Insurance system in 2000. This system provides services to the elderly, including home help, day services, short stay services in facilities, and permanent residence in nursing homes. All these policies and reforms are designed to enhance the sustainability and effectiveness of the Long-Term Care Insurance in Japan.

According to the annual report “Ageing Society 2023” released by the Cabinet Office of Japan, out of Japan’s total population of 125.0 million ⁽¹⁾, 36.2 million are seniors aged 65 years and over, accounting for 29.0% of the total population. As reflected in Figure 1, the ageing of the population is expected to accelerate even further, with the report estimating that by 2070, one in every 2.6 persons will be over 65 years of age, and one in every 4.0 persons will be over 75 years of age.

CBRE noted that in terms of the proportion of seniors aged 65 and above among developed countries, Japan’s senior population proportion was one of the lowest in the 1980s, but has since increased from the middle of the list in the 1990s to become the highest as at 2022. This was attributed to the increased life expectancy of 84.5 years as of 2021, which was attributed to improved nutrition, advanced medical and pharmacological technologies, and improved living conditions, as well as a fertility rate below 1.5 for the last three decades, far below the replacement birth rate of 2.1.

The Old Age Support Ratio in Japan has decreased from 5.2 in 1990 to 1.8 in 2023, resulting in an increased strain on the economy as the government spent more on healthcare, pensions and social security benefits for the elderly, along with potential labour shortages. As such, demand for healthcare facilities are expected to increase for some time to come, as the number of people aged 65 and over is projected to continue increasing.

FIGURE 1: DEMOGRAPHIC TRENDS BY AGE IN JAPAN (1950 TO 2070)



Source: CBRE Japan, Cabinet Office “Annual Report on the Ageing Society”

⁽¹⁾ Data as at 1 October 2022

INDEPENDENT MARKET REVIEW

Based on the latest information by the Ministry of Labour, Health and Welfare, there were 16,724 facilities in Japan with a capacity of about 634,400 beds in 2021, as per Figure 2. This translated to a 33.0% and 31.4% increase over a 5-year period respectively since 2016, and is in line with the increasing senior population and the government's efforts to improve elderly care.

RECENT DEVELOPMENTS

Increasingly, nursing homes in Japan are adopting new technologies to improve care quality and efficiency. This includes the use of AI and robotics to assist with tasks such as lifting and moving patients, monitoring health conditions, and even providing companionship, which will help ease the demand for healthcare workers.

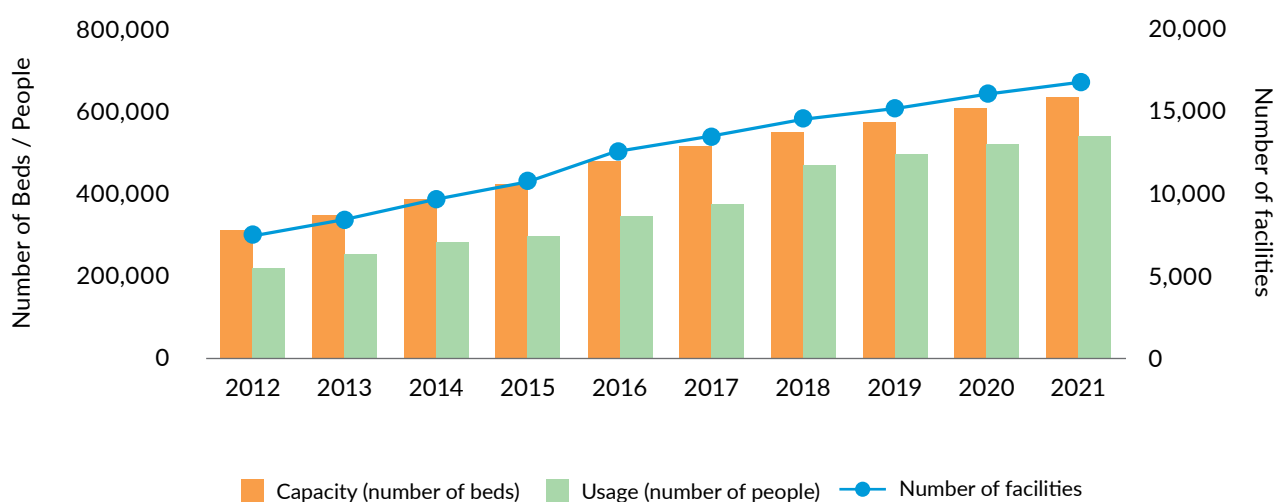
There has also been a shift towards home healthcare services to meet the preference of many elderly people to age in place. This has led to the growth of businesses offering home healthcare services and products. In response to the demand for more comfortable and familiar

living spaces for the elderly, some nursing care companies are also collaborating with housing companies to develop nursing homes that provide a more home-like environment.

The implementation of Community-Based Integrated Care Systems has also been increasingly adopted, as it aims to provide comprehensive support to the elderly in their own communities. The government is promoting the establishment of community-based integrated care systems, which combine medical care, nursing care, prevention, housing, and livelihood support.

As the population continues to age, the Ministry of Health, Labour and Welfare estimates that the number of healthcare workers required will increase from the 2.11 million healthcare workers recorded in 2019 to 2.8 million by 2040. Soaring prices and utility costs, the inability for nursing homes to pass along cost increases to consumers, and labour shortage are causing concerns amongst some nursing homes and related serviced providers.

FIGURE 2: NURSING HOMES' FACILITIES, CAPACITY AND USAGE



Source: CBRE Japan, Ministry of Health, Labour and Welfare, Survey of Social Welfare Facilities

INDEPENDENT MARKET REVIEW

OUTLOOK

With Japan's rapidly ageing population and declining birth rate, the healthcare sector will continue to remain a critical focus for the country in years to come, with demand for healthcare facilities, especially for the elderly, likely to increase. As such, foreign investment is likely to grow, including investors from countries such as Singapore, Australia and the United States.

However, despite the government's initiative to improve working conditions in the healthcare sector, the shortage of healthcare workers will continue to be a challenge, especially in the more rural areas of Japan. The current operating environment is also challenging given the increased costs due to inflation, which may have an impact on the services provided by nursing homes. Furthermore, given the expected decrease in the Old Age Support Ratio from the current 1.8 working population per senior citizen aged 65 and above, this will result in the need to find alternative solutions for the care of the elderly. As such, there could be an increased reliance on foreign healthcare workers and even AI and robotics to alleviate this shortage.

Healthcare spending is projected to continue to increase in proportion of the country's GDP given current demographic trends. This in turn could put pressure on the government and result in policy changes that might have an unforeseen impact on the Nursing Home industry.

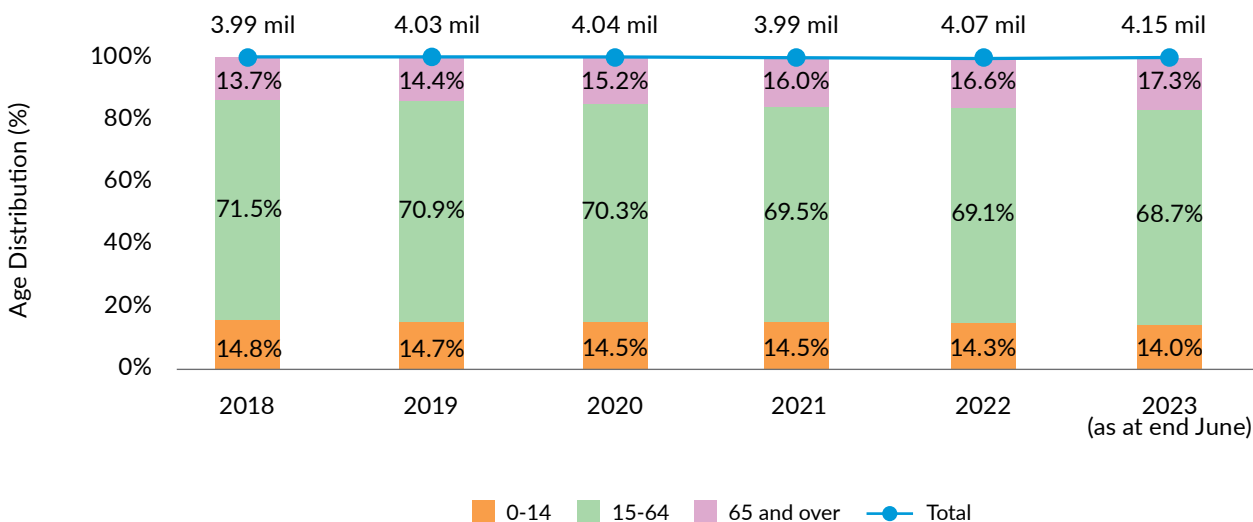
With an ageing population, there will likely be more emphasis on preventive medicine to reduce the burden of chronic diseases common in the elderly. Additionally, advances in genomics and personalised medicine could lead to more tailored healthcare solutions. Ageing in place solutions will also be increasingly adopted to help reduce some of the demand for the nursing homes and resources.

SINGAPORE

OVERVIEW

Singapore is one of the fastest-ageing nations in the world. Figure 3 shows that those aged 65 and above formed 17.3% of Singapore's population as at end June 2023, up from 13.7% in 2018. This is projected to rise to 25% by 2030, similar to that in Japan and some European countries today.

FIGURE 3: RESIDENT POPULATION BY AGE DISTRIBUTION



Source: CBRE Singapore, SingStats

INDEPENDENT MARKET REVIEW

Life expectancy in Singapore has improved over the last 10 years, except for the period between 2020 and 2022, which was affected by the COVID-19 pandemic. Life expectancy at birth for Singapore residents was 83.0 years in 2022, a decline of 0.2 years from 83.2 years in 2021. Compared with the pre-COVID life expectancy of 83.7 years in 2019, life expectancy at birth decreased by 0.7 years over two consecutive declines in 2021 and 2022. Life expectancy at age 65 years increased 0.5 years over the last ten years, from 20.2 years in 2012 to 20.7 years in 2022. It however declined 0.2 years from 20.9 years in 2021.

As Singapore's population ages, there is an increasing need to strengthen the healthcare system to meet increasing demand from an ageing population. This is especially so given that the Old Age Support Ratio in Singapore has decreased steadily from 10.5 in 1990 to 3.7 in 2023, which may result in economic stress from the increased budget allocated to healthcare costs and labour shortage.

Over the recent years, although the stock of health facilities have been generally constant for bigger hospitals, it was observed that there was an increase in stock of smaller health facilities such as nursing homes, polyclinics, private general practitioner clinics and dental clinics, amongst others. Other private general practitioner clinics and dental clinics increased by 259 and 79 facilities respectively. Nursing Homes was the third fastest growing health facility category from 2018 to 2022, increasing by 11 facilities over the period. This is unsurprising given Ministry of Health's goal of almost doubling the number of nursing home beds to 31,000 by 2030 from 16,200 beds in 2020.

As of end 2022, there were 83 nursing homes in Singapore, of which 40 were privately operated while 43 were operated by Voluntary Welfare Organisations. CBRE noted that pipeline supply of nursing homes will increase

by approximately 2,700 beds from 2024 to 2026. Based on CBRE's observations, there will be approximately 1,000 new beds made available by the end of 2024, with three major operators confirmed to be opening facilities in 2025 with approximately 500 beds. In 2026, approximately 1,300 beds will be made available.

RECENT DEVELOPMENTS

Singapore's ageing population is seeing a growing number of seniors with different care needs, with some requiring assistance with daily activities while preserving their independence. These seniors are classified under the "missing middle", who may not qualify to stay in nursing homes, which typically have a wait list and accept only those who are physically or mentally impaired, unable to be cared for at home and have exhausted all other care options. In response to the growing need for more eldercare services, one particular type of care has sprung up in Singapore in recent years – community or assisted living, which provides professional assistance to elderly who require some help with basic activities of daily living as well as the company of other seniors.

While several developers have previously approached the Assisted Living Facilities Association to enquire about the possibility of setting up assisted living facilities in Singapore, the cost of land and labour shortage serves as major barrier – leading them to opt for other markets like Malaysia or China.

Understanding the challenges faced in the healthcare sector, the government has actively piloted assisted living models like the Community Care Apartment that pairs senior-friendly housing with care services that can serve seniors' care needs. There are also communal spaces on each floor where seniors can mingle with one another and participate in programmes.

INDEPENDENT MARKET REVIEW

OUTLOOK

With Singapore's population also facing an ageing population and an expected decreasing Old Age Support Ratio, demand for healthcare services, particularly for chronic diseases and long-term care, is likely to drive growth for the sector, especially for nursing homes. This has been seen in government policies, which has been increasing the number of healthcare facilities, including targeting a ramp-up in the number of nursing home beds and facilities by 2030, driving the increased developments of nursing homes.

The integration of technology into the healthcare sector has also been prevalent, including the use of telemedicine, and digital health solutions. Other upcoming technologies adopted in future may include artificial intelligence and robotics. With Japan developing robots to automate healthcare, there is an increasing possibility of this being adopted for usage in Singapore's nursing homes in the future.

In the coming years, Singapore's healthcare sector is poised to experience substantial growth primarily attributed to consistent and strong government support. Through ongoing strategic initiatives, Singapore is actively establishing itself as an appealing healthcare hub.

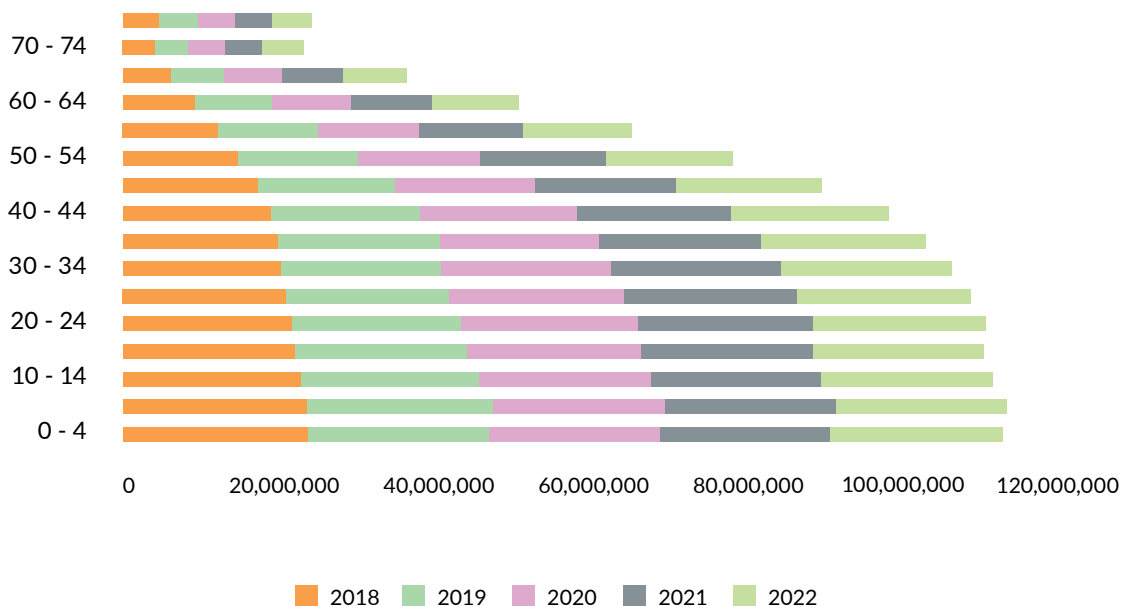
INDONESIA

OVERVIEW

According to data from the Bureau Statistics of Indonesia, total population was estimated at 275.8 million in 2022, placing the country amongst the top five largest in the world. Indonesia had also registered a positive population growth trend, with an annual rate of 1.17% from 2020 to 2022, higher than global trends amid waning fertility rates, especially in more developed countries.

Figure 4 below shows Indonesia's population by age distribution. In terms of age distribution, the productive age of 15 – 64 has also shown a stable increase over the years, eventually making up 69% of the total population in 2022. The high proportion of the productive age group could be associated with higher disposable income spent on expenses such as preventive healthcare.

FIGURE 4: INDONESIA'S POPULATION BY AGE DISTRIBUTION (2018-2022)



Source: National Statistics Bureau, PT LEADS Property Services, CBRE

INDEPENDENT MARKET REVIEW

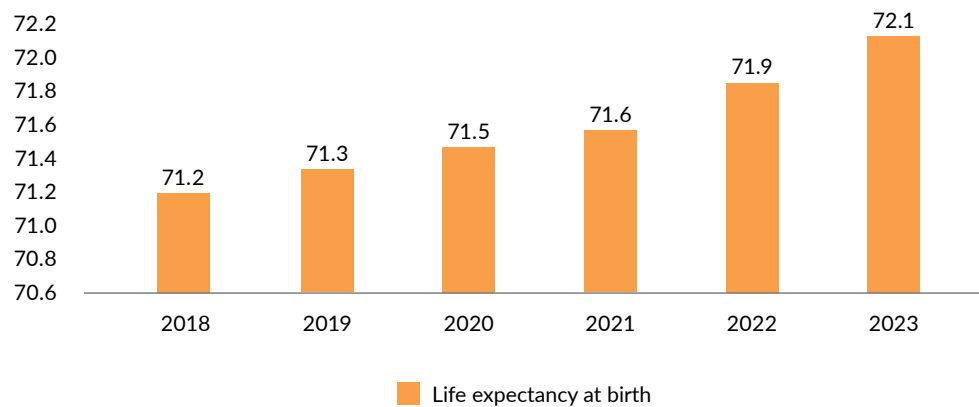
Indonesia's total life expectancy at birth has also been steadily increasing, from 71.2 years in 2018 to 72.1 years in 2023, as reflected in Figure 5. With the increase in life expectancy along with the increase in fertility rate, Indonesia is poised to see an increase in population. This would also translate to an increase in demand for healthcare in the long-term.

Hospitals in Indonesia are classified into two main types: General Hospitals, which provide services for all types of

diseases; and Specialised Hospitals, which provide services only for a particular type of disease or area of specialisation.

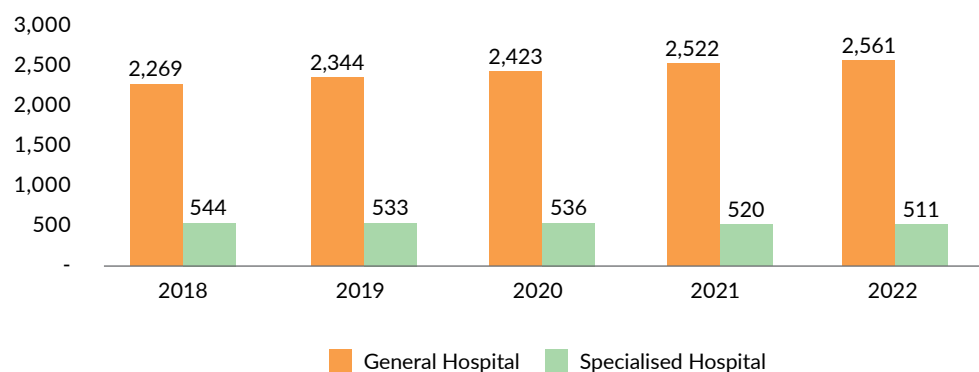
In Indonesia, general hospitals have seen a growing trend. Figure 6 shows general hospitals growing by 12.9% from 2,269 to 2,561 hospitals from 2018 to 2022. This translates to an average increase of 73 hospitals per annum. In contrast, specialised hospitals have seen a decrease in number over the same period, from 544 to 511 hospitals or an average decrease of 8 hospitals a year.

FIGURE 5: INDONESIA'S LIFE EXPECTANCY AT BIRTH (2018-2023)



Source: National Statistics Bureau, PT LEADS Property Services, CBRE

FIGURE 6: INDONESIA'S HEALTHCARE FACILITIES (HOSPITALS)



Source: Government Regulation, Point 47/ 2021, PT LEADS Property Services, CBRE

INDEPENDENT MARKET REVIEW

RECENT DEVELOPMENTS

The Indonesian healthcare industry presents a vast commercial opportunity for healthcare players, but remains underdeveloped in most markets mainly due to structural challenges in both the system as well as infrastructure. For years, lack of trust undermined the industry, with patients opting to travel to neighbouring countries of Singapore, Malaysia or Australia to seek medical treatment.

Understanding the structural challenges faced by Indonesia's healthcare sector, the government introduced a new set of hospital regulation under the Omnibus Law in 2021 (GR 47 / 2021). The new regulation aims to provide the public with better access to public health services and improve job provision in the industry by easing the practice of healthcare businesses. In addition, with the introduction of the Positive Investment List, the improved regulatory landscape also allows 100% foreign direct investment for hospitals under relaxed regulations.

As Indonesia progresses to the vision of a Universal Health Care, a wider coverage for JKN-KIS (Jaminan Kesehatan Nasional - Kartu Indonesia Sehat) for up to 98% of the population by 2024 is currently planned by BPJS Health. JKN-KIS is Indonesia's National Health Insurance program, with a key focus of easing healthcare accessibility, from prevention, screening to consultation, especially for lower income residents.

Digitalisation is also at the forefront of key focuses, with the Mobile JKN Application recently launched to accommodate participants with online queue numbers. As a result, waiting times have been reduced from 6 hours in 2020 to 2.5 hours in 2023.

OUTLOOK ON THE HEALTHCARE SECTOR

As the regulatory landscape shifts to be more accommodative since the Omnibus Law in 2021, contribution by the private sector as well as foreign healthcare investment and assistance is expected to be more prevalent, helping to rebuild trust within the system and gradually avoid further loss of income due to medical tourism.

Digital health, from the use of mobile apps, data mining to artificial intelligence, will also continue to be a transformative tool to improve healthcare outcomes for a nation where the population is large and health disparities are wide. With the expansion of the JKN-KIS programme which will provide healthcare coverage for almost all citizens by the end of 2024, the healthcare sector is likely to grow.

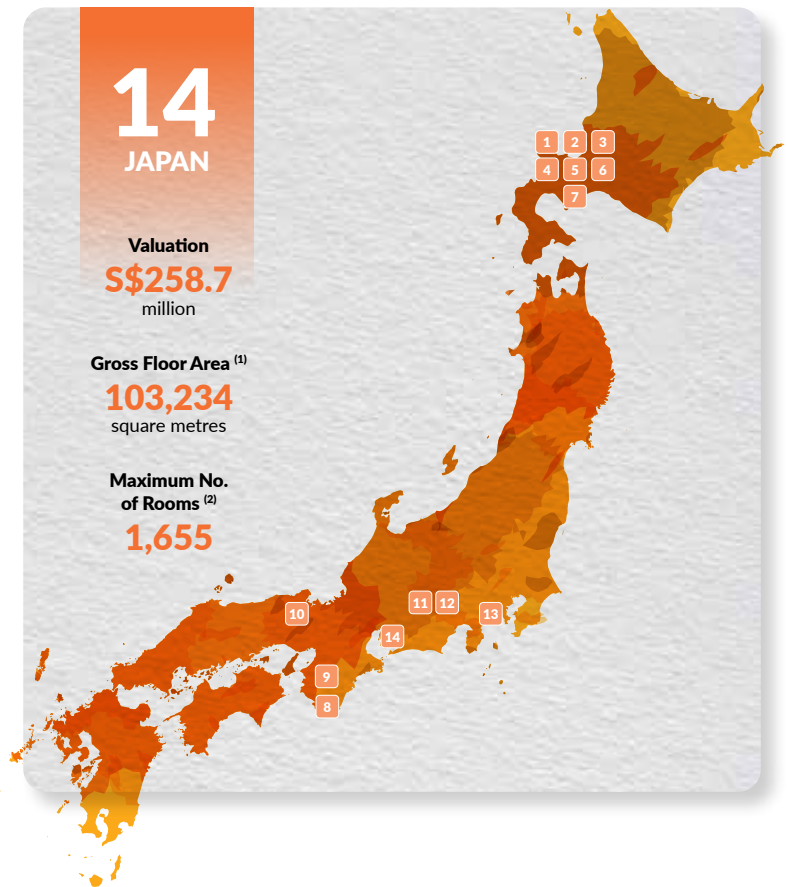
While possible new reforms in 2024 and beyond looms the industry, what is certain is that by having one of the largest population in the world, a burgeoning middle class with increased demand for private healthcare, a current low ratio of hospital bed to population and a new capital city underway, Indonesia's healthcare potential remains untapped.



OUR NETWORK

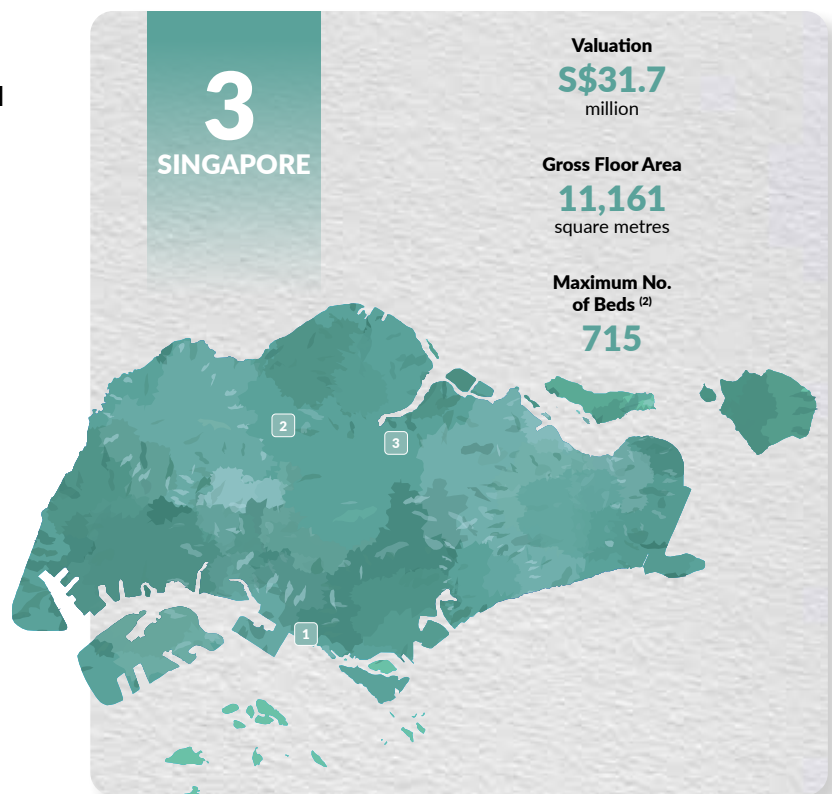
Japan properties are high-quality freehold nursing homes well-placed across Japan, 100% master-leased to independent, well-established and experienced local nursing home operators.

1. Hikari Heights Varus Ishiyama
2. Hikari Heights Varus Tsukisamu-Koen
3. Hikari Heights Varus Fujino
4. Hikari Heights Varus Kotoni
5. Hikari Heights Varus Makomanai-Koen
6. Varus Cuore Yamanote
7. Varus Cuore Sapporo-Kita & Annex
8. Elysion Mamigaoka & Annex
9. Elysion Gakuenmae
10. Orchard Amanohashidate
11. Orchard Kaichi North
12. Orchard Kaichi West
13. Loyal Residence Ayase
14. Medical Rehabilitation Home Bon Séjour Komaki



Singapore properties are well-run nursing homes staffed by well-qualified, dedicated and experienced healthcare professionals.

1. Pacific Healthcare Nursing Home @ Bukit Merah
2. Pacific Healthcare Nursing Home II @ Bukit Panjang
3. The Lantor Residence



⁽¹⁾ The variance in this gross floor area for Japan properties versus the summation of gross floor areas for the Japan properties on pages 29 to 35 is due to rounding.

⁽²⁾ As at 31 December 2023

OUR NETWORK

15
INDONESIA

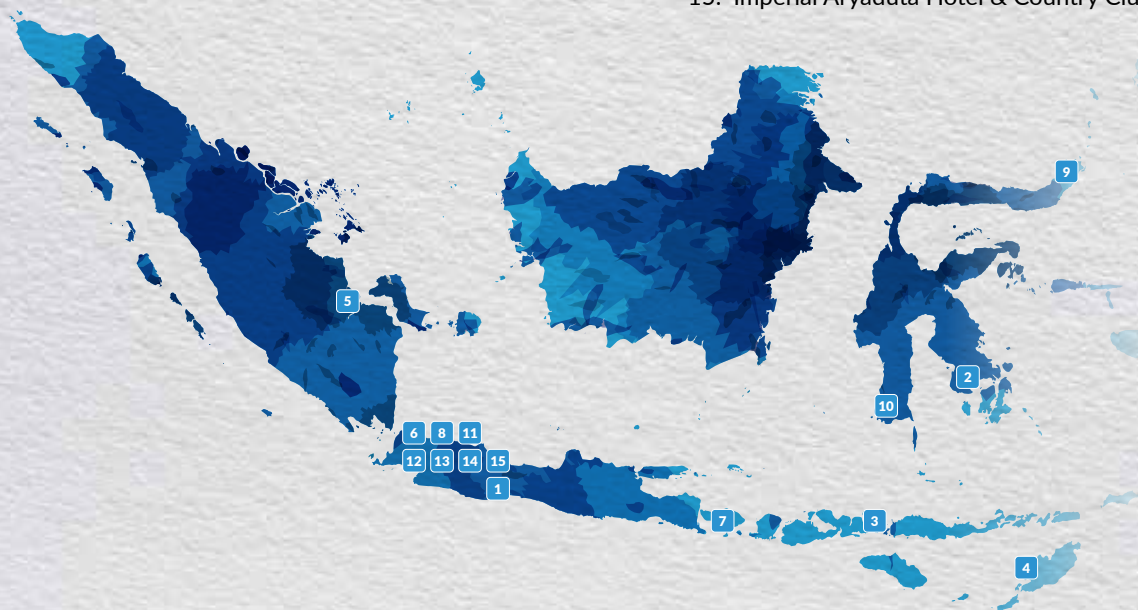
Valuation
S\$849.1
million

Gross Floor Area
334,349
square metres

Maximum No.
of Beds / Rooms ⁽¹⁾
4,152

Indonesia hospitals are strategically located within large catchment areas of potential patients and each hospital has a “Centre of Excellence” or area of speciality.

1. Siloam Hospitals Yogyakarta
2. Siloam Hospitals Baubau & Lippo Plaza Baubau ⁽²⁾
3. Siloam Hospitals Labuan Bajo
4. Siloam Hospitals Kupang & Lippo Plaza Kupang
5. Siloam Sriwijaya
6. Siloam Hospitals Purwakarta
7. Siloam Hospitals Bali
8. Siloam Hospitals TB Simatupang
9. Siloam Hospitals Manado & Hotel Aryaduta Manado
10. Siloam Hospitals Makassar
11. Mochtar Riady Comprehensive Cancer Centre
12. Siloam Hospitals Lippo Cikarang
13. Siloam Hospitals Lippo Village
14. Siloam Hospitals Kebon Jeruk
15. Imperial Aryaduta Hotel & Country Club



Independent annual valuations were provided by appointed valuers including KJPP Willson dan Rekan in association with Knight Frank (“**Knight Frank**”), KJPP Rengganis, Hamid & Rekan in strategic alliance with CBRE (“**CBRE**”), Cushman & Wakefield VHS Pte. Ltd. (“**C&W**”), Jones Lang LaSalle Property Consultants Pte Ltd. (“**JLL**”), Cushman & Wakefield K.K. (“**C&W KK**”), CBRE K.K. (“**CBRE KK**”), and Colliers International K.K. (“**Colliers KK**”).

The discounted cash flow methodology was used to derive the valuation for properties in Japan, Singapore, and Indonesia (excluding IAHC). The direct comparison methodology was used to derive the valuation for IAHC.

⁽¹⁾ As at 31 December 2023

⁽²⁾ Formerly known as Siloam Hospitals Buton & Lippo Plaza Buton

PROPERTY OVERVIEW

JAPAN

Hikari Heights
Varus IshiyamaGROSS
FLOOR
AREA**8,747**

sq metres

FY2023
RENTAL
INCOME ⁽¹⁾**S\$0.7**

million

APPRAISED
VALUE ⁽²⁾**S\$7.2**

million

JPY 782

million

PROPERTY TYPE	NURSING HOME
Land Area	4,413 square metres
Purchase Price	JPY839 million
Land Title	Freehold
Maximum Rooms	117
Lease Term	30 + 5 years
Lease Expiry Date	24 April 2043
Tenant	Hikari Heights Varus Co., Ltd.
Appointed Valuer	C&W KK

Hikari Heights
Varus Tsukisamu-KoenGROSS
FLOOR
AREA**4,362**

sq metres

FY2023
RENTAL
INCOME ⁽¹⁾**S\$0.4**

million

APPRAISED
VALUE ⁽²⁾**S\$6.3**

million

JPY 686

million

PROPERTY TYPE	NURSING HOME
Land Area	2,249 square metres
Purchase Price	JPY641 million
Land Title	Freehold
Maximum Rooms	58
Lease Term	30 + 5 years
Lease Expiry Date	24 April 2043
Tenant	Hikari Heights Varus Co., Ltd.
Appointed Valuer	C&W KK

⁽¹⁾ Without FRS 116 Adjustment on rental straight-lining; Converted to SGD based on the average exchange rate of SGD 1 = JPY 102.04⁽²⁾ As at 31 December 2023; Converted to SGD based on the end of period exchange rate of SGD 1 = JPY 109

PROPERTY OVERVIEW

JAPAN

Hikari Heights
Varus Fujino

GROSS
FLOOR AREA
9,782
sq metres

FY2023
RENTAL
INCOME ⁽¹⁾
S\$1.0
million

APPRAISED
VALUE ⁽²⁾
S\$15.5
million
JPY 1,680
million

PROPERTY TYPE	NURSING HOME
Land Area	7,230 square metres
Purchase Price	JPY1,574 million
Land Title	Freehold
Maximum Rooms	139
Lease Term	30 + 5 years
Lease Expiry Date	24 April 2043
Tenant	Hikari Heights Varus Co., Ltd.
Appointed Valuer	C&W KK

Hikari Heights
Varus Kotoni

GROSS
FLOOR AREA
20,756
sq metres

FY2023
RENTAL
INCOME ⁽¹⁾
S\$3.2
million

APPRAISED
VALUE ⁽²⁾
S\$61.0
million
JPY 6,630
million

PROPERTY TYPE	NURSING HOME
Land Area	11,033 square metres
Purchase Price	JPY6,209 million
Land Title	Freehold
Maximum Rooms	281
Lease Term	30 + 5 years
Lease Expiry Date	24 April 2043
Tenant	Hikari Heights Varus Co., Ltd.
Appointed Valuer	C&W KK

⁽¹⁾ Without FRS 116 Adjustment on rental straight-lining; Converted to SGD based on the average exchange rate of SGD 1 = JPY 102.04

⁽²⁾ As at 31 December 2023; Converted to SGD based on the end of period exchange rate of SGD 1 = JPY 109

PROPERTY OVERVIEW

JAPAN

Hikari Heights Varus
Makomanai-Koen

GROSS
FLOOR
AREA
13,301
sq metres

FY2023
RENTAL
INCOME ⁽¹⁾
S\$2.3
million

APPRAISED
VALUE ⁽²⁾
S\$44.3
million
JPY 4,820
million

PROPERTY TYPE	NURSING HOME
Land Area	6,653 square metres
Purchase Price	JPY4,475 million
Land Title	Freehold
Maximum Rooms	161
Lease Term	30 + 5 years
Lease Expiry Date	24 April 2043
Tenant	Hikari Heights Varus Co., Ltd.
Appointed Valuer	C&W KK

Varus Cuore
Yamanote

GROSS
FLOOR
AREA
2,808
sq metres

FY2023
RENTAL
INCOME ⁽¹⁾
S\$0.6
million

APPRAISED
VALUE ⁽²⁾
S\$10.5
million
JPY 1,140
million

PROPERTY TYPE	NURSING HOME
Land Area	1,668 square metres
Purchase Price	JPY1,007 million
Land Title	Freehold
Maximum Rooms	59
Lease Term	30 + 5 years
Lease Expiry Date	24 April 2043
Tenant	Hikari Heights Varus Co., Ltd.
Appointed Valuer	C&W KK

⁽¹⁾ Without FRS 116 Adjustment on rental straight-lining; Converted to SGD based on the average exchange rate of SGD 1 = JPY 102.04

⁽²⁾ As at 31 December 2023; Converted to SGD based on the end of period exchange rate of SGD 1 = JPY 109

PROPERTY OVERVIEW

JAPAN

Varus Cuore
Sapporo-Kita & Annex

GROSS
FLOOR
AREA
7,637
sq metres

FY2023
RENTAL
INCOME ⁽¹⁾
S\$1.5
million

APPRAISED
VALUE ⁽²⁾
S\$27.5
million
JPY 2,990
million

PROPERTY TYPE	NURSING HOME
Land Area	5,269 square metres
Purchase Price	JPY2,847 million
Land Title	Freehold
Maximum Rooms	216
Lease Term	30 + 5 years
Lease Expiry Date	24 April 2043
Tenant	Hikari Heights Varus Co., Ltd.
Appointed Valuer	C&W KK

ElySION
Gakuenmae

GROSS
FLOOR
AREA
3,790
sq metres

FY2023
RENTAL
INCOME ⁽¹⁾
S\$0.8
million

APPRAISED
VALUE ⁽²⁾
S\$15.3
million
JPY 1,660
million

PROPERTY TYPE	NURSING HOME
Land Area	1,898 square metres
Purchase Price	JPY1,610 million
Land Title	Freehold
Maximum Rooms	92
Lease Term	30 + 5 years
Lease Expiry Date	24 April 2043
Tenant	Safety Life Co., Ltd.
Appointed Valuer	Colliers KK

⁽¹⁾ Without FRS 116 Adjustment on rental straight-lining; Converted to SGD based on the average exchange rate of SGD 1 = JPY 102.04

⁽²⁾ As at 31 December 2023; Converted to SGD based on the end of period exchange rate of SGD 1 = JPY 109

PROPERTY OVERVIEW

JAPAN

ElySION Mamigaoka
& Annex

GROSS
FLOOR
AREA
10,259
sq metres

FY2023
RENTAL
INCOME ⁽¹⁾
S\$1.3
million

APPRAISED
VALUE ⁽²⁾
S\$20.9
million
JPY 2,270
million

PROPERTY TYPE	NURSING HOME
Land Area	6,997 square metres
Purchase Price	JPY2,370 million
Land Title	Freehold
Maximum Rooms	160
Lease Term	30 + 5 years
Lease Expiry Date	24 April 2043
Tenant	Safety Life Co., Ltd.
Appointed Valuer	Colliers KK

Orchard
Amanohashidate

GROSS
FLOOR
AREA
2,927
sq metres

FY2023
RENTAL
INCOME ⁽¹⁾
S\$0.5
million

APPRAISED
VALUE ⁽²⁾
S\$8.2
million
JPY 892
million

PROPERTY TYPE	NURSING HOME
Land Area	2,694 square metres
Purchase Price	JPY933 million
Land Title	Freehold
Maximum Rooms	60
Lease Term	30 + 5 years
Lease Expiry Date	24 April 2043
Tenant	Orchard Care Co., Ltd.
Appointed Valuer	CBRE KK

⁽¹⁾ Without FRS 116 Adjustment on rental straight-lining; Converted to SGD based on the average exchange rate of SGD 1 = JPY 102.04

⁽²⁾ As at 31 December 2023; Converted to SGD based on the end of period exchange rate of SGD 1 = JPY 109

PROPERTY OVERVIEW

JAPAN

Orchard
Kaichi North

GROSS
FLOOR
AREA
5,058
sq metres

FY2023
RENTAL
INCOME ⁽¹⁾
S\$0.8
million

APPRAISED
VALUE ⁽²⁾
S\$12.4
million
JPY 1,350
million

PROPERTY TYPE	NURSING HOME
Land Area	2,833 square metres
Purchase Price	JPY1,303 million
Land Title	Freehold
Maximum Rooms	79
Lease Term	30 + 5 years
Lease Expiry Date	24 April 2043
Tenant	Orchard Care Co., Ltd.
Appointed Valuer	CBRE KK

Orchard
Kaichi West

GROSS
FLOOR
AREA
1,561
sq metres

FY2023
RENTAL
INCOME ⁽¹⁾
S\$0.3
million

APPRAISED
VALUE ⁽²⁾
S\$4.3
million
JPY 471
million

PROPERTY TYPE	NURSING HOME
Land Area	797 square metres
Purchase Price	JPY405 million
Land Title	Freehold
Maximum Rooms	29
Lease Term	30 + 5 years
Lease Expiry Date	24 April 2043
Tenant	Orchard Care Co., Ltd.
Appointed Valuer	CBRE KK

⁽¹⁾ Without FRS 116 Adjustment on rental straight-lining; Converted to SGD based on the average exchange rate of SGD 1 = JPY 102.04

⁽²⁾ As at 31 December 2023; Converted to SGD based on the end of period exchange rate of SGD 1 = JPY 109

PROPERTY OVERVIEW

JAPAN

Loyal Residence
Ayase

GROSS FLOOR AREA
3,387
sq metres

FY2023 RENTAL INCOME ⁽¹⁾
S\$0.6
million

APPRAISED VALUE ⁽²⁾
S\$10.6
million
JPY 1,150
million

PROPERTY TYPE	NURSING HOME
Land Area	2,803 square metres
Purchase Price	JPY1,130 million
Land Title	Freehold
Maximum Rooms	80
Lease Term	30 years
Lease Expiry Date	30 September 2043
Tenant	Social Welfare Research Institute Co., Ltd.
Appointed Valuer	CBRE KK

Medical Rehabilitation Home
Bon Séjour Komaki

GROSS FLOOR AREA
8,858
sq metres

FY2023 RENTAL INCOME ⁽¹⁾
S\$0.9
million

APPRAISED VALUE ⁽²⁾
S\$14.7
million
JPY 1,600
million

PROPERTY TYPE	NURSING HOME
Land Area	8,230 square metres
Purchase Price	JPY1,450 million
Land Title	Freehold
Maximum Rooms	124
Lease Term	20 + 5 years
Lease Expiry Date	21 May 2027
Tenant	Benesse Style Care Co., Ltd.
Appointed Valuer	CBRE KK

⁽¹⁾ Without FRS 116 Adjustment on rental straight-lining; Converted to SGD based on the average exchange rate of SGD 1 = JPY 102.04

⁽²⁾ As at 31 December 2023; Converted to SGD based on the end of period exchange rate of SGD 1 = JPY 109

PROPERTY OVERVIEW

SINGAPORE

Pacific Healthcare Nursing Home
@ Bukit Merah

GROSS
FLOOR
AREA
3,593
sq metres

FY2023
RENTAL
INCOME ⁽¹⁾
S\$1.3
million

APPRAISED
VALUE ⁽²⁾
S\$8.1
million

PROPERTY TYPE	NURSING HOME
Land Area	1,984 square metres
Purchase Price	S\$11.8 million
Land Title	30 years leasehold from 22 Apr 2002
Remaining Land Title Tenure ⁽²⁾	8.3 years
Maximum Beds	259
Lease Term	10 years
Lease Expiry Date	10 April 2027
Tenant	Precious Homes Pte. Ltd. (previously known as Pacific Healthcare Nursing Home Pte. Ltd.)
Appointed Valuer	JLL

Pacific Healthcare Nursing Home II
@ Bukit Panjang

GROSS
FLOOR
AREA
3,563
sq metres

FY2023
RENTAL
INCOME ⁽¹⁾
S\$1.2
million

APPRAISED
VALUE ⁽²⁾
S\$8.6
million

PROPERTY TYPE	NURSING HOME
Land Area	2,000 square metres
Purchase Price	S\$11.5 million
Land Title	30 years leasehold from 14 May 2003
Remaining Land Title Tenure ⁽²⁾	9.4 years
Maximum Beds	248
Lease Term	10 years
Lease Expiry Date	10 April 2027
Tenant	Precious Homes Bukit Panjang Pte. Ltd. (previously known as Pacific Eldercare and Nursing Pte. Ltd.)
Appointed Valuer	JLL

⁽¹⁾ Without FRS 116 Adjustment on rental straight-lining; As at 31 December 2023

⁽²⁾ As at 31 December 2023

PROPERTY OVERVIEW

SINGAPORE

The Lentor Residence



GROSS
FLOOR
AREA
4,005
sq metres

FY2023
RENTAL
INCOME ⁽¹⁾
S\$1.8
million

APPRAISED
VALUE ⁽²⁾
S\$15.0
million

PROPERTY TYPE	NURSING HOME
Land Area	2,486 square metres
Purchase Price	S\$12.8 million
Land Title	99 years leasehold from 20 August 1938
Remaining Land Title Tenure ⁽²⁾	13.6 years
Maximum Beds	208
Lease Term	10 years with option to renew for 10 years
Lease Expiry Date	7 June 2027
Tenant	The Lentor Residence Pte. Ltd.
Appointed Valuer	JLL

⁽¹⁾ Without FRS 116 Adjustment on rental straight-lining; As at 31 December 2023

⁽²⁾ As at 31 December 2023

PROPERTY OVERVIEW

INDONESIA

Siloam Hospitals
Yogyakarta

GROSS FLOOR AREA
12,474
sq metres

FY2023 RENTAL INCOME ⁽²⁾
S\$1.7
million

APPRAISED VALUE ⁽³⁾
S\$19.5
million
IDR 226.3
billion

PROPERTY TYPE	HOSPITAL
Centre of Excellence	Neuroscience and Cardiology
Land Area	13,715 sq metres
Purchase Price	S\$27.0 m
Land Title	HGB
Maximum Beds	249
Operational Beds	61
Lease Term	15 years with option to renew for 15 years
Lease Expiry Date	31 December 2035
Tenants	PT Taruna Perkasa Megah ⁽⁶⁾ , PT Lippo Karawaci Tbk
Appointed Valuer	CBRE

Siloam Hospitals Baubau (SHBB) &
Lippo Plaza Baubau (LPB)⁽¹⁾

GROSS FLOOR AREA
21,934
sq metres

FY2023 RENTAL INCOME ⁽²⁾
S\$2.4
million

APPRAISED VALUE ⁽³⁾
S\$23.5 million ⁽⁴⁾
SHBB APPRAISED VALUE ⁽³⁾
S\$10.7 million
IDR 124.3 billion

LPB APPRAISED VALUE ⁽³⁾
S\$12.9 million

PROPERTY TYPE	INTEGRATED HOSPITAL & MALL
Centre of Excellence	Emergency & Trauma
Land Area	21,874 sq metres
Purchase Price	S\$28.5 m
Land Title	BOT scheme with expiry on 15 June 2044
Remaining Land Title Tenure ⁽⁵⁾	20.5 years
Maximum Beds	140
Operational Beds	110
Lease Term	15 years with option to renew for 15 years
Lease Expiry Date	SHBB: 31 December 2035 LPB: 9 October 2032
Tenants (SHBB)	PT Bina Bahtera Sejati ⁽⁶⁾ , PT Lippo Karawaci Tbk
Tenant (LPB)	PT Andromeda Sakti ⁽⁷⁾
Appointed Valuer	C&W

⁽¹⁾ Formerly known as Siloam Hospitals Buton & Lippo Plaza Buton

⁽²⁾ Without FRS 116 Adjustment on rental straight-lining; Converted to SGD based on the average exchange rate of SGD 1 = IDR 11,364

⁽³⁾ As at 31 December 2023; Converted to SGD based on the end of period exchange rate of SGD 1 = IDR 11,628

⁽⁴⁾ A variance of S\$0.1 million between the aggregate appraised value for SHBB & LPB compared to the respective appraised values for SHBB & LPB is due to rounding.

⁽⁵⁾ As at 31 December 2023

⁽⁶⁾ A subsidiary of PT Siloam International Hospitals Tbk

⁽⁷⁾ A subsidiary of PT Lippo Karawaci Tbk

PROPERTY OVERVIEW

INDONESIA

Siloam Hospitals
Labuan Bajo

GROSS FLOOR AREA
7,604
sq metres

FY2023 RENTAL INCOME ⁽¹⁾
\$S\$0.9
million

APPRAISED VALUE ⁽²⁾
\$S\$10.0
million
IDR 115.9
billion

PROPERTY TYPE	HOSPITAL
Centre of Excellence	Emergency Medicine, Internal Medicine & Neuroscience
Land Area	2,837 sq metres
Purchase Price	\$S\$20.0 m
Land Title	HGB
Maximum Beds	124
Operational Beds	88
Lease Term	15 years with option to renew for 15 years
Lease Expiry Date	31 December 2035
Tenants	PT Lintas Buana Jaya ⁽⁴⁾ , PT Lippo Karawaci Tbk
Appointed Valuer	C&W

Siloam Hospitals Kupang (SHKP) &
Lippo Plaza Kupang (LPK)

GROSS FLOOR AREA
55,368
sq metres

FY2023 RENTAL INCOME ⁽¹⁾
\$S\$5.4
million

APPRAISED VALUE ⁽²⁾
\$S\$49.7 million

SHKP APPRAISED VALUE ⁽²⁾ \$S\$18.2 million IDR 212.1 billion	LPK APPRAISED VALUE ⁽²⁾ \$S\$31.5 million
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PROPERTY TYPE	INTEGRATED HOSPITAL & MALL
Centre of Excellence	Emergency & Trauma, Obstetrics, Gynaecology and Paediatrics
Land Area	66,060 sq metres
Purchase Price	\$S\$75.0 million
Land Title	BOT scheme with expiry on 12 May 2041
Remaining Land Title Tenure ⁽³⁾	17.4 years
Maximum Beds	416
Operational Beds	151
Lease Term	15 years with option to renew for 15 years
Lease Expiry Date	SHKP: 31 December 2035 LPK: 13 December 2030
Tenants (SHKP)	PT Krisolis Jaya Mandiri ⁽⁴⁾ , PT Metropolis Propertindo Utama
Tenant (LPK)	PT Bumi Sarana Sejahtera ⁽⁵⁾
Appointed Valuer	C&W

⁽¹⁾ Without FRS 116 Adjustment on rental straight-lining; Converted to SGD based on the average exchange rate of SGD 1 = IDR 11,364

⁽²⁾ As at 31 December 2023; Converted to SGD based on the end of period exchange rate of SGD 1 = IDR 11,628

⁽³⁾ As at 31 December 2023

⁽⁴⁾ A subsidiary of PT Siloam International Hospitals Tbk

⁽⁵⁾ A subsidiary of PT Metropolis Propertindo Utama

PROPERTY OVERVIEW

INDONESIA

Siloam
Sriwijaya

STRATA
FLOOR
AREA
15,336
sq metres

FY2023
RENTAL
INCOME ⁽¹⁾
S\$2.8
million

APPRAISED
VALUE ⁽²⁾
S\$21.6
million
IDR 250.7
billion

PROPERTY TYPE	HOSPITAL
Centre of Excellence	Emergency & Trauma, Gastroenterology
Purchase Price	S\$39.2 million
Land Title	Strata Title on BOT scheme with expiry on 24 Jan 2041
Remaining Land Title Tenure ⁽³⁾	17.1 years
Maximum Beds	357
Operational Beds	165
Lease Term	15 years with option to renew for 15 years
Lease Expiry Date	31 December 2035
Tenants	PT Rumah Sakit Siloam Hospitals Sumsel ⁽⁴⁾ , PT Metropolis Propertindo Utama
Appointed Valuer	CBRE

Siloam Hospitals
Purwakarta

GROSS
FLOOR
AREA
8,254
sq metres

FY2023
RENTAL
INCOME ⁽¹⁾
S\$2.2
million

APPRAISED
VALUE ⁽²⁾
S\$22.2
million
IDR 258.3
billion

PROPERTY TYPE	HOSPITAL
Centre of Excellence	Emergency & Trauma
Land Area	7,990 square metres
Purchase Price	S\$31.0 million
Land Title	HGB
Maximum Beds	235
Operational Beds	242
Lease Term	15 years with option to renew for 15 years
Lease Expiry Date	31 December 2035
Tenants	PT Berlian Cahaya Indah ⁽⁴⁾ , PT Metropolis Propertindo Utama
Appointed Valuer	CBRE

⁽¹⁾ Without FRS 116 Adjustment on rental straight-lining; Converted to SGD based on the average exchange rate of SGD 1 = IDR 11,364

⁽²⁾ As at 31 December 2023; Converted to SGD based on the end of period exchange rate of SGD 1 = IDR 11,628

⁽³⁾ As at 31 December 2023

⁽⁴⁾ A subsidiary of PT Siloam International Hospitals Tbk

PROPERTY OVERVIEW

INDONESIA

Siloam Hospitals
Bali

GROSS FLOOR AREA
20,958
sq metres

FY2023 RENTAL INCOME ⁽¹⁾
S\$5.3
million

APPRAISED VALUE ⁽²⁾
S\$64.3
million
IDR 747.4
billion

PROPERTY TYPE	HOSPITAL
Area of Specialty	Cardiology, Emergency & Trauma, Orthopaedics
Land Area	9,025 square metres
Purchase Price	S\$97.3 million
Land Title	HGB
Maximum Beds	281
Operational Beds	108
Lease Terms	15 years with option to renew for 15 years
Lease Expiry Date	31 December 2035
Tenants	PT Siloam International Hospitals Tbk, PT Lippo Karawaci Tbk
Appointed Valuer	Knight Frank

Siloam Hospitals
TB Simatupang

GROSS FLOOR AREA
18,605
sq metres

FY2023 RENTAL INCOME ⁽¹⁾
S\$3.5
million

APPRAISED VALUE ⁽²⁾
S\$42.7
million
IDR 496.7
billion

PROPERTY TYPE	HOSPITAL
Area of Specialty	Cardiology, Emergency & Trauma, Neuroscience, Oncology
Land Area	2,489 square metres
Purchase Price	S\$93.1 million
Land Title	HGB
Maximum Beds	269
Operational Beds	100
Lease Terms	15 years with option to renew for 15 years
Lease Expiry Date	31 December 2035
Tenants	PT Siloam International Hospitals Tbk, PT Lippo Karawaci Tbk
Appointed Valuer	Knight Frank

⁽¹⁾ Without FRS 116 Adjustment on rental straight-lining; Converted to SGD based on the average exchange rate of SGD 1 = IDR 11,364

⁽²⁾ As at 31 December 2023; Converted to SGD based on the end of period exchange rate of SGD 1 = IDR 11,628

PROPERTY OVERVIEW

INDONESIA

Siloam Hospitals Manado (SHMD) & Hotel Aryaduta Manado (HAMD)



GROSS FLOOR AREA 36,051 sq metres	FY2023 RENTAL INCOME ⁽¹⁾ S\$6.8 million	APPRAISED VALUE ⁽²⁾ S\$78.2 million	
		(SHMD) APPRAISED VALUE ⁽²⁾ S\$39.8 million IDR 463.2 billion	(HAMD) APPRAISED VALUE ⁽²⁾ S\$38.4 million

PROPERTY TYPE	INTEGRATED HOSPITAL & HOTEL
Area of Specialty	Emergency & Trauma
Land Area	5,518 square metres
Purchase Price	S\$83.6 million
Land Title	HGB
Maximum Beds	238
Operational Beds	150
Maximum Rooms	199
Lease Term	15 years with option to renew for 15 years
Lease Expiry Date	SHMD: 31 December 2035 HAMD: 29 November 2027
Tenants (SHMD)	PT Siloam International Hospitals Tbk, PT Lippo Karawaci Tbk
Tenant (HAMD)	PT Lippo Karawaci Tbk
Appointed Valuer	Knight Frank

Siloam Hospitals Makassar



GROSS FLOOR AREA 15,686 sq metres	FY2023 RENTAL INCOME ⁽¹⁾ S\$5.6 million	APPRAISED VALUE ⁽²⁾ S\$68.3 million IDR 794.7 billion
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PROPERTY TYPE	HOSPITAL
Area of Specialty	Cardiology, Emergency & Trauma, Endocrinology
Land Area	3,963 square metres
Purchase Price	S\$59.3 million
Land Title	HGB
Maximum Beds	362
Operational Beds	215
Lease Terms	15 years with option to renew for 15 years
Lease Expiry Date	31 December 2035
Tenants	PT Siloam International Hospitals Tbk, PT Lippo Karawaci Tbk
Appointed Valuer	Knight Frank

⁽¹⁾ Without FRS 116 Adjustment on rental straight-lining; Converted to SGD based on the average exchange rate of SGD 1 = IDR 11,364

⁽²⁾ As at 31 December 2023; Converted to SGD based on the end of period exchange rate of SGD 1 = IDR 11,628

PROPERTY OVERVIEW

INDONESIA

Mochtar Riady Comprehensive Cancer Centre



GROSS FLOOR AREA
37,933
sq metres

FY2023 RENTAL INCOME ⁽¹⁾
S\$10.5
million

APPRAISED VALUE ⁽²⁾
S\$128.6
million
IDR 1,495.1
billion

PROPERTY TYPE	HOSPITAL
Centre of Excellence	Emergency & Trauma, Gastroenterology, Oncology
Land Area	4,145 square metres
Purchase Price	S\$170.5 million
Land Title	HGB
Maximum Beds	334
Operational Beds	193
Lease Terms	15 years with option to renew for 15 years
Lease Expiry Date	31 December 2035
Tenants	PT Siloam International Hospitals Tbk, PT Lippo Karawaci Tbk
Appointed Valuer	Knight Frank

Siloam Hospitals Lippo Cikarang



GROSS FLOOR AREA
13,256
sq metres

FY2023 RENTAL INCOME ⁽¹⁾
S\$4.9
million

APPRAISED VALUE ⁽²⁾
S\$53.1
million

PROPERTY TYPE	HOSPITAL
Area of Specialty	Emergency & Trauma, Internal Medicine, Urology
Land Area	9,900 square metres
Purchase Price	S\$35.0 million
Land Title	HGB
Maximum Beds	164
Operational Beds	103
Lease Terms	15 years with option to renew for 15 years
Lease Expiry Date	30 December 2025
Tenant	PT East Jakarta Medika ⁽³⁾
Appointed Valuer	Knight Frank

⁽¹⁾ Without FRS 116 Adjustment on rental straight-lining; Converted to SGD based on the average exchange rate of SGD 1 = IDR 11,364

⁽²⁾ As at 31 December 2023; Converted to SGD based on the end of period exchange rate of SGD 1 = IDR 11,628

⁽³⁾ A subsidiary of PT Siloam International Hospitals Tbk

PROPERTY OVERVIEW

INDONESIA

Siloam Hospitals
Lippo Village

GROSS
FLOOR
AREA
32,696
sq metres

FY2023
RENTAL
INCOME ⁽¹⁾
S\$13.7
million

APPRAISED
VALUE ⁽²⁾
S\$167.9
million
IDR 1,952.2
billion

PROPERTY TYPE	HOSPITAL
Area of Specialty	Cardiology, Emergency & Trauma, Neuroscience, Orthopaedics
Land Area	17,442 square metres
Purchase Price	S\$94.3 million
Land Title	HGB
Maximum Beds	308
Operational Beds	295
Lease Terms	15 years with option to renew for 15 years
Lease Expiry Date	31 December 2035
Tenants	PT Siloam International Hospitals Tbk, PT Lippo Karawaci Tbk
Appointed Valuer	Knight Frank

Siloam Hospitals
Kebon Jeruk

GROSS
FLOOR
AREA
20,268
sq metres

FY2023
RENTAL
INCOME ⁽¹⁾
S\$6.7
million

APPRAISED
VALUE ⁽²⁾
S\$70.9
million
IDR 824.0
billion

PROPERTY TYPE	HOSPITAL
Area of Specialty	Cardiology, Emergency & Trauma, Orthopaedics, Urology
Land Area	11,420 square metres
Purchase Price	S\$50.6 million
Land Title	HGB
Maximum Beds	285
Operational Beds	211
Lease Terms	15 years with option to renew for 15 years
Lease Expiry Date	31 December 2035
Tenants	PT Siloam International Hospitals Tbk, PT Lippo Karawaci Tbk
Appointed Valuer	CBRE

⁽¹⁾ Without FRS 116 Adjustment on rental straight-lining; Converted to SGD based on the average exchange rate of SGD 1 = IDR 11,364

⁽²⁾ As at 31 December 2023; Converted to SGD based on the end of period exchange rate of SGD 1 = IDR 11,628

PROPERTY OVERVIEW

INDONESIA

Imperial Aryaduta Hotel & Country Club



GROSS FLOOR AREA
17,926
sq metres

FY2023 RENTAL INCOME ⁽¹⁾
S\$1.8
million

APPRAISED VALUE ⁽²⁾
S\$28.6
million
IDR 332.2
billion

PROPERTY TYPE	HOTEL & COUNTRY CLUB
Land Area	54,410 square metres
Purchase Price	S\$21.2 million
Land Title	HGB
Maximum Rooms	191
Lease Terms	1 year with option to renew for 1 year
Lease Expiry Date	31 December 2024
Tenant	PT Lippo Karawaci Tbk
Appointed Valuer	C&W

⁽¹⁾ Without FRS 116 Adjustment on rental straight-lining; Converted to SGD based on the average exchange rate of SGD 1 = IDR 11,364

⁽²⁾ As at 31 December 2023; Converted to SGD based on the end of period exchange rate of SGD 1 = IDR 11,628

PROPERTY OVERVIEW

UPDATE ON LEASES IN INDONESIA

LPKR MLA RESTRUCTURING

Since 1 January 2021, the restructured master lease agreements (“**MLAs**”) for the 11 hospitals that First REIT leased to PT Lippo Karawaci Tbk (“**LPKR**”) or LPKR and certain subsidiaries of PT Siloam International Hospitals Tbk (“**Siloam**”) (the “**Affected Properties**”) have taken effect.

On 11 March 2021, the Manager announced that in respect of Siloam Hospitals Lippo Village, Siloam Hospitals Kebon Jeruk, Siloam Hospitals Surabaya ⁽¹⁾, Mochtar Riady Comprehensive Cancer Centre, Siloam Hospitals Makassar, Siloam Hospitals Manado & Hotel Aryaduta Manado, Siloam Hospitals TB Simatupang and Siloam Hospitals Bali, each of the relevant wholly-owned subsidiaries of First REIT, as a master lessor under the relevant MLA, had on 10 March 2021 entered into a supplemental MLA with Lippo Karawaci. On 30 March 2021, the Manager made a similar announcement in respect of Siloam Hospitals Labuan Bajo, Siloam Hospitals Baubau ⁽²⁾ and Siloam Hospitals Yogyakarta.

The lease expiry under each of the restructured MLAs for the 11 Affected Properties is 31 December 2035, subject to an option to renew for a further 15-year renewal term upon the mutual agreement of both the relevant master lessor and the relevant master lessee in respect of the relevant Affected Property. The remaining tenure of each of the restructured MLAs for the Affected Properties as at 1 January 2024 is 12 years, subject to the option to renew.

There were no drawdowns on the bank guarantees in respect of the Affected Properties, and there were no material delays in the receipt of the rental payments by the master lessees of the Affected Properties in FY2023. The financial institutions providing the bank guarantees for the restructured MLAs for the Affected Properties are PT Bank CIMB Niaga Tbk ⁽³⁾ and PT Bank BNP Paribas Indonesia ^{(4), (5)}.

MPU MLA RESTRUCTURING

Since 1 January 2021, the restructured master lease agreements (“**MLAs**”) for the hospitals that First REIT has leased to PT Metropolis Propertindo Utama (“**PT MPU**”) – Siloam Sriwijaya, Siloam Hospitals Purwakarta and Siloam Hospitals Kupang – have taken effect.

As at 31 December 2023, the rental outstanding from PT MPU amounts to IDR 37,387,588,000 (equivalent to S\$3,969,000), while the security deposit received from PT MPU amounts to IDR 26,269,130,000 (equivalent to S\$2,259,000). The management will continue to engage closely with PT MPU on the repayment of the rental in arrears.



⁽¹⁾ On 27 September 2023, the divestment of Siloam Hospitals Surabaya was completed.

⁽²⁾ Formerly known as Siloam Hospitals Buton

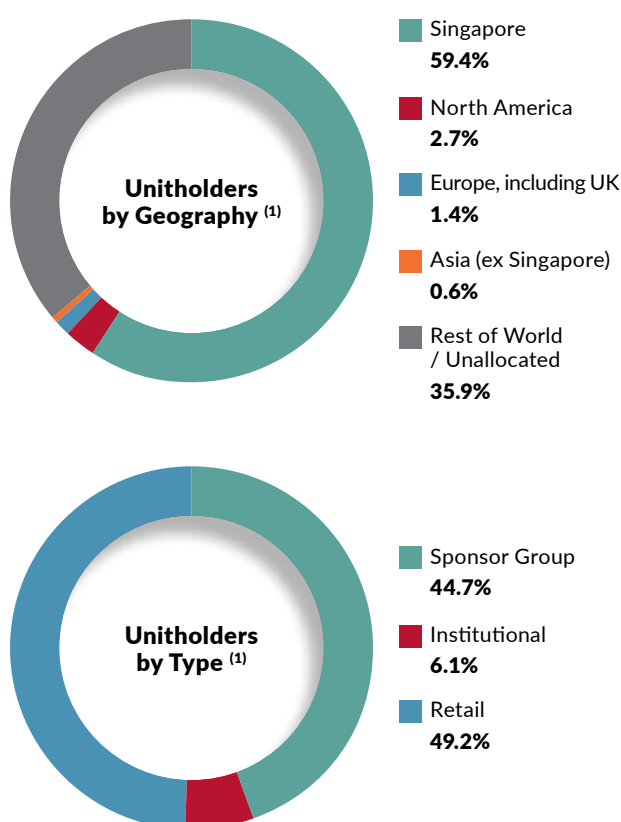
⁽³⁾ The ratings for PT Bank CIMB Niaga Tbk can be found here: https://investor.cimbniaga.co.id/credit_rating.html

⁽⁴⁾ The ratings for PT Bank BNP Paribas Indonesia conducted by Pefindo can be found here: <https://www.pefindo.com/rating-action-reports/rating-report/BBPI>

⁽⁵⁾ The ratings for BNP Paribas Group can be found here: <https://invest.bnpparibas.com/en/debt-ratings>

INVESTOR RELATIONS

First REIT Management Limited (the “**Manager**”), the manager of First Real Estate Investment Trust (“**First REIT**” or the “**Trust**”) is committed to regular, timely and transparent communication with the investment community. The Manager also proactively engages with both institutional and retail investors through multiple platforms. The Manager’s commitment and investor relations approach are guided by an Investor Relations Policy, which can be accessed on First REIT’s corporate website.



In FY2023, the Manager connected with institutional investors over one-on-one or small group meetings, at conferences, Non-Deal Roadshows (“**NDR**”), as well as reverse NDRs in Singapore. The Manager engaged with retail investors at various investor education events and through webinars that are jointly organised with retail brokerages and with organisations such as Securities Investors Association (Singapore) (“**SIAS**”) and REIT Association of Singapore (“**REITAS**”). At Annual General Meetings (“**AGM**”) or Extraordinary General Meetings (“**EGM**”), the Board of Directors and management updates

Unitholders on First REIT’s performance and 2.0 Growth Strategy, and Unitholders are also provided with a platform to have their questions addressed. For a calendar of First REIT’s investor relations activities in FY2023, please see Annual Report pages 10 to 11.

First REIT’s 14th AGM was convened and held by electronic means on 21 April 2023. Ahead of the AGM, Unitholders were invited to submit substantial and relevant questions and the Manager’s response to the substantial and relevant questions were published on both SGXNet and First REIT’s corporate website. A live “Q&A” segment during the AGM also provided Unitholders an opportunity to speak with the Board of Directors and management. The minutes of the 14th AGM and related information were also made available on First REIT’s corporate website.

In FY2023, analyst coverage on First REIT has increased, with DBS Group Research, Lim & Tan Securities, OCBC Investment Research, and SAC Capital initiating or re-initiating coverage during the period. Every year, equity research and fixed income analysts are invited to First REIT’s quarterly results briefings, where analysts can discuss the Trust’s performance with the Manager. First REIT also periodically organises site visits for analysts to visit First REIT’s properties. In March 2023, the Manager organised a site visit to Jakarta, which provided analysts the opportunity to observe First REIT’s properties in person.

Guided by the principles of transparency, timeliness and accuracy, the Manager ensures that all latest developments are disclosed to its stakeholders in an accurate and comprehensive manner. All material information, corporate updates and quarterly business updates or financial results, press releases and investor presentations are posted in a timely manner on SGXNet as well as on its corporate website.

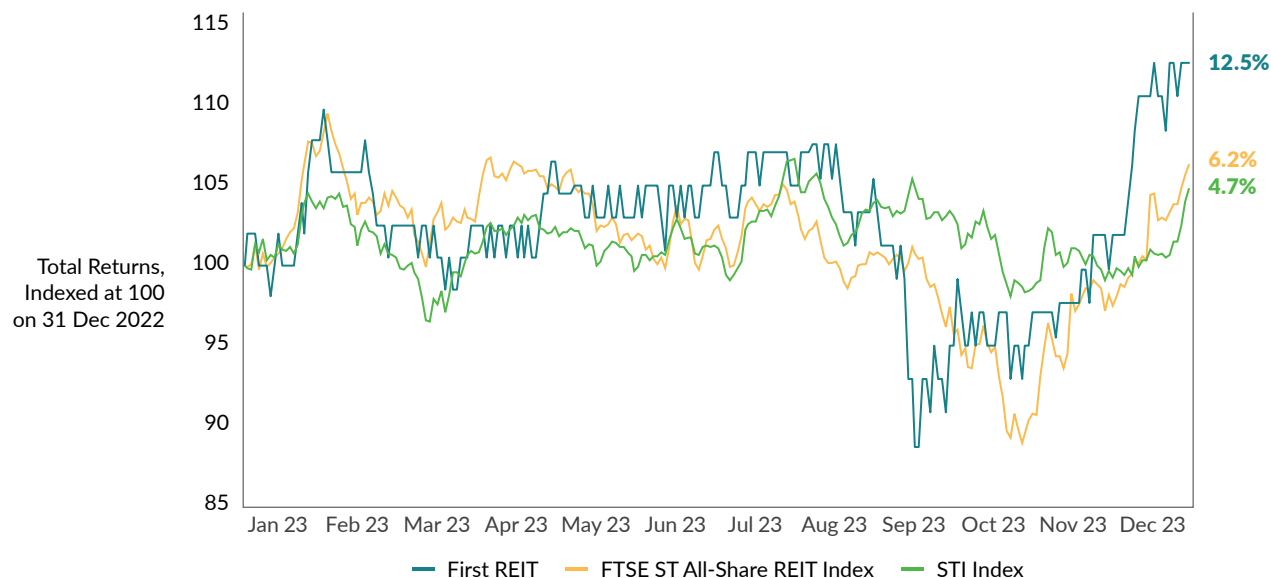
Unitholders and investors who wish to receive First REIT’s SGXNet announcements can subscribe to the email notification service on First REIT’s website. For investor queries, the investment community can also contact the Manager’s Investor Relations team via the following:

Ms Pearl Lam
 Investor Relations and Communications
 Email: ir@first-reit.com
 Telephone: +65 6435 0168
 Corporate Website: <https://www.first-reit.com>
 Corporate LinkedIn Page: <https://www.linkedin.com/company/first-reit>

⁽¹⁾ As at 2 January 2024

INVESTOR RELATIONS

FIRST REIT OUTPERFORMED STI AND REIT INDEX IN FY2023



UNIT PRICE PERFORMANCE

Overview	FY2023	FY2022
Opening Price (S\$)	0.265	0.310
Closing Price (S\$)	0.265	0.260
High Close (S\$)	0.285	0.315
Low Close (S\$)	0.215	0.235
Total Volume (million Units)	349.9	381.6
Average Daily Traded Volume (million Units)	1.405	1.526
Market Capitalisation ⁽¹⁾ (S\$ million)	550.4	535.2
Total distributions declared (Singapore Cents)	2.48	2.64
Distribution yield ⁽¹⁾	9.4%	10.2%
Total shareholder return	12.5%	-6.4%

Source: Bloomberg Finance L.P.

FINANCIAL CALENDAR

Event	FY2023	FY2024 (Tentative)*
First Quarter Business Update Announcement	25 April 2023	April 2024
Payment of Distribution to Unitholders	26 June 2023	By June 2024
First Half Financial Results Announcement	1 August 2023	July 2024
Payment of Distribution to Unitholders	25 September 2023	By September 2024
Nine-month Business Update Announcement	1 November 2023	October 2024
Payment of Distribution to Unitholders	22 December 2023	By December 2024
Full Year Financial Results Announcement	20 February 2024	February 2025
Payment of Distribution to Unitholders	28 March 2024	By March 2025
Annual General Meeting	22 April 2024	April 2025

* Dates are indicative and subject to change.

⁽¹⁾ As at 31 December

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SUSTAINABILITY REPORT

BOARD STATEMENT (GRI 2-22)

The Board of Directors (the "**Board**") of First REIT Management Limited (the "**Manager**"), the Manager of First Real Estate Investment Trust ("**First REIT**" or the "**Trust**"), is pleased to present First REIT's seventh annual sustainability report for FY2023.

In December 2021, First REIT outlined its 2.0 Growth Strategy that would bring First REIT closer towards its vision of becoming Asia's premier healthcare trust. In the 2.0 Growth Strategy, riding on megatrends such as sustainability is a key pillar. Consistent with this strategy, the Manager integrates sustainability considerations into the Group's strategic decisions and business plans. When investing in high quality healthcare and healthcare-related real estate assets, or when making financing or re-financing decisions, the Manager considers the impacts on economy, environment, and people.

In the last two years, First REIT grew its portfolio in Japan through the acquisition of 14 nursing homes across six prefectures: Hokkaido, Nara, Kyoto, Nagano, Aichi, and Kanagawa. The nursing homes provide accommodation where elderly people can lead their daily lives with a peace of mind. First REIT also diversified its funding sources with social finance instruments, such as Singapore's first healthcare social bond that is also guaranteed by Credit Guarantee and Investment Facility, a trust fund of the Asian Development Bank ("**ADB**"). Overall, as at 31 December 2023, more than three quarters of debt are social finance instruments.

The Manager stepped up efforts in FY2023, to encourage the adoption of energy-efficiency technologies in its properties. In FY2023, the Manager committed to over S\$1.12 million in capital expenditure ("**CAPEX**") that will improve the energy efficiencies in six hospitals in Indonesia, seven nursing homes in Japan, and one nursing home in Singapore. The capital expenditure ranges from the installation of energy-efficient air handling units to replacement of energy-efficient LED emergency lights and even the modernisation of lifts. It is envisaged that the installation of these technologies would also contribute to the health, safety, and well-being of the respective properties' occupants.

Given that First REIT's healthcare properties are social assets, the Manager is in a unique position to do good while doing well. In August, the Manager conducted a Japanese art and craft workshop for the residents and users of The Lantor Residence, a nursing home in Singapore. The Manager also subsequently organised a "Singapore Day" for the residents of Loyal Residence Ayase, delighting the residents with cultural songs and Singaporean food.

With sustainability reporting being a journey that continues to evolve, the Manager has in place a cross-functional sustainability team ("**Sustainability Team**") that keeps themselves abreast of developments in the sustainability arena through training and development activities. In FY2023, the Sustainability Team also continued to engage its tenants and improve on its sustainability data collection and monitoring process. The Sustainability Team provided bi-annual updates on First REIT's sustainability data to the Board, who provides oversight of the management and monitoring of material topics.

Sustainability is a pillar in First REIT's trajectory towards becoming Asia's premier healthcare trust, and the Board is optimistic about First REIT's continued progress in delivering positive social and environment impact through its healthcare assets.

ABOUT FIRST REIT

First REIT is a healthcare real estate investment trust focused on investing in diverse yield-accretive healthcare and healthcare-related real estate assets within and outside of Asia. The Manager of First REIT is headquartered in Singapore. The Manager is 60.0% directly held by OUE Limited ("**OUE**"), and 40.0% directly held by OUE Healthcare Limited ("**OUEH**"), who together are its Sponsors and hold a combined stake in First REIT of 44.7% as at 31 December 2023.

The Trust has a portfolio of 32 properties across Asia, with a total asset value of S\$1.14 billion as at 31 December 2023. These include 15 properties in Indonesia comprising 11 hospitals, two integrated hospitals & malls, one integrated hospital & hotel, and one hotel & country club; three nursing homes in Singapore; and 14 nursing homes in Japan. The Trust's healthcare properties in Indonesia are operated by PT Siloam International Hospitals Tbk ("**Siloam**") while healthcare properties in Singapore and Japan are operated by well-established third-party operators.

In line with its vision to become Asia's premier healthcare trust, First REIT unveiled its '2.0 Growth Strategy' of four well-defined strategic pillars to drive sustainable long-term growth. The four pillars are: firstly, diversify into developed markets; secondly, reshape portfolio for capital efficient growth; thirdly, strengthen capital structure to remain resilient; and fourthly, continue to pivot to ride megatrends such as sustainability.

The Trust has the right-of-first-refusal ("**ROFR**") from OUEH and opportunities to tap on its growing healthcare network across Pan-Asia. In addition, First REIT also has a ROFR to a pipeline of hospitals from PT Lippo Karawaci Tbk ("**Lippo Karawaci**"), a majority shareholder of Siloam.

SUSTAINABILITY REPORT

ABOUT THIS REPORT

This is First REIT's seventh annual sustainability report and is for the period 1 January 2023 to 31 December 2023. This report complies with the sustainability reporting requirements set out in the Listing Manual of the Singapore Exchange Securities Trading Limited ("SGX-ST") (Rules 711A and 711B).

It has been prepared in accordance with the Global Reporting Initiative ("GRI") 2021 standards, an internationally recognised reporting framework. First REIT has adopted the GRI 2021 Standards because it is one of the most commonly used sustainability reporting frameworks globally and it has high relevance to many stakeholders. First REIT also reports on climate-related disclosures, in line with the Task Force on Climate-related Financial Disclosures ("TCFD") recommendations and in accordance with the Guidelines on Environmental Risk Management for Asset Managers issued by the Monetary Authority of Singapore ("MAS"). This ensures alignment with reporting best practices and meets the expectations of our valued stakeholders.

Given that First REIT's properties are master leased to 11 well established operators, the Manager does not have operational control of its properties. In Indonesia, First REIT's 14 hospital properties are operated by Siloam, a related party of the Manager of First REIT. In Japan and in Singapore, First REIT's 17 nursing home properties are operated by seven independent and experienced operators. While the Manager does not have operational control, it seeks to be a positive influence through regular engagement. The Manager continues to enhance its

sustainability data collection and monitoring system and is cognisant of the importance of due diligence over its assets and their environmental impact.

This sustainability report provides disclosures on material environmental performance for the Trust's healthcare and healthcare-related properties in Indonesia and in Singapore. The Manager is also engaging its operators in Japan in sustainability-related initiatives and endeavours to provide disclosure on the environmental performance in Japan in future reports. This sustainability report excludes environmental performance for non-healthcare properties as they are assessed to be non-core. For the complete list of First REIT's properties, please refer to Annual Report 2023 pages 27 to 45.

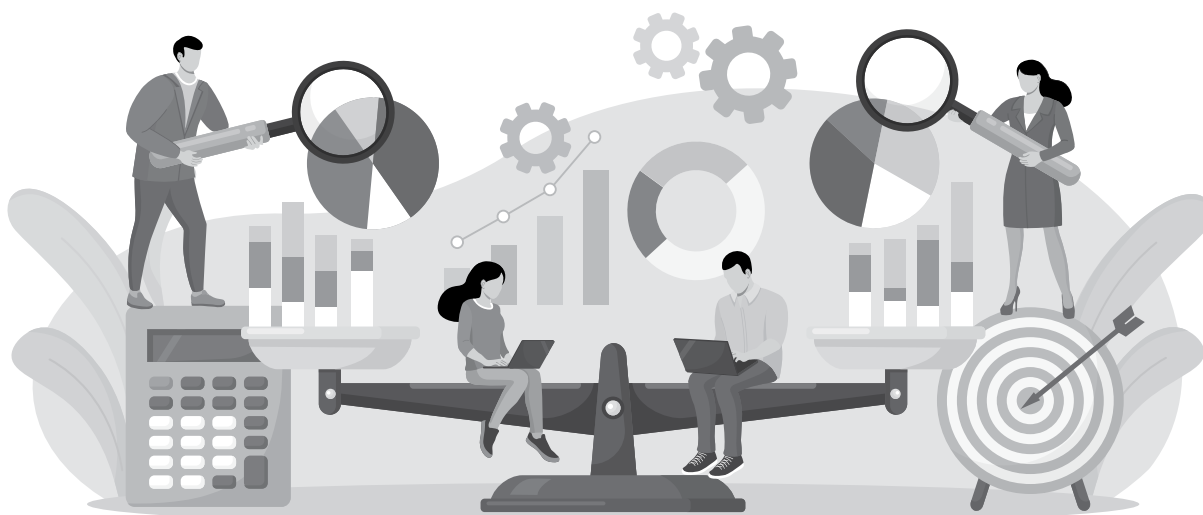
This Sustainability Report also provides disclosure on the social impact from properties in its portfolio, in accordance with First REIT's Social Finance Framework ("SFF") published in March 2022 and updated in December 2022, as well as human resource related topics for the Manager.

First REIT's sustainability reports are subjected to an internal review to enhance its clarity, consistency, and adherence to established standards and will consider external assurance in the future. First REIT has also obtained a limited assurance from our internal auditor Baker Tilly Consultancy (Singapore) Pte. Ltd. for the allocation of its social bond. We welcome feedback on this report and on any aspect of our sustainability performance. If you have any questions about this report or First REIT's sustainability practices, please contact:

Ms Pearl Lam

Investor Relations and Communications

Email: sustainability@first-reit.com



SUSTAINABILITY REPORT

FY2023 HIGHLIGHTS



FINANCIAL PERFORMANCE

Rental & Other Income

S\$108.6

million

Net Property & Other Income

S\$105.3

million

Distribution per Unit

2.48

Singapore cents

Investment Properties

S\$1.14

billion



SOCIAL

Employee Attraction & Retention

- 100% employee retention rate
- Approximately 30% of the employees have been with the Manager for more than 10 years
- Average tenure of employees: 7 years
- Zero cases of discrimination

Diversity, Inclusion & Non-Discrimination

- 75% of middle management are women
- 50% of senior management are women

Training & Development

- Average hours of training per employee: 25 hours

Community Support

- Community involvement projects:
 - One in Singapore
 - One in Japan
 - More than 65 elderly beneficiaries



ENVIRONMENT

Committed energy-efficient CAPEX in FY2023 ⁽¹⁾

Over S\$1.12 million



GOVERNANCE

Zero cases

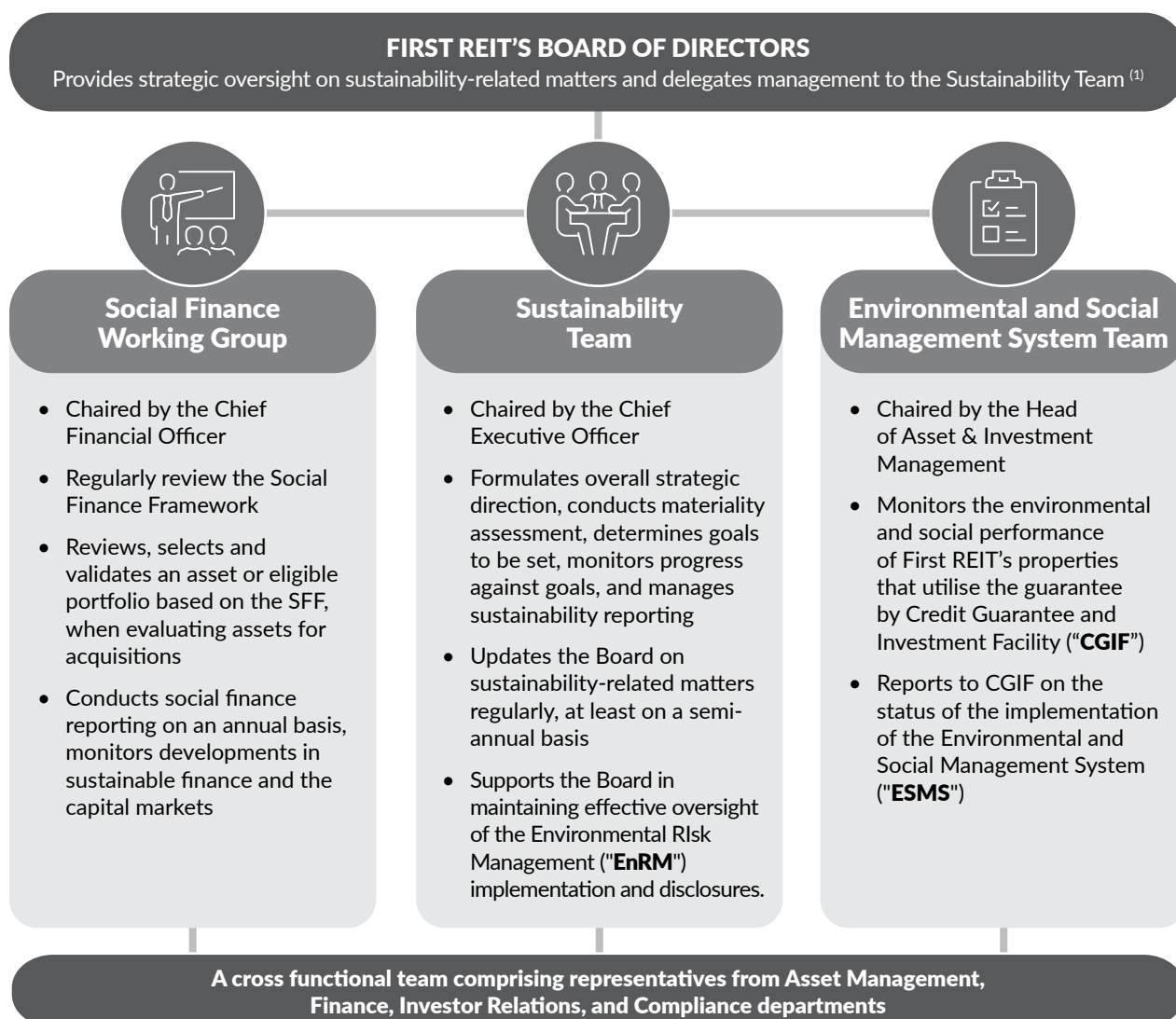
- Workplace injuries & ill-health
- Regulatory breaches and non-compliance
- Data security breaches
- Corruption and fraud



⁽¹⁾ The Manager targets to complete roll out of committed CAPEX in FY2024.

SUSTAINABILITY REPORT

SUSTAINABILITY GOVERNANCE STRUCTURE



⁽¹⁾ Provides strategic oversight of the management and monitoring of material factors and the progress against goals and targets set for the Trust's material factors. The Board also reviews and issues final approval on Sustainability Report, SFF and ESMS. The Board delegates the responsibility of managing sustainability-related matters to the Sustainability Team.

SUSTAINABILITY APPROACH

We believe that a robust governance structure is necessary to provide strategic oversight and management of the sustainability impacts resulting from our operations. At First REIT, the Board of Directors ("**Board**") provides oversight of the management and monitoring of material factors and the progress against goals and targets set for the Trust's material factors. Environment, Social, and Governance ("**ESG**") factors are incorporated into First REIT's Enterprise Risk Assessment, which is reviewed and approved by the Board.

The Board also reviews and issues final approval on the Sustainability Report, SFF, and ESMS. The Board delegates the responsibility of managing sustainability-related matters to the Sustainability Team, which is chaired by the CEO.

The Sustainability Team was established in 2017 and comprises representatives from the Asset Management, Compliance, Finance, and Investor Relations teams. The CEO grants the final approval for all initiatives and reports relating to sustainability. The Sustainability Team formulates overall strategic direction, determines relevant performance goals to be set, monitors progress regularly against these goals, and manages sustainability reporting.

SUSTAINABILITY REPORT

The Sustainability Team is also responsible for conducting materiality assessment by engaging stakeholders to understand various impacts, risks, and opportunities, leading to the identification of material economic, environmental and social topics. The Sustainability Team provides updates to the Board on sustainability-related matters and social impact metrics regularly, at least on a semi-annual basis.

Besides the Sustainability Team, First REIT has established a Social Finance Working Group (“**SFWG**”) which also comprises representatives from the Asset Management, Compliance, Finance, and Investor Relations departments, and is chaired by the Chief Financial Officer (“**CFO**”). When evaluating assets for acquisitions, the SFWG reviews, select and validate an asset or eligible portfolio based on the SFF to ensure the eligible portfolio does not pose significant environmental and social harm. The SFWG conducts social bond reporting for investors on an annual basis, monitors the ongoing evolution related to sustainable capital markets, and regularly reviews the SFF.

In order to ensure that the eligible portfolio does not pose significant environmental and social harm, a letter of assurance may be obtained where a hospital or nursing home operator commits to providing basic and essential healthcare services where relevant, or a letter of commitment by the tenant or appointed vendor is obtained

in which they commit to provide certain assurances or disclosures to the Manager that is related to sustainability matters. A validation process may be administered, for example a review/audit by a third-party professional or assurance provider.

An ESMS team led by the Head of Asset & Investment Management will also monitor the environmental and social performance of First REIT’s Properties that utilise the guarantee by CGIF, a trust fund of the Asian Development Bank. The ESMS team reports on the status of the implementation of the ESMS to CGIF on an annual basis.

Please refer to Annual Report 2023 pages 81 to 107 for additional information about corporate governance at First REIT.

STAKEHOLDER ENGAGEMENT

The Sustainability Team engages internal and external stakeholders through various channels and methods to understand how First REIT’s business activities impact them. The team prioritises engagement with stakeholders who are directly affected or may be directly affected by First REIT’s business activities. Through the engagement, the Manager can better understand and ensure the relevance of First REIT’s sustainability strategy and programmes and deliver the intended outcomes and impact.

Stakeholders	Relevant ESG Topics	Engagement Channels and Methods	Commitments to Sustainability
Employees	<ul style="list-style-type: none"> • Remuneration and benefits • Fair and competitive employment practices • Work-life balance • Employee safety, welfare, training and development opportunities 	<p><u>Annually</u></p> <ul style="list-style-type: none"> • Employee feedback sessions • Dialogue sessions with senior management • Performance appraisals • Employee engagement surveys <p><u>Ad-hoc basis</u></p> <ul style="list-style-type: none"> • Informal and formal staff communications • Employee training sessions • Recreational and team bonding sessions 	<ul style="list-style-type: none"> • Develop a high-performance work culture that embraces diversity and teamwork • Create a conducive work environment for all employees • Promote cohesive work culture • Provide fair and equal opportunities for all employees • Offer career development opportunities • Improve job satisfaction and reward performance • Employee wellness

SUSTAINABILITY REPORT

Stakeholders	Relevant ESG Topics	Engagement Channels and Methods	Commitments to Sustainability
Investors, Unitholders, Analysts and Media	<ul style="list-style-type: none"> • Updates on financial and business performance • Corporate actions and M&As • Industry developments and market outlook • Business strategy and outlook (return on investments, growth rate, risk management) • Corporate governance and regulatory compliance • Performance and reporting standards • Major events that may potentially impact assets located in Indonesia, Japan and Singapore (natural disasters, government regulations) 	<p><u>Annually</u></p> <ul style="list-style-type: none"> • Annual/ extraordinary general meetings (AGM/ EGM) • Annual reports, Sustainability reports <p><u>Bi-yearly/ Quarterly</u></p> <ul style="list-style-type: none"> • Financial results announcements for half year and full year • Business update announcements for first quarter and third quarter • Quarterly briefings <p><u>Ad-hoc/ Perpetual</u></p> <ul style="list-style-type: none"> • SGXNet announcements, media releases and interviews • Corporate website updates • Social media updates • Roadshows, events and Meetings 	<ul style="list-style-type: none"> • Timely and transparent disclosure of accurate and relevant information to stakeholders • Sustainable long-term returns on investments • Business continuity plans in place
Operators	<ul style="list-style-type: none"> • Reliable and efficient infrastructure • Prompt response to feedback 	<p><u>Annually</u></p> <ul style="list-style-type: none"> • Key operators' meetings and feedback sessions <p><u>Quarterly</u></p> <ul style="list-style-type: none"> • Asset management reports <p><u>Ad-hoc/ Perpetual</u></p> <ul style="list-style-type: none"> • Satisfaction surveys • Value added initiatives by leveraging technology 	<ul style="list-style-type: none"> • Maximise resource efficiency and enhance operational efficiency • Ensure safety and security at properties with appropriate amenities
Trustee	<ul style="list-style-type: none"> • Operational efficiency 	<p><u>Quarterly</u></p> <ul style="list-style-type: none"> • Reports 	<ul style="list-style-type: none"> • Regulatory compliance • Risk management practices
Third-Party Service Providers	<ul style="list-style-type: none"> • Environmental compliance • Standard operating procedures, guidelines and rules for compliance • Occupational health and work safety practices • Safe-distancing and pandemic prevention measures 	<p><u>Annually</u></p> <ul style="list-style-type: none"> • Property audits • Project-basis • Service provider evaluation • Regular meetings 	<ul style="list-style-type: none"> • Compliance to terms in contracts • Fair and reasonable business practices

SUSTAINABILITY REPORT

MATERIALITY

First REIT conducted its first formal materiality assessment in FY2017 and reviews the material topics on an annual basis. To maintain alignment with evolving priorities within our business, an external consultant was engaged in FY2022 ⁽¹⁾ to conduct a materiality review exercise, aligned to GRI 2021 standards with the following steps:

1. Identify: Broad-ranging list of issues identified through a desktop review against peers
2. Prioritise: Guided by the outcomes of an internal view of what’s important, as well as the external perspectives of our key stakeholders, a shortlist of issues most relevant to our stakeholders and our business was obtained.
3. Validate: Senior management validated the material topics and the Board provided final approval

In FY2023, the Manager reassessed the material topics from the previous year in further consideration of the master lease agreements that are in place with its master lessees:

- Indonesia: Cost of utilities and repair for hospitals are managed by the master lessees

- Japan: Cost of utilities for nursing homes are managed by the master lessees
- Singapore: Cost of utilities and repair for nursing homes is managed by master lessees

Although First REIT does not have operational control of its properties, the Trust may embark on capital expenditure relating to the structural parts of a building, and Mechanical and Electrical Equipment. The Manager recognises that leveraging energy-efficiency technologies in such capital expenditures exercises, could be value-adding to the operators of its healthcare properties and ultimately could contribute to positive environment impact.

Following the reassessment, it was evaluated that First REIT does not have operational control over the management of water and waste initiatives of its assets as part of its master lease agreements. Hence, “Waste Management” and “Water and Effluents” were not assessed to be a material topic in FY2023. Through a workshop, the Sustainability Team and senior management validated the proposed material topics, and the Board provided the final approval on the material topics for FY2023.

The below materiality matrix shows the material topics in FY2023 compared to in FY2022, and the impact of each material topic to our stakeholders.

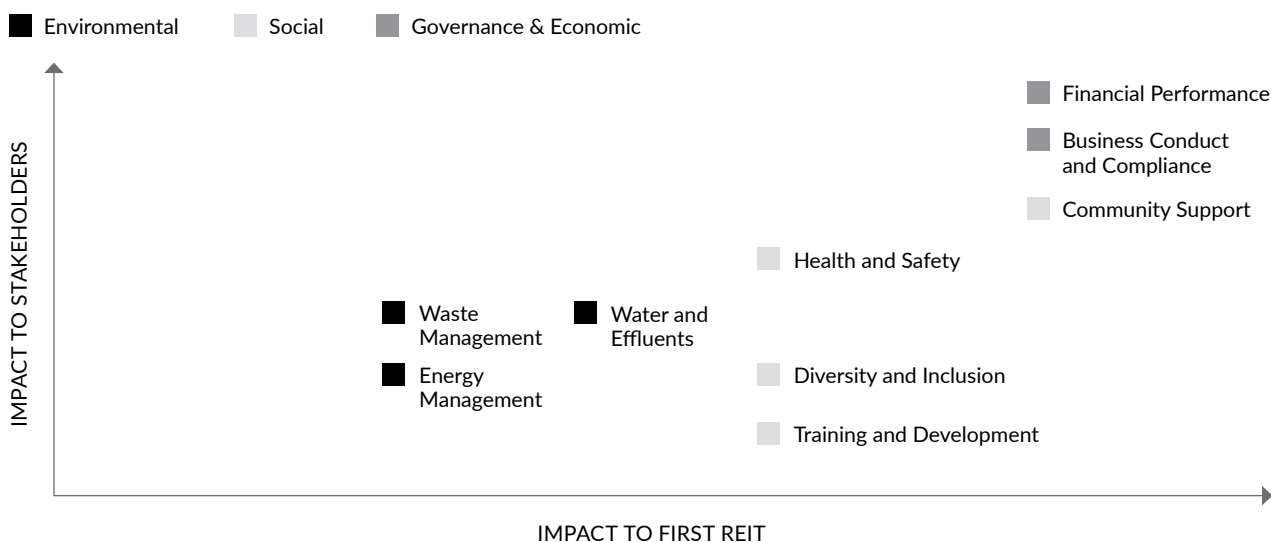
MATERIALITY MATRIX FY2023



⁽¹⁾ As First REIT’s properties revert to business-as-usual, findings from our materiality review in FY2022 revealed that the Pandemic-related Support is no longer relevant and has since been removed as a material topic. The review in FY2022 also revealed that “Diversity and Inclusion” and “Health and Safety” are material to our stakeholders and relevant to our business. We have since included these two material topics to manage our impacts across these issues.



SUSTAINABILITY REPORT

MATERIALITY MATRIX FY2022



In the following section, under each material topic, we provide an elaboration and the relevant United Nations Sustainable Development Goals (“UN SDGs”) that each material topic is aligned to.

STEWARDED THE ENVIRONMENT

Material Topics	GRI	UN SDGs	FY2023 Target and Performance	FY2024 Target
Energy Management	GRI 302: Energy 2016 GRI 305: Emissions 2016	 	<p>The target for FY2023 was to collaborate with operators to build a system for the data collection and monitoring of environment performance in the Trust's assets that are in developed markets.</p> <p>The Manager has collaborated with its operators to monitor electricity consumption on a bi-annual basis.</p> <p>In addition, the Manager also committed to >\$1.12 million CAPEX that will improve energy efficiency in 14 of its properties.</p>	Complete roll out of committed CAPEX

Opportunities and Risks

Changing weather patterns such as higher maintenance and repair costs will affect our buildings. Regulatory and technological changes will call for more prudent environmental management in our businesses. First REIT can capitalise on rising demand for high-quality, durable, energy-efficient and resource-efficient buildings.

Main Practices to Energy Management

First REIT's properties are leased to related parties or third parties on master lease arrangements, and as such, the Manager does not have operational control of its properties. However, the Manager seeks to be a positive

influence through regular engagement. We engage our operators to implement environment-friendly initiatives in the healthcare assets they operate. First REIT monitors the facilities by conducting on-site inspections and interviews with the operators on a regular basis.

Scan the QR code below to read more about the sustainability activities of our hospital properties in Indonesia operated by Siloam:



SUSTAINABILITY REPORT

The Manager and the Trust aim to achieve energy efficiency through a combination of equipment fixtures and practices. First REIT encourages the operators to install environmentally friendly equipment or utilise information technologies to achieve energy and resource savings. In 2023, First REIT committed to CAPEX of over S\$1.12 million that will improve the energy efficiency in its properties:

Properties	Type of Committed CAPEX
1 Siloam Hospitals Bali	Energy-efficient medical gas and Air Handling Units
2 Siloam Hospitals Manado	Centralised Variable Refrigerant Volume System
3 Siloam Hospitals Purwakarta	Water-and-electricity-saving water supply facilities
4 Siloam Hospitals Lippo Cikarang	New energy efficient HVAC System
5 Mochtar Riady Comprehensive Cancer Centre	Energy-efficient Power Supply System
6 Siloam Hospitals Labuan Bajo	Energy-efficient Power Supply System
7 Hikari Heights Varus Ishiyama	Replacement of energy-efficient LED Emergency Lights, and replacement of fuel and energy-efficient boiler
8 Hikari Heights Varus Tsukisamu Koen	
9 Hikari Heights Varus Fujino	
10 Hikari Heights Varus Koton	
11 Hikari Heights Varus Makomanai Koen	
12 Varus Cuore Yamanote	
13 Varus Cuore Sapporo-Kita & Annex	
14 Pacific Healthcare Nursing Home @ Bukit Merah	Energy-efficient lift modernisation
Total Committed Capex	>S\$1.12 million

In addition, employees of the Manager are encouraged to switch off all office lights and set their computers to be on sleep mode when they leave the office for an extended period. We also ensure that the temperature of our office is set to ambient mode by default to reduce any additional electricity generated.

Performance and Targets

Most of the emissions produced by First REIT's portfolio were from Indonesia properties, which comprises approximately 75% of First REIT's gross floor area in square metres.

In 2023, energy consumption in the Trust's hospitals in Indonesia was 68.9 GWh and energy intensity was 206.0 kWh/m². This translates to 59,911 t-CO₂ of Siloam's Scope 2 and hence First REIT's Scope 3 Category 13: Downstream Leased Assets emissions. The consumption of energy is largely attributed to air-conditioning in its assets used to provide thermal comfort but more importantly, to preserve the chemicals, fluids and other medical supplies

used. To reduce building energy usage, Siloam, the operator of First REIT's hospitals in Indonesia, has Environmental Management Policies in place for the hospitals. Siloam has also incorporated sustainability considerations into its vendor assessment, and this assessment has been rolled out to targeted suppliers.

In FY2023, the Manager was also able to commence the monitoring of electricity consumption in its headquarters in Singapore: electricity consumption for the Singapore office was 6,292.4 kWh, with an energy intensity of 25.1 kWh/m² and translating to Scope 2 emissions of 2,622.7 kg-CO₂⁽³⁾. The Manager does not have Scope 1 emissions arising from its operations.

First REIT's reports Scope 2 and Scope 3 emissions from its operations in Indonesia and Singapore for this report. The Scope 3 emissions comprises emissions from electricity consumption. First REIT does not have Scope 1 emissions arising from its portfolio properties. The Manager engages its operators in Japan to provide disclosure on Scope 3 emissions in future reports.

Markets	Metrics	FY2021	FY2022	FY2023
Indonesia healthcare properties (Scope 3)	Total Energy Consumption (GWh)	62.8	63.6	68.9
	Energy Intensity (kWh/m ²)	188.4	190.7	206.0
	Emissions (t-CO ₂) ⁽¹⁾	54,627.6	55,313.9	59,911.5
Singapore healthcare properties (Scope 3)	Total Energy Consumption (GWh)	1.5	1.6	1.6
	Energy Intensity (kWh/m ²)	136.9	144.5	144.6
	Emissions (t-CO ₂) ⁽²⁾	636.9	672.1	672.5

⁽¹⁾ Emission factor used by Siloam Hospitals is based on Kementerian Energi dan Sumber Daya Mineral's emission factor of 0.87 kg CO₂/kWh




⁽²⁾ Emission factor used for Singapore properties is based on Energy Market Authority Electricity Grid Emission Factor of 0.4168 kg CO₂/kWh

⁽³⁾ The Manager's air-conditioning uses a chilled water system instead of refrigerants. As such, refrigerants are not included in its Scope 2 emissions.

SUSTAINABILITY REPORT

In FY2024, the Manager targets to complete rolling out its committed capex of more than S\$1.12 million, which the Manager envisage would contribute to energy efficiency of the healthcare properties in its portfolio. The Manager also continues to engage with the operators of its Japan nursing homes and endeavours to include Scope 3 emissions from the Japan nursing homes in the future.

STRENGTHENING SOCIAL FABRIC

Material Topic	GRI	UN SDGs	FY2023 Target and Performance	FY2024 Target
Diversity and Inclusion	GRI 405: Diversity & Equal Opportunity GRI 406: Non-Discrimination 2016		During FY2023, we received zero incidents of discrimination, meeting the target to ensure all hires are based on merit.	Ensure that all hires are based on merit.
Training and Development	GRI 401: Employment 2016 GRI 404: Training & Education 2016	 	In FY2023, the target was for each employee to attend a minimum of 20 hours of training. Overall, each employee spent 25 hours on training in FY2023.	Achieve an average of 25 training hours for employees.

Opportunities and Risks

The operating environment is dynamic. For continuous improvement, the Manager can equip its diverse staff with equal opportunities, training and development to be aware of stakeholders' ever-changing needs.

Main Practices to Diversity and Inclusion

First REIT is committed to being a diverse, equitable and inclusive workplace. The Manager adopts the Tripartite Alliance for Fair & Progressive Employment Practices ("TAFEP") guidelines and sets out to provide equal opportunities to all individuals. The Manager embraces and encourages the culture of inclusion by welcoming diversity; meaning people of all walks of life regardless of age, gender, marital status, socio-economic status, ability, culture, language, nationality, personality, education, colour, religion and ethnicity. It is the Manager's responsibility to treat others with fairness and respects at all times. The Manager is committed to being a diverse, equitable and inclusive workplace.

As of December 2023, women make up about 65% of our workforce, with 75% of our middle management and 50% of our senior management being females. By age, 15% are under 30 years old, 55% are between 30 to 50 years old, and 30% are above 50 years old. First REIT has a diversified workforce across all age groups which is aligned to the UN SDGs of "Gender Equality" (Goal 5).

The Manager embraces human rights in its relationships with its employees and within the communities in which it operates. The Manager promotes equal opportunity and adopt a zero tolerance policy to workplace discrimination

PERCENTAGE OF INDIVIDUALS BY EMPLOYEE CATEGORY AND GENDER ⁽¹⁾

EMPLOYEE CATEGORY	NUMBER & PERCENTAGE OF EMPLOYEES	
	Male	Female
Senior Management	2 50%	2 50%
Middle Management	2 25%	6 75%
Executives and Non-Executives	3 37%	5 63%

⁽¹⁾ 100% of Senior Management are over 50 years old and 100% of Middle Management are between 30 to 50 years old. Among executives, 37% are under 30 years old, 38% are between 30 to 50 years old, while 25% are above 50 years old.

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and harassment on the basis of race, gender, ethnicity, national or social origin, religion, age, disability, sexual orientation, gender identification or expression, political opinion, or any other status protected by applicable law.

This is governed by various policies that are currently in place, such as:

- Code of Business Conduct and Ethics
- Occupational Health and Safety Policy
- Employment Conditions

For more information on the policies in place, please refer to policies list and descriptions found on First REIT Annual Report 2023 page 65.

Harassment and discrimination are unacceptable practices and are incompatible with the standards of our organisation, as well as a violation of the law. Any form of discrimination, harassment or violence can be reported to the Senior Management, Group Ethical Officer and / or the HR Department. The Manager promises to take reasonable actions to investigate all incidents and to protect the rights of all individuals as part of its corporate social responsibility.

The Manager employed 20 permanent, full-time employees in Singapore, comprising of 7 male and 13 female senior and middle management, executives and non-executives as at 31 December 2023. No temporary, part-time staff nor non-guaranteed hours labour were employed. Attesting to a positive working environment, First REIT achieved a 90% staff retention rate in FY2023, and approximately 30% of the employees have been with the Manager for more than 10 years.

The Manager believes that cultivating a strong and talented team of employees is integral to building a sustainable business and for effective management of the Trust. It adheres to fair and progressive employment practices to foster a comfortable and positive working environment, as well as to attract and retain talented, skilled and passionate people.

NEW EMPLOYEE HIRES DURING FY2023

Age Group	Under 30 years old 1 33%	30-50 years old 2 67%
	Male 1 33%	Female 2 67%

While First REIT does not have any collective bargaining agreements in place, First REIT respect its staff's right to freedom of association and being members of trade unions guided by the Industrial Relations Act. The Act enables representation of employees by trade unions for collective bargaining allowing an avenue for employees to seek redress in cases of industrial disputes.

Main Practices to Training and Development

First REIT aims to provide employees with opportunities to acquire knowledge and skills that will help to achieve overall excellence, improve knowledge or work performance, and business goals. The training may be in the form of on-the-job-training, one-on-one training, Company workshops, sponsorship to external workshops, coaching, mentoring, self-paced-learning, etc.

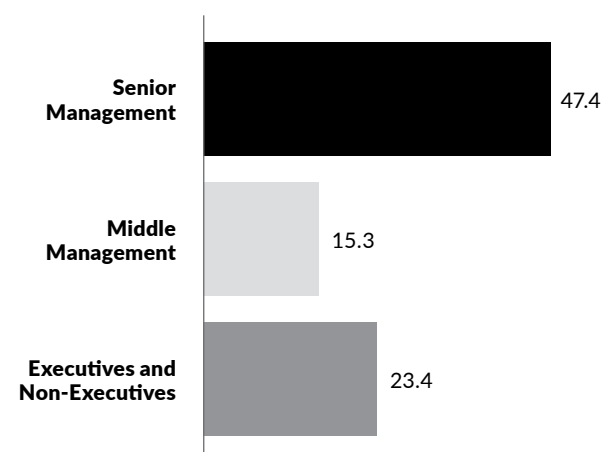
For FY2023, the Manager facilitated an average of 25 hours of training per employee. The training included courses that come with Continuing Professional Development ("CPD") or Continuing Professional Education ("CPE") hours. To further maximise and tap on our employees' potential, First REIT conducts regular feedback sessions and annual appraisals to highlight any strengths as well as feedback on areas to improve upon. In 2023, 100% of our employees received the annual appraisal.

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AVERAGE HOURS OF TRAINING EMPLOYEES HAVE UNDERTAKEN DURING FY2023 BY GENDER



AVERAGE HOURS OF TRAINING EMPLOYEES HAVE UNDERTAKEN DURING FY2023 BY CATEGORY



EXAMPLES OF TRAINING PROGRAMMES ⁽¹⁾

1. Association of Chartered Certified Accountants

- ACCA Annual Conference 2023

2. Concord Associates

- In-House bizSAFE Level 1
- In-House bizSAFE Level 2

3. Frost & Sullivan

- Business Resilience and Singapore: Charting Global Uncertainties with Partnerships, Sustainability and Cyber Resilience

4. Institute of Singapore Chartered Accountants

- ISCA Annual Conference 2023
- Law & Ethics of Fraud for Company Insiders

5. REIT Association of Singapore

- Sustainability Training for Directors of a REIT Manager
- Webinar on Real Estate Market Considerations UK & Germany
- REITAS Annual Conference 2023
- REITAS Rules & Ethics 2023

6. Savills (Singapore)

- A Provocative Dialogue with Savills Real Estate's Controversial Topics

7. Singapore Management University

- Resilient Leadership and Business Sustainability Series




8. Perpetual Limited

- Australian Real Estate Update



⁽¹⁾ Training programmes that come with CPD and CPE hours

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Material Topic	GRI	UN SDGs	FY2023 Target and Performance	FY2024 Target
Health & Safety	GRI 403: Occupational Health & Safety 2018		In FY2023, employees of the Manager worked a total of 42,367 man-hours with zero incidents that resulted in high-consequence injuries or fatalities. There were also zero incidents of work-related ill-health.	Continue to provide a safe, healthy and productive workplace
Community Support	GRI 413: Local Communities 2016	 	In FY2023, the Manager organised two community involvement projects with participation from all departments.	Continue to organise at least two community involvement projects.

Opportunities and Risks

First REIT recognises the role that our healthcare assets play in enhancing our stakeholders' health and well-being and to bolster community cohesion. As an active and responsible landlord, First REIT works with the operators towards improving the health, safety and well-being of the occupants with sustainable and efficient buildings. By being aware of our stakeholders' ever-changing needs, First REIT can ensure its healthcare assets continue to stay relevant and perform well.

Main Practices to Health & Safety

The Manager strives to provide a safe, healthy and productive workplace in compliance with applicable safety and health laws and regulations as well as internal and external legislated requirements. The Manager ensures adequate resources and equipment are allocated to employees. The Manager also sets out policies that strictly adheres to the legislated requirements, such as but not limited to working hours, overtime, rest day, leave entitlement, salary and overtime payment, medical benefits, other terms of employment, etc.

The Manager has drafted a Health and Safety Policy aligning to the Workplace Safety and Health Act ("WSHA") issued by the Ministry of Manpower ("MOM"). The Manager follows the guidelines indicated in the policy to provide a safe working environment for our employees. In support of mental wellness, employees are encouraged to leave the office early on scheduled days to spend quality time with their families.

The Manager takes employees' feedbacks seriously and are committed to addressing and remediating any identified working condition risks of accidents, injuries and health

impacts, etc. By having these policies in place, we are able to create a positive workplace environment and culture that promotes employee well-being.

We are committed to the well-being of children and is against any use of child labour, or exploitation of children in our operations. The Manager complies with the Singapore Employment Act and the Employment (Children and Young Persons) Regulations, and does not provide employment to children before they have reached the age of 16, as defined by the relevant authorities. Due diligence are conducted during the recruitment process to ensure the Manager employs candidates who are of the required age.

In FY2023, our employees worked a total of 42,367 man-hours and we are proud to report that we had zero incidents that resulted in high-consequence injuries or fatalities. We also had zero incidents of work-related ill-health.

In First REIT's healthcare assets, respective operators implement policies to ensure workplace health and safety and to prevent and mitigate negative occupational health and safety impacts. For instance, in Indonesia, Siloam implemented a Siloam Environmental Policy which covers the health and safety aspect of their workers, patients and other users of the facility. It includes guidelines on "Environmental Work Health" and "Prevention and Infection Control" which employees are required to comply.

In Singapore and Japan, operators implement necessary safety measures in accordance with local laws and regulations to ensure their workers' safety. All the operators have policies in place that aim to provide products and services rendered to patients or members of public with the best possible quality as they strive to be leaders in the healthcare industry. As such, there were also

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zero incidents of non-compliance with regulations and/or voluntary codes concerning the health and safety impacts of products and services.

Main Practices to Community Support




Hospitals and nursing homes play a crucial role in promoting sustainable development in the communities they serve by providing medical care and support to those in need. First REIT, through its healthcare assets, aims to provide affordable treatment and healthcare to identified groups of vulnerable people. For more information about the social impact through First REIT's properties, please see Annual Report 2023 pages 74 to 75.

In 2023, the Manager organised events that supported the elderly communities in two of its nursing homes. In August, the Manager organised a Japanese Orizome Workshop ("**Workshop**") for over 25 seniors at the Lentor Senior Care Centre ("**LSCC**"). LSCC is located at The Lentor Residence, the Trust's largest nursing home in Singapore. Orizome-Shi or Japanese paper dyeing combines origami paper folding and pigment dip-dyeing to form colourful and kaleidoscopic pattern on traditional washi paper.

The Workshop is sponsored by First REIT Management Limited and is conducted by Slik Studios, a mobile art studio established in 2015 by Ms Karen Heng, a graduate of LASALLE College of the Arts. During the workshop, employees of the Manager and staff of The Lentor Residence and LSCC, supported the elderly participants in flexing their creativity to create personalised art and craft works.

Following that, the Manager also organised a Singapore Day event at Loyal Residence Ayase, a three-storey nursing home that is geographically situated between Tokyo and Yokohama, in November. The Singapore Day event at Loyal Residence Ayase delighted over 40 elderly residents at the nursing home with a glimpse of Singapore's unique and diverse culture. During the event, the elderly were treated to a live cooking demonstration by a food catering company that serves up authentic Singaporean food in Tokyo. Food and desserts such as Fried Carrot Cake, Pandan Chiffon Cake, Kueh Lapis, together with Singaporean-styled coffee and tea, were thoughtfully prepared. Concurrently, the residents were entertained by a medley of cultural songs performed by the Manager.

BUILDING TRUST

Material Topic	GRI	UN SDGs	FY2023 Target and Performance	FY2024 Target
Business Conduct & Compliance	GRI 205: Anti-Corruption 2016 GRI 416: Customer Health & Safety 2016 GRI 418: Customer Privacy 2016		Zero cases of regulatory breaches and non-compliance Zero cases of data security breaches Zero cases of corruption and fraud	Continue to have zero cases of regulatory breaches and non-compliance, data security breaches, corruption and fraud.
Financial Performance	GRI 201: Economic Performance 2016 GRI 203: Indirect Economic Performance 2016	 	Please see Annual Report 2023 pages 108 to 193.	Our mission is to deliver stable and sustainable cash distributions to Unitholders.

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Opportunities and Risks

First REIT is required as a REIT listed on SGX-ST to comply with SGX-ST listing requirements as well as the requirements of MAS, other Singapore regulators and regulators of the respective host countries of its properties. Non-compliance can have significant adverse reputational, operational, financial impact and could pose a threat to business continuity. As a line of defence, employees of the Manager are required to undergo training on business conduct & compliance modules to equip themselves with awareness and knowledge.

The Trust's ability to create positive economic impact for its stakeholders and its immediate ecosystem is largely influenced by its financial performance. Its financial performance, presented in periodic reports and the annual report, is represented by a wide range of metrics such as income performance, cash flow, property valuation, debt and capital management, and foreign currency management. Different stakeholder groups are focused on different performance metrics.

Main Practices to Business Conduct & Compliance

As a listed REIT on SGX-ST, First REIT is required to comply with SGX-ST listing requirements as well as requirements of the MAS. It also observes principles, guidelines, and recommendations of the Code of Corporate Governance 2018. In addition, with properties across multiple countries, the Trust is also subject to the regulations of the respective host countries. Failure to comply with these regulations could pose a threat to business continuity and have adverse reputational, operational, and financial impacts.

The Manager places high emphasis on regulatory compliance in all aspects of its business operations and adopts a zero-tolerance approach to regulatory breaches. Non-compliance with the applicable laws and regulations such as the SGX-ST listing rules, the Code on Collective Investment Schemes issued by MAS and tax rulings issued by the Inland Revenue Authority of Singapore, can lead up to penalties, fines and revocation of the capital market services licences, and will not be tolerated.

Matters pertaining to regulatory compliance are managed by the Board, which consists of business leaders and professionals who are qualified and competent to tackle issues of this nature. Directors are given unrestricted access to professionals for consultation and to receive training of their choice in relevance with their duties as directors whenever they deem necessary. Directors are also regularly briefed on any changes to regulations, policies and accounting standards that affect First REIT or have an important bearing on the Manager's or Directors' disclosure obligations during Board meetings.

In addition, third-party auditors are engaged to perform audits on the financials and internal controls annually to ensure compliance with applicable laws and regulations. In addition to the listing rules and requirements from MAS, being a healthcare REIT, the Manager take data breaches very seriously. Not only does it affect us financially, but it is also likely we will lose our stakeholders' trust which would negatively impact First REIT's reputation. Thus, the Manager has put in place a Personal Data Protection Policy in line with the PDPA Act 2012 where all employees are required to comply with.

To ensure that non-compliance does not occur, First REIT makes reference to the Manager's whistle-blowing policy and procedures. Concerns can be raised by employees through mail or a dedicated email address reaching directly to the Group Ethical Officer. An anonymous hotline is also set up for employees to whistle-blow so that employees can do so in confidence and in good faith about possible improprieties, misconduct or wrongdoing relating to the Company or its officers in matters of financial reporting or other matters. All reports are kept strictly confidential to facilitate open discussion of business practices.

In FY2023, there were zero incidents of non-compliance with laws and/or regulations including competition and environmental regulations that would result in significant fines or non-monetary sanctions.

First REIT is also committed to upholding the values of integrity, responsibility and respect for society and the systems at large. This helps to entrench its reputation as a quality healthcare REIT, a credible and transparent business partner, an employer of choice, and a good corporate citizen.

The Manager has adopted the OUE group's Code of Business Conduct and Ethics which embodies the Manager's commitment to conduct its business in accordance with all applicable laws, rules and regulations and the highest ethical standards. The Code of Business Conduct and Ethics is intended to help employees make the right decision or ask the right questions, and all employees are required to read, understand and comply with the Code of Business Conduct and Ethics to be cognisant of the standards expected and to ensure proper accountability within the Manager. This sets the appropriate tone-from-the-top in respect of the desired organisational culture and ensures proper accountability.

During the year under review, the Board and Management also paid particular attention to monitoring First REIT's risk of becoming subject to, or violating, any anti-money laundering ("AML") law or regulation, as well as conducted an AML staff training.








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In August 2023, all employees of the Manager took part in an AML training conducted by Allen & Gledhill LLP.

First REIT also has a grievance mechanism in place for our employees to raise concerns and seek resolution if they are negatively impacted. The procedure is communicated through the Employee Handbook and employees are encouraged to report any harassment or inappropriate behaviour. This helps to create a safe and inclusive work environment where employees need not fear retaliation. In addition, grievance cases if any will be reported to the Board during meetings.

In FY2023, First REIT did not receive any grievance cases.

POLICIES GOVERNING BUSINESS CONDUCT AND COMPLIANCE

Policies	Description of policies
 Conflict of Interest	<ul style="list-style-type: none"> Provides conditions and procedures for employees' use of corporate opportunities and disclosure of confidential information for personal gains. The Manager will not manage any other real estate investment trust which invests in the same type of properties as First REIT. All staff will be employed by the Manager. All resolutions in writing of the directors in relation to matters concerning First REIT must be approved by a majority of the board, including at least one independent director.
 Personal Data Protection Policy	<ul style="list-style-type: none"> Personal data protection act 2012 ("PDPA") focuses on the rights of individuals to protect their personal data, including rights of access and correction, and the need of organisation to collect, use or disclose personal data for a legitimate and reasonable purpose. In line with PDPA, the Manager has in place a personal data protection policy to enhance personal data protection include procedures for collection of personal data, observing a do-not-call register for stakeholders and the distribution of a PDPA handbook.
 Whistle-Blowing Policy	<ul style="list-style-type: none"> Procedures are put in place to provide employees of the manager with secure, well-defined and accessible channels to report on suspected fraud, corruption, dishonest practices or other similar matters relating to First REIT or the manager, and for the independent investigation of any reports and appropriate follow up actions (the "Concerns"). All Concerns will be kept confidential in the event of a report.
 Anti-Money Laundering Manual	<ul style="list-style-type: none"> Provides the principles and procedures to deter and deal with incidents of money laundering and other suspicious activities.
 Anti-Bribery/ Anti-Corruption Policy	<ul style="list-style-type: none"> Provides guidelines on acceptance and acknowledgement of gifts received by employees from business partners.
 Information Dealing Policy	<ul style="list-style-type: none"> Sets out the implications of insider trading and guidance on dealings in the securities of First REIT.
 Related Party Transactions Policy	<ul style="list-style-type: none"> The Manager has established procedures to ensure that all related party transactions are undertaken on normal commercial terms and not prejudicial to the interests of First REIT and unitholders.

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Main Practices to Financial Performance

As a REIT, we channel economic benefits to our stakeholders through maintaining a high-quality portfolio of healthcare property assets and growing the portfolio through yield accretive acquisitions and asset enhancement initiatives.

A strong and growing asset portfolio leads to the maximisation of net asset value ("**NAV**") and distribution to Unitholders. Our mission is to deliver stable and sustainable cash distributions to Unitholders.

Well-functioning healthcare assets which support a healthy business and net property income translate into benefits for the ecosystem in terms of jobs and salaries, tax payments for public infrastructure, revenues for suppliers, and support for the local economy and healthcare services.

For more information about First REIT's financial performance, please see Annual Report 2023 pages 108 to 193.

TCFD AND SCENARIO ANALYSIS

First REIT began introducing and reporting on climate-related risks in our FY2021 Sustainability Report with reference to the TCFD recommendations. The table below reflects First REIT's response to key components of the TCFD recommendations.

The TCFD framework not only informs our climate risk reporting but also aligns with guidelines on Environmental Risk Management ("**EnRM**") for Asset Managers set out by MAS. This alignment demonstrates our commitment to both international best practices and regulatory compliance.

TCFD Components		First REIT's Response
Governance	The Board's oversight of climate-related risks and opportunities.	<p>The Board, with support from the Sustainability Team, maintains effective oversight of the EnRM implementation and disclosures.</p> <p>Its responsibilities are as follows:</p> <ul style="list-style-type: none"> • Approving the EnRM framework, environmental policies to manage the REIT's climate-and environmental risks. • Setting clear roles and responsibilities of the Board and senior management covering personnel and functions, also to live up to First REIT's fiduciary role and its moral- and legal obligations in relation to its unitholders. • Integrating environmental risks into the investment management framework and due diligence procedures for portfolio management. • Ensuring directors have adequate understanding of environmental risk, and senior management is equipped to deal with environmental risks. • Validating and approval of the materiality assessment review that is conducted annually, as well as overseeing progress against targets. <p>A Board meeting is held at least four times a year where any issues pertaining to environmental risks can be discussed by the Board.</p> <p>Any urgent environmental matters requiring immediate attention will be flagged to the Board directly for discussion to provide a timely response to mitigate the situation.</p>
Governance	Management's role in assessing and managing climate-related risks and opportunities.	<p>The Management provides guidance to the Sustainability Team in the development and implementation of the EnRM framework and its policies.</p> <p>Its responsibilities are as follows:</p> <ul style="list-style-type: none"> • Regularly reviewing the effectiveness of the framework, policies, tools, metrics and performing scenario analysis. • Establishing an internal escalation process for managing and addressing incidence of environmental risks. • Ensuring adequate resources with appropriate expertise (through capacity building and training) are available for managing risks. • Updating the Board on material environmental risk issues in a timely manner

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TCFD Components		First REIT's Response
Governance	<p>Management's role in assessing and managing climate-related risks and opportunities.</p>	<p>The Sustainability Team gathers knowledge about potential climate- and environmental risks from research and consultation with the operators of the Trust's hospitals and healthcare facilities. The Sustainability Team also works with our tenants, property and asset managers to track and monitor climate- and environmental risks, and to anticipate new and relevant environmental risks.</p> <p>Furthermore, in connection with the introduction of the SFF, the SFWG was established to evaluate the selection processes of First REIT's healthcare assets to ensure compliance with the SFF ⁽¹⁾. An ESMS team will also monitor the environmental and social performance of First REIT Properties that utilise the guarantee by CGIF.</p> <p>The SFWG and ESMS Team together closely manages the eligible portfolio of assets by ensuring the meeting of social indicator levels, such that they do not pose significant environmental and social harm and reviewing the SFF on an annual basis. It will also manage reporting to the lenders, bond investors, and CGIF, as well as monitor best practices in disclosure within the sustainable capital markets.</p> <p>The Sustainability Team, SFWG, and ESMS team keeps Management apprised of climate-related risks as and when these events occur, and meet at least once annually. For more information on the roles and responsibilities of sustainability governance at First REIT, please refer to Annual Report 2023 page 53.</p>
Strategy	<p>The climate-related risks and opportunities First REIT has identified over the short, medium, and long term.</p> <p>The impact of climate-related risks and opportunities on First REIT's businesses, strategy, and financial planning.</p> <p>The resilience of First REIT's strategy, taking into consideration different climate-related scenarios, including a 2°C or lower scenario.</p>	<p>In line with the MAS EnRM guidelines, First REIT undertook its inaugural high-level climate assessment in FY2021. Expanding upon this foundation, the Manager deepened its analysis in FY2022, conducting a qualitative assessment analysis of short- medium- and long-term climate related risks and opportunities that could have a potential financial impact on our business. First REIT has chosen 2°C and 4°C warming scenarios from the framework under Network for Greening the Financial System to comprehensively assess the resilience of its healthcare assets across Indonesia, Japan, and Singapore. The analysis brings to fore the importance of having a geographically-diversified portfolio; this is consistent with First REIT 2.0 Growth Strategy to diversify into developed markets ⁽²⁾.</p> <p>In FY2023, there were no changes to First REIT's portfolio constitution, but the Manager took into account the each of its properties' respective locations to review the findings of FY2022's climate assessment exercise. Through the review, the Sustainability Team and senior management evaluated that the climate assessment findings in FY2022 continued to be relevant in FY2023. For more information on the scenario analysis exercise conducted from FY2021-FY2022, please refer to Annual Report 2023 pages 69 to 72.</p> <p>The Manager has identified potential financial indicators ⁽³⁾ that climate-related risks and opportunities could have an impact on, across First REIT's healthcare operations.</p> <p>In line with the MAS EnRM guidelines, the Manager has identified a number of environmental issues to be included as part of the due diligence process for improving existing assets and new acquisitions:</p> <ol style="list-style-type: none"> 1. Pollution and the focus on Aerosol and its impact on climate change 2. Energy efficiency through lighting solutions 3. Energy supply and mapping of renewable sources 4. GHG emissions including Refrigerants 5. Hazardous waste management 6. Water supply and Wastewater

⁽¹⁾ For further information about SFF, please see <https://firstreit.listedcompany.com/sustainability.html>

⁽²⁾ For further information about First REIT 2.0 Growth Strategy, please see Annual Report 2023 page 9.

⁽³⁾ Based on TCFD's guidance, the four financial indicators are Revenue, Expenditures, Assets & Liabilities, and Capital & Financing

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TCFD Components		First REIT's Response
Strategy	<p>The climate-related risks and opportunities First REIT has identified over the short, medium, and long term.</p> <p>The impact of climate-related risks and opportunities on First REIT's businesses, strategy, and financial planning.</p> <p>The resilience of First REIT's strategy, taking into consideration different climate-related scenarios, including a 2°C or lower scenario.</p>	<p>The Manager employs a variety of means to identify the environmental risks and opportunities faced by the Trust over the short, medium, and long term. These risks are taken into consideration in First REIT's acquisitions and divestment to ensure our business strategy sufficiently accounts for possible impacts that may arise due to climate change.</p> <p>First REIT keeps abreast of developments in the sustainability landscape and adopts a flexible approach towards the management of climate-related risks. To build competency, the Manager works with external consultants to conduct training in Sustainability or Sustainable Finance on an annual basis. We conduct yearly engagements with an external auditor to assess the coverage of risks in our enterprise risk management framework and registry (including risk centers and ratings). These allow First REIT to have sufficient time to identify and develop mitigation strategies that will help build long-term business resilience.</p>
Risk Management	<p>First REIT's processes for identifying and assessing climate-related risks.</p> <p>First REIT's processes for managing climate-related risks.</p> <p>How First REIT's processes for identifying, assessing, and managing climate-related risks are integrated into risk management.</p>	<p>The Manager has in place an EnRM framework for First REIT, which has been approved by the Board. First REIT's Sustainability Team supports the Board in maintaining effective oversight of the EnRM implementation and disclosures. The framework considers top-tier risks and events relevant to the First REIT in terms of vulnerability, impacts, and likelihood.</p> <p>Under the EnRM framework, key climate-related risks are identified, with their likelihood of occurrence and impacts on the business assessed. The Manager also engages its operators to gather knowledge on potential climate-related risks and the impacts they have on the Trust's hospitals and healthcare facilities.</p> <p>Through this process, it was identified that the Trust is exposed to extreme weather events in Indonesia and Japan where the majority of the Trust's assets are located. The physical risks identified were property damage and interruption in energy supply due to natural disasters such as earthquakes, tsunamis, typhoons, and floods, while the transitional risks identified were the increase in sustainability and climate-related reporting requirements.</p> <p>ESG risks are included in First REIT's risk register which is part of its wider Enterprise Risk Management ("ERM") framework. The risks are mitigated through the following measures:</p> <ul style="list-style-type: none"> - Annual review and renewal of insurance policies - Purchased insurance policies and possess security deposits which covers fire events, general liability, and loss of rental income - Review of quarterly reports prepared by the lessees on all emergency drills, and training performed - Periodic building audits performed by professionals to ensure that the building is able to withstand physical environmental risks - Internal review on sustainability reporting process - Engagement with stakeholder groups on issues of concern <p>Each year, First REIT performs a climate scenario analysis to qualitatively assess short-, medium-, and long-term climate related risks and opportunities. Please see Annual Report 2023 pages 69 to 72 for further details. The EnRM framework, its underlying methodologies, processes, and procedures are expected to evolve on an ongoing basis.</p>

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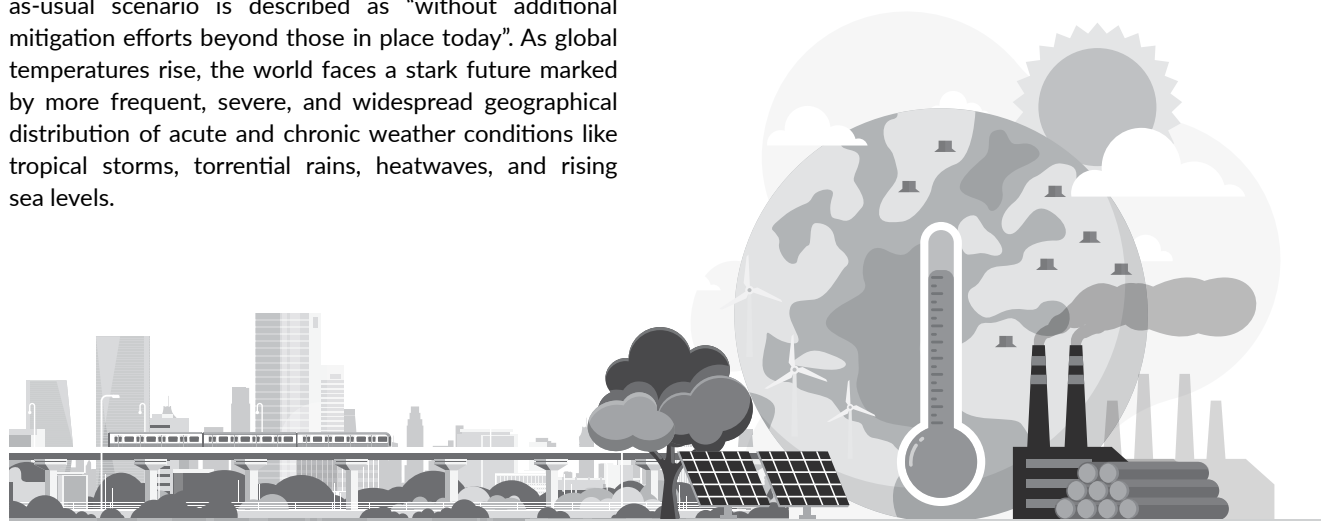
TCFD Components		First REIT's Response
<p>Metrics and targets</p>	<p>The metrics used by First REIT to assess climate-related risks and opportunities is in line with its strategy and risk management process.</p> <p>First REIT's Scope 1, Scope 2, and, if appropriate, Scope 3 greenhouse gas ("GHG") emissions, and the related risks.</p> <p>The targets used by First REIT to manage climate-related risks and opportunities and the performance against targets.</p>	<p>The key metric that First REIT uses to assess and monitor climate-related risks is energy consumption. First REIT has reported on Scope 2 emissions generated from office electricity consumption as well as Scope 3 emissions from leased assets ⁽¹⁾. Please see Annual Report 2023 pages 57 to 59 for further details.</p> <p>First REIT monitors the energy consumption for its hospitals in Indonesia, its nursing homes in Japan and its nursing homes in Singapore. The emissions generated from this energy consumption are deemed to be Scope 3 as the Trust does not have operational control of the properties. Nonetheless, the operators and the Trust disclose emissions from these properties on a voluntary basis. First REIT also monitors the energy consumption by its headquarters in Singapore.</p> <p>Attesting to First REIT's strong relationships with its operators, the Trust has also committed capital expenditure of over S\$1.12 million in FY2023 that will help 14 of its properties improve its energy efficiency. Please see Annual Report 2023 page 58 for further details.</p>

To comprehensively assess the resilience of its healthcare assets across Indonesia, Japan, and Singapore, First REIT's Manager has chosen 2°C and 4°C warming scenarios as stress tests. The analysis explores both physical and transition risks associated with these scenarios, encompassing the potential impacts of physical and transition risks resulting from increasingly frequent and severe weather events, as well as potential reputational, legal, and liquidity risks arising from stricter regulations and laws. The analysis examines the high-level financial impacts, which can be expected for First REIT's portfolio.

The tangible effects of climate-related physical risks are already evident worldwide and are projected to escalate significantly in the coming decades as global emissions peak. Hence, First REIT has categorised the physical risks identified as long-term risks, whereby the impact is likely to peak beyond the time horizon of ten to thirty years. This risk categorisation approach affords First REIT the foresight to proactively identify and develop mitigation strategies, ensuring long-term business resilience.

4°C SCENARIO: BUSINESS-AS-USUAL

According to the definition provided by the Intergovernmental Panel on Climate Change, the business-as-usual scenario is described as "without additional mitigation efforts beyond those in place today". As global temperatures rise, the world faces a stark future marked by more frequent, severe, and widespread geographical distribution of acute and chronic weather conditions like tropical storms, torrential rains, heatwaves, and rising sea levels.



⁽¹⁾ First REIT does not generate any Scope 1 emissions.

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ESTIMATED RISK LEVEL

Category	Physical Risks	Markets	Impact Level	Financial Impact Indicators
Acute	<p><u>Tropical cyclones/ typhoons</u></p> <p>According to a study under the 4°C Scenario, the frequency of these storms is expected to increase due to ocean warming.</p> <p>They are more likely to cause damage in coastal regions than inland regions due to their proximity to the water body.</p>	Indonesia	Medium	Expenditures
		Japan	Medium	
		Singapore	Low	
Acute	<p><u>Flash floods/ floods</u></p> <p>For the 4°C Scenario, more than half of Indonesia's assets are extremely vulnerable to coastal flood risks. This causes infrastructure deterioration resulting in decreased accessibility of patients.</p>	Indonesia	Medium	Revenues, Assets & Liabilities
		Japan	Low	
		Singapore	Low	
Chronic	<p><u>Rising global temperature and heatwaves</u></p> <p>A 4°C increase in global mean temperature is likely to bring about the onset of frequent heatwaves, leading to deterioration of infrastructure across assets exposed to severe weather conditions and increase in maintenance cost.</p> <p>Indonesia in particular, is positioned as one of the most vulnerable countries to extreme heatwaves.</p>	Indonesia	High	Expenditures
		Japan	Low	
		Singapore	Low	
Chronic	<p><u>Rising sea levels</u></p> <p>Under the 4°C Scenario, more than half of Indonesia's assets are extremely vulnerable to coastal flood risks. While Singapore is also a coastal city, the coastal flood risk is low due to the active measures put in place by the government as well as our operators.</p>	Indonesia	Medium	Assets & Liabilities
		Japan	Low	
		Singapore	Low	

2°C SCENARIO: BUSINESS-AS-USUAL

The 2°C Scenario outlines the accelerated transition to a low-carbon economy, essential to limit global warming below the crucial 2°C threshold by the end of the century. While this transition carries the promise of reduced physical climate risks, it is expected that this transition would trigger the implementation of stringent global policies and changes in the legal, technological, and market landscapes, that could lead to financial and reputational challenges that may be risks to the business.

Uncertainty surrounding future climate and economic developments complicates the assessment of transition risks between the short (one to three years) to medium (four to six years) term. In this short-to-medium term, policy-driven transition risks are likely to dominate, potentially outweighing the impact of physical climate risks which are expected to become more significant beyond the medium term.

SUSTAINABILITY REPORT

ESTIMATED RISK LEVEL

Category	Physical Risks	Markets	Impact Level	Financial Impact Indicators
Policy and Legal	Carbon tax Implementation of carbon tax enacts a financial cost on GHG emissions	Indonesia	Low	Assets and Liabilities
		Japan	Low	
		Singapore	Low	
	Litigation & compliance risk More stringent criteria of regulatory framework for green buildings in Indonesia and Japan pushes the need for compliance resulting in increased financial costs. In Singapore, buildings would require compliance before the Temporary Occupant Permit (“TOP”) clearance is given.	Indonesia	High	Expenditures
		Japan	High	
		Singapore	Low	
	Government policies/ regulations With greater push for low-carbon economy, adoption of voluntary green building frameworks or energy-efficient technologies results in budgeting for capital expenditure	Indonesia	Low	Expenditures
		Japan	Medium	
		Singapore	Low	
Reputation	Shift in consumer preferences ESG-educated patients demand a facility that not only serves their healthcare needs but also has sustainable practices in place.	Indonesia	Medium	Revenues
		Japan	Low	
		Singapore	Medium	
	Increased stakeholder concern With the push for green hospitals, the lack of progression towards sustainable practices may influence the decision of potential investors.	Indonesia	Medium	Capital and Financing
		Japan	Low	
		Singapore	Low	
Technology	Net-zero operations To transition to a low-carbon economy, the following measures would have to be taken: <ul style="list-style-type: none"> Implementing responsible waste management practices Increasing the rate of recycling Widely adopting renewable energy sources 	Indonesia	Low	Assets and Liabilities
		Japan	Low	
		Singapore	Low	
	Cost of transition to lower-emission technologies To meet low-emission goals, the implementation of new, low-emission technologies will gradually replace outdated systems.	Indonesia	Low	Expenditures
		Japan	Low	
		Singapore	Low	

SUSTAINABILITY REPORT

OPPORTUNITIES

While climate change poses undeniable challenges, First REIT recognizes the inherent opportunities that arise from the global transition towards a low-carbon economy. The shift can bring cost-saving benefits through improved operational efficiency and open up new business opportunities.

ESTIMATED RISK LEVEL

Category	Physical Risks	Markets	Impact Level	Financial Impact Indicators
Resource efficiency	Resource efficiency Retrofitting with the aim of improving operational efficiency increase First REIT's asset value over time.	Indonesia	High	Revenue and Capital & Financing
		Japan	High	
		Singapore	High	
Energy source	Energy source According to the International Renewable Energy Agency, energy production and use accounts for about two-thirds of global GHG emissions. To be in line with the Paris Agreement of keeping global warming to no more than 1.5°C, emissions need to be reduced by 45% by 2030 and reach net zero by 2050. Low carbon energy will work towards this goal and mitigate the effects of climate change. Investments in renewable energy are expected to continue to grow, and the use of low emissions energy sources could strengthen First REIT's attractiveness to potential investors.	Indonesia	High	Expenditures, Capital & Financing
		Japan	Medium	
		Singapore	High	
Markets	Access to new opportunities In mitigating climate risks, opportunities will open for collaboration or partnerships with local government and relevant authorities. New opportunities can also be captured through underwriting or financing green bonds and infrastructure.	Indonesia	Medium	Revenue and Capital & Financing
		Japan	High	
		Singapore	High	
Resilience	Resilience planning With long leases in place and a key infrastructure in serving the healthcare needs of the community, resilience planning geared towards efficiency improvement would increase market valuation of our assets where investors are increasingly expected to see climate risks evaluated.	Indonesia	High	Revenue and Capital & Financing
		Japan	Medium	
		Singapore	Medium	

SUSTAINABILITY REPORT

SOCIAL FINANCE REPORTING

First REIT believes that Social Finance Instruments, which may include bonds and loans, are effective tools to channel investments to projects that have demonstrated social benefits and thereby contribute to the achievement of the UNSDGs. In March 2022, First REIT initiated a Social Finance Framework which forms the foundation for a new mode of financing tied to attaining sustainable social goals. This framework provides a platform for the issuance of loans and bonds granted on the attainment of specific social benefit outcomes which would also fulfil the UN SDGs of "Good Health and Well Being" (Goal 3).

The net proceeds of social finance instruments issued by First REIT will be used exclusively to finance and/or refinance, in whole or in part, eligible social assets ("**Eligible Assets**") together forming the "**Eligible Portfolio**". Social assets that would be considered Eligible Assets include hospitals offering essential healthcare services to the general population that have an average number of hospital beds per 1,000 people below the regional average; and/or nursing homes with a target elderly population (defined as aged 65 and above and in need of nursing care) is higher than the global average; or any other class of healthcare properties that have a direct social impact on its target population where target population

is defined as people in need of medical care and support within a reasonable distance from the specific healthcare property. The production or activities involving harmful of exploitative forms of forced labour ⁽¹⁾ or child labour ⁽²⁾, or the production of or trade in alcoholic beverages excluding beer and wine ⁽³⁾, will not qualify as an Eligible Asset.

Allocation Reporting

In April 2023, First REIT priced the first-ever healthcare social bond in Singapore in conjunction with the inaugural Social Finance Framework. At S\$100 million in aggregate principal amount of 3.25%, the social bond is guaranteed by a trust fund of the Asian Development Bank-Credit Guarantee and Investment Facility. 100% of the proceeds from the social bond contributed towards supporting better healthcare provision in Indonesia.

Impact Reporting

First REIT contributes to bringing quality, affordable healthcare to a wide catchment of people across socioeconomic backgrounds. The tables on the following pages show the social impact delivered by First REIT's hospitals and nursing homes.



⁽¹⁾ Forced labour means all work or services not voluntarily performed, that is, extracted from individuals under threat of force or penalty.

⁽²⁾ Child labour means the employment of children whose age is below the host country's statutory minimum age of employment or employment of children in contravention of International Labour Organization Convention No. 138 "Minimum Age Convention" (www.ilo.org).

⁽³⁾ As defined by the Basel Convention; see <http://www.basel.int>. This does not apply to project sponsors who are not substantially involved in these activities. Not substantially involved means that the activity concerned is ancillary to a project sponsor's primary operations.

SUSTAINABILITY REPORT

No.	Hospitals (FY2023) ⁽¹⁾	Province	Provincial Population (millions)	No. of operational beds	Outpatient Volume ('000)	% Provincial Population	BPJS Outpatient Volume ('000)	% Provincial Population	Inpatient Volume ('000)	% Provincial Population	BPJS Inpatient Volume ('000)	% Provincial Population
1	Siloam Hospitals Kupang	East Nusa Tenggara	5.70	151	137.01	2.40%	121.29	2.13%	11.02	0.19%	10.15	0.18%
2	Siloam Hospitals Makassar	South Sulawesi	9.31	215	224.39	2.40%	79.63	0.86%	20.17	0.22%	10.00	0.11%
3	Siloam Sriwijaya	South Sumatra	8.90	165	259.95	2.92%	58.02	0.65%	14.09	0.16%	3.93	0.04%
4	Mochtar Riady Comprehensive Cancer Centre	DKI Jakarta	11.25	193	170.18	1.51%	29.60	0.26%	13.57	0.12%	4.87	0.04%
5	Siloam Hospitals Lippo Village	Banten	13.34	295	261.00	1.96%	0.60	0.00%	17.65	0.13%	1.03	0.01%
6	Siloam Hospitals Kebon Jeruk	DKI Jakarta	11.25	211	198.36	1.76%	No BPJS License		13.02	0.12%	No BPJS License	
7	Siloam Hospitals Bali	Bali	4.57	108	141.71	3.10%	55.15	1.21%	8.72	0.19%	4.29	0.09%
8	Siloam Hospitals TB Simatupang	DKI Jakarta	11.25	100	111.87	0.99%	No BPJS License		5.88	0.05%	No BPJS License	
9	Siloam Hospitals Yogyakarta	Central Java	35.93	61	118.58	0.33%	77.96	0.22%	6.18	0.02%	4.19	0.01%
10	Siloam Hospitals Manado	North Sulawesi	2.68	150	103.01	3.85%	66.66	2.49%	9.72	0.36%	7.16	0.27%
11	Siloam Hospitals Purwakarta	West Java	51.26	242	191.32	0.37%	112.01	0.22%	22.87	0.04%	18.70	0.04%
12	Siloam Hospitals Lippo Cikarang	West Java	51.26	103	154.62	0.30%	36.72	0.07%	8.38	0.02%	2.27	0.00%
13	Siloam Hospitals Baubau ⁽²⁾	South East Sulawesi	2.80	110	44.44	1.59%	37.96	1.36%	7.54	0.27%	7.00	0.25%
14	Siloam Hospitals Labuan Bajo	East Nusa Tenggara	5.70	88	43.94	0.77%	39.04	0.68%	7.04	0.12%	6.63	0.12%
Total			225.19	2,192	2,160.36	0.96%	714.64	0.32%	165.85	0.07%	80.21	0.04%

(1) Source: PT Siloam International Hospitals Tbk

(2) Formerly known as Siloam Hospitals Buton

SUSTAINABILITY REPORT

No.	Nursing Homes in Japan (FY2023)	Prefecture	City	City Population ⁽¹⁾	Maximum No. of rooms	% City Population
1	Hikari Heights Varus Ishiyama	Hokkaido	Sapporo	1,973,395	117	0.01%
2	Hikari Heights Varus Tsukisamu Koen	Hokkaido	Sapporo		58	0.00%
3	Hikari Heights Varus Fujino	Hokkaido	Sapporo		139	0.01%
4	Hikari Heights Varus Kotoni	Hokkaido	Sapporo		281	0.01%
5	Hikari Heights Varus Makomanai Koen	Hokkaido	Sapporo		161	0.01%
6	Varus Cuore Yamanote	Hokkaido	Sapporo		59	0.00%
7	Varus Cuore Sapporo-Kita & Annex	Hokkaido	Sapporo		216	0.01%
8	Elyson Gakuenmae	Nara	Nara	354,630	92	0.03%
9	Elyson Mamigaoka & Annex	Nara	Katsuragi	36,832	160	0.43%
10	Orchard Amanohashidate	Kyoto	Miyazu	16,758	60	0.36%
11	Orchard Kaichi North	Nagano	Matsumoto	241,145	79	0.03%
12	Orchard Kaichi West	Nagano	Matsumoto		29	0.01%
13	Medical Rehabilitation Home Bon Sejour Komaki	Aichi	Komaki	148,831	124	0.08%
14	Loyal Residence Ayase	Kanagawa	Ayase	83,913	80	0.10%
Total				2,855,504	1,655	0.06%

No.	Nursing Homes in Singapore (FY2023)	Population ⁽²⁾	Maximum No. of beds	% Population
1	The Lentor Residence	5,917,648	208	0.004%
2	Pacific Healthcare Nursing Home @ Bukit Merah		259	0.004%
3	Pacific Healthcare Nursing Home II @ Bukit Panjang		248	0.004%
Total			715	0.012%

⁽¹⁾ City Population Source: <https://www.e-stat.go.jp/en/regional-statistics/ssdsview/municipality>

⁽²⁾ Population Source: <https://tablebuilder.singstat.gov.sg/table/T5/M810001>

SUSTAINABILITY REPORT

GRI CONTENT INDEX

Statement of Use	First Real Estate Investment Trust has reported in accordance with the GRI Standards for the period 1 January 2023 to 31 December 2023.
GRI 1 used	GRI 1: Foundation 2021
Applicable GRI Sector Standard(s)	None

GRI STANDARD/ OTHER SOURCE	DISCLOSURE	LOCATION	OMISSION		
			REQUIREMENT(S) OMITTED	REASON	EXPLANATION
General Disclosures					
GRI 2: General Disclosures 2021	2-1 Organizational details	SR – About First REIT, pages 1 and 50			
	2-2 Entities included in the organization's sustainability reporting	SR – About This Report, page 51			
	2-3 Reporting period, frequency and contact point	SR – About This Report, page 51			
	2-4 Restatements of information	None			
	2-5 External assurance	SR – About This Report, page 51			
	2-6 Activities, value chain and other business relationships	AR – Corporate Profile, pages 1 and 50 AR – At A Glance, page 5 AR – Letter to Unitholders, pages 3 and 4 AR – Trust Structure, page 17 AR – Investor Relations, pages 47 and 48			
	2-7 Employees	SR – Strengthening Social Fabric > Main Practices to Diversity and Inclusion, page 59			
	2-8 Workers who are not employees		a, b, c	N/A	Due to the nature of our business, we do not employ them.
	2-9 Governance structure and composition	SR – Sustainability Governance Structure, page 53 AR - Corporate Governance Section, page 81			
	2-10 Nomination and selection of the highest governance body	AR – Corporate Governance Section, page 81			
	2-11 Chair of the highest governance body	AR – Corporate Governance Section, page 81			
	2-12 Role of the highest governance body in overseeing the management of impacts	SR – Sustainability Approach, page 53			
	2-13 Delegation of responsibility for managing impacts	SR – Sustainability Approach, page 53			

SUSTAINABILITY REPORT

GRI STANDARD/ OTHER SOURCE	DISCLOSURE	LOCATION	OMISSION		
			REQUIREMENT(S) OMITTED	REASON	EXPLANATION
General Disclosures					
GRI 2: General Disclosures 2021	2-14 Role of the highest governance body in sustainability reporting	SR – Sustainability Approach, page 3			
	2-15 Conflicts of interest	AR – Corporate Governance Section, page 81			
	2-16 Communication of critical concerns	SR – Building Trust > Main Practices to Business Conduct and Compliance, page 64			
	2-17 Collective knowledge of the highest governance body	AR – Corporate Governance Section, page 81			
	2-18 Evaluation of the performance of the highest governance body	The evaluation of First REIT's highest governance body does not include management of the organisation's ESG impacts.			
	2-19 Remuneration policies	AR – Corporate Governance Section, page 81 ESG considerations is a key performance indicator for the purpose of determining the executive Directors' and executive officers' remuneration.			
	2-20 Process to determine remuneration	AR – Corporate Governance Section, page 81			
	2-21 Annual total compensation ratio		a, b, c	Confidentiality constraints	Please see Annual Report 2023 pages 91 to 94.
	2-22 Statement on sustainable development strategy	Board Statement, Page 50			
	2-23 Policy commitments	Disclosed throughout Sustainability Report 2023			
2-24 Embedding policy commitments	Disclosed throughout Sustainability Report 2023				
2-25 Processes to remediate negative impacts	SR – Building Trust > Main Practices to Business Conduct and Compliance, page 64				

SUSTAINABILITY REPORT

GRI STANDARD/ OTHER SOURCE	DISCLOSURE	LOCATION	OMISSION		
			REQUIREMENT(S) OMITTED	REASON	EXPLANATION
General Disclosures					
GRI 2: General Disclosures 2021	2-26 Mechanisms for seeking advice and raising concerns	SR – Building Trust > Main Practices to Business Conduct and Compliance, page 64			
	2-27 Compliance with laws and regulations	SR – Building Trust > Main Practices to Business Conduct and Compliance, page 64			
	2-28 Membership associations	REIT Association of Singapore (REITAS) & Securities Investors Association (Singapore), SG List Cos			
	2-29 Approach to stakeholder engagement	SR – Sustainability Approach > Stakeholder Engagement, pages 54 to 55			
	2-30 Collective bargaining agreements	SR – Strengthening Social Fabric > Main Practices to Diversity and Inclusion, page 60			
Material Topics					
GRI 3: Material Topics 2021	3-1 Process to determine material topics	SR – Sustainability Approach > Materiality, page 56			
	3-2 List of material topics	SR – Sustainability Approach > Materiality, page 56			
Financial Performance					
GRI 3: Material Topics 2021	3-3 Management of material topics	SR – Financial Performance, page 66			
GRI 201: Economic Performance 2016	201-1 Direct economic value generated and distributed	SR – FY2023 Highlights, page 52			
	201-2 Financial implications and other risks and opportunities due to climate change	SR – TCFD and Scenario Analysis, pages 66 to 72			
GRI 203: Indirect Economic Performance 2016	203-1 Infrastructure investments and services supported	SR – Social Finance Reporting, page 73			
Business Conduct and Compliance					
GRI 3: Material Topics 2021	3-3 Management of material topics	SR – Building Trust > Main Practices to Business Conduct & Compliance, page 64			
GRI 205: Anti-corruption 2016	205-1 Operations assessed for risks related to corruption	SR – Building Trust > Main Practices to Business Conduct & Compliance, page 64			
	205-3 Confirmed incidents of corruption and actions taken	SR – Building Trust > Main Practices to Business Conduct & Compliance, page 64			

SUSTAINABILITY REPORT

GRI STANDARD/ OTHER SOURCE	DISCLOSURE	LOCATION	OMISSION		
			REQUIREMENT(S) OMITTED	REASON	EXPLANATION
GRI 418: Customer Privacy 2016	418-1 Substantiated complaints concerning breaches of customer privacy and losses of customer data	SR – Building Trust > Main Practices to Business Conduct & Compliance, page 64			
Energy Management					
GRI 3: Material Topics 2021	3-3 Management of material topics	SR – Stewarding the Environment > Main Practices to Energy Management, page 57			
GRI 302: Energy 2016	302-2 Energy consumption outside the organization	SR – Stewarding the Environment > Performance and Targets, page 58			
	302-3 Energy intensity	SR – Stewarding the Environment > Performance and Targets, page 58			
GRI 305: Emissions 2016	305-1 Direct (Scope 1) GHG emissions	SR – Stewarding the Environment > Performance and Targets, page 58			
	305-2 Energy indirect (Scope 2) GHG emissions	SR – Stewarding the Environment > Performance and Targets, page 58			
	305-3 Other indirect (Scope 3) GHG emissions	SR – Stewarding the Environment > Performance and Targets, page 58			
Diversity and Inclusion					
GRI 3: Material Topics 2021	3-3 Management of material topics	SR – Strengthening Social Fabric > Main Practices to Diversity and Inclusion, page 59			
GRI 401: Employment 2016	401-1 New employee hires and employee turnover	SR – Strengthening Social Fabric > Main Practices to Diversity and Inclusion > New Employee Hires during FY2023, page 60			
GRI 405: Diversity and Equal Opportunity 2016	405-1 Diversity of governance bodies and employees	SR – Strengthening Social Fabric > Main Practices to Diversity and Inclusion, page 59			
GRI 406: Non- discrimination 2016	406-1 Incidents of discrimination and corrective actions taken	SR – Strengthening Social Fabric > FY2023 Target and Performance, page 59			

SUSTAINABILITY REPORT

GRI STANDARD/ OTHER SOURCE	DISCLOSURE	LOCATION	OMISSION		
			REQUIREMENT(S) OMITTED	REASON	EXPLANATION
Training and Development					
GRI 3: Material Topics 2021	3-3 Management of material topics	SR – Strengthening Social Fabric > Main Practices to Training & Development, page 60			
GRI 404: Training and Education 2016	404-1 Average hours of training per year per employee	SR – Strengthening Social Fabric > Main Practices to Training & Development, page 61			
	404-2 Programs for upgrading employee skills and transition assistance programs	SR – Strengthening Social Fabric > Main Practices to Training & Development, page 61			
	404-3 Percentage of employees receiving regular performance and career development reviews	SR – Strengthening Social Fabric > Main Practices to Training & Development, page 60			
Health and Safety					
GRI 3: Material Topics 2021	3-3 Management of material topics	SR – Strengthening Social Fabric > Main Practices to Health & Safety, page 62			
GRI 403: Occupational Health and Safety 2018	403-1 Occupational health and safety management system	SR – Strengthening Social Fabric > Main Practices to Health & Safety, page 62			
	403-7 Prevention and mitigation of occupational health and safety impacts directly linked by business relationships	SR – Strengthening Social Fabric > Main Practices to Health & Safety, page 62			
	403-9 Work-related injuries	SR – Strengthening Social Fabric > Main Practices to Health & Safety, page 62			
	403-10 Work-related ill health	SR – Strengthening Social Fabric > Main Practices to Health & Safety, page 62			
GRI 416: Customer Health and Safety 2016	416-2 Incidents of non-compliance concerning the health and safety impacts of products and services	SR – Strengthening Social Fabric > Main Practices to Health & Safety, page 62			
Community Support					
GRI 3: Material Topics 2021	3-3 Management of material topics	SR – Strengthening Social Fabric > Main Practices to Community Support, page 63			
GRI 413: Local Communities 2016	413-1 Operations with local community engagement, impact assessments, and development programs	SR – Strengthening Social Fabric > Main Practices to Community Support, page 63			

CORPORATE GOVERNANCE REPORT

First Real Estate Investment Trust ("**First REIT**"), constituted as a real estate investment trust, is externally managed by First REIT Management Limited (in its capacity as manager of First REIT) (the "**Manager**") and accordingly, has no personnel of its own. The Manager has the responsibility of managing the business conducted by First REIT and is dedicated to maintaining good standards of corporate governance.

This report sets out the Manager's corporate governance practices for the financial year ended 31 December 2023 ("**FY2023**"). The Manager is pleased to report that it has complied with the Code of Corporate Governance 2018 issued by the Monetary Authority of Singapore (the "**MAS**", and the Code of Corporate Governance 2018 issued by the MAS, the "**Code**") in all material respects and to the extent that there are any deviations from the Code, the Manager will provide explanations for such deviation and details of the alternative practices which have been adopted by First REIT which are consistent with the relevant principle of the Code.

THE MANAGER OF FIRST REIT

The Manager has general powers of management over the assets of First REIT. The Manager's main responsibility is to manage the assets and liabilities of First REIT in the best interests of unitholders of First REIT (the "**Unitholders**").

The primary role of the Manager is to set the strategic direction of First REIT. This includes making recommendations to Perpetual (Asia) Limited, in its capacity as trustee of First REIT (the "**Trustee**"), on any acquisition, divestment or enhancement of assets of First REIT. The research, analysis and evaluation required for the above purposes are co-ordinated and carried out by the Manager. The Manager is also responsible for the risk management of First REIT.

Other functions and responsibilities of the Manager include:

- (i) using its best endeavours to carry on and conduct its business in a proper and efficient manner and to conduct all transactions with, or on behalf of First REIT, at arm's length and on normal commercial terms;
- (ii) preparing property plans on a regular basis which may contain proposals and forecasts on net income, capital expenditure, sales and valuations, explanation of major variances to approved budgets, written commentary on key issues and any other relevant assumptions. The purpose of these plans is to explain the performance of First REIT's properties;
- (iii) ensuring compliance with applicable requirements, laws and regulations, such as those set out in the listing manual of Singapore Exchange Securities Trading Limited (the "**SGX-ST**", and the listing manual of the SGX-ST, the "**Listing Manual**"), the Code on Collective Investment Schemes (the "**CIS Code**" issued by the MAS (including Appendix 6 of the CIS Code (the "**Property Funds Appendix**")), the Capital Markets Services Licence ("**CMS Licence**") for real estate investment trust ("**REIT**") management issued by the MAS, the Securities and Futures Act 2001 ("**SFA**"), the Securities and Futures (Licensing and Conduct of Business) Regulations (the "**SFLCB Regulations**"), the Code, the Singapore Financial Reporting Standards and any tax ruling and all relevant contracts, as well as ensuring that the Manager's obligations under the trust deed constituting First REIT dated 19 October 2006 (as amended, supplemented or varied) (the "**Trust Deed**") are properly carried out; and
- (iv) attending to all regular communication with Unitholders.

The Manager has been granted a CMS Licence by the MAS and its officers are authorised representatives under the SFA. The Manager appoints experienced and well-qualified management personnel to handle the day-to-day operations of the Manager.

The Manager was appointed in accordance with the terms of the Trust Deed. The Trust Deed outlines certain circumstances under which the Manager can be removed, including by notice in writing given by the Trustee upon the occurrence of certain events, or by resolution passed by a simple majority of Unitholders present and voting at a meeting of Unitholders duly convened and held in accordance with the provisions of the Trust Deed. The Trust Deed will also be available for inspection at the registered office of the Manager during normal business hours¹ for so long as First REIT continues to be in existence.

⁽¹⁾ Prior appointment with the Manager is required.

CORPORATE GOVERNANCE REPORT

The Manager is 40% directly held by OUE Healthcare Limited (“**OUEH**”) and 60% directly held by OUE Limited (“**OUE**”). The Manager’s association with OUEH and OUE allows First REIT to be able to leverage on them to entrench its network and affiliations in the Asia Pacific region to pursue new avenues of growth and collaborations in the future.

In 2023, interest rates were elevated, costs were rising, and there was heightened uncertainty globally. The Board worked with Management to strengthen capital structure to remain resilient, in line with First REIT’s 2.0 Growth Strategy. In June 2023, the Manager completed an early refinancing of a Japanese-Yen denominated Tokutei Mokuteki Kaisha (“**TMK**”) bond with a new onshore banking institution, which further strengthened the REIT’s overall debt maturity profile. In order to manage currency risk, the Trust also entered into non-deliverable forward contracts and call spreads during 2023, to hedge net cashflow from Indonesia and Japan. The Manager, with strategic guidance from the Board, remains focused on diversifying into developed markets, re-shaping First REIT’s portfolio for capital efficient growth, and pivoting to megatrends, in line with First REIT 2.0 Growth Strategy.

BOARD MATTERS

Principle 1 : Board's Conduct of its Affairs

The board of directors of the Manager (the “**Directors**”, and the board of Directors, the “**Board**”) is entrusted with the responsibility of overall management of the Manager. The Board is responsible for the overall corporate governance of the Manager, including establishing goals for the management team of the Manager (“**Management**”) and monitoring the achievement of these goals. The Manager is headed by an effective Board, which is collectively responsible and works with Management for the strategic business direction, risk management and the long-term success of First REIT. All Board members participate in matters relating to corporate governance, business operations and risk management, financial performance and sustainability issues. All Directors are fiduciaries who act objectively in the best interests of First REIT, and hold Management accountable for performance. The Manager has adopted the OUE group’s Code of Business Conduct and Ethics which embodies the Manager’s commitment to conduct its business in accordance with all applicable laws, rules and regulations and the highest ethical standards. The Code of Business Conduct and Ethics is intended to help employees make the right decision or ask the right questions, and all employees are required to read, understand and comply with the Code of Business Conduct and Ethics to be cognisant of the standards expected and to ensure proper accountability within the Manager. This sets the appropriate tone-from-the-top in respect of the desired organisational culture and ensures proper accountability.

Directors (whether individually or as a group) have separate and independent access to Management and the company secretary of the Manager (the “**Company Secretary**”), at the Manager’s expense. The Company Secretary and/or his nominee attends all Board and Board Committee (as defined herein) meetings. The appointment and removal of the Company Secretary is a decision of the Board as a whole. In addition, the Directors, either individually or as a group, in furtherance of their duties, may seek and obtain independent professional advice (where necessary), at the Manager’s expense.

The Manager has adopted guidelines, details of which are also set out in this report, for Related Party Transactions (as defined herein) and dealing with conflicts of interests. Where a Director is conflicted in a matter, he or she will recuse himself or herself from the deliberations and abstain from voting on the matter. The Board is supported by the Audit and Risk Committee (“**ARC**”) and Nominating and Remuneration Committee (“**NRC**”, and together with the ARC, the “**Board Committees**”) in discharging its responsibilities. The composition of the Board Committees is set out on pages 88 and 97, and the Corporate Information page of this Annual Report. The Board has delegated specific responsibilities to these Board Committees and their duties are described in this report. The compositions, duties, authorities and accountabilities of each Board Committee are set out in their respective written terms of reference. While these Board Committees have the authority to examine particular issues in their respective areas, the Board Committees report to the Board with their decisions and/or recommendations as the ultimate responsibility on all matters lies with the entire Board.

The Manager has adopted internal guidelines whereby certain key matters are specifically reserved for the Board’s approval, such as business strategy and planning, acquisitions and disposal of properties, material financial commitments, loan facilities, distribution to Unitholders and maintaining a framework of prudent and effective controls, including a system of internal controls and an enterprise risk management (“**ERM**”) framework. The Manager has also adopted a framework of delegated authorisation, as set out in its Limits of Authority (“**LOA**”). The LOA sets out the procedures and levels of authorisation required for specified transactions. It also sets out approval limits for operating and capital

CORPORATE GOVERNANCE REPORT

expenditure. The LOA also contains a schedule of matters specifically reserved for the Board's approval, which includes approval of annual business plans, operating budgets, statutory accounts, declaration of distribution per unit, and material transactions, namely, major acquisitions, joint ventures, strategic alliances, investment proposals, establishment of banking facilities and corporate restructuring. Matters specifically reserved for the Board's approval are clearly communicated to Management in writing.

The Board and Board Committees meet regularly to review the Manager's key activities. Board meetings are held quarterly (or more often if necessary) to discuss and review the strategies and policies of First REIT, including any significant acquisitions and disposals, the annual budget, the financial performance of First REIT against previously approved budget, and to approve the release of the quarterly business updates and the half-year and full-year results. The Board also reviews the risks to the assets of First REIT and acts judiciously upon any comments from the auditors of First REIT. During the financial year under review, the Board had 4 meetings.

Provision of Information to the Board and Board's Access to Independent Professional Advice

Management provides the Board with complete and adequate information in a timely manner, including board papers, budget, forecasts and management accounts, and on an ongoing basis. As a general rule, board papers are sent to Board members at least 7 days before the Board or Board Committee meeting in order to give Directors ample time to prepare for the meetings, make informed decisions and discharge their duties and responsibilities. This will enable them to attend and actively participate in discussions by perusing the contents of the reports and papers to be presented during the Board and Board Committee meetings, and provide an opportunity for relevant questions and discussions. Proposals on certain corporate undertakings are likewise provided to the Directors prior to the Board meetings set for this purpose. The Management is also required to furnish any additional information, when so requested by the Board, as and when the need arises. As part of the Manager's sustainability efforts, the Board and Board Committees papers are uploaded onto a secured electronic platform. Directors can access these papers via their personal computers, laptops, smartphones and other mobile devices prior to, during and after meetings. The Board reviews management reports and feasibility studies on individual development projects prior to approving major transactions. When necessary, additional Board meetings are held to address significant transactions or issues. The Constitution of the Manager provides for Board meetings to be held by way of telephone conference and videoconference. If required, time is set aside for discussions amongst the non-executive and/or independent members of the Board without the presence of Management, in line with the provisions of the Code. The Board and Board Committees may also make decisions by way of circulating resolutions.

Newly appointed Directors are briefed by Management on the industry, business activities and strategic directions of First REIT and all relevant provisions that they need to comply with as well as their various duties as an executive, non-executive or independent director, where applicable, and induction, development, orientation and training programmes as well as site visits are organised for new Directors to ensure that they are familiar with the Manager's business and governance practices. Site visits to properties located overseas are organised to familiarise Directors with First REIT's properties and to facilitate better understanding of the assets' operations. Under Rule 210(5)(a) of the Listing Manual, a newly-appointed Director who has no prior experience as a director of an issuer listed on the SGX-ST will also be required to undergo mandatory training in the roles and responsibilities of a director of a listed issuer as prescribed by the SGX-ST, unless the NRC is of the view that training is not required because he or she has other relevant experience.

Directors are encouraged to participate in industry conferences, seminars and training programmes. Such training includes training sponsored by the SGX-ST, the Accounting and Corporate Regulatory Authority, Singapore Institute of Directors ("**SID**"), REIT Association of Singapore ("**REITAS**"), and Singapore Business Federation. The Directors may also receive further relevant training of their choice in connection with their duties as directors and the development and maintenance of their skills and knowledge, at the Manager's expense. On an ongoing basis, Directors are also briefed on any changes to regulations, policies and accounting standards that affects First REIT or have an important bearing on the Manager's or Directors' disclosure obligations during Board meetings. They are also given unrestricted access to professionals for consultation as and when they deem necessary at the Manager's expense. During FY2023, the Directors were briefed on the relevant regulatory and legislative changes including the topics relating to board renewal and remuneration disclosures, conduct of general meetings, recent issues affecting REITs and an update on geo-political and macroeconomic developments.

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The NRC makes recommendations to the Board on relevant matters relating to the review of training and professional development programs for the Board.

The number of Board, ARC, NRC and general meetings held in FY2023 and the attendance by each of the Directors at these meetings are set out below:

Name of Director	Board Meetings	Audit and Risk Committee Meetings	Nominating and Remuneration Committee Meetings	General Meetings
	No. of meetings held in FY2023: 4	No. of meetings held in FY2023: 4	No. of meetings held in FY2023: 1	No. of meetings held in FY2023: 1
	Attended	Attended	Attended	Attended ⁽¹⁾
Mr Christopher James Williams	4	NA	NA	1
Mr Tan Kok Mian Victor	4	NA	NA	1
Mr Chan Pengee Adrian	4	4	1	1
Mr Ferris Charles Bye	4	4	NA	1
Mr Tan Chuan Lye	4	4	1	1
Mr Martin Lechner	4	4	NA	1
Ms Minny Riady	4	NA	1	1

Note:

⁽¹⁾ Annual general meeting was convened and held by way of electronic means on 21 April 2023. These Directors were in attendance via electronic means.

Principle 2 : Board Composition and Guidance

The Board presently comprises seven Directors, of whom four are independent Directors of the Manager (“**Independent Directors**”). Accordingly, more than half of the Board is made up of Independent Directors.

The composition of the Board as at the date of this report are as follows:

Mr Christopher James Williams (Chairman)	(Non-Independent Non-Executive Director)
Mr Tan Kok Mian Victor	(Executive Director and Chief Executive Officer (“ CEO ”))
Mr Chan Pengee Adrian	(Lead Independent Director)
Mr Ferris Charles Bye	(Independent Director)
Mr Tan Chuan Lye	(Independent Director)
Mr Martin Lechner	(Independent Director)
Ms Minny Riady	(Non-Independent Non-Executive Director)

As the current Chairman of the Board, Mr Christopher James Williams, is a Non-Independent Non-Executive Director, Mr Chan Pengee Adrian has been appointed as Lead Independent Director. The Lead Independent Director provides leadership in situations where the Chairman of the Board is conflicted and is available to Unitholders where they have concerns and for which contact through the normal channels of communication with the Chairman of the Board or Management has failed to resolve or is inappropriate or inadequate. As the Lead Independent Director, Mr Chan Pengee Adrian holds and leads meetings with the other Independent and/or Non-Executive Directors without the presence of the Management regularly and provides feedback to the Chairman of the Board after such meetings as appropriate. Mr Chan Pengee Adrian is also the Chairman of the NRC.

No alternate Director had been appointed to the Board during FY2023.

CORPORATE GOVERNANCE REPORT

The composition of the Board (including selection of candidates for new appointments as part of the Board's renewal process) is determined using the following provisions:

- the Chairman of the Board can be an Independent Director or a Non-Independent Director, provided that where the Chairman of the Board is a Non-Independent Director, a Lead Independent Director will also be appointed in line with the Code;
- Independent Directors make up one-third of the Board, or if the Chairman of the Board is not independent, a majority of the Board; and
- Non-Executive Directors make up a majority of the Board.

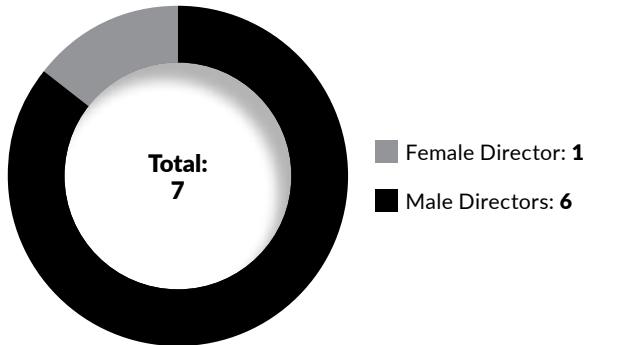
Board Size, Composition and Diversity Policy

The Board is of the view that its current composition comprises persons who as a group, provide the necessary core competencies and that the current Board size is appropriate, to facilitate effective decision making, robust deliberations and discussions and effective oversight over Management. The Board will continue to review its composition periodically, taking into account the need for progressive renewal of the Board, to ensure that the Board and the Board Committees have the appropriate size and comprise directors who as a group provide the appropriate balance and mix of skills, knowledge, experience, and other aspects of diversity such as gender and age, so as to avoid groupthink and foster constructive debate.

The Manager recognises and embraces the importance and benefits of having a diverse Board to enhance the quality of the Board's performance, and in supporting First REIT's strategic objectives and sustainable development. The Board has implemented a board diversity policy (the "**Board Diversity Policy**") which takes into account relevant measurable objectives such as skills, experience and knowledge, gender, age, length of service, ethnicity and other relevant factors. It is paramount that the Manager continues to maintain the appropriate balance and mix of skills, knowledge and experience on the Board to support the needs and long-term sustainability of First REIT's businesses.

Diversity Targets, Plans, Timelines and Progress

The Manager's diversity targets, plans and timelines for achieving the targets and progress towards achieving the targets are set out as follows:

Diversity Target, Plans and Timelines	Progress towards achieving targets
<p><u>Gender</u></p> <p>At the recommendation of the NRC and in recognition of the merits of gender diversity, the Board has committed to (a) a target of at least 25% female Directors on the Board, which would allow for significant female representation on the Board; and (b) ensuring that female candidates are included for consideration when identifying suitable candidates for new appointments to the Board.</p> <p>The Board will strive to achieve the stated gender diversity target in the course of the progressive renewal of the Board by the end of 2030.</p> <p>The Manager believes that achieving the optimum gender representation on the Board would benefit the Manager by providing different perspectives. The push for greater gender diversity would also broaden the Manager's talent pool and improve its critical thinking and problem-solving capabilities.</p>	<p>In Progress - 1 out of 7 Directors (i.e. 14.3% of the Board) is female.</p> <p>GENDER</p>  <p>Total: 7</p> <ul style="list-style-type: none"> Female Director: 1 Male Directors: 6

CORPORATE GOVERNANCE REPORT

Skillsets / Experience

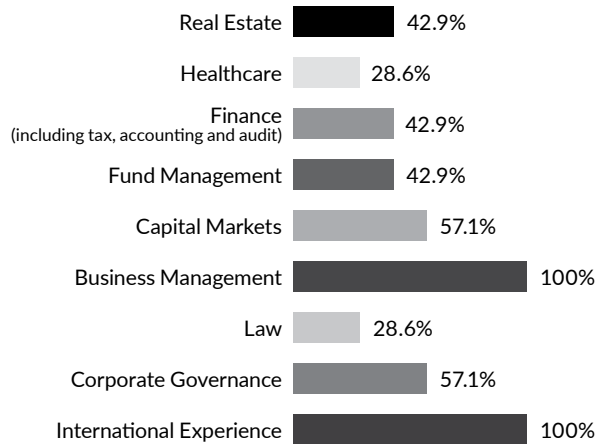
To ensure that the Directors as a group possess the core skillsets/experience in the areas of real estate, healthcare, finance (including tax, accounting and audit), fund management, capital markets, business management, law, corporate governance and international experience, which are identified by the Board as critical for the Board to carry out its oversight of the business affairs, and to exercise effective stewardship and corporate governance of First REIT.

The Manager believes that the diversity in the range of views and perspectives and the breadth of experience of the Directors would enhance the deliberations of the Board and facilitate the effective oversight of Management.

Achieved - The current Board comprises Directors who are corporate and business leaders and professionals with varied backgrounds, expertise and experience and possess the core skillsets/experience identified by the Board.

Collectively, they have core competencies spanning the relevant areas of First REIT's businesses and operations across the healthcare and healthcare-related real estate sectors.

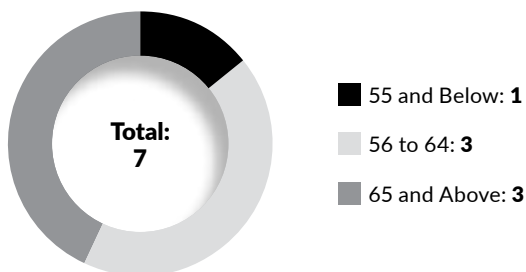
SKILLSETS/EXPERIENCE



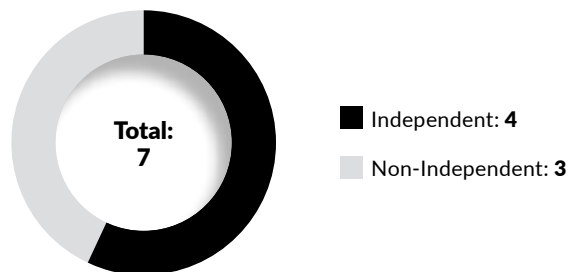
The Board, taking into account the views of the NRC, considers that the current Board comprises persons with diverse business experiences and backgrounds who as a group, possess an appropriate balance and diversity necessary to manage and contribute effectively to the Manager and First REIT, as contemplated by the board diversity policy. Apart from gender and skillsets/experience, the Board composition in terms of age group, independence, tenure and nationality as at 31 December 2023 is as follows:

Other Board Diversity Metrics

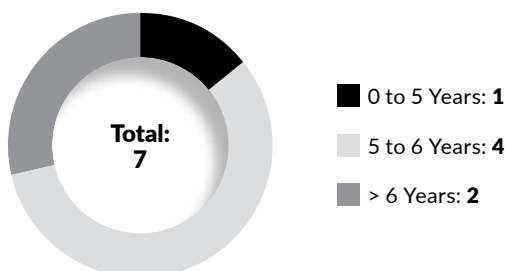
AGE GROUP



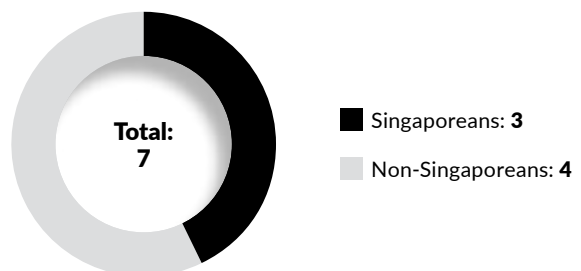
BOARD INDEPENDENCE



LENGTH OF TENURE



NATIONALITY



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In relation to age, the Manager believes that age diversity would avoid the risk of groupthink and provide a wide range of viewpoints for more robust decision-making for the strategic future of First REIT. In relation to independence, the Manager believes that independent directors on the Board would benefit the Manager by promoting the exercise of objective independent judgement and by fostering constructive debate. In relation to tenure, the ongoing Board renewal process results in a Board with staggered tenure for the independent Directors. This provides continuity and stability for the conduct of Board matters while also ensuring the ability to have different perspectives and insights to meet the changing business environment of First REIT. In relation to nationality, as First REIT has properties across the region and it may pursue opportunities overseas, the Board's diversity in its geographical background and experience has provided the Manager with international experience and insights, as well as in-depth understanding of First REIT's investments and businesses in such countries.

The NRC remains committed to implementing the Board Diversity Policy and any progress made towards the implementation of such policy will be reported to the Board on an annual basis and disclosed in future annual reports, as appropriate.

Under the Code, for First REIT, an "independent" director is one who is independent in conduct, character and judgement, and has no relationship with the Manager, its related corporations, its substantial shareholders, or its officers or substantial Unitholders that could interfere, or be reasonably perceived to interfere, with the exercise of the director's independent business judgement in the best interests of First REIT. In addition, under the Listing Manual and the SFLCB Regulations, an independent director is one who (i) is independent from any management and business relationship with the Manager and First REIT, (ii) is independent from any substantial shareholder of the Manager and any substantial Unitholder, (iii) is not a substantial shareholder of the Manager or a substantial Unitholder, (iv) has not served on the Board for a continuous period of nine years or longer and (v) is not employed or has been employed by the Manager or First REIT or any of their related corporations in the current or any of the past three financial years and does not have an immediate family member who is employed or has been employed by the Manager or First REIT or any of their related corporations in the current or any of the past three financial years and whose remuneration is or was determined by the Board. Based on a review of the relationships between the Directors, the Manager and First REIT in accordance with the requirements of the Code, the Listing Manual and the SFLCB Regulations, the Board considers Mr Chan Pengee Adrian, Mr Tan Chuan Lye, Mr Martin Lechner and Mr Ferris Charles Bye to be independent. Further details on the review of the Director's independence is found on pages 90 and 91 of this Annual Report.

The Non-Executive and Independent Directors contribute to the Board by monitoring and reviewing Management's performance. For the financial year under review, the Non-Executive, Independent and Non-Independent Directors have constructively challenged Management's proposals and decisions and reviewed Management's performance. They have unrestricted access to Management for any information that they may require to discharge their oversight function effectively. As Non-Executive Independent Directors constitute a majority of the Board, objectivity on Board's deliberations is assured.

Principle 3 : Chairman and Chief Executive Officer

The positions of Chairman of the Board and CEO are held by separate individuals in order to maintain effective segregation of duties. The separation of responsibilities between the Chairman of the Board and CEO ensures an appropriate balance of power, increased accountability and greater capacity of the Board for independent decision making. The Board has established and set out in writing in the terms of reference in relation to the Chairman of the Board, CEO and Lead Independent Director, the division of responsibilities between the Chairman of the Board and the CEO. Mr Christopher James Williams is a Non-Independent Non-Executive Director and Chairman of the Board while the CEO, Mr Tan Kok Mian Victor, is an Executive Director. The Chairman of the Board and CEO are not related to each other. The Chairman of the Board is also not part of Management.

CORPORATE GOVERNANCE REPORT

There is a clear segregation of responsibilities between the leadership of the Board and Management, and no one individual has unfettered powers of decision making.

As Chairman of the Board, Mr Christopher James Williams also promotes and leads the Manager in its commitment to achieve and maintain high standards of corporate governance. He bears primary responsibility for the workings of the Board, by ensuring effectiveness in all aspects of its role including setting the agenda for Board meetings with input from Management, ensuring sufficient allocation of time for thorough discussion of key agenda items at Board meetings, promoting an open environment within the Boardroom for constructive debate, encouraging the non-executive Directors to speak freely and contribute effectively, and exercising control over the quality, quantity and timeliness of information flow between the Board and Management. At Annual General Meetings (“AGMs”) and other Unitholders’ meetings, he plays a pivotal role in fostering constructive dialogue between Unitholders, the Board and Management.

The CEO has full executive responsibilities over the business directions and operational decisions concerning the management of First REIT. He works closely with the Board to implement the policies set by the Board to realise the Manager’s vision. The CEO provides leadership and guidance to Management in order to meet the strategic and operational objectives of First REIT. He develops and manages good relationships with the stakeholders, such as Unitholders, the regulators and the investment community.

Principle 4 : Board Membership

The NRC comprises three members, a majority of whom (including the Chairman of the NRC) are Independent Directors and all of whom are Non-Executive Directors.

The members of the NRC as at the date of this report are as follows:

Mr Chan Pengee Adrian (Chairman of the NRC)	(Lead Independent Director)
Mr Tan Chuan Lye	(Independent Director)
Ms Minny Riady	(Non-Executive Non-Independent Director)

During the financial year under review, the NRC had 1 meeting.

The NRC is guided by its terms of reference which has been updated to be in line with the Code. The NRC’s responsibilities include but are not limited to:

- making recommendations to the Board on the appointment and re-appointment of Directors (including alternate directors, if applicable), the composition and size of the Board taking into consideration the Board Diversity Policy and the balance between Executive and Non-Executive Directors and between Independent and Non-Independent Directors appointed to the Board;
- reviewing and making plans for succession of Directors, in particular, the appointment and/or replacement of the Chairman of the Board, the CEO and the key management personnel;
- determining annually, and as and when required, the independence of a Director;
- making recommendations to the Board on the process and objective performance criteria for assessing the performance and effectiveness of the Board as a whole, the Board Committees and the contribution of each Director to the effectiveness of the Board;
- reviewing the training and professional development of the Board and to ensure that new directors are aware of their duties and obligations as directors of the Manager;
- ensuring that the Manager is transparent in its remuneration policies, level and mix of remuneration, the procedure for setting remuneration and the relationships between remuneration, performance and value creation;
- reviewing and recommending to the Board the specific remuneration packages for each Director as well as for the key management personnel;
- recommending to the Board a framework of remuneration covering all aspects of remuneration including but not limited to Directors’ fees, salaries, allowances, bonuses, options, unit-based incentives and awards and benefits-in-kind for each member of the Board and key management personnel; and
- reviewing the Manager’s obligations to ensure that contracts of service of CEO and key management personnel contain fair and reasonable termination clauses which are not overly generous.

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Process for Appointment of New Directors

The Board has a formal and transparent process for the appointment and re-appointment of directors, taking into account the need for progressive renewal of the Board. In its selection, appointment and re-appointment process, the Board, through the NRC, will consider core competencies such as accounting, business acumen, familiarity with regulatory requirements and knowledge of risk management, audit and internal controls, as well as other aspects of diversity such as gender and age.

Renewal or replacement of Board members does not necessarily reflect their contributions to date but may be driven by the need to position and shape the Board in line with the evolving needs of First REIT and the Manager. The Board believes that orderly succession and renewal is achieved as a result of careful planning, where the appropriate composition of the Board is under continuous review.

As part of the search and nomination process for new Directors, the NRC will identify the relevant or desired skills, experience and other attributes that potential candidates should possess and may engage independent search companies if necessary, as well as leverage on business and other contacts. The NRC also takes into consideration whether a candidate had previously served on the board of companies with adverse track records or a history of irregularities, the MAS's fit and proper criteria for such appointment, and assesses whether a candidate's resignation from the board of any such company would cast any doubt on his or her ability to act as a Director of the Manager. Shortlisted candidates would be required to furnish their curriculum vitae containing information on their academic/professional qualification, work experience, employment history and experience (if any) as directors of listed companies. In addition, as part of the regulatory requirements, the MAS must approve any change of CEO or the appointment of any Director. Directors of the Manager are not subject to periodic retirement by rotation.

Additionally, in the recruitment of Directors, the NRC is mindful of the importance of ensuring that the Board is well balanced and diverse. The details of the board diversity policy adopted by the NRC is set out above under "Principle 2: Board Composition and Guidance".

The selection and nomination process involves the following:

- (a) in carrying out its review, the NRC will take into account that the Board composition should reflect balance and diversity in matters such as skill representation and experience, tenure, management experience, gender, age, ethnicity and other relevant factors;
- (b) the NRC will identify suitable candidates for appointment to the Board having regard to the skills required and the skills represented on the Board, and will consider the candidate's track record, experience and capabilities or such other factors including age and gender, as may be determined by the NRC to be relevant and which would contribute to the Board's collective skill set;
- (c) external consultants may be used from time to time to access a wide base of potential non-executive Directors. Those considered will be assessed against a range of criteria, including the nominee's track record, background, experience, professional skills, financial literacy, core competencies and personal qualities. The NRC and the Board will also consider whether a candidate's skills and experience will complement the existing Board and whether the candidate has sufficient time available to commit to his responsibilities as a Director; and
- (d) the NRC will make recommendations to the Board on candidates it considers appropriate for appointment.

Where Directors step down from the Board, cessation announcements providing detailed reason(s) for the cessation are released on SGXNet in compliance with the requirements of the Listing Manual.

Directors' Time Commitment

In determining whether a Director has been adequately carrying out his/her duties as a director of the Manager, the NRC takes into account the assessments of the individual Director's effectiveness and his/her actual conduct on the Board. Further, the NRC believes that setting a maximum limit on the number of directorships a Director can hold is arbitrary, given that time requirements for each board may vary, and thus should not be prescriptive. Instead, a qualitative and

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holistic approach is taken. The number of directorships each Director holds should be considered on a case-by-case basis, as a person's available time and attention may be affected by many different factors, such as his/her individual capacity, whether he/she is in full-time employment, the nature of his/her other responsibilities and his/her near term plan regarding some of the other appointments. A Director with multiple directorships is expected to ensure that he/she can devote sufficient time and attention to the affairs of the Manager. Notwithstanding that the Directors have multiple listed company board representations and/or other principal commitments, the NRC has assessed each individual Director on his/her continuous contribution and commitment to the role and considered factors including but not limited to such Director's attendance at all the Board meetings in FY2023. The Board and NRC are satisfied that all Directors have discharged their duties adequately for FY2023.

Review of Directors' Independence

The independence of each Independent Director is reviewed annually by the NRC based on the criteria as set out in the Code, the Listing Manual and the SFLCB Regulations. The Independent Directors are required to declare their independence annually and disclose to the Board any relationships or appointments which would impair their independence. The following further sets out the assessment of each Director's independence against the requirements under the SFLCB Regulations:

Name of Director	(i) had been independent from the management of the Manager and First REIT during FY2023	(ii) had been independent from any business relationship with the Manager and First REIT during FY2023	(iii) had been independent from every substantial shareholder of the Manager and every substantial Unitholder of First REIT during FY2023	(iv) had not been a substantial shareholder of the Manager or a substantial Unitholder of First REIT during FY2023	(v) has not served as a director of the Manager for a continuous period of 9 years or longer as at the last day of FY2023
Mr Christopher James Williams ⁽¹⁾	✓	-	-	✓	✓
Mr Tan Kok Mian Victor ⁽²⁾	-	✓	-	✓	✓
Mr Chan Pengee Adrian ⁽³⁾	✓	-	✓	✓	✓
Mr Ferris Charles Bye	✓	✓	✓	✓	✓
Mr Tan Chuan Lye	✓	✓	✓	✓	✓
Mr Martin Lechner	✓	✓	✓	✓	✓
Ms Minny Riady ⁽⁴⁾	✓	-	-	✓	✓

Note(s):

- ⁽¹⁾ Mr Christopher James Williams is a director of OUE, which is a substantial shareholder of the Manager and a substantial Unitholder. As such, during FY2023, pursuant to the SFLCB Regulations, Mr Williams is deemed (i) to have a business relationship with the Manager and First REIT; and (ii) to be connected to a substantial shareholder of the Manager and a substantial Unitholder. The Board is satisfied that, as at 31 December 2023, Mr Williams was able to act in the best interests of all the Unitholders as a whole. As at 31 December 2023, Mr Williams was able to act in the best interests of all the Unitholders as a whole.
- ⁽²⁾ Mr Tan Kok Mian Victor is currently the CEO and Executive Director of the Manager. The Manager is a subsidiary of OUE. As such, during FY2023, pursuant to the SFLCB Regulations, Mr Tan is deemed (i) to have a management relationship with the Manager and First REIT; and (ii) to be connected to a substantial shareholder of the Manager and a substantial Unitholder. The Board is satisfied that, as at 31 December 2023, Mr Tan was able to act in the best interests of all the Unitholders as a whole. As at 31 December 2023, Mr Tan was able to act in the best interests of all the Unitholders as a whole.
- ⁽³⁾ Mr Chan Pengee Adrian is Head of the Corporate Department and senior partner of Lee & Lee which is one of the Singapore law firms providing legal services to OUE group. OUE group wholly-owns the Manager. As such, during FY2023, pursuant to the SFLCB Regulations, Mr Chan is deemed to have a business relationship with the Manager. Nonetheless, the Board has in its review taken into consideration:
- Mr Chan having declared that he does not hold a substantial partnership interest (less than 10%) in Lee & Lee and the legal fees which Lee & Lee receives from OUE group are insubstantial in relation to Lee & Lee's overall revenue.
 - Mr Chan does not personally represent First REIT in relation to any legal work by Lee & Lee for First REIT.
 - Mr Chan is not involved in the selection and appointment of legal counsels for First REIT.

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Based on the above, the Board, having taken into account the views of the NRC, is of the view that Lee & Lee's business relationship with OUE group should not interfere with Mr Chan's ability to exercise independent judgment and Mr Chan should be treated as an Independent Director. The Board is satisfied that, as at 31 December 2023, Mr Chan was able to act in the best interests of all the Unitholders as a whole. As at 31 December 2023, Mr Chan was able to act in the best interests of all the Unitholders as a whole.

⁽⁴⁾ Ms Minny Riady is the sister of Mr James Tjahaja Riady and Dr Stephen Riady who are substantial shareholders of the Manager and substantial Unitholders. As such, during FY2023, pursuant to the SFLCB Regulations, Ms Riady is deemed to be connected to a substantial shareholder of the Manager and a substantial Unitholder. The Board is satisfied that, as at 31 December 2023, Ms Riady was able to act in the best interests of all the Unitholders as a whole. As at 31 December 2023, Ms Riady was able to act in the best interests of all the Unitholders as a whole.

The NRC is satisfied that there are no relationships or circumstances identified in the Code, the Listing Manual and the SFLCB Regulations which affect or would likely affect the independent judgment of the Independent Directors and their ability to act in the best interests of all Unitholders as a whole.

Principle 5 : Board Performance

The Manager believes that Board performance is ultimately reflected in the long-term performance of First REIT. The Board has in place a formal process for evaluating the performance of the individual director, Board and Board Committees annually.

For FY2023, the evaluation was conducted internally. However, the NRC has the discretion to engage external consultants to conduct the evaluation, if it deems necessary. In respect of the Board and Board Committees evaluation, a collective assessment is conducted annually by means of a questionnaire individually completed by each Director. The evaluation categories covered in the questionnaire include Board composition and competency, Board information, Board process, Board accountability, performance benchmarking, Management communications, standard of conduct, risk management and internal controls. The results of this assessment is collated by the Company Secretary and discussed by the NRC and the Board. Based on feedback from the Directors in the questionnaire, recommendations are implemented to further enhance the effectiveness of the Board, where appropriate. The Board believes that the collective performance of the Board and that of individual Board members are reflected in the proper guidance, diligence oversight and leadership which the Board provides to Management as well as the long-term performance of First REIT. The Board is also able to assess the Board Committees through their regular reports to the Board on their activities. Pursuant to the Board evaluation process, the Board is satisfied that it has achieved its performance objectives for FY2023.

Individual Director self-assessment is also conducted to provide performance feedback which can help individuals to evaluate their own skills and performance as directors and motivate them to be more effective contributors. The evaluation categories covered in the individual assessment include independence and integrity, preparedness, participation, commitment and competence. The Board is cognisant that individual director evaluations are an important complement to the evaluation of a board's overall performance and the results of the Individual Director self-assessment are also compiled by the Company Secretary and discussed by the NRC.

No external facilitator was used in the evaluation process for the financial year under review.

REMUNERATION MATTERS

Principle 6 : Procedures for Developing Remuneration Policies

Principle 7 : Level and Mix of Remuneration

Principle 8 : Disclosure on Remuneration

The Manager, not First REIT, remunerates all Directors and employees of the Manager. The remuneration of the Directors in the form of directors' fees is paid wholly in cash and the remuneration of the Management in the form of salaries, annual bonuses and allowances is also paid wholly in cash. There is no non-monetary remuneration in the form of stock options or Units paid to the Directors or the Management for FY2023.

The NRC supports the Board in the remuneration matters of the Manager in accordance with the NRC's written terms of reference which has been updated in line with the Code. The NRC sets the remuneration framework of the Manager, taking into account industry practices, responsibilities and contributions and other conditions within the industry in

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relation to the remuneration, (i) to ensure that the compensation offered by the Manager are competitive and will attract, retain and motivate Directors and key management personnel, namely the CEO, and (ii) for Directors to be good stewards of the Manager and First REIT and (ii) for key management personnel with the required experience and expertise to run the Manager successfully for the long term. In developing and reviewing the remuneration framework for Directors and the key management personnel of the Manager, the NRC would take into consideration the Manager's existing remuneration policy and other conditions within the REIT management industry, such as the remuneration policies of comparable REIT managers. The remuneration policy of the Manager is structured to attract and retain highly qualified persons, and the Manager's overall goal is to ensure value creation and the long-term sustainability and success of the Manager and First REIT. In relation to the remuneration policy, the Board determines value creation to be the amount of value-add contributed by the individual, including but not limited to deal introduction to First REIT, cost-savings ideas and novel initiatives which have the potential of increasing the performance of First REIT and it is measured based on the monetary benefit/cost-savings which First REIT receives as a result of the value-add contributed by the individual Director and a key management personnel. The NRC considers all aspects of remuneration, including termination terms, to ensure they are fair.

To further attract and retain highly qualified persons, the Manager established the succession planning framework as a strategy for identifying and developing future leaders for critical roles. This helps the Manager to prepare for contingencies by closing the gap of a departure and grooming high potential persons for advancement.

The framework comprises the following three steps which allows the Manager to systematically manage the process and reduce any risk of gaps:

- a) identify the critical roles, recognize capabilities of the critical roles and select the talent pool;
- b) develop and implement succession and knowledge transfer plans; and
- c) evaluate effectiveness.

Remuneration of Non-Executive Directors

The remuneration for each Non-Executive Director takes into account the relevant Director's contribution and responsibilities, including effort, attendance and time spent at Board and Board Committee meetings and the industry practices and norms on remuneration including guidelines set out in the Statement of Good Practice issued by the SID. The current remuneration framework for the Non-Executive Directors remains unchanged from that of the previous financial year.

The following are the components of the fee structure for Non-Executive Directors for FY2023:

- 1) base fee for membership of the Board;
- 2) fee for chairing the Board;
- 3) fee for acting as Lead Independent Director;
- 4) base fee for membership of the Board Committee; and
- 5) fee for chairing the respective Board Committees.

Disclosure of remuneration of the Directors for FY2023

A breakdown of the Director fees payable to each Director for FY2023 is shown as follows:

<u>Name of Director</u>	<u>Director Fees (S\$)</u> ⁽¹⁾
Mr Christopher James Williams	100,000 ⁽²⁾
Mr Tan Kok Mian Victor	NIL ⁽³⁾
Mr Chan Pengee Adrian	126,250 ⁽⁴⁾
Mr Tan Chuan Lye	81,250 ⁽⁵⁾
Mr Martin Lechner	68,750 ⁽⁶⁾
Mr Ferris Charles Bye	106,250 ⁽⁷⁾
Ms Minny Riady	62,500 ⁽⁸⁾

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Notes:

- (1) The framework for determining the Directors' Fees in FY2023 is as follows: (i) S\$50,000 for acting as the Chairman of the Board; (ii) S\$50,000 for acting as a member of the Board; (iii) S\$20,000 for acting as the Lead Independent Director; (iv) S\$37,500 for acting as the Chairman of the ARC; (v) S\$18,750 for acting as a member of the ARC; (vi) S\$25,000 for acting as the Chairman of the NRC; and (vii) S\$12,500 for acting as a member of the NRC.
- (2) The fees payable to Mr Christopher James Williams comprise (i) S\$50,000 for acting as the Chairman of the Board and (ii) S\$50,000 being member of the Board.
- (3) No director fee was payable to Mr Tan Kok Mian Victor in respect of his position as Executive Director in FY2023.
- (4) The fees payable to Mr Chan Pengee Adrian comprise (i) S\$50,000 for acting as a member of the Board, (ii) S\$20,000 for acting as the Lead Independent Director, (iii) S\$18,750 for acting as a member of the ARC, (iv) S\$12,500 for acting as a member of the NRC and (v) S\$25,000 for acting as the Chairman of the NRC.
- (5) The fees payable to Mr Tan Chuan Lye comprise: (i) S\$50,000 for acting as a member of the Board, (ii) S\$18,750 for acting as a member of the ARC and (iii) S\$12,500 for acting as a member of the NRC.
- (6) The fees payable to Mr Martin Lechner comprise: (i) S\$50,000 for acting as a member of the Board and (ii) S\$18,750 for acting as a member of the ARC.
- (7) The fees payable to Mr Ferris Charles Bye comprise: (i) S\$37,500 for acting as the Chairman of the ARC, (ii) S\$18,750 for acting as a member of the ARC and (iii) S\$50,000 for acting as a member of the Board.
- (8) The fees payable to Ms Minny Riady comprise: (i) S\$50,000 for acting as a member of the Board and (ii) S\$12,500 for acting as a member of the NRC.

The NRC had recommended to the Board a total amount of S\$545,000 as Directors' fees for FY2023, to be paid in arrears. This recommendation had been endorsed by the Board and will be tabled for approval at the Manager's forthcoming general meeting for shareholders' approval.

Remuneration of Executive Director/CEO – Key Management Personnel

The Manager advocates a performance-based remuneration package for the CEO. The CEO has a service agreement with the Manager and his remuneration and terms of appointment were negotiated and recommended by the NRC and is endorsed by the Board. The remuneration of the CEO comprises a fixed salary and a performance bonus which is tied to individual performance, the performance of First REIT and the Manager, as well as achieving sustainable returns for the Unitholders and other stakeholders.

The CEO's performance bonus and remuneration increment are based on an annual appraisal exercise. The annual appraisal takes into consideration the contribution of the CEO towards the long-term strategic goals of First REIT and the Manager, including key factors such as:

- 1) unit price performance and distribution per unit yield;
- 2) containment of corporate and operation costs;
- 3) effective capital management, including competitive cost of funds and fund raising fees;
- 4) efforts to improve and maximise profit of the Manager and First REIT;
- 5) effectiveness and productivity of acquisitions from the sponsor and third parties; and
- 6) quality of risk management and control on an ongoing basis.

For the avoidance of doubt, the CEO, Mr Tan Kok Mian Victor, was not involved in the decision of the Board on his own remuneration.

The Code and the Notice to All Holders of a Capital Markets Services Licence for Real Estate Investment Trust Management (issued pursuant to Section 101 of the SFA) require (i) the disclosure of the remuneration of each individual Director and the CEO on a named basis, (ii) the disclosure of the remuneration of at least the top five key management personnel/top five executive officers (who are neither Directors nor the CEO), on a named basis, in bands of S\$250,000, and (iii) in aggregate the total remuneration paid to the top five key management personnel (who are not Directors or the CEO). In the event of non-disclosure, the Manager is required to provide reasons for such non-disclosure and state and explain how its practices are consistent with the aim and philosophy of the relevant Principle under the Code. After much deliberation, the Board is of the view that disclosure of the remuneration of the CEO and the top five executive officers on a named basis, whether in exact quantum or in bands of S\$250,000, and the total remuneration paid to the top five key management personnel (who are not Directors or the CEO) will not be in the best interests of the Manager, First REIT or its Unitholders. In arriving at its decision, the Board had taken into consideration, *inter alia*, the commercial sensitivity and confidential nature of remuneration matters, the competitive nature of the REIT management industry, the competitive business environment which First REIT operates in, the importance of ensuring stability and continuity of business operations with a competent and experienced management team in place and the negative impact which such disclosure may have on the Manager in attracting and retaining talent for the Manager (at the Management levels) on a long-term basis. Given the competitive business environment which First REIT operates in, the Manager faces significant competition for talent in the REIT

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management sector, and it is not disclosing the remuneration of the key executive officers and/or management personnel, including the CEO, so as to minimise potential staff movement and undue disruption to its Management which would be prejudicial to the interest of the Unitholders. Further, such non-disclosure of remuneration does not affect the Manager's level of transparency on its remuneration policies, level and mix of remuneration, the procedure for setting remuneration and the relationships between remuneration, performance and value creation as such information have been disclosed in detail in the preceding paragraphs. Accordingly, the Board is of the view that the partial deviation from Provision 8.1 of the Code, i.e. the non-disclosure of the remuneration, whether in exact quantum or in bands of S\$250,000, of the CEO and top five executive officers, and the total remuneration paid to the top five key management personnel (who are not Directors or the CEO), is consistent with the intent of Principle 8 of the Code as a whole. For the above reasons, Unitholders' interests are not prejudiced by this partial deviation.

Remuneration of Key Executive Officers

The remuneration of key executive officers comprise a fixed salary and a performance bonus.

The Manager currently does not have in place long-term or short-term incentive schemes for executive Directors and key management personnel. While the Manager does not currently have in place a long-term component in the remuneration of its executive Directors and executive officers, it has incorporated the following key performance indicators ("KPIs") for the purpose of determining the executive Directors' and executive officers' remuneration: (i) strengthening of the balance sheet and improvements to the credit profile of First REIT; (ii) improvements to the financial performance of First REIT; (iii) investment management; (iv) benchmarking against other REITs; (v) investor outreach; (vi) enterprise risk management; and (vii) Environmental Social and Corporate Governance considerations. In measuring the performance of these KPIs, the Manager refers to factors such as the distribution per unit and total unitholder returns, which serve to align the interests of the executive Directors, executive officers and the Unitholders.

The remuneration of key executive officers (excluding the CEO) is also based on the annual appraisal of each individual's performance and his/her contribution towards the long-term strategic goals of First REIT and the Manager. In particular, the performance bonus is linked to the performance of First REIT and the Manager. It is assessed based on the improvement in the net property income, distributable amount and distribution per unit of First REIT ("**Unit**") over the preceding year and as such, it is aligned with the interests of Unitholders.

There is no existing service agreement entered into by the Directors or key management personnel with the Manager that provides for termination, retirement or post-employment benefits. During FY2023, the Manager has also not set aside nor accrued any amounts to provide for pension, retirement or similar benefits for the Directors and key management personnel.

The Manager does not have any employee share or unit scheme and does not remunerate directors and key management personnel in the form of shares or interests in the sponsor or its related entities or any other entities.

No Director or key management personnel is involved in the deliberation and decision in respect of his own individual fees/remuneration.

No remuneration consultants were engaged in FY2023. The NRC may seek expert advice from remuneration consultants on remuneration matters, as and when necessary.

Remuneration of Employees

There were no employees of the Manager and its subsidiaries who were substantial shareholders of the Manager, substantial Unitholders or immediate family members of a Director, the CEO, a substantial shareholder of the Manager or a substantial Unitholder and whose remuneration exceeded S\$100,000 in FY2023. "Immediate family member" refers to the spouse, child, adopted child, step-child, sibling or parent.

CORPORATE GOVERNANCE REPORT

ACCOUNTABILITY AND AUDIT

Principle 9 : Risk Management and Internal Controls

Risk Management

Effective risk management is a fundamental part of First REIT's business strategy. Recognising and managing risk is central to the business and to protecting Unitholders' interests. The Manager has in place an ERM framework and policies which have been approved by the Board that provide a structured approach to identifying and managing the material risks that would arise in the course of managing First REIT. The ERM framework and policies are monitored and reviewed by the Board and major developments or significant revisions to the ERM framework or policies will be submitted to the Board for approval. The ARC, together with the Manager, assists the Board to oversee, review and update the ERM framework to ensure its adequacy and effectiveness on the business, with internal controls in place to manage risks including but not limited to finance, operations, compliance and information technology. An independent consultant has been engaged to review the ERM framework, the identified risks and the controls annually. Material risks at both the Manager and First REIT are managed through this ERM framework.

The Board reviews the financial performance of the Manager and First REIT against a previously approved budget. The Board will also review the business risks of First REIT, examine liability management and will act upon any comments from the auditors of First REIT. In assessing business risks, the Board considers the economic environment and risks relevant to the healthcare industry. The Board reviews management reports and feasibility studies on individual development projects prior to approving major transactions. Management meets regularly to review the operations of the Manager and First REIT and discuss any disclosure issues.

The Board is also responsible for presenting a balanced and understandable assessment of First REIT's performance, position and prospects to its Unitholders, the public and the regulators, including interim and other price-sensitive or trade-sensitive public reports and reports regulators (if required). The Management is accountable to the Board and provides the Board with quarterly business updates as well as half-year and full-year results, which are then reviewed and approved by the Board for release to the SGX-ST. Financial results and other price-sensitive or trade-sensitive information, annual reports and material corporate developments are disclosed via SGXNet.

To keep Unitholders informed of material developments, the Manager released updates by way of press releases and voluntary business updates, where applicable. The aim of such an engagement is to provide Unitholders with prompt disclosure of relevant information, to enable them to have a better understanding of First REIT's businesses and performance.

A risk register with specific internal controls in place is maintained by the Manager to track, monitor, manage and/or mitigate risks faced by First REIT in the areas of strategic, operational, financial, compliance, information technology and sustainability. The risk register is reviewed by the Manager, the ARC and the Board quarterly (and updated on a periodic basis), and top-tier risks, as well as risk mitigation measures for top-tier risks, are reported to the ARC and the Board for review.

Internal Controls

The Board recognises the importance of maintaining a sound system of internal controls to safeguard the interests of Unitholders and the assets of First REIT. Internal auditors and external auditors conduct audits that involve evaluating the adequacy and effectiveness of the material internal control systems of First REIT. The Board also notes that the system of internal controls is designed to manage rather than to eliminate risk of failure to achieve business objectives, as no system of internal controls will preclude all errors and irregularities. The Board believes that the present system of internal controls provides reasonable and adequate safeguard, and is effective against material financial misstatements or losses. The Board performs regular reviews to ensure that the system of internal controls continues to be reasonable, adequate and effective.

Non-compliance and internal control weaknesses are noted by the internal auditors and their recommendations will be reported to the ARC. To date, there has been no identified non-compliance or internal control weakness of a material nature.

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For the financial year under review, the CEO and the Chief Financial Officer (the “**CFO**”) of the Manager had provided assurance to the Board that the financial records of First REIT have been properly maintained and the financial statements give a true and fair view of the operations and finances of First REIT. The CEO and key management personnel who are responsible had provided assurance to the Board that the risk management and internal control systems in place within First REIT were adequate and effective as at 31 December 2023 in addressing the material risks, including material financial, operational, compliance, information technology and sustainability risks which the Manager considers relevant and material to the operations of First REIT and its subsidiaries (the “**Group**”). The adequacy and effectiveness of the system of risk management and internal controls are reviewed at least annually by Management, the ARC and Board, taking into account the best practices and guidance in Risk Governance for Listed Boards issued by the Corporate Governance Council and the Listing Manual.

The Board notes that the ERM framework and internal controls established by the Manager provide reasonable, but not absolute, assurance that First REIT will not be significantly affected by any event that can be reasonably foreseen as it strives to achieve its business objectives. However, the Board also notes that no system of risk management and internal controls can provide absolute assurance in this regard, or absolute assurance against poor judgment in decision making, human error, fraud, other irregularities and losses.

For FY2023, based on the system of risk management and internal controls established and maintained by the Manager, work performed by the internal auditors and external auditors, information furnished by Management and observations made, the Board with the concurrence of the ARC, is of the view that the present risk management systems and internal controls are adequate and effective in addressing financial, operational, compliance, information technology and sustainability risks. For FY2023, the Board and the ARC have not identified any material weaknesses in the Manager’s internal controls and risk management systems. The Manager has complied with Rule 1207(10) of the Listing Manual.

The Manager has in place an ERM framework to assist in evaluating and monitoring changes to business operations that may result in significant risk exposure to First REIT.

The structured ERM framework and process which includes a set of monitoring mechanisms and indicators allowed the Board and Management to continuously evaluate various risk perspectives such as liquidity and cashflow, workforce health and safety and workforce mobility, cyber security and regulatory compliance.

The ERM framework requires key functions and business units to report risk-related matters to the Board and Management on a regular basis. Timely reporting of high risks also provides reference points and guidance for the Board and Management to assess the adequacy and effectiveness of controls in place to manage these risks. For example, many organisations have observed an increase in propensity of wrongdoing in the current economic climate. Management, as part of the ERM framework, maintains vigilance over the relevant internal controls through mechanisms such as regular reviews and self-assessment of controls. With this, prompt decision making was undertaken to adjust operations to meet ongoing changes to the business environment due to regulatory advisory changes. The framework also provided enhanced clarity on potential financial challenges, which in turn allowed Management to monitor and react proactively to any potential incoming concerns.

During the year under review, the Board and Management also paid particular attention to monitoring First REIT’s risk of becoming subject to, or violating, any anti-money laundering (“**AML**”) law or regulation, as well as conducted an AML staff training.

Through a regular risk review and monitoring process, Management and the Board are also better able to continuously engage and assure stakeholder groups that their interests remain a top priority for the Manager. Pertinent information is shared with stakeholders and Unitholders in a timely manner as appropriate through various platforms including press releases, investor presentations and analyst reports.

The current ERM approach has also facilitated a balanced consideration between risk and strategy and allowed the Board and Management to deliberate on First REIT’s risk appetite, and to be nimble and able to re-purpose some of First REIT’s business operations to capitalise on growth opportunities. Having an effective ERM function drives quick decision-making to not only focus on value protection but to also look for areas for enhanced value creation.

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Principle 10 : Audit and Risk Committee

The ARC comprises the following four members, all of whom (including the Chairman of the ARC) are Non-Executive and Independent Directors. As at the date of this report, the members are as follows:

Mr Ferris Charles Bye (Chairman of the ARC)	(Independent Director)
Mr Chan Pengee Adrian	(Lead Independent Director)
Mr Tan Chuan Lye	(Independent Director)
Mr Martin Lechner	(Independent Director)

The members of the ARC are appropriately qualified to discharge their responsibilities and have recent and relevant accounting and related financial management experience and expertise. None of the ARC members were previous partners or directors of the Manager's and First REIT's current auditing firm, KPMG LLP, in the past three financial years and none of the ARC members hold any financial interest in KPMG LLP.

The role of the ARC is to monitor and evaluate the effectiveness of the Manager's internal controls. The ARC reviews the quality and reliability of information prepared for inclusion in financial reports, and is responsible for the nomination of external auditors and reviewing the adequacy of external audits in respect of cost, scope and performance. The ARC also assesses changes in accounting standards and accounting issues that may impact First REIT. The ARC has also been tasked by the Board to include risk management within its oversight role. This includes the review of material risks identified by the Manager with respect to the business operations of the Manager, First REIT and the assets of First REIT.

The ARC is guided by its terms of reference which have been updated to be in line with the Code and endorsed by the Board and its principal duties include but are not limited to:

- reviewing and approving Related Party Transactions including ensuring compliance with the provisions of the Listing Manual relating to "interested person transactions" (as defined therein) and the provisions of the Property Funds Appendix relating to "interested party transactions" (as defined therein) (both such types of transactions constituting "**Related Party Transactions**");
- reviewing external and internal audit reports to ensure that where deficiencies in internal controls have been identified, appropriate and prompt remedial action is taken by Management, including ensuring that the guidelines and procedures established to monitor Related Party Transactions have been complied with;
- reviewing the assurance from the CEO and the CFO on the financial records and financial statements of First REIT;
- ensuring that the internal audit function is effective, adequately resourced, independent of the activities it audits, and has appropriate standing within the Manager;
- reviewing the adequacy, effectiveness, independence, scope and results of the external audit and internal audit functions;
- reviewing the nature and extent of the significant risk which the Manager and First REIT is willing to take in achieving the strategic objectives and value creation for First REIT and to oversee the Manager's risk management framework and policies;
- monitoring the procedures in place to ensure compliance with applicable legislation, such as the Listing Manual and the CIS Code, including the Property Funds Appendix;
- reviewing, on an annual basis, the independence and objectivity of the external auditors, and the nature and extent of non-audit services performed by the external auditors;
- making recommendations to the Board on the proposals to Unitholders on the appointment, re-appointment and removal of external auditors, including approving their remuneration and terms of engagement;
- reviewing, at least annually, the adequacy and effectiveness of risk management and internal control systems including financial, operational, compliance and information technology controls and risk management systems;
- reviewing the significant financial reporting issues and judgements so as to ensure the integrity of the financial statements and the audit report, as well as any announcements relating to the financial results of First REIT;
- reviewing the Manager's policies and arrangements for concerns about possible improprieties in financial reporting or other matters to be safely raised, independently investigated and appropriately followed up on;
- investigating any matters within the ARC's terms of reference, whenever it deems necessary;
- reporting to the Board on material matters, findings and recommendations; and
- oversight and monitoring of the whistle blowing policy (the "**Whistle Blowing Policy**"), including reviewing the policy and arrangements for concerns about possible improprieties in financial reporting or other matters to be safely raised, independently investigated and appropriately followed up on and to ensure that the Manager publicly discloses, and clearly communicates to employees of the Manager, the existence of a whistle-blowing policy and the procedures for raising such concerns.

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The ARC meets at least 4 times a year, has full access to and co-operation from Management and enjoys full discretion to invite any Director and executive officer of the Manager to attend its meetings. The ARC has full access to reasonable resources to enable it to discharge its functions properly. The ARC is kept abreast of changes to the financial reporting standards and regulatory updates, through briefings by professionals during the quarterly meetings, or as and when appropriate.

The ARC meets with the internal and external auditors, without the presence of Management, at least once a year.

Attendance at the ARC meetings in FY2023 is set out on page 84 of this Annual Report.

In FY2023, the ARC:

- (i) held 4 meetings during the year;
- (ii) reviewed and approved the Internal and External Audit Plans, including the nature and scope of work before commencement of these audits;
- (iii) reviewed and approved the Enterprise Risk Assessment Report;
- (iv) met with the internal and external auditors without the presence of Management, to discuss their findings as set out in their respective reports to the ARC. Both the internal and external auditors had confirmed that no restrictions were placed on the scope of audits;
- (v) reviewed and recommended to the Board, the half and full-year financial statements and audit report;
- (vi) reviewed all services provided by the external auditors and were satisfied that the provision of such services did not affect their independence. The external auditors had also affirmed their independence in their report to the ARC;
- (vii) reviewed Related Party Transactions on a quarterly basis;
- (viii) reviewed and determined the adequacy and effectiveness of the risk management and internal control systems, including financial, operational, compliance and information technology controls and made the requisite recommendations to the Board; and
- (ix) received the Manager's compliance report for FY2023.

External Audit

In the review of the financial statements for FY2023, the ARC had discussed with Management the accounting principles that were applied and the ARC's judgment of matters that might have impacted the financial statements. The following significant matters were discussed with Management and the external auditors and reviewed by the ARC:

Key Audit Matters	How the ARC reviewed these matters and what decisions were made
Valuation of investment properties	<p>The ARC had considered the methodologies and key assumptions applied by the external valuers in arriving at the valuation of the investment properties.</p> <p>The ARC had reviewed and discussed with Management on the reasonableness of the key assumptions and judgements used in the valuation models, namely future rentals, income growth, discount rates and terminal rates.</p> <p>The ARC was satisfied that the accounting policies and treatments are appropriate and in line with the Singapore Financial Reporting Standards and Recommended Accounting Practice 7 "Reporting Framework for Investments Funds", issued by the Institute of Singapore Chartered Accountants,</p> <p>The valuation of investment properties was an area of focus for the external auditors. The external auditors had included this item as key audit matter in their audit report for FY2023. Please refer to pages 110 to 111 of this Annual Report.</p>

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The ARC has considered the performance of the external auditors and the nature of non-audit services provided by the external auditors together with the fees paid for such services. The aggregate amount of fees paid/payable to external auditors is S\$805,000 of which S\$761,000 pertains to audit services and S\$44,000 pertains to non-audit services. The details of the remuneration of the auditors of the Trust are as follows:

	S\$'000
Audit services	
- Auditors of the Trust and other firms affiliated with KPMG International Limited	631
- Other auditors	130
Non-audit services	
- Auditors of the Trust and other firms affiliated with KPMG International Limited	-
- Other auditors	44

The ARC is satisfied that the independence and objectivity of the external auditors have not been impaired by the provision of such services.

In the course of carrying out their duties, the external auditors will highlight any material internal control weaknesses which have come to their attention in carrying out their normal audit, which is designed primarily to enable them to express their opinion on the financial statements. Such material internal control weaknesses noted during their audit, and recommendations, if any, by the external auditors are reported to the ARC.

KPMG LLP together with member firms of KPMG LLP, audited First REIT and its subsidiaries for the purpose of First REIT group financial statements. Member firms of KPMG LLP and RSM International audited the foreign subsidiaries for local statutory financial statement purposes. First REIT is in compliance with Rules 712 and 715 read with Rule 716 of the Listing Manual in relation to the appointment of its auditing firm. Accordingly, the ARC has recommended to the Board the nomination of the external auditors, Messrs KPMG LLP, for re-appointment at the forthcoming AGM to be held on 22 April 2024.

Internal Audit

The Manager has put in place a system of internal controls of procedures and processes to safeguard First REIT's assets, Unitholders' interest as well as to manage risks.

The internal audit function of the Manager is outsourced to Baker Tilly Consultancy (Singapore) Pte. Ltd., a member firm of Baker Tilly International. The ARC approves the hiring, removal and evaluation of the internal auditors. The internal auditors report directly to the ARC on audit matters and to the Management on administrative matters. For FY2023, the ARC has reviewed the adequacy and effectiveness of the internal auditors and was satisfied that the internal auditors are adequately resourced, qualified and effective in performing their function, have appropriate standing within First REIT and have maintained their independence from the activities that they audit.

The internal auditors' activities are guided by the International Standards for the Professional Practice of Internal Auditing set by the Institute of Internal Auditors (the "IIA"), which Baker Tilly Consultancy (Singapore) Pte. Ltd. is a member of. For FY2023, the internal audit work carried out by Baker Tilly Consultancy (Singapore) Pte. Ltd. is in conformance with the IIA standards.

During the financial year under review, the internal auditors conducted audit reviews based on the internal audit plan approved by the ARC and had unfettered access to all the documents, records, properties and personnel of the Manager, including access to the ARC, and has appropriate standing with respect to the Manager. Upon completion of each audit assignment, the internal auditors report their findings and recommendations to Management who would respond on the actions to be taken. The internal auditors submit the internal audit reports to the ARC for deliberation and also validate the follow up actions taken by Management on the audit findings.

CORPORATE GOVERNANCE REPORT

UNITHOLDER RIGHTS AND ENGAGEMENT

Principle 11 : Unitholders Rights and Conduct of General Meetings

Principle 12 : Engagement with Unitholders

Principle 13 : Engagement with Stakeholders

The Manager strives to uphold a strong culture of timely disclosure and transparent communication with Unitholders and the investment community.

The Manager treats all Unitholders fairly and equitably in order to enable them to exercise their Unitholders' rights and have the opportunity to communicate their views on matters affecting First REIT. The Manager's investor relations policy is to promote regular, effective and fair communication through timely and full disclosure of all material information relating to First REIT by way of public releases or announcements through the SGX-ST via SGXNet at first instance, and on First REIT's website at www.first-reit.com. Information on First REIT, including the Manager's investor relations policy, is available on its website. Unitholders are encouraged to communicate their views on matters pertaining to First REIT and can email their questions to ir@first-reit.com or contact the Manager at +65 6435 0168, details of which are listed on First REIT's website.

As part of the Manager's investor relations policy, the Manager maintains an active dialogue with Unitholders and also conducts regular briefings for other stakeholders such as analysts, investors and media representatives, which generally coincide with the release of First REIT's half-yearly results announcements or business update briefings for the first and third quarters. The CEO and senior Management are present at these briefings to review First REIT's most recent performance, discuss the business outlook for First REIT, and answer questions. The Manager assesses feedback from Unitholders and stakeholders and implements suggestions where feasible. The Manager believes that engaging Unitholders and stakeholders is important for the success of First REIT. First REIT has identified its stakeholders based on their impact on First REIT's business and those with a vested interest in First REIT's operations. First REIT's stakeholders include investors, operators and the local community. Through various engagement initiatives, First REIT was able to strengthen its relationships with its stakeholders and obtain valuable feedback. Please refer to the Investor Relations section on page 47 and the Sustainability Report section on page 49 of this Annual Report for further information on stakeholder engagement initiatives.

In addition, Unitholders are given opportunities to communicate their views and to raise pertinent questions to the Directors and to participate effectively in and vote at Unitholders' meetings.

The Manager commits to disclosing material price and trade-sensitive information to the public on a prompt and inclusive basis, and providing First REIT's stakeholders with the latest, most relevant information they require to make informed decisions about the value of First REIT and its long-term prospects. Material information relating to First REIT's financial performance, business and strategic developments is published on SGXNet first, followed by First REIT's website.

As required by the Listing Manual, the Manager discloses the names of First REIT's substantial Unitholders and a breakdown of their direct and deemed interests (including how such interests are held or derived) in First REIT's annual report every year. The Manager also disseminates, via SGXNet, the notifications it receives from its substantial Unitholders, in accordance with the provisions of the SFA.

A dedicated investor relations section on First REIT's website enables access for its Unitholders and the investment community to pertinent information about First REIT such as annual reports, financial results and the latest corporate presentations.

Conduct of AGMs

The AGM held on 21 April 2023 was convened and held via electronic means pursuant to the COVID-19 (Temporary Measures) (Alternative Arrangements for Meetings for Companies, Variable Capital Companies, Business Trusts, Unit Trusts and Debenture Holders) Order 2020 ("**COVID-19 Order**"). Unitholders participated in the AGM held on 21 April 2023 by observing and/or listening to the AGM proceedings via live audio-visual webcast or live audio-only stream, submitting questions in advance of, or "live" at, the AGM, and voted at the AGM (i) live by the Unitholder or his/her/its

CORPORATE GOVERNANCE REPORT

duly appointed proxy(ies) (other than the chairman of the meeting) via electronic means; (ii) live by the CPF or SRS investor via electronic means if they were appointed as proxies by their respective CPF Agent Banks or SRS Operators; or (iii) by appointing the chairman of the meeting as proxy to vote on the Unitholder's behalf at the AGM. The responses to relevant and substantial questions from Unitholders were published 72 hours prior to the closing date and time for the lodgement of proxy forms. Detailed minutes of the AGM including substantial and relevant comments or queries from Unitholders and responses from the Board and Management were subsequently published within one month on SGXNet and made available on First REIT's website.

The forthcoming AGM ("**AGM 2024**") will be held in a wholly physical format on 22 April 2024 and Unitholders (themselves or through duly appointed proxies) will be able to vote and ask questions in person at AGM 2024.

Unitholders will be informed of Unitholders' meetings and the rules governing such meetings through notices of meetings sent to all Unitholders and/or notices published in the newspapers. The Manager ensures that Unitholders are able to participate effectively in and vote at the general meetings. Unitholders are accorded the opportunity to raise relevant questions on First REIT's business activities, financial performance and other business related matters and to communicate their views at the general meetings, and are briefed by independent scrutineers on the rules and voting procedures at the beginning of general meetings.

The Manager tables separate resolutions at general meetings of Unitholders on each substantially separate issue unless the issues are interdependent and linked so as to form one significant proposal. Where the resolutions are "bundled", the Manager will explain the reasons and material implications in the notice of the general meeting. Save as disclosed on page 84 of this Annual Report, all Directors attend the general meetings, and the external auditors are also present at general meetings, to address Unitholders' queries.

Unitholders are encouraged to participate in the question and answer sessions, whereby minutes of the proceedings are subsequently prepared and will include any substantial queries and comments raised by Unitholders in relation to the agenda of the general meeting and the accompanying responses from the Board and Management.

Provision 11.5 of the Code states that the company should publish minutes of general meetings on its corporate website as soon as practicable. The Company Secretary prepares minutes of Unitholders' meetings, which incorporate substantial and relevant comments or queries from Unitholders and responses from the Board and Management. Beginning from the 2020 AGM, these minutes have been published on SGXNet and made available on First REIT's website.

Registered Unitholders who are unable to attend general meetings can each appoint up to two proxies to attend, participate and vote in general meetings on his/her behalf. Corporations providing nominee and custodial services can each appoint more than two proxies to attend, participate and vote in general meetings on behalf of Unitholders who hold Units through such corporations.

All resolutions at general meetings are voted on by way of poll. This allows all Unitholders present or represented at the meetings to vote on a one-Unit-one-vote basis. As encouraged by SGX-ST and in support of the greater transparency of voting in general meetings and good corporate governance, the Manager has employed electronic polling since the AGM held in April 2019. At each general meeting, Unitholders are briefed on the voting procedures and the results of all votes cast for or against each resolution with the respective percentages are announced at the meeting and on the SGXNET after the meeting. All polls are conducted in the presence of independent scrutineers. The outcome of the general meeting is also promptly announced on SGXNET after each general meeting.

The Trust Deed does not allow a Unitholder to vote in absentia at general meetings but allows any Unitholder to appoint proxies during his/her absence to attend and vote on his/her behalf at the general meetings. Unitholders are still given the opportunity to exercise their rights to attend and vote at general meetings through their proxies. Further, Unitholders such as nominee companies which provide custodial services for securities are not constrained by the two proxy limitation and are able to appoint more than two proxies to attend, speak and vote at general meetings. This will enable indirect investors, including CPF investors, to be appointed as proxies to participate at general meetings. The Manager is accordingly of the view that despite this deviation from Provision 11.4 of the Code, its practice is still consistent with the intent of Principle 11 as a whole.

CORPORATE GOVERNANCE REPORT

The Manager adopts an inclusive approach by considering and balancing the needs and interests of material stakeholders, as part of its overall responsibility to ensure that the best interests of First REIT are served. The Manager considers emerging and existing sustainability-related trends to enable the Manager to identify and manage any potential, current, or impending business risks that need to be managed, and/or to take advantage of any opportunities they may provide. The Manager has arrangements in place to identify and engage with material stakeholder groups and to manage its relationships with such groups. These stakeholder groups are important to the Manager, either because their actions impact First REIT's business or First REIT's business impacts their actions. They include First REIT's employees, Unitholders, tenants, operators, regulators, the Trustee, and third-party service providers. The Manager's various teams interact with these stakeholders on a regular basis and the Manager maintains a corporate website to facilitate communication and engagement with stakeholders. The Sustainability Report from pages 49 to 80 in this Annual Report describes First REIT's approach in identifying its material stakeholders, as well as addressing stakeholders' concerns and methods of engagement. The Sustainability Report also sets out the key areas of focus in relation to the management of stakeholder relationships for FY2023.

First REIT targets to provide sustainable distribution payout. First REIT's distribution policy is to distribute at least 90% of its taxable income to Unitholders, with the actual level of distribution to be determined at the Manager's discretion. Distributions are generally paid within 35 market days after the relevant record date. Please refer to page 167 of this Annual Report for more details on the distribution policy and page 116 of this Annual Report for First REIT's "Statements of Distribution" for FY2023.

ADDITIONAL INFORMATION

Dealing in First REIT Units

The Manager has adopted a formal policy on handling of confidential information and dealing in securities (the "**Information Dealing Policy**") which applies the best practice recommendations issued by SGX-ST. The Information Dealing Policy sets out the implications of insider trading and guidance on dealings in the securities of First REIT as well as certain entities listed on the SGX-ST in which OUE has an effective interest in (collectively, the "**Restricted Securities**"). It applies to and has been distributed to, *inter alia*, the Directors and employees of the Manager.

Pursuant to Rule 1207(19)(c) of the Listing Manual, the Manager and its officers should not deal in First REIT's securities during the period commencing two weeks before the announcement of First REIT's financial statements for each of the first three quarters of its financial year and one month before the announcement of First REIT's full year financial statements (if First REIT announces its quarterly financial statements), or one month before the announcement of First REIT's half year and full year financial statements (if First REIT does not announce its quarterly financial statements).

The Directors and the employees of the Manager are reminded by way of emails that they and their connected persons are prohibited from dealing in the Units during the following periods:

- two weeks before the announcement of First REIT's interim business updates for the first and third quarters of its financial year;
- one month before the announcement of First REIT's half year and full-year results and (where applicable) property valuations; or
- at any time while in possession of price sensitive information.

The Directors and the employees of the Manager are prohibited from communicating price-sensitive or trade-sensitive information to any person. In addition, the Manager also discourages the Directors and employees of the Manager from dealing in the Units on short-term considerations. Pursuant to the Information Dealing Policy, Directors and employees of the Manager are required to give a pre-trading notification and declaration (that, amongst others, he or she is not in possession of any information that is not generally available but, if the information were generally available, a reasonable person would expect it to have a material effect on the price or value of the Restricted Securities ("**inside information**")) to their Head of Department and/or the Legal Department (as the case may be) before any dealing in the Restricted Securities. Details of the transaction that had been notified prior to being undertaken must also be provided in writing within two business days after the trade. A transaction which was notified but not undertaken must also be reported as such. All Directors and employees of the Manager must verify that confidential information is shared only to those persons who have a legitimate reason to have access to such information. The Information Dealing Policy sets out the procedures and safeguards which Directors and employees of the Manager should adopt to limit the risk of a leak of confidential

CORPORATE GOVERNANCE REPORT

information, including but not limited to signing of non-disclosure agreements, implementing Chinese walls, controlling access to documents containing confidential information, "clean-desk" policy, adoption of code names for transactions and maintenance of a list of persons who are privy to material inside information that has not been publicly announced.

The Manager has complied with Rule 1207(19) of the Listing Manual.

Dealing with Conflict of Interest

The Manager has instituted the following procedures to deal with potential conflicts of interest issues, which the Manager may encounter, in managing First REIT:

- the Manager will not manage any other real estate investment trust which invests in the same type of properties as First REIT;
- all executive officers will be employed by the Manager;
- all resolutions in writing of the Directors in relation to matters concerning First REIT must be approved by a majority of the Directors, including at least one Independent Director;
- at least half of the Board shall comprise Independent Directors; and
- in respect of matters in which the sponsor and/or its subsidiaries have an interest, direct or indirect, any nominees appointed by the sponsor and/or its subsidiaries to the Board to represent its/their interest will abstain from participating in any discussion or voting. In such matters, the quorum must comprise a majority of Independent Directors and must exclude the nominee Directors of the sponsor and/or its subsidiaries.

It is also provided in the Trust Deed that if the Manager is required to decide whether or not to take any action against any person in relation to any breach of any agreement entered into by the Trustee for and on behalf of First REIT with a related party of the Manager, the Manager shall be obliged to consult a reputable law firm (acceptable to the Trustee) which shall provide legal advice on the matter. If the said law firm is of the opinion that the Trustee has a prima facie case against the party allegedly in breach under such agreement, the Manager shall be obliged to take appropriate action in relation to such agreement. The Directors will have a duty to ensure that the Manager so complies. Notwithstanding the foregoing, the Manager shall inform the Trustee as soon as it becomes aware of any breach of any agreement entered into by the Trustee for and on behalf of First REIT with a related party of the Manager and the Trustee may take any action it deems necessary to protect the rights of Unitholders and/or which is in the interest of Unitholders. Any decision by the Manager not to take action against a related party of the Manager shall not constitute a waiver of the Trustee's right to take such action as it deems fit against such related party.

Anti-Bribery/Anti-Corruption Policy

The Manager has procedures in place to comply with applicable anti-bribery laws and regulations. Under the Code of Business Conduct and Ethics, employees are not to accept, offer, promise, or pay anything of value to another person with the intention to obtain or retain business, to improperly influence an official action or to secure an unfair business advantage, whether directly or through a third party.

Protection of Creditors' Rights

To protect creditors' rights, the Manager will ensure compliance with relevant laws and regulations, including the Property Funds Appendix. The Manager conducts First REIT's business in a proper and efficient manner and ensure that the total borrowings and deferred payments of First REIT does not exceed the leverage ratio limit as per Property Funds Appendix. When the Manager takes out loans, the Manager uses its best endeavours to ensure that the interest rates of the loans are competitive. Interest rate risk is managed on an ongoing basis through regular reviews of the optimal mix of fixed and floating rate borrowings.

Whistle Blowing Policy

The Manager has in place a whistle-blowing policy whereby employees of the Manager and any other persons may, in confidence, raise concerns about possible improprieties in matters of financial reporting or other matters as well as any breach of the Manager's Code of Business Conduct and Ethics, without fear of reprisals in any form. The ARC has the responsibility of overseeing this policy which is administered with the assistance of the head of the OUE's Internal Audit department. Under these procedures, arrangements are in place for independent investigation of such matters raised and for appropriate follow-up action to be taken. The whistle-blowing policy is publicly disclosed on the Manager's website

CORPORATE GOVERNANCE REPORT

and clearly communicated to the Manager's employees to encourage the reporting of any behaviour or action that might constitute impropriety in financial reporting or other matters. The Manager is committed to ensuring that whistle-blowers will be protected against any detrimental or unfair treatment, and shall use reasonable best efforts to ensure that the confidentiality and anonymity of the complainants is protected.

The ARC is empowered to conduct or authorise investigations into any activity within its terms of reference and obtain independent professional advice as it deems necessary. The ARC has full access to and cooperation from Management and full discretion to invite any Director or executive officer to attend its meetings, and has adequate resources to enable it to discharge its functions properly.

Interested Person Transaction

The Manager has established procedures to review and monitor interested person transactions are conducted on normal commercial terms and not prejudicial to the interests of First REIT and the Unitholders. As a general rule, the Manager must demonstrate to the ARC that any such transaction satisfies the foregoing criteria, which may entail obtaining (where practicable) quotations from parties unrelated to the Manager, or obtaining one or more valuations from independent professional valuers (in accordance with the Property Funds Appendix).

In addition, the following procedures will be undertaken:

- transactions (either individually or as part of a series or if aggregated with other transactions involving the same related party during the same financial year) equal to or exceeding S\$100,000.00 in value but below 3.0% of the value of First REIT's net tangible assets will be subject to review by the ARC at regular intervals;
- transactions (either individually or as part of a series or if aggregated with other transactions involving the same related party during the same financial year) equal to or exceeding 3.0% but below 5.0% of the value of First REIT's net tangible assets will be subject to review and prior approval of the ARC. Such approval shall only be given if the transactions are on normal commercial terms and are consistent with similar types of transactions made by the Trustee with third parties which are unrelated to the Manager; and
- transactions (either individually or as part of a series or if aggregated with other transactions involving the same related party during the same financial year) equal to or exceeding 5.0% of the value of First REIT's net tangible assets will be subject to review and approval prior to such transactions being entered into, on the basis described in the preceding paragraph, by the ARC which may, as it deems fit, request advice on the transactions from independent sources or advisers, including obtaining valuations from independent professional valuers. Further, under the Listing Manual and the Property Funds Appendix, such transactions would have to be approved by Unitholders at a meeting of Unitholders.

Where matters concerning First REIT relate to transactions entered into or to be entered into by the Trustee for and on behalf of First REIT with a related party of the Manager or First REIT, the Trustee is required to consider the terms of such transactions to satisfy itself that such transactions are conducted on normal commercial terms and are not prejudicial to the interests of First REIT and the Unitholders, and are in accordance with all applicable requirements of the Property Funds Appendix and/or the Listing Manual relating to the transaction in question. If the Trustee is to sign any contract with a related party of the Manager or First REIT, the Trustee will review the contract to ensure that it complies with the requirements relating to interested person transactions in the Property Funds Appendix (as may be amended from time to time) as well as such other guidelines as may from time to time be prescribed by the MAS or the SGX-ST to apply to real estate investment trusts.

Role of the Audit and Risk Committee for Interested Person Transactions

All interested person transactions will be subject to periodic review by ARC to ensure compliance with the Manager's internal control procedures and with the relevant provisions of the Property Funds Appendix and/or the Listing Manual. The review includes the examination of the nature of the transactions and its supporting documents or such other data deemed necessary by the ARC.

CORPORATE GOVERNANCE REPORT

The Manager incorporates into its internal audit plan a review of all interested person transactions entered into by First REIT. The ARC reviews the internal audit reports to ascertain that the guidelines and procedures established to monitor interested person transactions have been complied with. In addition, the Trustee also has the right to review such audit reports to ascertain that the Property Funds Appendix has been complied with.

If a member of the ARC has an interest in a transaction, he is required to abstain from participating in the review and approval process in relation to that transaction.

The Manager maintains a register to record all interested person transactions which are entered into by First REIT. Any interested person transactions requiring disclosure are disclosed in the announcements and/or the annual report of First REIT.

Material Contracts

Save as disclosed (i) in the Interested Person Transactions section of this Annual Report and (ii) on SGXNET (if any), no material contracts to which First REIT or any of its subsidiaries is a party and which involve the interests of the CEO, any director or controlling Unitholder subsisted at the end of FY2023, or have been entered into since the end of the previous financial year.

CORPORATE GOVERNANCE REPORT

ADDITIONAL INFORMATION

Manager's Management Fees

Pursuant to clauses 14.1.1 and 14.1.2 of the Trust Deed, the Manager is entitled to (i) a base fee of 0.4% per annum of the value of all the assets for the time being of First REIT or deemed to be held by First REIT ("**Deposited Property**"), and (ii) an annual performance fee of 5.0% per annum of the Net Property Income (as defined in the Trust Deed) (which is to be calculated before accounting for this additional fee in that financial year) of First REIT or (as the case may be) the Net Property Income of the relevant Special Purpose Vehicles (as defined in the Trust Deed) for each financial year.

Pursuant to clauses 14.1.1 and 14.1.2 of the Trust Deed, the management fees will be paid in the form of cash and/or Units (as the Manager may elect). The management fees payable in Units will be issued at the volume weighted average price for a Unit for all trades on the SGX-ST in the ordinary course of trading on the SGX-ST for the period of 10 Business Days (as defined in the Trust Deed) immediately preceding the relevant Business Day.

Pursuant to clause 14.1.4 of the Trust Deed, the Manager's management fees are payable quarterly in arrears.

For FY2023, the breakdown of the management fees paid was as follows:

	<u>Group</u>		<u>Trust</u>	
	<u>2023</u>	<u>2022</u>	<u>2023</u>	<u>2022</u>
	<u>S\$'000</u>	<u>S\$'000</u>	<u>S\$'000</u>	<u>S\$'000</u>
Base fees	3,713	4,041	3,670	3,998
Performance fees	5,266	5,428	5,266	5,428
	<u>8,979</u>	<u>9,469</u>	<u>8,936</u>	<u>9,426</u>

With effect from 1 January 2016, under the Property Funds Appendix, crystallisation of the annual performance fee has been revised to be no more frequent than once a year. Accordingly, from 1 January 2016 onwards, the Manager's performance fee is payable quarterly after completion of the audited financial statements for the relevant financial year in arrears.

Pursuant to clause 14.2 of the Trust Deed, the Manager is also entitled to receive an acquisition fee at the rate of 1.0% of the acquisition price and a divestment fee of 0.5% of the sale price, on all acquisitions or disposals of properties respectively. There is an asset management fee paid/payable to the asset management company in Japan of 0.4% per annum of the value of the asset-under-management in Japan.

The Manager's management fee was derived after deducting the asset management fee charged by the Japan asset management company.

Justification of Fees Payable to the Manager

1. Base fee

The Manager receives a base fee of 0.4% per annum of the value of the Deposited Property, representing the remuneration to the Manager for executing its core responsibility. The base fee compensates the Manager for the costs incurred in managing First REIT, which includes day-to-day operational costs, compliance costs and costs incurred in managing and monitoring First REIT's portfolio. The base fee is calculated at a fixed percentage of asset value as the scope of the Manager's duties is commensurate with the size of First REIT's asset portfolio.

Since First REIT's listing on 11 December 2006, the Manager has taken active steps to keep First REIT's portfolio relevant and adaptable to the changing economic and environmental landscapes.

As at 31 December 2023, First REIT's existing portfolio comprises thirty two properties, including fifteen properties located in Indonesia, fourteen properties located in Japan and three properties located in Singapore and has a combined gross floor area of approximately 448,744 square metres and a valuation of S\$1.14 billion.

CORPORATE GOVERNANCE REPORT

2. *Performance fee*

The Manager receives an annual performance fee of 5.0% per annum on the Net Property Income of First REIT or (as the case may be) the Net Property Income of the relevant Special Purpose Vehicles (as defined in the Trust Deed) for each financial year.

The performance fee, which is based on Net Property Income, aligns the interests of the Manager with Unitholders as the Manager is motivated and incentivised to achieve income stability by ensuring the long-term sustainability of the assets through proactive asset management strategies and asset enhancement initiatives. Therefore, to achieve sustainability in First REIT's Net Property Income, the Manager is dis-incentivised from taking on excessive short-term risks, and will strive to manage First REIT in a balanced manner.

3. *Acquisition and divestment fees*

In line with the Manager's key objective of managing First REIT for the benefit of Unitholders, the Manager regularly reviews First REIT's portfolio of properties and considers the acquisition and/or recycling of assets, where appropriate, to optimise First REIT's portfolio. This involves a thorough review of the exposures, risks and returns as well as the overall value-add of acquisitions or divestments to First REIT's existing portfolio and future growth expectations.

In undertaking a proposed acquisition, the Manager is expected to spend time and effort in conducting due diligence, structuring the acquisition, negotiating transaction documentation with the vendor, liaising with the valuers and working with the professional advisers and regulatory authorities to seek the necessary approvals from the regulators and/or Unitholders (where required). Similarly, in undertaking a proposed divestment, the Manager is expected to spend time and effort in negotiating with the prospective purchaser, structuring the divestment, liaising with the valuers and working with the professional advisers and regulatory authorities to seek the necessary approvals from regulators and/or the Unitholders (where required).

The Manager receives an acquisition fee of 1.0% on the acquisition price upon the completion of an acquisition, and a divestment fee of 0.5% on the sale price upon the completion of a divestment. The acquisition fee is higher than the divestment fee because there is additional work required to be undertaken in terms of sourcing, evaluating and conducting due diligence for an acquisition, as compared to a divestment.

The acquisition fees and divestment fees seek to motivate and compensate the Manager for the time, cost and effort spent (in the case of an acquisition) in sourcing, evaluating and executing potential opportunities to acquire new properties to further grow First REIT's asset portfolio or, (in the case of a divestment) in rebalancing and unlocking the underlying value of the existing properties. The Manager provides these services over and above the provision of ongoing management services with the aim of enhancing long-term returns, income sustainability and achieving the investment objectives of First REIT.

As required by the Property Funds Appendix, where acquisition fees or divestment fees are to be paid to the Manager for the acquisition of assets from, or divestment of assets to, an interested party, the acquisition fees or divestment fees are to be paid in the form of Units issued at the prevailing market price and which should not be sold for a period of one year from the date of issuance. This additional requirement for interested party acquisitions and divestments further aligns the Manager's interests with Unitholders.

REPORT OF THE TRUSTEE

Perpetual (Asia) Limited (the “Trustee”) is under a duty to take into custody and hold the assets of First 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 Schemes (collectively referred to as the “laws and regulations”), the Trustee shall monitor the activities of First REIT Management Limited (the “Manager”) for compliance with the limitations imposed on the investment and borrowing powers as set out in the trust deed dated 19 October 2006 (subsequently amended by First Supplemental Deed dated 6 September 2007, Second Supplemental Deed dated 19 April 2010, Third Supplemental Deed dated 26 April 2011, Fourth Supplemental Deed dated 1 April 2013, First Amending and Restating Deed dated 23 March 2016, Supplemental Deed of Retirement and Appointment of Trustee dated 1 November 2017, Fifth Supplemental Deed dated 22 May 2018, Sixth Supplemental Deed dated 30 April 2019, Seventh Supplemental Deed dated 7 April 2020 and Eighth Supplemental Deed dated 25 February 2022) (the “Trust Deed”) between the Manager and the Trustee in each annual financial reporting year 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 financial reporting year covered by these financial statements, set out on pages 108 to 193, 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,
Perpetual (Asia) Limited

Ms. Sin Li Choo
Director

22 March 2024

STATEMENT BY THE MANAGER

In the opinion of the directors of First REIT Management Limited (the “Manager”), the manager of First Real Estate Investment Trust (the “Trust”), the accompanying financial statements of the Trust and its subsidiaries (the “Group”) set out on pages 108 to 193 comprising the statements of financial position, statements of total return, statements of distribution, statements of movements in unitholders’ funds, statements of portfolio of the Group and the Trust, the consolidated statement of cash flows of the Group and notes to the financial statements, are drawn up so as to present fairly, in all material respects, the financial position and portfolio of the Group and of the Trust as at 31 December 2023, the total return, distributions, movements in unitholders’ funds of the Group and the Trust and cash flows of the Group for the year ended 31 December 2023, in accordance with the recommendations of Statement of Recommended Accounting Practice 7 “*Reporting Framework for Investment Funds*” issued by the Institute of Singapore Chartered Accountants and the provisions of the trust deed dated 19 October 2006 (subsequently amended by First Supplemental Deed dated 6 September 2007, Second Supplemental Deed dated 19 April 2010, Third Supplemental Deed dated 26 April 2011, Fourth Supplemental Deed dated 1 April 2013, First Amending and Restating Deed dated 23 March 2016, Supplemental Deed of Retirement and Appointment of Trustee dated 1 November 2017, Fifth Supplemental Deed dated 22 May 2018, Sixth Supplemental Deed dated 30 April 2019, Seventh Supplemental Deed dated 7 April 2020 and Eighth Supplemental Deed dated 25 February 2022). 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,
First REIT Management Limited

Mr. Tan Kok Mian Victor
Executive Director and Chief Executive Officer

22 March 2024

INDEPENDENT AUDITORS' REPORT

Unitholders of First Real Estate Investment Trust

(Constituted in the Republic of Singapore pursuant to a trust deed dated 19 October 2006 (subsequently amended by First Supplemental Deed dated 6 September 2007, Second Supplemental Deed dated 19 April 2010, Third Supplemental Deed dated 26 April 2011, Fourth Supplemental Deed dated 1 April 2013, First Amending and Restating Deed dated 23 March 2016, Supplemental Deed of Retirement and Appointment of Trustee dated 1 November 2017, Fifth Supplemental Deed dated 22 May 2018, Sixth Supplemental Deed dated 30 April 2019, Seventh Supplemental Deed dated 7 April 2020 and Eighth Supplemental Deed dated 25 February 2022))

Report on the audit of the financial statements

Opinion

We have audited the financial statements of First Real Estate Investment Trust (the "Trust") and its subsidiaries (the "Group"), which comprise the statements of financial position and statements of portfolio of the Group and of the Trust as at 31 December 2023, and the statements of total return, statements of distribution, and statements of movements in unitholders' funds of the Group and the Trust and consolidated statement of cash flows of the Group for the year then ended, and notes to the financial statements, including material accounting policy information, set out on pages 108 to 193.

In our opinion, the accompanying consolidated financial statements of the Group and the statement of financial position, statement of portfolio, statement of total return, statement of distribution and statement of movements in unitholders' funds of the Trust present fairly, in all material respects, the financial position and the portfolio holdings of the Group and of the Trust as at 31 December 2023 and the total return, distribution, and movements in unitholders' funds of the Group and of the Trust and cash flows of the Group for the year 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.

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 the audit of the financial statements of the current year. These matters were addressed in the context of the 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 note 4 to the financial statements)

Risks

The Group has a portfolio of investment properties located in Singapore, Indonesia, and Japan with a carrying value of \$1,139.5 million (2022: \$1,145.3 million) as at 31 December 2023. Investment properties represent the most significant asset item on the statement of financial position. The Group's accounting policy is to state the investment properties at their fair values, which are based on independent external valuations.

The valuation process involves significant judgement in determining the appropriate valuation method to be used and estimating the underlying assumptions to be applied. The valuations are sensitive to key assumptions applied and a change in key assumptions could have a significant impact to the valuations.

INDEPENDENT AUDITORS' REPORT

Our response

We evaluated the competency and objectivity of the external valuers and made enquiries with the valuers to understand their valuation methods, the assumptions and basis applied.

We considered the valuation methods used, which included the discounted cash flow method and direct comparison method, against those generally applied for similar property types. We also involved our internal valuation specialists in the assessment of valuation methods used and certain key assumptions of properties in Indonesia and Japan.

We tested the reasonableness of the projected cash flows used in the valuations to supporting leases and externally available industrial and economic data available as at 31 December 2023. We also assessed the discount rates, terminal capitalisation rates, and price per square metre against historical rates and available industry data as at 31 December 2023, taking into consideration comparability and market factors. Where the rates were outside our expected range, we undertook further procedures to understand the effect of additional factors and, where necessary, held discussions with the valuers.

We also considered adequacy of disclosures in the financial statements in respect of estimation uncertainty and judgement applied.

Our findings

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

The valuation methods used by the valuers are consistent with generally accepted market practices. The key assumptions used in the valuations were generally within the range of available industry data. Where the assumptions were outside the expected range, the additional factors considered by the valuers were noted to be consistent with other corroborative evidence.

We also found the disclosures in the financial statements to be appropriate in their description of judgement inherent in key assumptions used in the valuations, including the inter-relationship between key unobservable inputs and their fair values.

Other information

First REIT 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 all other information prior to the date of this auditors' report.

Our opinion on the financial statements does not cover the other information and we do 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 and, 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, 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.

Responsibilities of 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 Institute of Singapore Chartered Accountants, 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.

INDEPENDENT AUDITORS' REPORT

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.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance 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.

INDEPENDENT AUDITORS' REPORT

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 the 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 Tan Kar Yee, Linda.

KPMG LLP

Public Accountants and
Chartered Accountants

Singapore

22 March 2024

STATEMENTS OF FINANCIAL POSITION

AS AT 31 DECEMBER 2023

	Note	Group		Trust	
		2023 \$'000	2022 \$'000	2023 \$'000	2022 \$'000
Assets					
Non-current assets					
Plant and equipment		1	14	-	-
Investment properties	4	1,139,468	1,145,343	31,700	32,500
Investments in subsidiaries	5	-	-	766,703	764,149
Loan to subsidiaries	6	-	-	21,705	19,600
Derivative financial instruments	14	-	1,248	-	1,248
		<u>1,139,469</u>	<u>1,146,605</u>	<u>820,108</u>	<u>817,497</u>
Current assets					
Trade and other receivables	7	6,249	5,027	11,688	11,048
Loan to subsidiaries	6	-	-	4,190	12,970
Other assets	8	787	890	402	400
Derivative financial instruments	14	560	-	560	-
Cash and cash equivalents	9	40,266	46,103	16,837	20,259
		<u>47,862</u>	<u>52,020</u>	<u>33,677</u>	<u>44,677</u>
Total assets		<u>1,187,331</u>	<u>1,198,625</u>	<u>853,785</u>	<u>862,174</u>
Liabilities					
Non-current liabilities					
Deferred tax liabilities	10	49,732	50,755	-	-
Borrowings	11	448,926	449,613	326,926	326,313
Loan from a subsidiary	6	-	-	5,161	5,870
Other liabilities	12	10,557	11,704	2,079	2,038
Derivative financial instruments	14	259	-	259	-
		<u>509,474</u>	<u>512,072</u>	<u>334,425</u>	<u>334,221</u>
Current liabilities					
Borrowings	11	920	1,453	-	-
Other liabilities	12	3,113	3,186	113	106
Loan from a subsidiary	6	-	-	25,512	-
Trade and other payables	13	12,402	14,994	47,878	64,151
Derivative financial instruments	14	27	493	27	493
Income tax payable		1,229	1,065	5	6
		<u>17,691</u>	<u>21,191</u>	<u>73,535</u>	<u>64,756</u>
Total liabilities		<u>527,165</u>	<u>533,263</u>	<u>407,960</u>	<u>398,977</u>
Represented by:					
Net assets attributable to unitholders		626,884	632,080	412,543	429,915
Perpetual securities	15	33,282	33,282	33,282	33,282
Total net assets		<u>660,166</u>	<u>665,362</u>	<u>445,825</u>	<u>463,197</u>
Units in issue ('000)	16	<u>2,076,925</u>	<u>2,058,581</u>	<u>2,076,925</u>	<u>2,058,581</u>
Net asset value per unit in cents attributable to unitholders	16	<u>30.18</u>	<u>30.70</u>	<u>19.86</u>	<u>20.88</u>

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

STATEMENTS OF TOTAL RETURN

YEAR ENDED 31 DECEMBER 2023

	Note	Group		Trust	
		2023 \$'000	2022 \$'000	2023 \$'000	2022 \$'000
Rental and other income	17	108,568	111,275	38,278	73,663
Property operating expenses	18	(3,234)	(2,716)	(225)	(210)
Net property and other income		105,334	108,559	38,053	73,453
Finance income		507	277	1,714	1,236
Manager's management fees	19	(8,979)	(9,469)	(8,936)	(9,426)
Asset management fees		(1,105)	(908)	-	-
Trustee fees		(361)	(378)	(361)	(374)
Finance costs	20	(22,698)	(19,434)	(20,429)	(18,247)
Other expenses	21	(1,470)	(1,717)	(1,386)	(2,226)
Net income		71,228	76,930	8,655	44,416
Net fair value gains/(losses) on investment properties	4	10,834	(22,651)	(906)	(918)
Loss on disposal of a subsidiary	33	-	(713)	-	-
Reversal/(Allowance) of impairment losses on investments in subsidiaries	5	-	-	24,656	(45,471)
Net fair value loss of derivative financial instruments		(477)	(420)	(477)	(420)
Net foreign exchange losses		(3,369)	(1,192)	(296)	(533)
Total return/(loss) for the year before income tax	22	78,216	51,954	31,632	(2,926)
Income tax expenses	23	(14,877)	(18,369)	-	-
Total return/(loss) for the year after income tax		63,339	33,585	31,632	(2,926)
Other comprehensive income:					
Items that may be reclassified subsequently to profit or loss:					
Foreign operations:					
- Currency translation differences		(19,531)	(84,141)	-	-
- Currency translation differences reclassified to profit or loss on disposal		-	44	-	-
Total comprehensive return/(loss) for the year		43,808	(50,512)	31,632	(2,926)
Total return/(loss) attributable to:					
Unitholders of the Trust		61,683	31,009	29,976	(5,502)
Perpetual securities holders		1,656	2,576	1,656	2,576
		63,339	33,585	31,632	(2,926)
Total comprehensive return/(loss) attributable to:					
Unitholders of the Trust		42,152	(53,088)	29,976	(5,502)
Perpetual securities holders		1,656	2,576	1,656	2,576
		43,808	(50,512)	31,632	(2,926)
Earnings per unit in cents					
Basic and diluted	24	2.98	1.56		

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

STATEMENTS OF DISTRIBUTION

YEAR ENDED 31 DECEMBER 2023

	Note	Group		Trust	
		2023 \$'000	2022 \$'000	2023 \$'000	2022 \$'000
Amount available for distribution to unitholders at beginning of the year		13,593	10,732	13,593	10,732
Total return/(loss) for the year after income tax		63,339	33,585	31,632	(2,926)
Adjustments for tax purposes (Note A)		(11,890)	18,765	19,817	55,276
Amount available for distribution to unitholders		65,042	63,082	65,042	63,082
Total distribution paid to unitholders	25	(52,136)	(49,489)	(52,136)	(49,489)
Amount available for distribution to unitholders at end of the year		12,906	13,593	12,906	13,593
Distribution per unit (cents)		2.48	2.64	2.48	2.64
Manager's management fees settled in units		4,468	4,712	4,468	4,712
Change in fair values on investment properties, net of deferred tax		(8,263)	26,209	906	918
Adjustment on rental straight-lining		(15,189)	(19,387)	86	8
Loss on disposal of a subsidiary		-	713	-	-
Net fair value loss of derivative financial instruments		477	420	477	420
(Reversal)/Allowance of impairment losses on investments in subsidiaries		-	-	(24,656)	45,471
Capital repayment from subsidiaries:		-	-	26,960	48,482
- Redemption of preference shares		-	-	22,137	42,617
- Repayment of shareholder loans		-	-	4,823	5,865
Amount reserved for distribution to perpetual securities holders		(1,656)	(2,576)	(1,656)	(2,576)
Foreign exchange adjustment losses/(gains)		2,598	(924)	274	533
Adjustments of dividend income from subsidiaries		-	-	13,566	(23,800)
Adjustments of capital receipts from subsidiaries		-	-	-	(20,317)
Other non-tax deductible items and adjustments		5,675	9,598	(608)	1,425
		(11,890)	18,765	19,817	55,276

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

STATEMENTS OF MOVEMENTS IN UNITHOLDERS' FUNDS

YEAR ENDED 31 DECEMBER 2023

Group	Note	← Unitholders' funds →				Perpetual securities \$'000	Total \$'000
		Issued equity \$'000	Retained earnings \$'000	Foreign exchange reserve \$'000	Subtotal \$'000		
Operations							
At 1 January 2023							
Total return for the year		586,783	124,573	(79,276)	632,080	33,282	665,362
Less: Amount reserved for distribution to perpetual securities holders		-	63,339	-	63,339	-	63,339
		-	(1,656)	-	(1,656)	1,656	-
Net increase in net assets resulting from operations		-	61,683	-	61,683	1,656	63,339
Foreign exchange reserve							
Foreign operations:							
- Currency translation differences		-	-	(19,531)	(19,531)	-	(19,531)
Total comprehensive return/(loss)		-	61,683	(19,531)	42,152	1,656	43,808
Transactions with unitholders and perpetual securities holders							
Manager's management fees settled in units		4,788	-	-	4,788	-	4,788
Change in net assets resulting from creation of units		4,788	-	-	4,788	-	4,788
Distributions to unitholders	25	(26,485)	(25,651)	-	(52,136)	-	(52,136)
Distributions to perpetual securities holders		-	-	-	-	(1,656)	(1,656)
Net decrease in net assets resulting from transactions with unitholders and perpetual securities holders		(21,697)	(25,651)	-	(47,348)	(1,656)	(49,004)
At 31 December 2023		565,086	160,605	(98,807)	626,884	33,282	660,166

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

STATEMENTS OF MOVEMENTS IN UNITHOLDERS' FUNDS (CONT'D)

YEAR ENDED 31 DECEMBER 2023

Group	Note	← Unitholders' funds →					Total \$'000
		Issued equity \$'000	Retained earnings \$'000	Foreign exchange reserve \$'000	Subtotal \$'000	Perpetual securities \$'000	
Operations							
At 1 January 2022		481,450	104,874	4,821	591,145	60,675	651,820
Total return for the year		-	33,585	-	33,585	-	33,585
Less: Amount reserved for distribution to perpetual securities holders		-	(2,576)	-	(2,576)	2,576	-
Net increase in net assets resulting from operations		-	31,009	-	31,009	2,576	33,585
Foreign exchange reserve							
Foreign operations:							
- Currency translation differences		-	-	(84,141)	(84,141)	-	(84,141)
- Currency translation differences reclassified to profit or loss on disposal		-	-	44	44	-	44
Total comprehensive return/ (loss)		-	31,009	(84,097)	(53,088)	2,576	(50,512)
Transactions with unitholders and perpetual securities holders							
Partial consideration for acquisition of subsidiaries paid in units	32	131,500	-	-	131,500	-	131,500
Manager's management fees settled in units		3,952	-	-	3,952	-	3,952
Manager's divestment fees settled in units		202	-	-	202	-	202
Perpetual securities redemption, distribution and gain on redemption, net of transaction costs		-	7,858	-	7,858	(26,980)	(19,122)
Change in net assets resulting from creation of units and perpetual securities redemption		135,654	7,858	-	143,512	(26,980)	116,532
Distributions to unitholders	25	(30,321)	(19,168)	-	(49,489)	-	(49,489)
Distributions to perpetual securities holders		-	-	-	-	(2,989)	(2,989)
Net increase/(decrease) in net assets resulting from transactions with unitholders and perpetual securities holders		105,333	(11,310)	-	94,023	(29,969)	64,054
At 31 December 2022		586,783	124,573	(79,276)	632,080	33,282	665,362

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

STATEMENTS OF MOVEMENTS IN UNITHOLDERS' FUNDS (CONT'D)

YEAR ENDED 31 DECEMBER 2023

	← Unitholders' funds →			Perpetual securities	Total
	Issued equity	Accumulated losses	Subtotal		
Note	\$'000	\$'000	\$'000	\$'000	\$'000
Trust					
Operations					
At 1 January 2023	586,783	(156,868)	429,915	33,282	463,197
Total return for the year	-	31,632	31,632	-	31,632
Less: Amount reserved for distribution to perpetual securities holders	-	(1,656)	(1,656)	1,656	-
Net increase in net assets resulting from operations/ Total comprehensive return	-	29,976	29,976	1,656	31,632
Transactions with unitholders and perpetual securities holders					
Manager's management fees settled in units	4,788	-	4,788	-	4,788
Change in net assets resulting from creation of units	4,788	-	4,788	-	4,788
Distributions to unitholders	25 (26,485)	(25,651)	(52,136)	-	(52,136)
Distributions to perpetual securities holders	-	-	-	(1,656)	(1,656)
Net decrease in net assets resulting from transactions with unitholders and perpetual securities holders	(21,697)	(25,651)	(47,348)	(1,656)	(49,004)
At 31 December 2023	565,086	(152,543)	412,543	33,282	445,825

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

STATEMENTS OF MOVEMENTS IN UNITHOLDERS' FUNDS (CONT'D)

YEAR ENDED 31 DECEMBER 2023

	← Unitholders' funds →			Perpetual securities	Total
	Issued equity	Accumulated losses	Subtotal		
Note	\$'000	\$'000	\$'000	\$'000	\$'000
Trust					
Operations					
At 1 January 2022	481,450	(140,056)	341,394	60,675	402,069
Total loss for the year	-	(2,926)	(2,926)	-	(2,926)
Less: Amount reserved for distribution to perpetual securities holders	-	(2,576)	(2,576)	2,576	-
Net (decrease)/increase in net assets resulting from operations/ Total comprehensive (loss)/return	-	(5,502)	(5,502)	2,576	(2,926)
Transactions with unitholders and perpetual securities holders					
Partial consideration for acquisition of subsidiaries paid in units	131,500	-	131,500	-	131,500
Manager's management fees settled in units	3,952	-	3,952	-	3,952
Manager's divestment fees settled in units	202	-	202	-	202
Perpetual securities redemption, distribution and gain on redemption, net of transaction costs	-	7,858	7,858	(26,980)	(19,122)
Change in net assets resulting from creation of units and perpetual securities redemption	135,654	7,858	143,512	(26,980)	116,532
Distributions to unitholders	25 (30,321)	(19,168)	(49,489)	-	(49,489)
Distributions to perpetual securities holders	-	-	-	(2,989)	(2,989)
Net increase/(decrease) in net assets resulting from transactions with unitholders and perpetual securities holders	105,333	(11,310)	94,023	(29,969)	64,054
At 31 December 2022	586,783	(156,868)	429,915	33,282	463,197

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

CONSOLIDATED STATEMENT OF CASH FLOWS

YEAR ENDED 31 DECEMBER 2023

	Note	Group	
		2023 \$'000	2022 \$'000
Cash flows from operating activities			
Total return for the year after income tax		63,339	33,585
Adjustments for:			
Finance income	20	(507)	(277)
Interest expense	20	18,023	14,073
Amortisation of transaction costs	20	4,675	5,361
Depreciation expense	21	13	14
Unrealised foreign exchange losses/(gains)		2,598	(924)
Losses on disposal of quoted shares	21	7	30
Loss on disposal of a subsidiary	33	-	713
Adjustment on rental straight-lining	4	(15,189)	(19,387)
Net fair value (gains)/losses on investment properties	4	(10,834)	22,651
Net fair value loss of derivative financial instruments		477	420
Manager's management fees settled in units		4,468	4,712
Income tax expenses	23	14,877	18,369
		<u>81,947</u>	<u>79,340</u>
Changes in:			
- Trade and other receivables		(6,678)	23,617
- Other assets		86	2,613
- Trade and other payables		7,067	(562)
- Other liabilities		(339)	2,671
Cash generated from operations		<u>82,083</u>	<u>107,679</u>
Income taxes paid		<u>(12,128)</u>	<u>(14,599)</u>
Net cash flows from operating activities		<u>69,955</u>	<u>93,080</u>
Cash flows from investing activities			
Capital expenditure to investment properties	4	(4,923)	(4,306)
Acquisition of investment properties	4	-	(31,061)
Disposal of a subsidiary, net of cash disposed	33	-	37,954
Acquisition of subsidiaries, net of cash acquired	32	-	5,284
Interest received		307	277
Investments in quoted shares		(117)	(522)
Disposals of quoted shares		110	492
Net cash flows (used in)/from investing activities		<u>(4,623)</u>	<u>8,118</u>

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

CONSOLIDATED STATEMENT OF CASH FLOWS (CONT'D)

YEAR ENDED 31 DECEMBER 2023

	Note	Group 2023 \$'000	Group 2022 \$'000
Cash flows from financing activities			
Distribution to unitholders		(52,136)	(49,489)
Distribution to perpetual securities holders		(1,656)	(2,989)
Proceeds from borrowings	11	122,000	379,271
Repayment of borrowings	11	(115,857)	(381,534)
Payment of transaction costs related to borrowings	11	(3,778)	(12,269)
Proceeds from settlement of derivative financial instruments		4	-
Interest paid	11	(17,837)	(14,672)
Perpetual securities redemption, distribution and gain on redemption, net transaction cost	15	-	(19,122)
Premium paid for interest rate caps		-	(1,847)
Net cash flows used in financing activities		<u>(69,260)</u>	<u>(102,651)</u>
Net decrease in cash and cash equivalents			
Cash and cash equivalents at beginning of the year		46,103	51,203
Effect of exchange rate fluctuations on cash and cash equivalents held		(1,909)	(3,647)
Cash and cash equivalents at 31 December	9	<u>40,266</u>	<u>46,103</u>

Significant non-cash transactions**Group**

During the year, there were the following significant non-cash transactions:

- For the period from 1 January 2023 to 31 December 2023, 7,439,255 Units, amounting to approximately \$1,835,000 were issued to the Manager as satisfaction of the base management fee paid to the Manager. The performance management fees for the period from 1 January 2023 to 31 December 2023, 10,096,541 Units, amounting to approximately \$2,633,000 will be issued to the Manager in financial year 2024 based on 10 days volume weighted average price as at 31 December 2023.
- For the period from 1 January 2022 to 31 December 2022, 7,218,563 Units, amounting to approximately \$1,998,000 were issued to the Manager as satisfaction of the base management fee paid to the Manager. The performance management fees for the period from 1 January 2022 to 31 December 2022, 10,462,435 Units, amounting to approximately \$2,714,000 will be issued to the Manager in financial year 2023 based on 10 days volume weighted average price as at 31 December 2022.
- On 1 March 2022, 431,147,541 Units, amounting to approximately \$131,500,000 were issued to OUE Healthcare Limited ("OUEH") (formerly known as OUE Lippo Healthcare Limited), a related party as partial consideration paid pursuant to the acquisition of subsidiaries (note 32).
- On 1 March 2022, intercompany loans and balances payable by OUEH, amounting to \$19,934,000 were novated from OUEH to the Group to set-off with the purchase consideration payable pursuant to the acquisition of subsidiaries (note 32).
- On 22 December 2022, 791,394 Units, amounting to approximately \$202,000 were issued to the Manager as divestment fees for the divestment of an indirect subsidiary that held Siloam Hospitals Surabaya (note 33).

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

STATEMENTS OF PORTFOLIO

AS AT 31 DECEMBER 2023

	Carrying value as at 31/12/2023 \$'000	Percentage of net assets attributable to unitholders as at 31/12/2023 %	Carrying value as at 31/12/2022 \$'000	Percentage of net assets attributable to unitholders as at 31/12/2022 %
Group				
Investment properties in Singapore	31,700	5.06	32,500	5.14
Investment properties in Indonesia	849,055	135.44	825,580	130.61
Investment properties in Japan	258,713	41.27	287,263	45.45
Portfolio of investment properties at valuation – total	1,139,468	181.77	1,145,343	181.20
Other net liabilities	(479,302)	(76.46)	(479,981)	(75.94)
Net assets attributable to holders	660,166	105.31	665,362	105.26
Perpetual securities holders	(33,282)	(5.31)	(33,282)	(5.26)
Net assets attributable to unitholders	626,884	100.00	632,080	100.00
Trust				
Investment properties in Singapore	31,700	7.68	32,500	7.56
Portfolio of investment properties at valuation – total	31,700	7.68	32,500	7.56
Investments in subsidiaries	766,703	185.85	764,149	177.74
Other net liabilities	(352,578)	(85.46)	(333,452)	(77.56)
Net assets attributable to holders	445,825	108.07	463,197	107.74
Perpetual securities holders	(33,282)	(8.07)	(33,282)	(7.74)
Net assets attributable to unitholders	412,543	100.00	429,915	100.00

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

STATEMENTS OF PORTFOLIO (CONT'D)

AS AT 31 DECEMBER 2023

By Geographical Area

Group

Description of property / Location / Acquisition date / Type of property / Land title type / Term of lease ^(a) / Remaining term of lease ^(b)	Gross floor area in square meters	Percentage of net assets attributable to		Percentage of net assets attributable to	
		Carrying value as at	unitholders as at	Carrying value as at	unitholders as at
		31/12/2023 \$'000	31/12/2023 %	31/12/2022 \$'000	31/12/2022 %
Singapore					
Pacific Healthcare Nursing Home @ Bukit Merah 6 Lengkok Bahru, Singapore 159051 11 April 2007, Nursing Home 30 years leasehold from 2002 10+10 years/ 3.3 years	3,593	8,100	1.30	8,500	1.34
Pacific Healthcare Nursing Home II @ Bukit Panjang 21 Senja Road, Singapore 677736 11 April 2007, Nursing Home 30 years leasehold from 2003 10+10 years/ 3.3 years	3,563	8,600	1.37	8,900	1.41
The Lentor Residence 51 Lentor Avenue, Singapore 786876 8 June 2007, Nursing Home 99 years leasehold from 1938 10+10 years/ 13.4 years	4,005	15,000	2.39	15,100	2.39

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

STATEMENTS OF PORTFOLIO (CONT'D)

AS AT 31 DECEMBER 2023

By Geographical Area

Group

Description of property / Location / Acquisition date / Type of property / Land title type / Term of lease ^(a) / Remaining term of lease ^(b)	Gross floor area in square meters	Percentage of net assets attributable to		Percentage of net assets attributable to	
		Carrying value as at	unitholders as at	Carrying value as at	unitholders as at
		31/12/2023 \$'000	31/12/2023 %	31/12/2022 \$'000	31/12/2022 %
Indonesia					
Siloam Hospitals Lippo Village Jalan Siloam No. 6 Lippo Karawaci 1600, Tangerang, Banten, Indonesia 11 December 2006, Hospital Hak Guna Bangunan ("HGB") 15+15 years/ 27 years	32,696	167,889	26.78	162,185	25.65
Siloam Hospitals Kebon Jeruk Jalan Raya Perjuangan Kav. 8 Kebon Jeruk, West Jakarta 11530, Indonesia 11 December 2006, Hospital HGB 15+15 years/ 27 years	20,268	70,863	11.30	70,843	11.21
Imperial Aryaduta Hotel & Country Club Jalan Boulevard Jendral Sudirman, Kav. 401, Lippo Village 1300, Tangerang, Banten, Indonesia 11 December 2006, Hotel & Country Club HGB 1 + 1 year/ 2 years	17,926	28,567	4.56	27,550	4.36

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

STATEMENTS OF PORTFOLIO (CONT'D)

AS AT 31 DECEMBER 2023

By Geographical Area

Group

Description of property / Location / Acquisition date / Type of property / Land title type / Term of lease ^(a) / Remaining term of lease ^(b)	Gross floor area in square meters	Percentage of net assets attributable to		Percentage of net assets attributable to	
		Carrying value as at 31/12/2023 \$'000	unitholders as at 31/12/2023 %	Carrying value as at 31/12/2022 \$'000	unitholders as at 31/12/2022 %
Indonesia (cont'd)					
Mochtar Riady Comprehensive Cancer Centre Jalan Garnisun Dalam No. 2-3, Semanggi, Central Jakarta 12930, Indonesia 30 December 2010, Hospital HGB 15+15 years/ 27 years	37,933	128,576	20.51	124,445	19.69
Siloam Hospitals Lippo Cikarang Jalan Mohammad Husni Thamrin Kav. 105, Lippo Cikarang, Bekasi, Indonesia 17550 31 December 2010, Hospital HGB 15+15 years/ 17 years	13,256	53,100	8.47	50,440	7.98
Siloam Hospitals Manado & Hotel Aryaduta Manado Jalan Sam Ratulangi No. 22, Komplek Boulevard Center and Jalan Piere Tendean No. 1, Manado, North Sulawesi Indonesia 95111 Siloam Hospitals Manado 30 November 2012, Hospital HGB 15+15 years/ 27 years Hotel Aryaduta Manado 30 November 2012, Hotel HGB 15+15 years/ 19 years	36,051	78,237	12.48	77,703	12.29

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

STATEMENTS OF PORTFOLIO (CONT'D)

AS AT 31 DECEMBER 2023

By Geographical Area

Group

Description of property / Location / Acquisition date / Type of property / Land title type / Term of lease ^(a) / Remaining term of lease ^(b)	Gross floor area in square meters	Percentage of net assets attributable to		Percentage of net assets attributable to	
		Carrying value as at 31/12/2023 \$'000	unitholders as at 31/12/2023 %	Carrying value as at 31/12/2022 \$'000	unitholders as at 31/12/2022 %
Indonesia (cont'd)					
Siloam Hospitals Makassar Jalan Metro Tanjung Bunga Kav 3-5, Makassar City, South Sulawesi, Indonesia 30 November 2012, Hospital HGB 15+15 years/ 27 years	15,686	68,340	10.90	65,407	10.35
Siloam Hospitals Bali Jalan Sunset Road No. 818, Kuta, Badung, Bali, Indonesia 13 May 2013, Hospital HGB 15+15 years/ 27 years	20,958	64,280	10.25	61,710	9.76
Siloam Hospitals TB Simatupang Jalan Letjend. TB Simatupang, Jalan R.A. Kartini No. 8, Cilandak, South Jakarta, Indonesia 22 May 2013, Hospital HGB 15+15 years/ 27 years	18,605	42,720	6.82	41,119	6.51
Siloam Hospitals Purwakarta Jalan Raya Bungursari No. 1, Purwakarta, West Java, Indonesia 28 May 2014, Hospital HGB 15+15 years/ 27 years	8,254	22,210	3.54	21,550	3.41

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

STATEMENTS OF PORTFOLIO (CONT'D)

AS AT 31 DECEMBER 2023

By Geographical Area

Group

Description of property / Location / Acquisition date / Type of property / Land title type / Term of lease ^(a) / Remaining term of lease ^(b)	Gross floor area in square meters	Carrying value as at 31/12/2023 \$'000	Percentage of net assets attributable to	Carrying value as at 31/12/2022 \$'000	Percentage of net assets attributable to
			unitholders as at 31/12/2023 %		unitholders as at 31/12/2022 %
Indonesia (cont'd)					
Siloam Sriwijaya Jalan POM IX, Komplek Palembang Square, Palembang, South Sumatra, Indonesia 29 December 2014, Hospital Strata Title on Build, Operate and Transfer ("BOT") scheme 15+15 years/ 27 years	15,336	21,561	3.44	22,805	3.61
Siloam Hospitals Kupang & Lippo Plaza Kupang Jalan Veteran, No. 4, Arena Pameran Fatululi, Kupang, East Nusa Tenggara, Indonesia	55,368	49,742	7.94	48,528	7.68
Siloam Hospitals Kupang 14 December 2015, Hospital BOT scheme 15+15 years/ 27 years					
Lippo Plaza Kupang 14 December 2015, Mall BOT scheme 15+15 years/ 22 years					
Siloam Hospitals Labuan Bajo Jalan Gabriel Gampur, Labuan Bajo, East Nusa Tenggara, Indonesia 30 December 2016, Hospital HGB 15+15 years/ 27 years	7,604	9,966	1.59	9,952	1.57

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

STATEMENTS OF PORTFOLIO (CONT'D)

AS AT 31 DECEMBER 2023

By Geographical Area

Group

Description of property / Location / Acquisition date / Type of property / Land title type / Term of lease ^(a) / Remaining term of lease ^(b)	Gross floor area in square meters	Percentage of net assets attributable to		Percentage of net assets attributable to	
		Carrying value as at 31/12/2023 \$'000	unitholders as at 31/12/2023 %	Carrying value as at 31/12/2022 \$'000	unitholders as at 31/12/2022 %
Indonesia (cont'd)					
Siloam Hospitals Baubau & Lippo Plaza Baubau ⁽¹⁾	21,934	23,542	3.76	22,480	3.56
Jalan Sultan Hasanuddin No. 50, 52, 54 and 58 Bau Bau, Sulawesi Tenggara, Indonesia					
Siloam Hospitals Baubau ⁽¹⁾ 10 October 2017, Hospital BOT scheme 15+15 years/ 27 years					
Lippo Plaza Baubau ⁽¹⁾ 10 October 2017, Mall BOT Scheme 15+15 years/ 24 years					
Siloam Hospitals Yogyakarta Jalan Laksda Adi Sucipto No. 32-34 Yogyakarta, Indonesia 22 December 2017, Hospital HGB 15+15 years/ 27 years	12,474	19,462	3.10	18,863	2.98

⁽¹⁾ Formerly known as Siloam Hospitals Buton & Lippo Plaza Buton

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

STATEMENTS OF PORTFOLIO (CONT'D)

AS AT 31 DECEMBER 2023

By Geographical Area

Group

Description of property / Location / Acquisition date / Type of property / Land title type / Term of lease ^(a) / Remaining term of lease ^(b)	Gross floor area in square meters	Percentage of net assets attributable to		Percentage of net assets attributable to	
		Carrying value as at 31/12/2023 \$'000	unitholders as at 31/12/2023 %	Carrying value as at 31/12/2022 \$'000	unitholders as at 31/12/2022 %
Japan					
Hikari Heights Varus Ishiyama Ishiyama 1-jo 3-3-33 Minami-ku, Sapporo, Hokkaido 01 March 2022, Nursing Home Freehold 30+5 years/ 24.3 years	8,747	7,195	1.14	8,639	1.37
Hikari Heights Varus Tsukisamu Koen Misono 9-jo 8-5-1, Toyohira-ku Sapporo, Hokkaido 01 March 2022, Nursing Home Freehold 30+5 years/ 24.3 years	4,362	6,311	1.01	6,753	1.07
Hikari Heights Varus Fujino Fujino 3-jo 11-10-11, Minami-ku Sapporo, Hokkaido 01 March 2022, Nursing Home Freehold 30+5 years/ 24.3 years	9,782	15,456	2.47	17,238	2.73
Hikari Heights Varus Kotoni Nijuyonken 4-jo 1-3-1, Nishi-ku, Sapporo, Hokkaido 01 March 2022, Nursing Home Freehold 30+5 years/ 24.3 years	20,756	60,996	9.73	67,728	10.72
Varus Cuore Yamanote Yamanote 6-jo 2-1-1, Nishi-ku Sapporo, Hokkaido 01 March 2022, Nursing Home Freehold 30+5 years/ 24.3 years	2,808	10,488	1.67	11,526	1.82

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

STATEMENTS OF PORTFOLIO (CONT'D)

AS AT 31 DECEMBER 2023

By Geographical Area

Group

Description of property / Location / Acquisition date / Type of property / Land title type / Term of lease ^(a) / Remaining term of lease ^(b)	Gross floor area in square meters	Percentage of net assets attributable to		Percentage of net assets attributable to	
		Carrying value as at 31/12/2023 \$'000	unitholders as at 31/12/2023 %	Carrying value as at 31/12/2022 \$'000	unitholders as at 31/12/2022 %
Japan (cont'd)					
Hikari Heights Varus Makomanai Koen Makomanai Midoricho 1-1-1 Minami-ku, Sapporo, Hokkaido 01 March 2022, Nursing Home Freehold 30+5 years/ 24.3 years	13,301	44,344	7.07	48,858	7.73
Varus Cuore Sapporo Kita/ Annex Tonden 8-jo 9-3-7, Kita-ku Sapporo, Hokkaido 01 March 2022, Nursing Home Freehold 30+5 years/ 24.3 years	7,637	27,508	4.39	30,702	4.86
ElySION Gakuenmae Nakatomioka 1-1994-6, Nara-shi, Nara 01 March 2022, Nursing Home Freehold 30+5 years/ 24.3 years	3,790	15,272	2.44	16,932	2.68
ElySION Mamigaoka/ Mamigaoka Annex Umami-minami 4-1-19, Koryocho Kitakatsuragi-gun, Nara 01 March 2022, Nursing Home Freehold 30+5 years/ 24.3 years	10,259	20,884	3.33	24,480	3.87
Orchard Amanohashidate Aza Mannen Koaza Akaiwa 1060-1, Miyazu, Kyoto 01 March 2022, Nursing Home Freehold 30+5 years/ 24.3 years	2,927	8,206	1.31	9,180	1.45

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

STATEMENTS OF PORTFOLIO (CONT'D)

AS AT 31 DECEMBER 2023

By Geographical Area

Group

Description of property / Location / Acquisition date / Type of property / Land title type / Term of lease ^(a) / Remaining term of lease ^(b)	Gross floor area in square meters	Percentage of net assets attributable to		Percentage of net assets attributable to	
		Carrying value as at 31/12/2023 \$'000	unitholders as at 31/12/2023 %	Carrying value as at 31/12/2022 \$'000	unitholders as at 31/12/2022 %
Japan (cont'd)					
Orchard Kaichi North Kaichi 2-3-50, Matsumoto, Nagano 01 March 2022, Nursing Home Freehold 30+5 years/ 24.3 years	5,058	12,420	1.98	13,668	2.16
Orchard Kaichi West Kaichi 2-3-50, Matsumoto, Nagano 01 March 2022, Nursing Home Freehold 30+5 years/ 24.3 years	1,561	4,333	0.69	4,325	0.68
Medical Rehabilitation Home Bon Séjour Komaki 3-chōme-1 Shiroyama, Komaki, Aichi 485-0812, Japan 27 September 2022, Nursing Home Freehold 20+5 years/ 8.4 years	8,858	14,720	2.35	15,606	2.47
Loyal Residence Ayase 4695-1, 7- chōme, Fukaya, Ayase city, Kanagawa 29 September 2022, Nursing Home Freehold 30 years/ 19.7 years	3,387	10,580	1.69	11,628	1.84
Portfolio of investment properties held by the Group at valuation – Total		1,139,468	181.77	1,145,343	181.20

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

STATEMENTS OF PORTFOLIO (CONT'D)

AS AT 31 DECEMBER 2023

Notes:

^(a): This refers to the entire tenure of the master lease terms on the basis that the underlying HGB Titles of each of the properties can be extended and renewed, except for Siloam Sriwijaya which is held on a strata title basis under a Build, Operate and Transfer ("BOT") scheme, and Siloam Hospitals Kupang & Lippo Plaza Kupang and Siloam Hospitals Baubau & Lippo Plaza Baubau (formerly known as Siloam Hospitals Buton & Lippo Plaza Buton) which are under BOT schemes.

^(b): This refers to the remaining tenure of the master lease terms as at 31 December 2023 on the basis that the underlying HGB Titles of each of the properties can be extended and renewed, except for Siloam Sriwijaya which is held on a strata title basis under BOT scheme, and Siloam Hospitals Kupang & Lippo Plaza Kupang and Siloam Hospitals Baubau & Lippo Plaza Baubau (formerly known as Siloam Hospitals Buton & Lippo Plaza Buton) which are under BOT schemes.

The types of property titles held by the Group are as follows:

(i) Hak Guna Bangunan ("HGB") Title

This title gives the right to construct and own buildings on a plot of land. The right is transferable and may be encumbered. Technically, HGB is a leasehold title which the State retains "ownership". For practical purposes, there is little difference from a freehold title. HGB title is granted for an initial period of up to 30 years and is extendable for a subsequent 20-year period and another 30-year period. Upon the expiration of such extensions, new HGB title may be granted on the same land. The cost of extension is determined based on a certain formula as stipulated by the National Land Office (Badan Pertanahan Nasional) in Indonesia.

(ii) Build, Operate and Transfer Scheme ("BOT Scheme")

This scheme is a structure in Indonesia for the construction of commercial buildings where Indonesia government owns the relevant land ("BOT land"). Under the BOT scheme, the Indonesia government which owns BOT land ("BOT grantor") agrees to grant certain rights over the BOT land to another party ("BOT grantee").

The BOT grantee can develop the site, subject to the relevant approvals and then operate the buildings constructed on the BOT land for a particular period of time as stipulated in the BOT agreement, including obtaining Strata title certificates on the BOT land. A BOT scheme is granted for an initial period of 20 to 30 years and is extendable upon agreement of both the grantor and grantee. Upon expiration of the term of the BOT agreement, the BOT grantee must return the land, together with any buildings and fixtures on top of the land, without either party providing any form of compensation to the other.

(iii) Strata Title

This title gives the party who holds the property the ownership of common areas, common property and common land proportionately with other Strata title owners.

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

STATEMENTS OF PORTFOLIO (CONT'D)

AS AT 31 DECEMBER 2023

By Geographical Area

Trust

Description of property / Location / Acquisition date / Type of property / Land title type Term of lease / Remaining term of lease	Gross floor area in square meters	Percentage of net assets attributable to		Percentage of net assets attributable to	
		Carrying value as at 31/12/2023 \$'000	unitholders as at 31/12/2023 %	Carrying value as at 31/12/2022 \$'000	unitholders as at 31/12/2022 %
Singapore					
Pacific Healthcare Nursing Home @ Bukit Merah 6 Lengkok Bahru, Singapore 159051 11 April 2007, Nursing Home 30 years leasehold from 2002 10+10 years/ 3.3 years	3,593	8,100	1.96	8,500	1.98
Pacific Healthcare Nursing Home II @ Bukit Panjang 21 Senja Road, Singapore 677736 11 April 2007, Nursing Home 30 years leasehold from 2003 10+10 years/ 3.3 years	3,563	8,600	2.08	8,900	2.07
The Lentor Residence 51 Lentor Avenue, Singapore 786876 8 June 2007, Nursing Home 99 years leasehold from 1938 10+10 years/ 13.4 years	4,005	15,000	3.64	15,100	3.51
Portfolio of investment properties held by the Trust at valuation – Total		31,700	7.68	32,500	7.56

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

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 on 22 March 2024.

1 GENERAL

First Real Estate Investment Trust (the "Trust") is a Singapore-domiciled unit trust constituted pursuant to the trust deed dated 19 October 2006 (subsequently amended by First Supplemental Deed dated 6 September 2007, Second Supplemental Deed dated 19 April 2010, Third Supplemental Deed dated 26 April 2011, Fourth Supplemental Deed dated 1 April 2013, First Amending and Restating Deed dated 23 March 2016, Supplemental Deed of Retirement and Appointment of Trustee dated 1 November 2017, Fifth Supplemental Deed dated 22 May 2018, Sixth Supplemental Deed dated 30 April 2019, Seventh Supplemental Deed dated 7 April 2020 and Eighth Supplemental Deed dated 25 February 2022) (the "Trust Deed") between First REIT Management Limited (the "Manager") and Perpetual (Asia) Limited (the "Trustee"), governed by the laws of Singapore.

The Trust is listed on the Singapore Exchange Securities Trading Limited ("SGX-ST").

The principal activity of the Trust and its subsidiaries is to invest in a portfolio of income producing real estate properties, which are primarily used for healthcare and healthcare related purposes. The primary objective is to deliver regular and stable distributions to unitholders and to achieve long-term growth in the net asset value per unit.

The consolidated financial statements relate to the Trust and its subsidiaries (together referred to as the "Group" and individually as "Group entities").

The Group is regarded as a subsidiary of OUE Healthcare Limited ("OUEH") (*formerly known as OUE Lippo Healthcare Limited*) for financial reporting purposes. Accordingly, the ultimate holding company of the Trust is Lippo ASM Asia Property Limited, a company incorporated in the Cayman Islands.

The registered office of the Manager is 333 Orchard Road, #33-02 Hilton Singapore Orchard, Singapore 238867.

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

Manager's fees

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

- (i) A base fee of 0.4% (2022: 0.4%) per annum of the value of the Deposited Property. The Manager's management fee was derived after deducting the asset management fee charged by the Japan asset management company for managing the Japan properties. Any increase in the rate of the base fee above the permitted limit or any change in the structure of the base fee shall be approved by an extraordinary resolution of a meeting of unitholders. The Manager may opt to receive the base fee in the form of units and/or cash.
- (ii) A performance fee fixed at 5.0% (2022: 5.0%) per annum of the Group's Net Property Income ("NPI") or the NPI of the relevant Special Purpose Companies ("SPCs") for each year. NPI in relation to a real estate in the form of land, whether directly held by the Trustee or indirectly held by the Trustee through a SPC, and in relation to any year or part thereof, means its property income less property operating expenses for such real estate for that year or part thereof. The Manager may opt to receive the performance fee in the form of units and/or cash. Based on the First Amending and Restating Deed dated 23 March 2016, the performance fees for the financial year is computed based on audited accounts relating to the relevant SPCs.
- (iii) Manager's acquisition fee determined at 1.0% (2022: 1.0%) of the value or consideration as defined in the Trust Deed for any real estate or other investments (subject to there being no double-counting).

NOTES TO THE FINANCIAL STATEMENTS

1 GENERAL (CONT'D)

Manager's fees (cont'd)

- (iv) A divestment fee at 0.5% (2022: 0.5%) of the value or consideration as defined in the Trust Deed for any real estate or other investments (subject to there being no double-counting).

Trustee fees

Under the Trust Deed, the Trustee is entitled to an annual fee not exceeding 0.1% (2022: 0.1%) of the value of the Deposited Property (as defined in the Trust Deed).

The actual fee payable will be determined between the Manager and the Trustee from time to time. The Trustee's fee is subject to review every three years.

2 BASIS OF PREPARATION

2.1 Statement of compliance

The financial statements have been prepared in accordance with the recommendations of the Statement of Recommended Accounting Practice 7 "*Reporting Framework for Investment Funds*" ("RAP 7") issued by the Institute of Singapore Chartered Accountants and the applicable requirements of the Code on Collective Investment Schemes (the "CIS Code") issued by the Monetary Authority of Singapore ("MAS") and the provisions of the Trust Deed. RAP 7 requires the accounting policies to generally comply with the recognition and measurement principles relating to recognition and measurement of Singapore Financial Reporting Standards ("FRS") issued by the Singapore Accounting Standards Council.

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 as otherwise described in the notes below.

2.3 Functional and presentation currency

These financial statements 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 judgment

The preparation of the financial statements in conformity with RAP 7 requires the Manager to make judgments, estimates and assumptions about the future, including climate-related risks and opportunities, that affect the application of accounting 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 and are consistent with the Group's risk management and climate-related commitments where appropriate. 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 – Determination of fair value of investment properties
- Note 5 – Determination of recoverable amounts of investment in subsidiaries

NOTES TO THE FINANCIAL STATEMENTS

2 BASIS OF PREPARATION (CONT'D)

2.4 Use of estimates and judgment (cont'd)

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.

The Manager has an established control framework with respect to the measurement of fair values. This includes a valuation team that has overall responsibility for all significant fair value measurements, including Level 3 fair values, and reports directly to the Chief Financial Officer.

The valuation team regularly reviews significant unobservable inputs and valuation adjustments. If third party information, such as property valuations, broker quotes or pricing services, is used to measure fair values, then the valuation team assesses and documents the evidence obtained from the third parties to support the conclusion that these valuations meet the requirements of FRS, including the level in the fair value hierarchy in the valuations should be classified.

When measuring the fair value of an asset or a liability, the Group uses observable market 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).

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 note 4 – investment properties.

2.5 Changes in material accounting policies

New accounting standards and amendments

The Group has applied the following FRSs and amendments to FRSs for the first time for the annual period beginning on 1 January 2023:

- FRS 117: *Insurance Contracts*
- Amendment to FRS 12: *Deferred tax related to Assets and Liabilities arising from a Single Transaction*
- Amendments to FRS 12: *International Tax Reform – Pillar Two model Rules*
- Amendments to FRS 1 and FRS Practice Statement 2: *Disclosure of Accounting Policies*
- Amendments to FRS 8: *Definition of Accounting Estimates*

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

NOTES TO THE FINANCIAL STATEMENTS

2 BASIS OF PREPARATION (CONT'D)

2.5 Changes in material accounting policies (cont'd)

New accounting standards and amendments (cont'd)

Material accounting policy information

The Group adopted Amendments to FRS 1 and FRS Practice Statement 2: *Disclosure of Accounting Policies* for the first time in 2023. Although the amendments did not result in any changes to the accounting policies themselves, they impacted the accounting policy information disclosed in the financial statements.

The amendments require the disclosure of 'material', rather than 'significant', accounting policies. The amendments also provide guidance on the application of materiality to disclosure of accounting policies, assisting entities to provide useful, entity-specific accounting policy information that users need to understand other information in the financial statements.

The Manager reviewed the accounting policies and made updates to the information disclosed in note 3 Material accounting policies (2022: Significant accounting policies) in certain instances in line with the amendments.

3 MATERIAL ACCOUNTING POLICIES

The accounting policies set out below have been applied consistently to all periods presented in these financial statements, except as explained in note 2.5, which addresses changes in material accounting policies.

3.1 Financial instruments

(i) 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.

(ii) Classification, subsequent measurement and gains and losses

Non-derivative financial assets

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

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.

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 profit or loss. Any gain or loss on derecognition is recognised in profit or loss.

NOTES TO THE FINANCIAL STATEMENTS

3 MATERIAL ACCOUNTING POLICIES (CONT'D)

3.1 Financial instruments (cont'd)

(ii) Classification, subsequent measurement and gains and losses (cont'd)

Financial assets at FVTPL

All financial assets not classified as measured at amortised cost or fair value through other comprehensive income ("FVOCI") are measured at FVTPL. On initial recognition, the Group may irrevocably designate a financial asset that otherwise meets the requirements to be measured at amortised cost or at FVOCI as at FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

These assets are subsequently measured at fair value. Net gains and losses, including any interest or dividend income, are recognised in profit or loss.

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.

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. In making this assessment, the Group considers:

- contingent events that would change the amount or timing of cash flows;
- terms that may adjust the contractual coupon rate, including variable rate features;
- prepayment and extension features; and
- terms that limit the Group's claim to cash flows from specified assets (e.g. non-recourse features).

A prepayment feature is consistent with the solely payments of principal and interest criterion if the prepayment amount substantially represents unpaid amounts of principal and interest on the principal amount outstanding, which may include reasonable additional compensation for early termination of the contract. Additionally, for a financial asset acquired at a significant discount or premium to its contractual par amount, a feature that permits or requires prepayment at an amount that substantially represents the contractual par amount plus accrued (but unpaid) contractual interest (which may also include reasonable additional compensation for early termination) is treated as consistent with this criterion if the fair value of the prepayment feature is insignificant at initial recognition. The Group had no financial assets held outside trading business models that failed SPPI assessment.

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

Financial liabilities are classified as measured at amortised cost.

Financial liabilities are initially measured at fair value less directly attributable transaction costs. They are subsequently measured at amortised cost under the effective interest method. Interest expense and foreign exchange gains and losses are recognised in profit or loss.

NOTES TO THE FINANCIAL STATEMENTS

3 MATERIAL ACCOUNTING POLICIES (CONT'D)

3.1 Financial instruments (cont'd)

(iii) 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 statements 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 profit or loss.

Interest rate benchmark reform

When the basis for determining the contractual cash flows of a financial asset or financial liability measured at amortised cost changed as a result of interest rate benchmark reform, the Group updated the effective interest rate of the financial asset or financial liability to reflect the change that is required by the reform. No immediate gain or loss was recognised. A change in the basis for determining the contractual cash flows is required by interest rate benchmark reform if the following conditions are met:

- the change is necessary as a direct consequence of the reform; and
- the new basis for determining the contractual cash flows is economically equivalent to the previous basis – i.e. the basis immediately before the change.

When changes were made to a financial asset or financial liability in addition to changes to the basis for determining the contractual cash flows required by interest rate benchmark reform, the Group first updated the effective interest rate of the financial asset or financial liability to reflect the change that is required by interest rate benchmark reform. After that, the Group applied the policies on accounting for modifications to the additional changes.

(iv) Offsetting

Information about the Group's accounting policies relating to offsetting of financial assets and financial liabilities is provided in note 30 (Master netting agreements).

(v) 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.

NOTES TO THE FINANCIAL STATEMENTS

3 MATERIAL ACCOUNTING POLICIES (CONT'D)

3.1 Financial instruments (cont'd)

(vi) Derivative financial instruments

The Group holds derivative financial instruments to hedge its foreign currency and interest rate risk exposures. Embedded derivatives are separated from the host contract and accounted for separately if the host contract is not a financial asset and certain criteria are met.

Derivatives are initially measured at fair value and any directly attributable transaction costs are recognised in profit or loss as incurred. Subsequent to initial recognition, derivatives are measured at fair value, and changes therein are generally recognised in profit or loss.

3.2 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 Board of the Directors of the Manager 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 that are reported to the Board of the Directors of the Manager include items directly attributable to a segment as well as those that can be allocated on a reasonable basis.

3.3 Basis of consolidation

(i) 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.

The consideration transferred in the acquisition is generally measured at fair value, as are the identifiable net assets acquired. Any goodwill that arises is tested annually for impairment (see note 3.7 (ii)). Any gain on a bargain purchase is recognised in profit or loss immediately. Transaction costs are expensed as incurred, except if related to the issue of debt or equity securities (see note 3.1).

The consideration transferred does not include amounts related to the settlement of pre-existing relationships. Such amounts are generally recognised in profit or loss.

Any contingent consideration payable is recognised at fair value at the date of acquisition and included in the consideration transferred. If the contingent consideration that meets the definition of a financial instrument is classified as equity, it is not remeasured and settlement is accounted for within equity. Otherwise, other contingent consideration is remeasured at fair value at each reporting date and subsequent changes to the fair value of the contingent consideration are recognised in profit or loss.

Changes in the Group's interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions.

NOTES TO THE FINANCIAL STATEMENTS

3 MATERIAL ACCOUNTING POLICIES (CONT'D)

3.3 Basis of consolidation (cont'd)

(ii) Property acquisition and business combination

Where a property is acquired, via corporate acquisitions or otherwise, the Manager consider whether the acquisition represents an acquisition of a business or an acquisition of an asset. The Group accounts for an acquisition as business combination when an integrated set of activities is acquired, in addition to the property.

In determining whether an integrated set of activities is acquired, the Manager consider whether significant processes are acquired (e.g. strategic management and operations processes, etc.). Where significant processes are acquired, the acquisition is considered an acquisition of business.

When acquisition of an asset or a group of assets does not constitute a business combination, it is accounted 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 and deferred tax.

(iii) 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 when necessary to align them with the policies adopted by the Group.

(iv) Loss of control

When the Group loses control over a subsidiary, it derecognises the assets and liabilities of the subsidiary, and any related non-controlling interest ("NCI") and other components of equity. Any resulting gain or loss is recognised in profit or loss. Any interest retained in the former subsidiary is measured at fair value when control is lost.

(v) Joint operations

A joint operation is an arrangement in which the Group has joint control whereby the Group has rights to the assets, and obligations for the liabilities, relating to an arrangement. The Group accounts for each of its assets, liabilities and transactions, including its share of those held or incurred jointly, in relation to the joint operation.

(vi) Transactions eliminated on consolidation

Intra-group balances and transactions, and any unrealised income and expenses (except for foreign currency transaction gains or losses) arising from intra-group transactions, are eliminated in preparing the consolidated financial statements. Unrealised gains arising from transactions with equity-accounted investees are eliminated against the investment to the extent of the Group's interest in the investee. Unrealised losses are eliminated in the same way as unrealised gains, but only to the extent that there is no evidence of impairment.

NOTES TO THE FINANCIAL STATEMENTS

3 MATERIAL ACCOUNTING POLICIES (CONT'D)

3.3 Basis of consolidation (cont'd)

(vii) Subsidiaries in the separate financial statements

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

3.4 Investment properties

Investment properties are measured at cost on initial recognition and subsequently at fair value with any change therein recognised in profit or loss.

The cost of a purchased property comprises its purchase price and any directly attributable expenditure, including transaction costs. Fair value is determined in accordance with the Trust Deed, which requires the investment properties to be valued by independent registered valuers at least once a year, in accordance with the CIS Code issued by the MAS.

Any gain or loss on disposal of an investment property (calculated as the difference between the net proceeds from disposal and the carrying amount of the item) is recognised in profit or loss.

The investment properties are subject to continued maintenance and regularly revalued on the basis set out above. For income tax purposes, the Group may claim capital allowances on assets that qualify as plant and machinery under the Income Tax Act.

3.5 Unitholders' funds

Unitholders' funds are classified as equity.

Issue costs relate to expenses incurred in connection with the issue of units. The expenses are deducted directly against unitholders' funds.

3.6 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 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 'revenue'.

NOTES TO THE FINANCIAL STATEMENTS

3 MATERIAL ACCOUNTING POLICIES (CONT'D)

3.7 Impairment

(i) Non-derivative financial assets

The Group recognises loss allowances for expected credit losses ("ECLs") 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 or contract asset.

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 debtor is unlikely to pay its credit obligations to 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.

NOTES TO THE FINANCIAL STATEMENTS

3 MATERIAL ACCOUNTING POLICIES (CONT'D)

3.7 Impairment (cont'd)

(i) Non-derivative financial assets (cont'd)

Credit-impaired financial assets (cont'd)

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

- significant financial difficulty of the debtor;
- 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 debtor 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 statements 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.

(ii) Non-financial assets

The carrying amounts of the Group's non-financial assets, other than investment properties, are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. An impairment loss is recognised if the carrying amount of an asset or its related cash-generating unit ("CGU") exceeds its estimated recoverable amount.

The recoverable amount of an asset or CGU is the greater of its value in use and its fair value less costs of disposal. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or CGU. For the purpose of impairment testing, assets that cannot be tested individually are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or CGUs.

An Impairment loss are recognised in profit or loss. Impairment losses recognised in respect of CGUs are allocated first to reduce the carrying amount of any goodwill allocated to the CGU (group of CGUs), and then to reduce the carrying amounts of the other assets in the group of CGUs on a *pro rata* basis.

An impairment losses recognised in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

3.8 Rental and dividend income

(i) Rental income from operating leases

Rental income receivable under operating leases is recognised as 'revenue' 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.

NOTES TO THE FINANCIAL STATEMENTS

3 MATERIAL ACCOUNTING POLICIES (CONT'D)

3.8 Rental and dividend income (cont'd)

(ii) Dividend income

Dividend income is recognised in profit or loss on the date that the Group's right to receive payment is established.

3.9 Finance costs

The Group's finance costs include:

- interest expense; and
- amortisation of transaction cost.

Interest expense is recognised under the effective interest method.

The 'effective interest rate' is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial instrument to:

- the gross carrying amount of the financial asset; or
- the amortised cost of the financial liability.

In calculating interest expense, the effective interest rate is applied to the gross carrying amount of the asset (when the asset is not credit-impaired) or to the amortised cost of the liability.

Borrowing costs that are not directly attributable to the acquisition, construction or production of a qualifying asset are recognised in profit or loss using the effective interest method.

3.10 Tax

Tax expense comprises current and deferred tax. Current tax and deferred tax are recognised in profit or loss except to the extent that it relates to a business combination, or items recognised in unitholders' fund.

The Group has determined that interest and penalties related to income taxes, including uncertain tax treatments, do not meet the definition of income taxes, and therefore accounted for them under FRS 37 *Provisions, Contingent Liabilities and Contingent Assets*.

Current tax is the expected tax payable or receivable on the taxable income or loss for the year, measured 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. Current tax also includes any tax arising from dividends.

Current tax assets and liabilities are offset only if certain criteria are met.

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:

- temporary differences on the initial recognition of assets or liabilities in a transaction that
 - is not a business combination and
 - at the time of the transaction (i) affects neither accounting nor taxable profit or loss and (ii) does not give rise to equal taxable and deductible temporary differences; and
- temporary differences related to investments in subsidiaries to the extent that the Group is able to control the timing of the reversal of the temporary differences and it is probable that they will not reverse in the foreseeable future.

NOTES TO THE FINANCIAL STATEMENTS

3 MATERIAL ACCOUNTING POLICIES (CONT'D)

3.10 Tax (cont'd)

The measurement of deferred taxes reflects the tax consequences that would follow the manner in which the Group expects, at the reporting date, to recover or settle the carrying amount of its assets and liabilities. For investment properties that are measured at fair value, the carrying amount of the investment property is presumed to be recovered through sale, and the Group has not rebutted this presumption.

Deferred tax assets and liabilities are offset if certain criteria are met.

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.

The Inland Revenue Authority of Singapore ("IRAS") has issued a tax ruling ("Tax Transparency Ruling") to the Trust in respect of the Singapore income tax treatment of certain taxable income from its Singapore properties.

Tax Transparency Ruling

Pursuant to the Tax Transparency Ruling, the tax transparency treatment has been granted to the Trust in respect of certain taxable income ("Specified Taxable Income"). Subject to meeting the terms and conditions of the Tax Transparency Ruling, which includes a distribution of at least 90% of the Specified Taxable Income of the Trust, the Trust is not subject to tax on the Specified Taxable Income distributed to the Unitholders in the same year in which the Specified Taxable Income is derived. Instead, the Trustee and the Manager would undertake to deduct income tax at the prevailing corporate tax rate (currently at 17%) from distributions made to Unitholders out of such Specified Taxable Income, except:

- (i) where the beneficial owners are Qualifying Unitholders, the Trustee and the Manager will make the distributions to such Unitholders without deducting income tax;
- (ii) where the beneficial owners are Qualifying Non-resident Non-individual Unitholders, the Trustee and the Manager will deduct Singapore income tax at the reduced rate of 10% for distributions made up to 31 December 2025, unless the concession is extended; or
- (iii) where the beneficial owners are Qualifying Non-resident Funds, the Trustee and the Manager will deduct Singapore income tax at the reduced rate of 10% for distributions made during the period from 1 July 2019 to 31 December 2025, unless the concession is extended.

A "Qualifying Unitholder" is a Unitholder who is:

- an individual;
- a company incorporated and resident in Singapore;
- a Singapore branch of a company incorporated outside Singapore;
- a body of persons incorporated or registered in Singapore, including:
 - (i) a charity registered under the Charities Act 1994 or established by any written law;
 - (ii) a town council;
 - (iii) a statutory board;
 - (iv) a co-operative society registered under the Co-operative Societies Act 1979; or
 - (v) a trade union registered under the Trade Unions Act 1940;

NOTES TO THE FINANCIAL STATEMENTS

3 MATERIAL ACCOUNTING POLICIES (CONT'D)

3.10 Tax (cont'd)

Tax Transparency Ruling (cont'd)

- 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 Qualifying Non-resident Non-Individual Unitholder is a person other than an individual who is not resident in Singapore for income tax purposes and who:

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

A Qualifying Non-resident Fund is a non-resident fund that qualifies for tax exemption under section 13D, 13U or 13V of the Income Tax Act 1947 and who:

- 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 the Trust are not obtained from that operation.

The Tax Transparency Ruling does not apply to income other than Specified Taxable Income and gains or profits from the disposal of any investments such as immovable properties and shares that are determined by the IRAS to be revenue gains chargeable to tax as well as Specified Taxable Income derived by the Trust but not distributed to the Unitholders in the same year in which the Specified Taxable Income is derived. Where the tax transparency treatment does not apply to any gains, profits or income, such gains, profits or income will be subject to tax at the level of Trustee. Distributions made out of the after-tax gains, profits or income will not be subject to any deduction of tax at source nor further tax in the hands of Unitholders. Where the disposal gains are regarded as capital in nature and not regarded as income chargeable to tax under section 10(1)(g) of the Income Tax Act 1947, they will not be subject to tax at the level of Trustee and the Trustee and the Manager may distribute the disposal gains without tax being deducted at source.

Any distributions made by the Trust to Unitholders out of income which is tax-exempt for Singapore income tax purposes as well as income which has been subject to Singapore income tax at the level of the Trustee would not be subject to Singapore income tax in the hands of all Unitholders.

3.11 New standards and interpretations not adopted

A number of new standards, interpretations and amendments to standards are effective for annual periods beginning after 1 January 2023 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 application of these new FRSs, interpretations and amendments to FRSs are not expected to have a significant impact on the financial statements of the Group and the Trust.

NOTES TO THE FINANCIAL STATEMENTS

4 INVESTMENT PROPERTIES

	Note	Group		Trust	
		2023 \$'000	2022 \$'000	2023 \$'000	2022 \$'000
At 1 January		1,145,343	962,447	32,500	33,200
Acquisition of subsidiaries	32	-	296,741	-	-
Acquisition of investment properties ^(a)		-	31,061	-	-
Capital expenditures		4,923	4,306	192	226
Disposal of a subsidiary	33	-	(40,438)	-	-
Adjustment on rental straight-lining	17	15,189	19,387	(86)	(8)
Gains/(Losses) for the year					
Net fair value gains/(losses) recognised in profit or loss		10,834	(22,651)	(906)	(918)
Losses recognised in other comprehensive income					
Effects of movements in exchange rates		(36,821)	(105,510)	-	-
At 31 December		<u>1,139,468</u>	<u>1,145,343</u>	<u>31,700</u>	<u>32,500</u>

(a) In 2022, the Group acquired two Japan nursing homes, Medical Rehabilitation Home Bon Sejour Komaki and Loyal Residence Ayase, for a total consideration of Japanese Yen ("JPY") 2,580,000,000 (equivalent to approximately \$27,606,000), with a total acquisition cost capitalised amounting to \$3,455,000.

As at 31 December 2023, investment properties of the Group with carrying amounts of \$832,726,000 (2022: \$811,667,000) were pledged as security for related borrowings (see note 11).

Measurement of fair value

(i) Fair value hierarchy

The fair value of investment properties were determined by external valuers, having appropriate recognised professional qualifications and recent experience in the location and category of property being valued. External valuers appraise the fair value of the Group's investment property portfolio every year.

The fair values are based on open market values, being the estimated amount for which a property could be exchanged on the date of the valuation between a willing buyer and a willing seller in an arm's length transaction wherein the parties had each acted knowledgeably and without compulsion. In determining the fair value as at the reporting date, the external valuers have adopted a combination of valuation methods, including discounted cash flow and direct comparison methods (2022: discounted cash flow, income capitalisation and direct comparison methods). The valuation methods involve certain estimates including those relating to market-corroborated discount rate, terminal capitalisation rate, and price per square metre (2022: discount rate, terminal capitalisation rate, capitalisation rate, and price per square metre). The specific risks inherent in each of the properties are taken into consideration in arriving at the valuations.

The fair value measurement of all of the investment properties has been categorised as a Level 3 fair value based on the inputs to the valuation techniques used (see note 2.4).

NOTES TO THE FINANCIAL STATEMENTS

4 INVESTMENT PROPERTIES (CONT'D)

Measurement of fair value (cont'd)

(ii) Valuation techniques and significant unobservable inputs

In 2023, the valuations were undertaken by the following independent professional valuers:

Properties in:	Property Valuer(s)
Singapore	Jones Lang LaSalle Property Consultants Pte. Ltd. (2022: Cushman & Wakefield VHS Pte. Ltd.)
Indonesia	Kantor Jasa Penilai Publik ("KJPP") Willson dan Rekan in association with Knight Frank, KJPP Rengganis, Hamid & Rekan in strategic alliance with CBRE, Cushman & Wakefield VHS Pte. Ltd. in conjunction with KJPP Firman, Suryantoro, Sugeng, Suzy, Hartomo & Rekan (2022: Kantor Jasa Penilai Publik ("KJPP") Willson dan Rekan in association with Knight Frank, KJPP Rengganis, Hamid & Rekan in strategic alliance with CBRE, Colliers International Consultancy & Valuation (Singapore) Pte. Ltd. in alliance with KJPP Rinaldi Alberth Baroto & Rekan)
Japan	Cushman & Wakefield K.K., Colliers International Japan K.K., CBRE K.K. (2022: Cushman & Wakefield K.K., Colliers International Japan K.K., CBRE K.K.)

NOTES TO THE FINANCIAL STATEMENTS

4 INVESTMENT PROPERTIES (CONT'D)

Measurement of fair value (cont'd)

(ii) Valuation techniques and significant unobservable inputs (cont'd)

The following table shows the valuation techniques used in measuring the fair value of investment properties, as well as the significant unobservable inputs used.

Valuation techniques	Significant unobservable inputs			Inter-relationship between key unobservable inputs and fair value measurement
	Singapore	Indonesia	Japan	
<p><i>Discounted cash flow method:</i> The discounted cash flow method involves the estimation and projection of an income stream over a period and discounting the income stream with an internal rate of return consistent with current market requirements to arrive at the market value.</p>	Discount rate: 8.75% (2022: 8.75%)	Discount rate: Restructured properties ² : 12.30% to 13.80% (2022: 12.32% to 13.52%)	Discount rate: 4.00% to 4.70% (2022: 4.00% to 5.00%)	The higher the discount rate, the lower the fair value.
	Terminal capitalisation rate ¹ : Not applicable (2022: Not applicable)	Terminal capitalisation rate ⁴ : Restructured properties ² : 8.53% to 10.60% (2022: 8.63% to 10.35%)	Terminal capitalisation rate: 4.30% to 5.00% (2022: 4.30% to 5.30%)	The higher the terminal capitalisation rate, the lower the fair value.
		Non-restructured properties ³ : 9.00% to 9.25% (2022: 9.84% to 10.49%)		
<p><i>Income capitalisation method:</i> The income capitalisation method capitalises an income stream into a present value using single-year capitalisation rates.</p>	Capitalisation rates: Not applicable (2022: 6.75% to 7.00%)	Not applicable	Not applicable	The higher the capitalisation rate, the lower the fair value.
<p><i>Direct comparison method:</i> The direct comparison method involves the analysis of comparable sales of similar properties and adjusting the sales price to those reflective of the investment properties under development.</p>	Not applicable (2022: Not applicable)	Price per square metre ("psm"): \$525 (2022: \$506)	Not applicable	The estimated fair value would increase (decrease) if price psm was higher (lower).

NOTES TO THE FINANCIAL STATEMENTS

4 INVESTMENT PROPERTIES (CONT'D)

Measurement of fair value (cont'd)

(ii) Valuation techniques and significant unobservable inputs (cont'd)

- 1 The direct discounting analysis is applied in 2023 and 2022 with the cashflow period projected until the end of the leasehold term of respective properties. No terminal capitalisation rate was applied for all properties located in Singapore as the land together with buildings are expected to be returned to the government upon the expiration of the term of the leasehold land.
- 2 The restructured Indonesia properties comprise Siloam Hospitals Lippo Village, Siloam Hospitals Kebon Jeruk, Mochtar Riady Comprehensive Cancer Centre, Siloam Hospitals Manado (excluding Hotel Aryaduta Manado), Siloam Hospitals Makassar, Siloam Hospitals Bali, Siloam Hospitals TB Simatupang, Siloam Hospitals Purwakarta, Siloam Sriwijaya, Siloam Hospitals Kupang (excluding Lippo Plaza Kupang), Siloam Hospitals Labuan Bajo, Siloam Hospitals Baubau (formerly known as Siloam Hospitals Buton) (excluding Lippo Plaza Baubau, formerly known as Lippo Plaza Buton) and Siloam Hospitals Yogyakarta.
- 3 The non-restructured Indonesia properties comprise Imperial Aryaduta Hotel & Country Club, Siloam Hospitals Lippo Cikarang, Hotel Aryaduta Manado (excluding Siloam Hospitals Manado), Lippo Plaza Kupang (excluding Siloam Hospitals Kupang) and Lippo Plaza Baubau (formerly known as Lippo Plaza Buton) (excluding Siloam Hospitals Baubau, formerly known as Siloam Hospital Buton).
- 4 No terminal capitalisation rate was used for the valuation of Siloam Sriwijaya, Siloam Hospitals Kupang & Lippo Plaza Kupang and Siloam Hospitals Baubau & Lippo Plaza Baubau (formely known as Siloam Hospital Buton & Lippo Plaza Buton) whose respective agreements with the provincial governments only allow for a fixed lease period each. Therefore, direct discounting analysis is applied.

5 INVESTMENTS IN SUBSIDIARIES

	Note	Trust 2023 \$'000	Trust 2022 \$'000
Movements during the year, at cost:			
At 1 January		764,149	669,173
Acquisition of subsidiaries	32	-	169,022
Incorporation of subsidiaries		35	-
Investment in redeemable preference shares		-	14,042
Redemption of redeemable preference shares by subsidiaries		(22,137)	(42,617)
Reversal/(Allowance) of impairment losses		24,656	(45,471)
At 31 December		766,703	764,149
Total cost comprising:			
Unquoted equity shares at cost		583,859	583,824
Redeemable preference shares at cost		252,477	274,614
Allowance for impairment losses		(69,633)	(94,289)
Total at cost		766,703	764,149

The redeemable preference shares are redeemable at the option of the Singapore subsidiaries.

Details of the subsidiaries are included in note 31.

NOTES TO THE FINANCIAL STATEMENTS

5 INVESTMENTS IN SUBSIDIARIES (CONT'D)

Allowance for impairment loss on investments in subsidiaries

At each reporting date, the Trust carries out impairment assessment of its investments in subsidiaries to assess whether there is any indication of impairment. The Trust evaluates, amongst other factors, the future profitability of the subsidiaries, including factors such as industry performance, operational and financing cash flows. The recoverable amount of the investments could change significantly as a result of the changes in market conditions and the assumptions used in determining the recoverable amount. The recoverable amounts were estimated based on the net assets value of the subsidiaries which comprised predominantly investment properties measured at fair value determined by external valuers and categorised as Level 3 on the fair value hierarchy.

Based on the assessment, the Trust recognised a net reversal for impairment loss of \$24,656,000 (2022: a net allowance for impairment loss of \$45,471,000) on its investment in subsidiaries, following an increase (2022: a decrease) in the net asset value of the subsidiaries.

The estimated total recoverable amounts of the investments in subsidiaries on which impairment losses were reversed or impaired during the year were \$420,197,000 as at 31 December 2023 (2022: \$407,713,000).

6 LOAN TO SUBSIDIARIES AND LOAN FROM A SUBSIDIARY

	Trust	
	2023 \$'000	2022 \$'000
Loan to subsidiaries		
Non-current	21,705	19,600
Current	4,190	12,970
Total	<u>25,895</u>	<u>32,570</u>
Loan from a subsidiary		
Non-current	5,161	5,870
Current	25,512	-
Total	<u>30,673</u>	<u>5,870</u>

The loans to subsidiaries are unsecured, bear interest ranging from 1.00% to 5.56% (2022: 1.00% to 6.06%) per annum and is repayable by quarterly instalments over 20 years from 30 December 2010, and on 14 July 2026 respectively.

The non-current loan from a subsidiary is unsecured, bears interest at 1.40% per annum and repayable on 29 May 2025. The remaining loan from a subsidiary is unsecured, interest free and repayable on demand.

7 TRADE AND OTHER RECEIVABLES

	Group		Trust	
	2023 \$'000	2022 \$'000	2023 \$'000	2022 \$'000
Trade receivables:				
- Third parties ^(a)	4,224	3,014	224	218
- Related parties	1,433	1,418	8	8
	<u>5,657</u>	<u>4,432</u>	<u>232</u>	<u>226</u>
Other receivables:				
- Third parties	592	595	482	531
- Subsidiaries	-	-	10,974	10,291
	<u>592</u>	<u>595</u>	<u>11,456</u>	<u>10,822</u>
Total trade and other receivables	<u>6,249</u>	<u>5,027</u>	<u>11,688</u>	<u>11,048</u>

NOTES TO THE FINANCIAL STATEMENTS

7 TRADE AND OTHER RECEIVABLES (CONT'D)

- (a) The rents under the PT Metropolis Propertindo Utama ("PT MPU") master lease agreements are payable quarterly in advance. As at 31 December 2023, the rental outstanding from PT MPU amounts to IDR 37,387,588,000 (equivalent to \$3,969,000), while the security deposit received from PT MPU amounts to IDR 26,269,130,000 (equivalent to \$2,259,000).

The Manager will continue to engage closely with PT MPU on the repayment of the rental in arrears.

Other receivables from third parties are mainly net GST receivables from the tax authorities.

The non-trade receivables from subsidiaries are unsecured, interest-free and repayable on demand.

The Group and the Trust's exposure to market risk, credit risk and impairment loss for trade and other receivables, are disclosed in note 30.

8 OTHER ASSETS

	Group		Trust	
	2023 \$'000	2022 \$'000	2023 \$'000	2022 \$'000
Prepayments	606	714	402	400
Prepaid other taxes	181	176	-	-
	<u>787</u>	<u>890</u>	<u>402</u>	<u>400</u>

9 CASH AND CASH EQUIVALENTS

	Group		Trust	
	2023 \$'000	2022 \$'000	2023 \$'000	2022 \$'000
Cash at banks	26,446	33,962	3,017	8,118
Time deposits with financial institutions	13,820	12,141	13,820	12,141
	<u>40,266</u>	<u>46,103</u>	<u>16,837</u>	<u>20,259</u>

Bank balances of \$10,401,000 (2022: \$14,386,000) serve as negative pledges to secure the Group's borrowings from banks (see notes 11(c) and 11 (e)). This amount is included as part of cash and cash equivalents as the utilisation of these bank balances is not restricted.

Bank balances of \$12,820,000 (2022: \$12,141,000) are included as part of time deposits with banks to meet the requirement of the borrowings of the Group and the Trust (see notes 11 (a) and 11 (b)). This amount is included as part of cash and cash equivalents as the utilisation of these bank balances is not restricted.

NOTES TO THE FINANCIAL STATEMENTS

10 DEFERRED TAX LIABILITIES

Deferred tax liabilities are attributable to the following:

	Group		Trust	
	2023 \$'000	2022 \$'000	2023 \$'000	2022 \$'000
Investment properties	18,855	18,338	-	-
Unremitted income from Japan subsidiaries	30,877	32,417	-	-
	<u>49,732</u>	<u>50,755</u>	<u>-</u>	<u>-</u>

Movement in deferred tax liabilities of the Group during the year are as follows:

	Note	Investment properties \$'000	Unremitted income from Japan subsidiaries \$'000	Total \$'000
At 1 January 2023		18,338	32,417	50,755
Recognised in profit or loss	23	773	1,798	2,571
Effect of movements in exchange rates		(256)	(3,338)	(3,594)
At 31 December 2023		<u>18,855</u>	<u>30,877</u>	<u>49,732</u>
At 1 January 2022		20,601	-	20,601
Acquisition of subsidiaries	32	-	32,861	32,861
Recognised in profit or loss	23	(765)	4,323	3,558
Effect of movements in exchange rates		(1,498)	(4,767)	(6,265)
At 31 December 2022		<u>18,338</u>	<u>32,417</u>	<u>50,755</u>

11 BORROWINGS

	Note	Group		Trust	
		2023 \$'000	2022 \$'000	2023 \$'000	2022 \$'000
Guaranteed bonds	(a)	100,000	100,000	100,000	100,000
Social term loan A	(b)	233,713	235,713	233,713	235,713
Social term loan B	(c)	15,272	16,932	-	-
Secured Tokutei Mokuteki Kaisha ("TMK") bonds A	(d)	-	108,553	-	-
Secured TMK bonds B and Term loan C	(e)	109,940	-	-	-
Less: Unamortised transaction costs		(9,079)	(10,132)	(6,787)	(9,400)
		<u>449,846</u>	<u>451,066</u>	<u>326,926</u>	<u>326,313</u>
Current		920	1,453	-	-
Non-current		<u>448,926</u>	<u>449,613</u>	<u>326,926</u>	<u>326,313</u>
		<u>449,846</u>	<u>451,066</u>	<u>326,926</u>	<u>326,313</u>

The Group and the Trust's exposure to liquidity and market risks are disclosed in note 30.

NOTES TO THE FINANCIAL STATEMENTS

11 BORROWINGS (CONT'D)

The borrowings comprise the following:

(a) Guaranteed bonds

On 7 April 2022, \$100 million guaranteed bonds at a coupon rate of 3.25% due in April 2027 were issued by the Trust to refinance \$100 million syndicated secured loan which matured in May 2022. The guaranteed bonds amounting to \$100 million are unconditionally and irrevocably guaranteed by Credit Guarantee and Investment Facility, a trust fund of the Asian Development Bank. The interest of the bonds is payable half-yearly in arrears. The bonds are listed on the Singapore Exchange Securities Trading Limited.

(b) Social term loan A

On 25 November 2022, the Trustee entered into a facility agreement with two of the existing lenders, Oversea-Chinese Banking Corporation Limited ("OCBC") and CIMB Bank Berhad ("CIMB") in respect of a \$300 million social term loan and revolving credit facilities agreement (the "Facilities") to refinance \$260 million of syndicated secured loan which matured on 1 March 2023. As at 31 December 2023, the Trust drew down social term loan A amounting to \$234 million (2022: \$236 million) under this Facilities which is repayable in May 2026.

(c) Social term loan B

On 29 September 2022, the Trust's indirect subsidiary, First REIT Japan Two GK, secured a JPY1.66 billion (equivalent to approximately \$15.3 million) non-recourse social loan from Shinsei Trust Bank Limited which is due on 27 September 2026. The proceeds from social term loan B were utilised to partially fund the acquisition of two nursing homes, Loyal Residence Ayase and Medical Rehabilitation Home Bon Sejour Komaki, located in Japan in 2022.

(d) Secured TMK bonds A

TMK is an investment vehicle incorporated under the Asset Liquidation Law of Japan to acquire real estate and obtain debt financing in real estate finance transactions in Japan. A TMK may issue TMK bonds, which are generally issued to qualified institutional investors. The TMK grants to holders of TMK bonds the right to receive all payments due in relation to such TMK bonds out of the assets of the TMK prior to any payments to other unsecured creditors. This statutory right is generally referred to as a general security interest. Unless otherwise provided in the Asset Liquidation Plan, such general security is automatically created by operation of law.

The secured TMK bonds A pertain to a 5 year bonds issued by the Trust's indirect subsidiary, OUELH Japan First TMK, for JPY10.6 billion (equivalent to approximately \$97.5 million) due in May 2025 to Shinsei Bank Limited. The secured TMK bonds A were fully repaid on 23 June 2023 by way of financing from a new secured TMK bonds of JPY2 billion and a secured term loan of JPY10 billion (note 11e).

(e) Secured TMK bonds B and Term Loan C

On 23 June 2023, OUELH Japan First TMK, a subsidiary of the Group, issued a 7 year bonds amounting to JPY2 billion (equivalent to approximately \$18.4 million) to Kiraboshi Bank Ltd and obtained a term loan of JPY10 billion (equivalent to approximately \$92.0 million) ("Term Loan C") from Kiraboshi Bank Ltd. The outstanding balances for the secured TMK bond B and Term loan C as at 31 December 2023 amount to JPY2 billion and JPY9.95 billion (equivalent to approximately \$18.4 million and \$91.5 million) respectively. Both facilities will be due in June 2030.

The Trust has entered into interest rate swaps and interest rate caps arrangements to manage the interest rate risk exposure arising from the bank loans with floating rates (note 14).

The carrying amount of the current and non-current borrowings, which are at variable interest rates, approximate their fair values at reporting date.

NOTES TO THE FINANCIAL STATEMENTS

11 BORROWINGS (CONT'D)

Terms and debt repayment schedule

Terms and conditions of outstanding borrowings are as follows:

	Currency	Nominal interest rate	Year of maturity	Face value \$'000	Carrying amount \$'000
2023					
Group					
Guaranteed bonds	SGD	3.25%	2027	100,000	96,778
Social term loan A	SGD	5.12% - 6.02%	2026	233,713	230,148
Social term loan B	JPY	1.00% - 1.31%	2026	15,272	15,071
Secured TMK bonds B and Term loan C	JPY	1.50%	2030	109,940	107,849
				<u>458,925</u>	<u>449,846</u>
Trust					
Guaranteed bonds	SGD	3.25%	2027	100,000	96,778
Social term loan A	SGD	5.12% - 6.02%	2026	233,713	230,148
				<u>333,713</u>	<u>326,926</u>
2022					
Group					
Guaranteed bonds	SGD	3.25%	2027	100,000	95,571
Social term loan A	SGD	5.12% - 5.56%	2026	235,713	230,742
Social term loan B	JPY	1.00%	2026	16,932	16,629
Secured TMK bonds A	JPY	1.00%	2025	108,553	108,124
				<u>461,198</u>	<u>451,066</u>
Trust					
Guaranteed bonds	SGD	3.25%	2027	100,000	95,571
Social term loan A	SGD	5.12% - 5.56%	2026	235,713	230,742
				<u>335,713</u>	<u>326,313</u>

NOTES TO THE FINANCIAL STATEMENTS

11 BORROWINGS (CONT'D)

Terms and debt repayment schedule (cont'd)

The social term loan A and guaranteed bonds agreements provide amongst other matters for the following:

- 1) Legal mortgage over the properties in Singapore and Indonesia of the Group except for Imperial Aryaduta Hotel and Country Club and Siloam Hospitals Yogyakarta.
- 2) Assignment to the banks of all of the Group's rights, titles, interests and benefits under any leases, tenancies, sales proceeds and cash flows in respect of the Indonesia properties and the Singapore properties except for Imperial Aryaduta Hotel and Country Club and Siloam Hospitals Yogyakarta.
- 3) Assignment to the banks of all of the Group's rights, titles and interests under the insurance policies in respect of the Indonesia properties and the Singapore properties, with the bank named as a "loss payee" except for Imperial Aryaduta Hotel and Country Club and Siloam Hospitals Yogyakarta.
- 4) A debenture containing first fixed and floating charges over all assets and undertakings of the Trust's Singapore subsidiaries and subsidiaries of Trust's Singapore subsidiaries except for Lovage International Pte. Ltd., IAHCC Investment Pte. Ltd., Surabaya Hospitals Investment Pte. Ltd., Kalmore Investments Pte. Ltd., Icon1 Holdings Pte. Ltd., OUE LH Japan Medical Facilities Pte. Ltd., OUE LH Japan Medical Assets Pte. Ltd., First REIT Japan Holdings One Pte. Ltd., and First REIT Japan Holdings Two Pte. Ltd. (2022: Lovage International Pte. Ltd., IAHCC Investment Pte. Ltd., Surabaya Hospitals Investment Pte. Ltd., Kalmore Investments Pte. Ltd., Icon1 Holdings Pte. Ltd., OUE LH Japan Medical Facilities Pte. Ltd., and OUE LH Japan Medical Assets Pte. Ltd.).
- 5) Charge of all of the Trust's shares in the Singapore subsidiaries and subsidiaries of Trust's Singapore subsidiaries except for Lovage International Pte. Ltd., IAHCC Investment Pte. Ltd., Surabaya Hospitals Investment Pte. Ltd., Kalmore Investments Pte. Ltd., Icon1 Holdings Pte. Ltd., OUE LH Japan Medical Facilities Pte. Ltd., OUE LH Japan Medical Assets Pte. Ltd., First REIT Japan Holdings One Pte. Ltd., and First REIT Japan Holdings Two Pte. Ltd. (2022: Lovage International Pte. Ltd., IAHCC Investment Pte. Ltd., Surabaya Hospitals Investment Pte. Ltd., Kalmore Investments Pte. Ltd., Icon1 Holdings Pte. Ltd., OUE LH Japan Medical Facilities Pte. Ltd., and OUE LH Japan Medical Assets Pte. Ltd.).
- 6) Charge of all of the Singapore subsidiaries' shares in the Indonesia subsidiaries except for the Joint-operation company, PT Yogya Central Terpadu.
- 7) A debenture by the Group covering first fixed and floating charges over all assets and undertakings in respect of the Singapore properties.
- 8) OUE Limited's interest held in the Trust directly and indirectly is at least at 20%.
- 9) OUEH's interest held in the Trust directly and indirectly is at least at 20%.
- 10) OUE Limited's interest held in First REIT Management Limited directly and indirectly is at least at 51%.
- 11) Compliance with all financial covenants.

NOTES TO THE FINANCIAL STATEMENTS

11 BORROWINGS (CONT'D)

The secured social term loan B agreement provides amongst other matters for the following:

- 1) Negative pledge against the total assets of the Trust's indirect subsidiary, First REIT Japan Two GK, which mainly comprises investment properties in Japan and cash and cash equivalents.
- 2) A corporate guarantee from the Trust.

The secured TMK bonds A, secured TMK bonds B and Term loan C agreement provides amongst other matters for the following:

- 1) Negative pledge against the total assets of the Trust's indirect subsidiary, OUELH Japan First TMK, which mainly comprises investment properties in Japan and cash and cash equivalents.
- 2) A corporate guarantee from the Trust.

Reconciliation of movements of liabilities to cash flows arising from financing activities

	Liabilities		Total \$'000
	Borrowings \$'000	Interest payable (note 13) \$'000	
Balance at 1 January 2023	451,066	1,854	452,920
Changes from financing cash flows			
Proceeds from borrowings	122,000	-	122,000
Repayment of borrowings	(115,857)	-	(115,857)
Payment of transaction costs related to borrowings	(3,778)	-	(3,778)
Interest paid	-	(17,837)	(17,837)
Total changes from financing cash flows	2,365	(17,837)	(15,472)
The effect of changes in foreign exchange rates	(8,260)	-	(8,260)
Liability-related			
Amortisation of transaction costs	4,675	-	4,675
Interest expense	-	18,023	18,023
Total liability-related other changes	4,675	18,023	22,698
Balance at 31 December 2023	449,846	2,040	451,886

NOTES TO THE FINANCIAL STATEMENTS

11 BORROWINGS (CONT'D)

Reconciliation of movements of liabilities to cash flows arising from financing activities (cont'd)

	Liabilities		Total \$'000
	Borrowings \$'000	Interest payable (note 13) \$'000	
Balance at 1 January 2022	349,211	2,453	351,664
Changes from financing cash flows			
Proceeds from borrowings	379,271	-	379,271
Repayment of borrowings	(381,534)	-	(381,534)
Payment of transaction costs related to borrowings ¹	(12,269)	-	(12,269)
Interest paid	-	(14,672)	(14,672)
Total changes from financing cash flows	(14,532)	(14,672)	(29,204)
The effect of changes in foreign exchange rates	(15,548)	-	(15,548)
Other changes			
Acquisition of subsidiaries	126,574	-	126,574
Liability-related			
Amortisation of transaction costs	5,361	-	5,361
Interest expense	-	14,073	14,073
Total liability-related other changes	131,935	14,073	146,008
Balance at 31 December 2022	451,066	1,854	452,920

¹ Included in transaction costs related to borrowings are the audit fees paid to the auditors of the Trust, amounting to \$45,000.

12 OTHER LIABILITIES

	Group		Trust	
	2023 \$'000	2022 \$'000	2023 \$'000	2022 \$'000
Rental income received in advance from tenants	3,113	3,186	113	106
Security deposits	10,557	11,704	2,079	2,038
	<u>13,670</u>	<u>14,890</u>	<u>2,192</u>	<u>2,144</u>
Current	3,113	3,186	113	106
Non-current	10,557	11,704	2,079	2,038
	<u>13,670</u>	<u>14,890</u>	<u>2,192</u>	<u>2,144</u>

NOTES TO THE FINANCIAL STATEMENTS

13 TRADE AND OTHER PAYABLES

	Group		Trust	
	2023 \$'000	2022 \$'000	2023 \$'000	2022 \$'000
Trade payables:				
- Third parties	48	216	48	118
- Related parties	7,809	8,404	7,712	8,404
	<u>7,857</u>	<u>8,620</u>	<u>7,760</u>	<u>8,522</u>
Other payables:				
- Third parties	2,483	4,498	770	2,324
- Subsidiaries	-	-	37,339	51,472
- Related party	22	22	-	-
	<u>2,505</u>	<u>4,520</u>	<u>38,109</u>	<u>53,796</u>
Interest payable	2,040	1,854	2,009	1,833
Total trade and other payables	<u>12,402</u>	<u>14,994</u>	<u>47,878</u>	<u>64,151</u>

The other payables to subsidiaries and a related party relate to advances which are non-trade in nature, unsecured, interest-free and repayable on demand. The Group and the Trust's exposure to market risk and liquidity risk are disclosed in note 30.

14 DERIVATIVE FINANCIAL INSTRUMENTS

	Notional amounts		Group and Trust	
	2023 \$'000	2022 \$'000	2023 \$'000	2022 \$'000
Non-current				
Derivative assets				
Interest rate swaps	-	85,000	-	176
Interest rate caps	-	90,000	-	1,072
	-	<u>175,000</u>	-	<u>1,248</u>
Derivative liabilities				
Interest rate swaps	42,500	-	259	-
Current				
Derivative assets				
Interest rate caps	90,000	-	411	-
Forward exchange contracts	17,000	-	149	-
	<u>107,000</u>	-	<u>560</u>	-

NOTES TO THE FINANCIAL STATEMENTS

14 DERIVATIVE FINANCIAL INSTRUMENTS (CONT'D)

	Notional amounts		Group and Trust	
	2023 \$'000	2022 \$'000	2023 \$'000	2022 \$'000
Current (cont'd)				
Derivative liabilities				
Interest rate swaps	42,500	-	13	-
Forward exchange contracts	4,000	15,000	14	493
	<u>46,500</u>	<u>15,000</u>	<u>27</u>	<u>493</u>

The Group uses interest rate swaps and interest rate caps to manage the interest rate risk exposures arising from the bank loans with floating rates. The fair values of the derivatives are measured based on the quote from financial institutions (Level 2). Similar contractors are traded in an active market and the quotes reflect the actual transactions in similar instruments.

The Group entered into forward exchange contracts to manage the foreign currency exposures arising from future Indonesian Rupiah-denominated ("IDR") and JPY-denominated cash flows.

15 PERPETUAL SECURITIES

In 2016, the Trust issued \$60 million of subordinated perpetual securities at a fixed rate of 5.68% per annum, with the first distribution rate reset on 8 July 2021 and subsequent resets occurring every five years thereafter. The perpetual securities have no fixed redemption date and redemption is at the option of the Trust in accordance with the terms and conditions of the securities. The distribution will be payable semi-annually at the discretion of the Trust and will be non-cumulative. The distribution rate applicable to the perpetual securities in respect of the period from the first reset date (being 8 July 2021) to the immediately following reset date (being 8 July 2026) shall be 4.9817%, being the prevailing five-year swap offer rate of 1.0567% per annum with respect to the relevant reset date plus the initial spread of 3.925%, in accordance with the terms and conditions of the perpetual securities. An amount of \$1,656,000 and \$2,576,000 were reserved for distribution to perpetual securities holders for each of the reporting years ended 31 December 2023 and 31 December 2022 respectively.

In terms of distribution payments or in the event of winding-up of the Trust:

- These perpetual securities rank *pari passu* with holders of preferred units (if any) and rank ahead of the unitholders of Trust but junior to the claims of all present and future creditors of the Trust; and
- The Trust shall not declare or pay any distributions to the unitholders, or make redemption, unless the Trust declares or pays any distributions to the perpetual securities holders.

These perpetual securities are classified as equity. The Manager has taken the view that as there is no contractual obligation to repay the principal or to pay any distributions, the perpetual securities do not meet the definition for classification as a financial liability under FRS 32 *Financial Instruments: Disclosure and Presentation*. The perpetual securities are presented within equity, and the distributions are treated as dividends.

On 22 August 2022, there was a partial redemption of perpetual securities at purchase price of 70% of the principal amount of the securities, amounting to \$26,750,000. The principal amount together with the distribution to perpetual securities holders and arising from the partial redemption, totalled \$26,980,000. The gain from the partial redemption was \$7,858,000, net of transaction cost of \$167,000. The total net cash outflows from the partial redemption, distribution and gain on redemption of perpetual securities, net of transaction costs was \$19,122,000.

As at 31 December 2023, \$33,282,000 (2022: \$33,282,000) presented in the statements of financial position represents the carrying value of the remaining perpetual securities and the total return attributable to the perpetual securities holders from the last distribution date.

NOTES TO THE FINANCIAL STATEMENTS

16 UNITS IN ISSUE AND NET ASSETS VALUE ATTRIBUTABLE TO UNITHOLDERS

	Note	Group and Trust	
		2023 '000	2022 '000
At 1 January		2,058,581	1,613,028
Issuance of new units for acquisition of subsidiaries	(a)	-	431,148
Issuance of new units for divestment of a subsidiary	(b)	-	791
Issuance of new units as settlement of the Manager's management fees	(c)	18,344	13,614
At 31 December		<u>2,076,925</u>	<u>2,058,581</u>

- (a) In 2022, a total of 431,147,541 new units at an issue price of \$0.305 per unit were issued to OUEH, a related party as partial consideration of \$131,500,000 paid pursuant to the acquisition of subsidiaries on 1 March 2022 (note 32).
- (b) In 2022, a total of 791,394 new units at an issue price of \$0.2549 per unit were issued to the Manager as divestment fee of \$202,000 in relation to the divestment of an indirect subsidiary, PT Tata Prima Indah ("PT TPI") completed on 27 September 2022 (note 33).
- (c) In 2023, a total of 18,343,811 (2022: 13,613,833) new units at an issue price range from \$0.2204 to \$0.2985 (2022: \$0.2705 to \$0.3003) per unit were issued in respect of the settlement for the Manager's management fees to the Manager of \$4,788,000 (2022: \$3,952,000).

At 31 December 2023, 4,578,992 (2022: 5,021,113) units were issuable as settlement for the Manager's management fees for the last quarter of the reporting year.

The issue price for determining the number of units issued and issuable as Manager's management fees is calculated based on the volume weighted average traded price ("VWAP") for all trades done on SGX-ST in the ordinary course of trading for 10 business days immediately preceding the respective last business day of the respective quarter end date.

The Trust does not hold any treasury units and there is no subsidiary holding as at the end of the current financial period and as at the end of the corresponding period of the immediately preceding financial year.

Under the Trust Deed, every unit carries the same voting rights. Each unit represents an equal and undivided beneficial interest in the assets of the Trust. Units have no conversion, retraction, redemption or pre-emptive 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 the annual report of the Trust; and
- 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 less any liabilities, in accordance with their proportionate interests in the Trust.

No unitholder has a right to require that any assets of the Trust be transferred to him.

Further, unitholders cannot give directions to the Trustee or the Manager (whether at a meeting of unitholders duly convened and held in accordance with the provisions of the Trust Deed or otherwise) if it would require the Trustee or the Manager to do or omit doing anything which may result in:

- The Trust ceasing to comply with applicable laws and regulations; or
- The exercise of any discretion expressly conferred on the Trustee or the Manager by the Trust Deed or the determination of any matter which, under the Trust Deed, requires the agreement of either or both of the Trustee and the Manager.

NOTES TO THE FINANCIAL STATEMENTS

16 UNITS IN ISSUE AND NET ASSETS VALUE ATTRIBUTABLE TO UNITHOLDERS (CONT'D)

The Trust Deed contains provisions that are designed to limit the liability of a unitholder to the amount paid or payable for any unit. The provisions seek to ensure that if the issue price of the units held by a unitholder has been fully paid, no such unitholder, by reason alone of being a unitholder, will be personally liable to indemnify the Trustee or any creditor of the Trust in the event that the liabilities of the Trust exceeds its assets.

	Group		Trust	
	2023 \$'000	2022 \$'000	2023 \$'000	2022 \$'000
Net assets value attributable to unitholders	626,884	632,080	412,543	429,915
Net assets value per unit in cents attributable to unitholders	30.18	30.70	19.86	20.88

17 RENTAL AND OTHER INCOME

	Group		Trust	
	2023 \$'000	2022 \$'000	2023 \$'000	2022 \$'000
Rental income from investment properties	108,568	111,275	4,228	4,226
Dividend income from subsidiaries	-	-	34,050	69,437
	108,568	111,275	38,278	73,663

Included in rental income of the Group is variable rent of \$3,259,000 (2022: \$850,000) and adjustment on rental straight-lining of \$15,189,000 (2022: \$19,387,000) (note 4). Included in rental income of the Trust is adjustment on rental straight-lining of (\$86,000) (2022: (\$8,000)) (note 4).

18 PROPERTY OPERATING EXPENSES

	Group		Trust	
	2023 \$'000	2022 \$'000	2023 \$'000	2022 \$'000
Property tax expense	1,521	1,280	200	197
Valuation expenses	183	267	20	13
Professional fees	1,069	854	5	-
Repairs and maintenance	155	153	-	-
Others	306	162	-	-
	3,234	2,716	225	210

19 MANAGER'S MANAGEMENT FEES

	Group		Trust	
	2023 \$'000	2022 \$'000	2023 \$'000	2022 \$'000
Base fees	3,713	4,041	3,670	3,998
Performance fees	5,266	5,428	5,266	5,428
	8,979	9,469	8,936	9,426

NOTES TO THE FINANCIAL STATEMENTS

20 FINANCE INCOME AND FINANCE COSTS

	Group		Trust	
	2023 \$'000	2022 \$'000	2023 \$'000	2022 \$'000
Finance income:				
Bank deposits	507	277	437	102
Loan to subsidiaries	-	-	1,277	1,134
	<u>507</u>	<u>277</u>	<u>1,714</u>	<u>1,236</u>
Finance costs:				
Interest expense:				
- Borrowings	(18,023)	(14,073)	(16,452)	(13,102)
Amortisation of transaction costs:				
- Borrowings	(3,626)	(4,469)	(2,928)	(4,253)
- Guarantee fees	(1,010)	(758)	(1,010)	(758)
- Letter of credit fees	(39)	(134)	(39)	(134)
	<u>(4,675)</u>	<u>(5,361)</u>	<u>(3,977)</u>	<u>(5,145)</u>
	<u>(22,698)</u>	<u>(19,434)</u>	<u>(20,429)</u>	<u>(18,247)</u>

21 OTHER EXPENSES

	Group		Trust	
	2023 \$'000	2022 \$'000	2023 \$'000	2022 \$'000
Depreciation expense	13	14	-	-
Handling and processing fees	268	365	268	365
Professional fees	730	694	730	694
Project expenses	195	388	195	965
Losses on disposal of quoted shares	7	30	-	-
Others	257	226	193	202
	<u>1,470</u>	<u>1,717</u>	<u>1,386</u>	<u>2,226</u>

22 TOTAL RETURN/(LOSS) FOR THE YEAR BEFORE INCOME TAX

The following items have been included in arriving at net income for the year:

	Group		Trust	
	2023 \$'000	2022 \$'000	2023 \$'000	2022 \$'000
Audit fees paid to:				
- auditors of the Trust and other firms affiliated with KPMG International Limited	631	737	441	457
- other auditors	130	123	-	-
Non-audit fees to:				
- auditors of the Trust and other firms affiliated with KPMG International Limited	-	4	-	-
- other auditors	44	55	-	-

NOTES TO THE FINANCIAL STATEMENTS

23 INCOME TAX EXPENSES

	Note	Group		Trust	
		2023 \$'000	2022 \$'000	2023 \$'000	2022 \$'000
Current tax expense					
Current year		7,635	7,432	-	-
Withholding tax		4,671	7,379	-	-
Deferred tax expense	10	2,571	3,558	-	-
Total income tax expenses		<u>14,877</u>	<u>18,369</u>	-	-
Reconciliation of effective tax rate					
Total return/(loss) for the year before income tax		<u>78,216</u>	<u>51,954</u>	<u>31,632</u>	<u>(2,926)</u>
Tax using Singapore tax rate of 17% (2022: 17%)		13,297	8,832	5,377	(497)
Effect of tax rates in foreign jurisdictions		(9,050)	238	-	-
Tax-exempt income		(87)	-	(10,271)	(11,804)
Non-deductible expenses		6,447	2,449	5,295	12,830
Foreign withholding tax		4,671	7,379	-	-
Tax transparency		(401)	(529)	(401)	(529)
		<u>14,877</u>	<u>18,369</u>	-	-

24 EARNINGS PER UNIT

	Group	
	2023	2022
Total return attributable to unitholders during the year (\$'000)	<u>61,683</u>	<u>31,009</u>
Weighted average number of units outstanding during the year ('000)	<u>2,067,938</u>	<u>1,981,551</u>
Earnings per unit (in cents)		
Basic and diluted	<u>2.98</u>	<u>1.56</u>

There were no potential dilutive units for the years ended 31 December 2023 and 31 December 2022. As such, the total return attributable to unitholders and the weighted average number of units used in the calculation of diluted earnings per unit are the same as those used in the calculation of basic earnings per unit.

NOTES TO THE FINANCIAL STATEMENTS

25 DISTRIBUTIONS TO UNITHOLDERS

	Group and Trust	
	2023 \$'000	2022 \$'000
Distribution of 0.66 cents per unit for the period from 1 October 2022 to 31 December 2022 (0.66 cents per unit for the period from 1 October 2021 to 31 December 2021)	13,620	10,668
Distribution of 0.62 cents per unit for the period from 1 January 2023 to 31 March 2023 (0.66 cents per unit for the period from 1 January 2022 to 31 March 2022)	12,820	11,682
Distribution of 0.62 cents per unit for the period from 1 April 2023 to 30 June 2023 (0.66 cents per unit for the period from 1 April 2022 to 30 June 2022)	12,848	13,558
Distribution of 0.62 cents per unit for the period from 1 July 2023 to 30 September 2023 (0.66 cents per unit for the period from 1 July 2022 to 30 September 2022)	12,848	13,581
	<u>52,136</u>	<u>49,489</u>

On 20 February 2024, the Manager declared a distribution of 0.62 cents per unit, amounting to \$12,906,000, in respect of the period from 1 October 2023 to 31 December 2023.

Current distribution policy:

The Trust's current distribution policy is to distribute at least 90% of its taxable income, whereas the tax-exempt income and capitalised receipts with the actual level distribution to be determined at the Manager's discretion. The capital receipts comprise amounts received by the Trust from redemption of redeemable preference shares and shareholder loans repayment in the Singapore subsidiaries.

26 FINANCIAL RATIOS

	Group		Trust	
	2023	2022	2023	2022
Expenses to average net assets attributable to unitholders ratio - excluding performance related fees ⁽¹⁾	1.06%	1.15%	1.29%	1.71%
Expenses to average net assets attributable to unitholders ratio - including performance related fees ⁽¹⁾	1.89%	2.04%	2.54%	3.12%
Portfolio turnover ratio ⁽²⁾	N/M	15.30%	N/M	N/M
Total operating expenses (\$'000) ⁽³⁾	30,026	33,557	10,908	12,236
Total operating expenses to net asset ^(a) value ratio ⁽³⁾	<u>4.79%</u>	<u>5.31%</u>	<u>2.64%</u>	<u>2.85%</u>

^(a) Referred to the net assets attributable to unitholders.

⁽¹⁾ The annualised ratios are computed in accordance with the guidelines of the Investment Management Association of Singapore dated 25 May 2005. The expenses used in the computation relate to expenses excluding any property related expenses, interest expenses, foreign exchange losses, tax deducted at source and costs associated with the purchase of investments.

⁽²⁾ Turnover ratio means the number of times per year that a dollar of assets is reinvested. It is calculated based on the lesser of purchases or sales of underlying investments of a scheme expressed as a percentage of daily average net asset value.

⁽³⁾ The revised CIS Code dated 23 May 2023 requires disclosure of the total operating expenses of the property fund, including all fees and charges paid to the Manager and interested parties (in both absolute terms, and as a percentage of the property fund's net asset value as at the end of the financial year) and taxation incurred in relation to the property fund's real estate assets.

N/M – Not meaningful as there was no sale of investment property during the financial year.

NOTES TO THE FINANCIAL STATEMENTS

27 LEASES

Leases as lessor (FRS 116)

Operating lease

The Group and the Trust lease out its investment properties (note 4) under non-cancellable leases. The Group and the Trust have classified these leases as operating leases, because they do not transfer substantially all of the risks and rewards incidental to the ownership of the assets. Information about the operating leases of investment properties is set out in statements of portfolio.

The following table sets out a maturity analysis of lease payments, showing the undiscounted lease payments to be received after the reporting date.

	Group		Trust	
	2023 \$'000	2022 \$'000	2023 \$'000	2022 \$'000
Less than one year	90,503	89,436	4,414	4,312
One to two years	91,315	90,382	4,495	4,414
Two to three years	89,720	93,027	4,584	4,495
Three to four years	88,714	91,667	1,577	4,584
Four to five years	86,745	90,633	-	1,577
More than five years	776,731	892,129	-	-
Total	1,223,728	1,347,274	15,070	19,382

28. SIGNIFICANT RELATED PARTY TRANSACTIONS

In addition to the related party information disclosed elsewhere in the financial statements, the following significant transactions took place between the Group, the Trust, the Manager, and related parties during the year on terms agreed between the parties. Other related parties for the property rental income and asset management fee comprises mainly entities which controlled by the controlling shareholders of the Trust.

	Group		Trust	
	2023 \$'000	2022 \$'000	2023 \$'000	2022 \$'000
Other related parties				
Property rental income	83,504	88,064	-	-
Fellow subsidiary				
Asset management fees	(1,105)	(908)	-	-
The Manager				
Management fees paid to Manager	(8,979)	(9,469)	(8,936)	(9,426)
The Trustee				
Trustee fees	(361)	(374)	(361)	(374)

NOTES TO THE FINANCIAL STATEMENTS

29. OPERATING SEGMENTS

Information about reportable segment profit or loss and assets

The Group is engaged in a single business of investing in investment properties in the healthcare and/or healthcare related sector. As at 31 December 2023, the Group had three reportable operating segments: Singapore operations, Indonesia operations, and Japan operations (2022: three reportable operating segments: Singapore operations, Indonesia operations, and Japan operations). For management purposes, the Group is organised into one major strategic operating segment that offers all the investment properties for healthcare and/or healthcare related purposes.

The geographical segment represents the Group's distinguishable components which provide products or services within a particular economic environment (location) and this component contains risks and returns that are different from those components which operate in other economic environments (locations). The liabilities are not analysed as the largest amount, namely the borrowings, are centrally managed.

There are no significant inter-segment transactions. The accounting policies of the operating segments are the same as those described in the summary of material accounting policies in note 3.2.

The management reporting system evaluates performances based on a number of factors. However, the primary financial performance measurement is to evaluate the properties based on their returns and yields.

	Singapore \$'000	Indonesia \$'000	Japan \$'000	Total \$'000
2023				
Total return reconciliation				
Rental and other income	4,228	89,489	14,851	108,568
Net property income and other income	3,750	88,781	12,803	105,334
Finance income	437	70	-	507
Manager's management fees				(8,979)
Asset management fees	-	-	(1,105)	(1,105)
Trustee fees				(361)
Finance costs	(20,352)	-	(2,346)	(22,698)
Other expenses				(1,470)
Net income				71,228
Net fair value (losses)/gains on investment properties	(906)	14,106	(2,366)	10,834
Net fair value losses of derivative financial instruments				(477)
Net foreign exchange losses				(3,369)
Total return before income tax				78,216
Income tax expense	-	(12,879)	(1,998)	(14,877)
Total return after income tax				63,339
Assets				
Segment assets including investment properties	50,274	860,919	276,138	1,187,331
Total assets				1,187,331

NOTES TO THE FINANCIAL STATEMENTS

29 OPERATING SEGMENTS (CONT'D)

	Singapore \$'000	Indonesia \$'000	Japan ¹ \$'000	Total \$'000
2022				
Total return reconciliation				
Rental and other income	4,226	94,364	12,685	111,275
Net property income and other income	3,773	93,743	11,043	108,559
Finance income	101	176	-	277
Manager's management fees				(9,469)
Asset management fees	-	-	(908)	(908)
Trustee fees				(378)
Finance costs	(18,174)	-	(1,260)	(19,434)
Other expenses				(1,717)
Net income				76,930
Net fair value losses on investment properties	(917)	(21,278)	(456)	(22,651)
Loss on disposal of a subsidiary	-	(713)	-	(713)
Net fair value losses of derivative financial instruments				(420)
Net foreign exchange losses				(1,192)
Total return before income tax				51,954
Income tax expense	-	(14,007)	(4,362)	(18,369)
Total return after income tax				33,585
Assets				
Segment assets including investment properties	55,269	836,982	306,374	1,198,625
Total assets				1,198,625

¹ Pertain to subsidiaries acquired in March 2022 and subsidiaries set-up in September 2022, included amounts for the period 1 March 2022 to 31 December 2022.

Income is attributed to countries on the basis of the location of the investment properties. The non-current assets comprise mainly of investment properties which are analysed by the geographical area in which the assets are located (see the statements of portfolio for the carrying value of these assets).

Income from the Group's top one and top two customers are from Indonesia. In aggregate, such revenue amounted to \$39,497,000 and \$83,504,000 (2022: \$50,412,000 and \$88,064,000) and contributed 36.4% and 76.9% (2022: 45.3% and 79.1%) of the Group's revenue respectively during the years ended 31 December 2023 and 31 December 2022.

NOTES TO THE FINANCIAL STATEMENTS

30. FINANCIAL INSTRUMENTS

Financial risk management

Overview

The Group has exposure to credit risk, liquidity risk and market risk arising from financial instruments.

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 risk, and the Group's management of capital.

Risk management framework

The Board of Directors of the Manager has overall responsibility for the establishment and oversight of the Group's risk management framework. The Audit and Risk Committee of the Manager assists the Board of Directors in overseeing how the Manager monitors compliance with the Group's risk management policies and procedures and reviews the adequacy of the risk management framework in relation to the risks faced by the Group. The Audit and Risk Committee reports regularly to the Board of Directors of the Manger on its activities.

Climate-related risks

The Group began introducing and reporting on climate-related risks in 2021 sustainability report of the Group with reference to the Task Force on Climate-Related Financial Disclosures ("TCFD") framework, which is also aligned with the requirements of the Guidelines on Environmental Risk Management ("EnRM") for asset managers as set out by the MAS.

While there was no significant impact from climate risk or climate-related risks directly on the Group's assets and activities, the Manager recognises that climate risk and climate-related risks arising from the locations of the Group's assets can have impact on revenues, expenditures, assets & liabilities, capital and financing.

The Group distinguishes between physical risks and transition risk. Physical risks such as rising global temperature and heatwaves, tropical cyclones, or typhoons are identified by the Manager as long-term risks, whereby the impact is likely to peak beyond the time horizon of ten to 30 years. Transition risks arise as a results of measures required to mitigate the effects of climate change and transition to a low-carbon economy, has the potential to dampen the severity of physical risks brought about by the climate change. It is expected that stringent policies will be implemented globally which may entail extensive policy, legal, technology and market changes posing varying levels of financial and reputational risk. The extent and severity of transition risks can be difficult to ascertain given its dependency on both climate and economic factors that could emerge between the short (one to three years) to medium (four to six years) term. In the short- to medium-term, the impact of these transition risks, which are usually from policies, is likely to be greater than the impact of physical risks associated with climate change, which are expected to become more significant beyond the medium term.

The Manager has developed an EnRM framework to manage the Group's climate and environmental-related risks. The Board of Directors (the "Board") of the Manager, with support from the sustainability team, has the oversight over the EnRM implementation and disclosures. The sustainability team comprises representatives from departments such as Asset Management, Compliance, Finance, and Investor Relations, and is chaired by the Chief Executive Officer.

Credit risk

Credit risk is the risk of potential financial loss to the Group or the Trust if a tenant or counterparty to a financial instrument fails to meet its contractual obligations as and when they fall due.

The carrying amounts of financial assets in the statements of financial position represent the Group's and the Trust's maximum exposure to credit risk, before taking into account any collateral held. Security deposits are received, where appropriate, to reduce credit risk.

NOTES TO THE FINANCIAL STATEMENTS

30 FINANCIAL INSTRUMENTS (CONT'D)

Credit risk (cont'd)

Trade and other receivables

The Manager has established credit limits for tenants, obtained security deposits and/or bank guarantees (where applicable) and monitors their balances on an on-going basis. Credit evaluations are performed by the Manager before lease agreements are entered into with tenants.

One of the tenants in Singapore has provided a bank guarantee in lieu of security deposits of \$1,545,000 (2022: \$1,515,000). The lessees, PT Lippo Karawaci Tbk and its subsidiaries, have provided bank guarantees of \$44,157,000 (2022: \$42,840,000) in lieu of security deposits for rental income from the properties. These guarantees which expired in 2023 have been renewed up to June, September and December 2024 as appropriate.

Exposure to credit risk

The exposure to credit risk for trade receivables at the reporting date by geographic region was as follows:

	Group	
	2023	2022
	\$'000	\$'000
Indonesia	5,432	4,214
Singapore	225	218
	5,657	4,432

Expected credit loss assessment for trade receivables

The Group uses an allowance matrix to measure the lifetime ECL of trade receivables from individual tenants. At every reporting date, the historical observed default rates are updated and changes in the forward-looking estimates are analysed. The Group has only a few tenants and for which credit risk can be graded individually. Loss allowance will be recognised for receivables from tenants if there is a significant increase in credit risk since the initial recognition. The loss allowance for trade receivables as at 31 December 2023 and 31 December 2022 were insignificant.

The following table provides information about the exposure to credit risk for trade receivables:

	Group	
	2023	2022
	\$'000	\$'000
Current (not past due)	2,177	2,135
61 – 90 days past due	864	557
More than 90 days past due	2,616	1,740
	5,657	4,432

Non-trade amounts due from subsidiaries and loan to subsidiaries

The Trust held non-trade receivables from its subsidiaries of \$10,974,000 (2022: \$10,291,000) and loan to subsidiaries of \$25,895,000 (2022: \$32,570,000). These balances are amounts lent to subsidiaries to satisfy their funding requirements. Impairment on these balances has been measured on the 12-month expected credit loss basis. The amount of the allowance on non-trade receivable from its subsidiaries and loan to subsidiaries were negligible as at 31 December 2023 and 31 December 2022.

NOTES TO THE FINANCIAL STATEMENTS

30 FINANCIAL INSTRUMENTS (CONT'D)

Credit risk (cont'd)

Derivatives financial instruments

Derivatives financial instruments are entered into with bank and financial institution counterparties with sound credit rating.

At reporting date, there were no significant concentrations of credit risk. The maximum exposure to credit risk is represented by the carrying value of each financial asset on the statements of financial position.

Cash and cash equivalents

Cash and cash equivalents are held with bank and financial institution counterparties with sound credit rating.

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.

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 Manager monitors its liquidity risk and maintains a level of cash and cash equivalents deemed adequate to finance the Group's operations and to mitigate the effects of fluctuations in cash flows. The Manager also monitors and observes the CIS Code issued by the MAS concerning limits on total borrowings.

As at the end of the financial year, the Group maintains an unutilised committed Social term loan A amounting to \$66,287,000.

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

	Carrying amount \$'000	Contractual cash flows \$'000	Cash flows		
			Within 1 year \$'000	Within 2 to 5 years \$'000	More than 5 years \$'000
Group					
2023					
Non-derivative financial liabilities					
Borrowings	449,846	(513,714)	(18,737)	(380,917)	(114,060)
Trade and other payables	12,402	(12,402)	(12,402)	-	-
Other liabilities*	10,557	(10,557)	-	(2,664)	(7,893)
	<u>472,805</u>	<u>(536,673)</u>	<u>(31,139)</u>	<u>(383,581)</u>	<u>(121,953)</u>
Derivative financial instruments					
Interest rate swaps (net-settled)					
- liabilities	272	(353)	(90)	(263)	-
Interest rate caps (net-settled)					
- assets	(411)	175	175	-	-
Forward exchange contracts (net-settled)					
- assets	(149)	149	149	-	-
- liabilities	14	(14)	(14)	-	-
	<u>472,531</u>	<u>(536,716)</u>	<u>(30,919)</u>	<u>(383,844)</u>	<u>(121,953)</u>

* Excluding rental income received in advance from tenants

NOTES TO THE FINANCIAL STATEMENTS

30 FINANCIAL INSTRUMENTS (CONT'D)

Liquidity risk (cont'd)

	Carrying amount \$'000	Contractual cash flows \$'000	Cash flows		
			Within 1 year \$'000	Within 2 to 5 years \$'000	More than 5 years \$'000
Group					
2022					
Non-derivative financial liabilities					
Borrowings	451,066	(525,019)	(18,177)	(506,842)	-
Trade and other payables	14,994	(14,994)	(14,994)	-	-
Other liabilities*	11,704	(11,704)	-	(2,705)	(8,999)
	<u>477,764</u>	<u>(551,717)</u>	<u>(33,171)</u>	<u>(509,547)</u>	<u>(8,999)</u>
Derivative financial instruments					
Interest rate swaps (net-settled)					
- assets	(176)	240	459	(219)	-
Interest rate caps (net-settled)					
- assets	(1,072)	934	787	147	-
Forward exchange contracts (net-settled)					
- liabilities	493	(493)	(493)	-	-
	<u>477,009</u>	<u>(551,036)</u>	<u>(32,418)</u>	<u>(509,619)</u>	<u>(8,999)</u>
Trust					
2023					
Non-derivative financial liabilities					
Borrowings	326,926	(377,236)	(16,888)	(360,348)	-
Trade and other payables	47,878	(47,878)	(47,878)	-	-
Loan from a subsidiary	30,673	(30,777)	(25,564)	(5,213)	-
Other liabilities*	2,079	(2,079)	-	(2,079)	-
	<u>407,556</u>	<u>(457,970)</u>	<u>(90,330)</u>	<u>(367,640)</u>	<u>-</u>
Derivative financial instruments					
Interest rate swaps (net-settled)					
- assets	272	(353)	(90)	(263)	-
Interest rate caps (net-settled)					
- assets	(411)	175	175	-	-
Forward exchange contracts (net-settled)					
- assets	(149)	149	149	-	-
- liabilities	14	(14)	(14)	-	-
	<u>407,282</u>	<u>(458,013)</u>	<u>(90,110)</u>	<u>(367,903)</u>	<u>-</u>

* Excluding rental income received in advance from tenants

NOTES TO THE FINANCIAL STATEMENTS

30 FINANCIAL INSTRUMENTS (CONT'D)

Liquidity risk (cont'd)

	Carrying amount \$'000	Contractual cash flows \$'000	Cash flows		
			Within 1 year \$'000	Within 2 to 5 years \$'000	More than 5 years \$'000
Trust					
2022					
Non-derivative financial liabilities					
Borrowings	326,313	(396,242)	(16,923)	(379,319)	-
Trade and other payables	64,151	(64,151)	(64,151)	-	-
Loan from a subsidiary	5,870	(6,012)	(59)	(5,953)	-
Other liabilities*	2,038	(2,038)	-	(2,038)	-
	<u>398,372</u>	<u>(468,443)</u>	<u>(81,133)</u>	<u>(387,310)</u>	<u>-</u>
Derivative financial instruments					
Interest rate swaps (net-settled)					
- assets	(176)	240	459	(219)	-
Interest rate caps (net-settled)					
- assets	(1,072)	934	787	147	-
Forward exchange contracts (net-settled)					
- liabilities	493	(493)	(493)	-	-
	<u>397,617</u>	<u>(467,762)</u>	<u>(80,380)</u>	<u>(387,382)</u>	<u>-</u>

* Excluding rental income received in advance from tenants

The maturity analyses show the contractual undiscounted cash flows of the Group's and the Trust's financial liabilities on the basis of their earliest possible contractual maturity. Derivative financial instruments held are normally not closed out prior to contractual maturity. The disclosure shows net cash flow amounts for derivatives that are net cash-settled.

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 total return 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.

Currency risk

The Group operates predominantly in Singapore, Indonesia, and Japan. Entities in the Group regularly transact in currencies other than their respective functional currencies ("foreign currencies"). Currency risk arises within entities in the Group when transactions are denominated in foreign currencies other than the functional currencies of respective entity such as the JPY, IDR, Singapore dollar ("SGD"), and United States dollar ("USD").

The Group management monitors the Group's foreign currency risk exposure and when appropriate, uses derivative financial instruments such as currency forward contracts to hedge such exposure, only to the extent that the foreign currency exposure relates to monetary items. The Group does not hedge foreign currency exposure arising from (i) non-monetary items; and (ii) translation of Group's entities financial statements.

NOTES TO THE FINANCIAL STATEMENTS

30 FINANCIAL INSTRUMENTS (CONT'D)

Market risk (cont'd)

Currency risk (cont'd)

Exposure to currency risk

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

	JPY \$'000	IDR \$'000	SGD \$'000	USD \$'000
Group				
2023				
Financial assets				
- Trade receivables	-	791	-	-
- Other receivables	809	27,922	40,219	-
- Loan to subsidiaries	8,317	-	-	-
- Cash and cash equivalents	-	2,327	-	-
Financial liabilities				
- Other payables	(515)	-	(1,462)	(549)
- Loan from subsidiaries	(29,265)	-	(13,996)	-
Net exposure	<u>(20,654)</u>	<u>31,040</u>	<u>24,761</u>	<u>(549)</u>
2022				
Financial assets				
- Trade receivables	-	598	-	-
- Other receivables	361	27,848	40,770	-
- Loan to subsidiaries	10,315	-	-	-
- Cash and cash equivalents	-	1,336	-	-
Financial liabilities				
- Other payables	(11)	-	(1,061)	(408)
- Loan from a subsidiary	(16,365)	-	-	-
Net exposure	<u>(5,700)</u>	<u>29,782</u>	<u>39,709</u>	<u>(408)</u>

NOTES TO THE FINANCIAL STATEMENTS

30 FINANCIAL INSTRUMENTS (CONT'D)

Market risk (cont'd)

Currency risk (cont'd)

Exposure to currency risk (cont'd)

The Trust's exposures to various foreign currencies are shown in SGD, translated using the spot rate as at 31 December as follows:

	JPY \$'000	USD \$'000
Trust		
2023		
Financial assets		
- Other receivables	809	-
- Loan to a subsidiary	6,928	-
Financial liabilities		
- Other payables	(216)	(549)
- Loan from a subsidiary	(5,161)	-
Net exposure	<u>2,360</u>	<u>(549)</u>
2022		
Financial assets		
- Other receivables	360	-
- Loan to a subsidiary	8,780	-
Financial liabilities		
- Other payables	(11)	(408)
- Loan from a subsidiary	(5,870)	-
Net exposure	<u>3,259</u>	<u>(408)</u>

Sensitivity analysis

A 5% strengthening of the functional currencies of the respective entity against the following currencies at the reporting date would have increased/(decreased) total return by the amounts shown below. A similar weakening would have the equal but opposite effect. This analysis assumes that all other variables, in particular interest rate, remain constant.

	Total return	
	2023 \$'000	2022 \$'000
Group		
JPY	(1,033)	(285)
IDR	1,552	1,489
SGD	1,238	1,985
USD	(27)	(20)
Trust		
JPY	118	163
USD	(27)	(20)

NOTES TO THE FINANCIAL STATEMENTS

30 FINANCIAL INSTRUMENTS (CONT'D)

Market risk (cont'd)

Interest rate risk

The Manager's strategy to manage the risk of potential interest rate volatility may be through the use of interest rate hedging instruments and/or fixed rate borrowings. The Manager will regularly evaluate the feasibility of putting in place the appropriate level of interest rate hedges, after taking into account the prevailing market conditions.

Derivative financial instruments are used to manage exposures to interest rate risks arising from financing activities. Derivative financial instruments are not used for trading purposes. However, derivatives that do not qualify for hedge accounting are accounted for as trading instruments.

The Group's exposure to interest rate risk arises primarily from its variable-rate borrowings. The Group's policy is to obtain the most favourable interest rates available without increasing its interest risk exposure.

Managing interest rate benchmark reform and associated risks

A fundamental reform of major interest rate benchmarks is being undertaken globally, including the replacement of some interbank offered rates ("IBORs") with alternative nearly risk-free rates (referred to as "interest rate benchmark reform").

In 2022, the Group's non-derivative financial liabilities that were indexed to Singapore Dollar Swap Offer Rate ("SOR") have been fully repaid. The secured TMK bonds were indexed to Tokyo Term Risk Free Rate ("TORF").

In 2022, the interest rate swap and interest rate caps had floating legs that were indexed to SORA and are governed by contracts based on the International Swaps and Derivatives Association ("ISDA")'s master agreements.

The Group had transitioned its non-derivative financial liabilities and derivative financial instruments indexed to SOR to reference to SORA, and there is no remaining IBOR exposure.

At the reporting date, the interest rate profile of the interest-bearing financial instruments, as reported to the management was as follows:

	Nominal amount	
	2023	2022
	\$'000	\$'000
Group		
Fixed rate instruments		
Effect of borrowings	(225,212)	(100,000)
Interest rate swaps	(85,000)	(85,000)
Interest rate caps	(90,000)	(90,000)
	<u>(400,212)</u>	<u>(275,000)</u>

NOTES TO THE FINANCIAL STATEMENTS

30 FINANCIAL INSTRUMENTS (CONT'D)

Market risk (cont'd)

Interest rate risk (cont'd)

	Nominal amount	
	2023	2022
	\$'000	\$'000
Group		
Variable rate instruments		
Effect of borrowings	(233,713)	(361,198)
Interest rate swaps	85,000	85,000
Interest rate caps	90,000	90,000
	<u>(58,713)</u>	<u>(186,198)</u>
Trust		
Fixed rate instruments		
Effect of borrowings	(100,000)	(100,000)
Loan to subsidiaries	6,928	8,780
Interest rate swaps	(85,000)	(85,000)
Interest rate caps	(90,000)	(90,000)
	<u>(268,072)</u>	<u>(266,220)</u>
Variable rate instruments		
Effect of borrowings	(233,713)	(235,713)
Loan from a subsidiary	(5,161)	(5,870)
Loan to subsidiaries	18,967	23,790
Interest rate swaps	85,000	85,000
Interest rate caps	90,000	90,000
	<u>(44,907)</u>	<u>(42,793)</u>

Fair value sensitivity analysis for fixed rate instruments

The Group does not account for any fixed rate financial assets and liabilities at FVTPL, and the Group does not designate derivative financial instruments (interest rate swaps and interest rate caps) as hedging instruments under a fair value hedge accounting model. Therefore, in respect of the fixed rate instruments, a change in interest rates at the reporting date would not affect total return.

NOTES TO THE FINANCIAL STATEMENTS

30 FINANCIAL INSTRUMENTS (CONT'D)

Market risk (cont'd)

Interest rate risk (cont'd)

Sensitivity analysis for variable rate instruments

For variable instruments, a change of 100 basis points in interest rates at the reporting date would have increased/ (decreased) total return (before any tax effects) by the amount shown below. This analysis assumes that all other variables remain constant.

	Statements of total return	
	100 bp increase \$'000	100 bp decrease \$'000
Group		
31 December 2023		
Variable rate instruments		
Effect of borrowings	(2,337)	2,337
Interest rate swaps	850	(850)
Interest rate caps	900	(900)
	<u>(587)</u>	<u>587</u>
31 December 2022		
Variable rate instruments		
Effect of borrowings	(3,612)	3,612
Interest rate swaps	850	(850)
Interest rate caps	900	(900)
	<u>(1,862)</u>	<u>1,862</u>
Trust		
31 December 2023		
Variable rate instruments		
Effect of borrowings	(2,337)	2,337
Loan from a subsidiary	(52)	52
Loan to a subsidiary	190	(190)
Interest rate swaps	850	(850)
Interest rate caps	900	(900)
	<u>(449)</u>	<u>449</u>
31 December 2022		
Variable rate instruments		
Effect of borrowings	(2,357)	2,357
Loan from a subsidiary	(59)	59
Loan to a subsidiary	238	(238)
Interest rate swaps	850	(850)
Interest rate caps	900	(900)
	<u>(428)</u>	<u>428</u>

NOTES TO THE FINANCIAL STATEMENTS

30 FINANCIAL INSTRUMENTS (CONT'D)

Market risk (cont'd)

Interest rate risk (cont'd)

Offsetting financial assets and financial liabilities

Financial instruments such as loans and receivables and financial liabilities are not disclosed in the tables below unless they are offset in the statements of financial position.

The Group and the Trust entered into transactions under ISDA master netting agreements. In general, under such agreements the amounts owed by each counterparty on a single day in respect of all transactions outstanding in the same currency 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 payable in settlement of all transactions.

The above ISDA agreements do not meet the criteria for offsetting in the statements 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.

The following table sets out the carrying amounts of recognised financial instruments that are subject to the above agreements.

	Gross amount of recognised financial instruments \$'000	Gross amount of recognised financial instruments offset in the statements of financial position \$'000	Net amount of financial instruments presented in the statements of financial position \$'000	Related amount not offset in the statements of financial position \$'000	Net amount \$'000
Group and Trust					
2023					
Derivative assets					
Interest rate caps (net-settled)	411	-	411	-	411
Forward exchange contracts (net-settled)	149	-	149	-	149
Total	560	-	560	-	560
Derivative liabilities					
Interest rate swaps (net-settled)	(272)	-	(272)	-	(272)
Forward exchange contracts (net-settled)	(14)	-	(14)	-	(14)
Total	(286)	-	(286)	-	(286)

NOTES TO THE FINANCIAL STATEMENTS

30 FINANCIAL INSTRUMENTS (CONT'D)

Market risk (cont'd)

Interest rate risk (cont'd)

Offsetting financial assets and financial liabilities (cont'd)

	Gross amount of recognised financial instruments \$'000	Gross amount of recognised financial instruments offset in the statements of financial position \$'000	Net amount of financial instruments presented in the statements of financial position \$'000	Related amount not offset in the statements of financial position \$'000	Net amount \$'000
Group and Trust					
2022					
Derivative assets					
Interest rate swaps (net-settled)	176	-	176	-	176
Interest rate caps (net-settled)	1,072	-	1,072	-	1,072
Total	1,248	-	1,248	-	1,248
Derivative liabilities					
Forward exchange contracts (net settled)/ Total	(493)	-	(493)	-	(493)

The gross amounts of financial assets and financial liabilities and their net amounts as presented in the statements of financial position that are disclosed in the above table are measured in the statements of financial position on following basis:

- interest rate swaps - fair value (net-settled);
- interest rate caps - fair value (net-settled); and
- forward exchange contracts - fair value (net-settled).

Capital management

The Manager's principal objectives are to deliver regular and stable distributions to Unitholders and to achieve sustainable long-term growth in distributions and in the net asset value per unit, while maintaining an appropriate capital structure. Capital consists of all components of equity of the Group.

The Group's capital funding objectives are to maintain a strong statement of financial position, manage the cost of debt financing, and potential refinancing or repayment risks, secure diversified funding sources and implement appropriate hedging strategies to manage interest rate volatility and foreign exchange exposure, after taking into account prevailing market conditions.

NOTES TO THE FINANCIAL STATEMENTS

30 FINANCIAL INSTRUMENTS (CONT'D)

Capital Management (cont'd)

The Trust and its subsidiaries are subject to the aggregate leverage limit as defined in the Property Funds Appendix of the CIS Code issued by the MAS. The CIS Code stipulates that the total borrowings and deferred payments (together the "Aggregate Leverage") of a property fund should not exceed 45.0% (2022: 45.0%) of its Deposited Property. The MAS had proposed for S-REITs to have a new minimum interest coverage ratio ("ICR") of 2.5 times before they are allowed to increase their leverage to beyond the prevailing 45% limit (up to 50%) with effective from 1 January 2022.

The Aggregate Leverage of the Group as at 31 December 2023 was 38.7% (2022: 38.5%) of its Deposited Property with an ICR of 4.1 times (2022: 5.0 times) and adjusted ICR of 3.9 times (2022: 4.4 times).

The Manager monitors the level, nature of debt and leverage ratios, along with the compliance with financial covenants on quarterly basis to ensure that sufficient resources exist. The Group aims to maintain a healthy debt-to-adjusted capital ratio as part of its long-term policy of ensuring that the Group maintains a good credit rating and lowers its weighted average cost of capital. Net debt is calculated as total debt less cash and cash equivalents. Adjusted capital comprises all components of equity.

	Group		Trust	
	2023	2022	2023	2022
	\$'000	\$'000	\$'000	\$'000
Net debt:				
All external borrowings	449,846	451,066	326,926	326,313
Less: cash and cash equivalents	(40,266)	(46,103)	(16,837)	(20,259)
Net debt	409,580	404,963	310,089	306,054
Adjusted capital:				
Issued equity	565,086	586,783	565,086	586,783
Retained earnings/(Accumulated losses)	160,605	124,573	(152,543)	(156,868)
Foreign exchange reserve	(98,807)	(79,276)	-	-
Perpetual securities	33,282	33,282	33,282	33,282
Adjusted capital	660,166	665,362	445,825	463,197
Debt-to-adjusted capital ratio	62.04%	60.86%	69.55%	66.07%

The only externally imposed capital requirement is that for the Trust to maintain its listing on the SGX-ST, it must have a free float of at least 10% of the units in issue. The Manager monitors the non-free float through reports provided by the registrar on a quarterly basis to ensure that the Trust has complied with the SGX-ST's 10% limit throughout the reporting year.

NOTES TO THE FINANCIAL STATEMENTS

30 FINANCIAL INSTRUMENTS (CONT'D)

Accounting classifications and fair values

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

Group	Mandatorily at FVTPL \$'000	Amortised cost \$'000	Other financial liabilities \$'000	Total carrying amount \$'000	Level 1 \$'000	Level 2 \$'000	Level 3 \$'000	Total \$'000
31 December 2023								
Financial assets measured at fair value								
Derivative financial instruments								
– interest rate caps (net-settled)	411	-	-	411	-	411	-	411
– forward exchange contracts (net-settled)	149	-	-	149	-	149	-	149
	560	-	-	560				
Financial liabilities measured at fair value								
Derivative financial instruments								
– interest rate swaps (net-settled)	(272)	-	-	(272)	-	(272)	-	(272)
– forward exchange contracts (net-settled)	(14)	-	-	(14)	-	(14)	-	(14)
	(286)	-	-	(286)				
Financial liabilities not measured at fair value								
Security deposits	-	-	(10,557)	(10,557)	-	-	(8,347)	(8,347)
Guaranteed bonds	-	-	(96,778)	(96,778)	-	(97,789)	-	(97,789)
Social term loan A	-	-	(230,148)	(230,148)	-	-	-	-
Social term loan B	-	-	(15,071)	(15,071)	-	-	(14,748)	(14,748)
Secured TMK bonds B and Term loan C	-	-	(107,849)	(107,849)	-	-	(101,084)	(101,084)
	-	-	(460,403)	(460,403)				

NOTES TO THE FINANCIAL STATEMENTS

30 FINANCIAL INSTRUMENTS (CONT'D)

Accounting classifications and fair values (cont'd)

Group	Mandatorily at FVTPL \$'000	Amortised cost \$'000	Other financial liabilities \$'000	Total carrying amount \$'000	Level 1 \$'000	Level 2 \$'000	Level 3 \$'000	Total \$'000
31 December 2022								
Financial assets measured at fair value								
Derivative financial instruments								
– interest rate swaps (net-settled)	176	-	-	176	-	176	-	176
– interest rate caps (net-settled)	1,072	-	-	1,072	-	1,072	-	1,072
	1,248	-	-	1,248				
Financial liabilities measured at fair value								
Derivative financial instruments								
– forward exchange contracts (net-settled)	(493)	-	-	(493)	-	(493)	-	(493)
Financial liabilities not measured at fair value								
Security deposits	-	-	(11,704)	(11,704)	-	-	(9,001)	(9,001)
Guaranteed bonds	-	-	(95,571)	(95,571)	-	(95,356)	-	(95,356)
Social term loan A	-	-	(230,742)	(230,742)	-	-	-	-
Social term loan B	-	-	(16,629)	(16,629)	-	-	-	-
Secured TMK bonds A	-	-	(108,124)	(108,124)	-	-	-	-
	-	-	(462,770)	(462,770)				

NOTES TO THE FINANCIAL STATEMENTS

30 FINANCIAL INSTRUMENTS (CONT'D)

Accounting classifications and fair values (cont'd)

Trust	Mandatorily at FVTPL \$'000	Amortised cost \$'000	Other financial liabilities \$'000	Total carrying amount \$'000	Level 1 \$'000	Level 2 \$'000	Level 3 \$'000	Total \$'000
31 December 2023								
Financial assets measured at fair value								
Derivative financial instruments								
– interest rate caps (net-settled)	411	-	-	411	-	411	-	411
– forward exchange contracts (net-settled)	149	-	-	149	-	149	-	149
	560	-	-	560				
Financial assets not measured at fair value								
Loan to subsidiaries	-	25,895	-	25,895	-	-	25,678	25,678
Financial liabilities measured at fair value								
Derivative financial instruments								
– interest rate caps (net-settled)	(272)	-	-	(272)	-	(272)	-	(272)
– forward exchange contracts (net-settled)	(14)	-	-	(14)	-	(14)	-	(14)
	(286)	-	-	(286)				
Financial liabilities not measured at fair value								
Security deposits	-	-	(2,079)	(2,079)	-	-	(1,847)	(1,847)
Guaranteed bonds	-	-	(96,778)	(96,778)	-	(97,789)	-	(97,789)
Social term loan A	-	-	(230,148)	(230,148)	-	-	-	-
Loan from subsidiaries	-	-	(30,673)	(30,673)	-	-	-	-
	-	-	(359,678)	(359,678)				

NOTES TO THE FINANCIAL STATEMENTS

30 FINANCIAL INSTRUMENTS (CONT'D)

Accounting classifications and fair values (cont'd)

Trust	Mandatorily at FVTPL \$'000	Amortised cost \$'000	Other financial liabilities \$'000	Total carrying amount \$'000	Level 1 \$'000	Level 2 \$'000	Level 3 \$'000	Total \$'000
31 December 2022								
Financial assets measured at fair value								
Derivative financial instruments								
– interest rate swaps (net-settled)	176	-	-	176	-	176	-	176
– interest rate caps (net-settled)	1,072	-	-	1,072	-	1,072	-	1,072
	1,248	-	-	1,248				
Financial assets not measured at fair value								
Loan to subsidiaries	-	32,570	-	32,570	-	-	32,522	32,522
Financial liabilities measured at fair value								
Forward exchange contracts (net-settled)	(493)	-	-	(493)	-	(493)	-	(493)
Financial liabilities not measured at fair value								
Security deposits	-	-	(2,038)	(2,038)	-	-	(1,746)	(1,746)
Guaranteed bonds	-	-	(95,571)	(95,571)	-	(95,356)	-	(95,356)
Social term loan A	-	-	(230,742)	(230,742)	-	-	-	-
Loan from a subsidiary	-	-	(5,870)	(5,870)	-	-	-	-
	-	-	(334,221)	(334,221)				

NOTES TO THE FINANCIAL STATEMENTS

30 FINANCIAL INSTRUMENTS (CONT'D)

Accounting classifications and fair values (cont'd)

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 significant unobservable inputs used.

Financial instruments measured at fair value

Type Group and Trust	Valuation technique	Key observable inputs
Interest rate swaps, interest rate caps and forward exchange contracts.	The fair values are based on broker quotes. Similar contracts are traded in an active market and the quotes reflect the actual transaction in similar instruments.	Not applicable

Financial instruments not measured at fair value

Type Group	Valuation technique	Key observable inputs
Security deposits	Discounted cash flows: The valuation model considers the present value of expected payment, discounted using a risk-adjusted discount rate.	Discount rate: 1.11% to 3.62% (2022: 1.11% to 3.62%)
Guaranteed bonds	Market quoted prices.	Not applicable
Other financial liabilities ⁽¹⁾	Discounted cash flows: The valuation model considers the present value of expected payment, discounted using a risk-adjusted discount rate.	Not applicable

Trust

Security deposits	Discounted cash flows: The valuation model considers the present value of expected payment, discounted using a risk-adjusted discount rate.	Discount rate: 3.62% (2022: 3.62%)
Loan to subsidiaries		Discount rate: 1.27% to 6.02% (2022: 1.00%)
Guaranteed bonds	Market quoted prices.	Not applicable

⁽¹⁾ Other financial liabilities include secured bonds and bank loans

NOTES TO THE FINANCIAL STATEMENTS

31 LISTING OF ENTITIES IN THE GROUP

The following are the Group's significant subsidiaries:

Name of company	Principal activities	Country of incorporation	% of paid-up capital held by			
			The Trust		Subsidiaries	
			2023	2022	2023	2022
			%	%	%	%
Subsidiaries						
PT Bayutama Sukses ^(a)	Property holding – Siloam Hospitals Makassar	Indonesia	–	–	100	100
PT Graha Indah Pratama ^(a)	Property holding – Siloam Hospitals Kebon Jeruk	Indonesia	–	–	100	100
PT Graha Pilar Sejahtera ^(a)	Property holding – Siloam Hospitals Lippo Cikarang	Indonesia	–	–	100	100
PT Karya Sentra Sejahtera ^(a)	Property holding – Imperial Aryaduta Hotel & Country Club	Indonesia	–	–	100	100
PT Menara Abadi Megah ^(a)	Property holding – Siloam Hospitals Manado & Hotel Aryaduta Manado	Indonesia	–	–	100	100
PT Primatama Cemerlang ^(a)	Property holding – Mochtar Riady Comprehensive Cancer Centre	Indonesia	–	–	100	100
PT Sentra Dinamika Perkasa ^(a)	Property holding – Siloam Hospitals Lippo Village	Indonesia	–	–	100	100
PT Dasa Graha Jaya ^(a)	Property holding – Siloam Hospitals Bali	Indonesia	–	–	100	100
PT Eka Dasa Parinama ^(a)	Property holding – Siloam Hospitals Purwakarta	Indonesia	–	–	100	100
PT Sriwijaya Mega Abadi ^(a)	Property holding – Siloam Sriwijaya	Indonesia	–	–	100	100

NOTES TO THE FINANCIAL STATEMENTS

31 LISTING OF ENTITIES IN THE GROUP (CONT'D)

Name of company	Principal activities	Country of incorporation	% of paid-up capital held by			
			The Trust		Subsidiaries	
			2023 %	2022 %	2023 %	2022 %
Subsidiaries (cont'd)						
PT Nusa Bahana Niaga ^(a)	Property holding – Siloam Hospitals Kupang & Lippo Plaza Kupang	Indonesia	–	–	100	100
PT Buton Bangun Cipta ^(a)	Property holding – Siloam Hospitals Baubau & Lippo Plaza Baubau ^(c)	Indonesia	–	–	100	100
PT Prima Labuan Bajo ^(a)	Property holding – Siloam Hospitals Labuan Bajo	Indonesia	–	–	100	100
PT Perisai Dunia Sejahtera ^(a)	Property holding – Siloam Hospitals TB Simatupang	Indonesia	–	–	100	100
OUELH Japan First TMK ^(b)	Property holding – 12 Japan nursing homes ^(d)	Japan	–	–	100	100
First REIT Japan Two GK ^(b)	Property holding – Two Japan nursing homes ^(e)	Japan	–	–	100	100
Joint operation held by subsidiary, Icon1 Holdings Pte. Ltd.						
PT Yogya Central Terpadu ^(a) (Note A)	Property holding – Siloam Hospitals Yogyakarta	Indonesia	–	–	31%	31%

^(a) Audited by RSM Indonesia, member firm of RSM International

^(b) Audited by KPMG AZSA LLC, Tokyo

^(c) Formerly known as Siloam Hospitals Buton and Lippo Plaza Buton

^(d) Hikari Heights Varus Ishiyama, Hikari Heights Varus Tsukisamu Koen, Hikari Heights Varus Fujino, Hikari Heights Varus Kotoni, Varus Cuore Yamanote, Hikari Heights Varus Makomanai Koen, Varus Cuore Sapporo Kita/Annex, Elysion Gakuenmae, Elysion Mamigaoka/ Mamigaoka Annex, Orchard Amanohashidate, Orchard Kaichi North, and Orchard Kaichi West

^(e) Medical Rehabilitation Home Bon Séjour Komaki and Loyal Residence Ayase

NOTES TO THE FINANCIAL STATEMENTS

31 LISTING OF ENTITIES IN THE GROUP (CONT'D)

Note A

In 2017, the Trust and Lippo Malls Indonesia Retail Trust entered into a joint venture deed (the “Deed”) to jointly own the Yogyakarta property through PT Yogya Central Terpadu (“PT YCT”) subsequent to the approval of the relevant licenses. Icon1 Holdings Pte. Ltd. (“Icon1”) transferred 18,850,000 of its existing Class A shares to Icon2 Investment Pte. Ltd. (“Icon2”). As a result, Icon1 holds 66,150,000,000 Class A shares and Icon2 holds 142,500,000,000 Class B shares in PT YCT. As holders of Class A shares, Icon1 has the exposure to all the economic rights, obligations, revenue, profits and dividends in respect of the hospital component. Icon2 has exposure to all the economic rights, obligations, revenue, profits and dividends in respect of the retail mall component.

Any non-property-related common expenses of the hospital and retail mall component are borne by Icon1 and Icon2 in the proportion of 31% and 69% respectively. All property-related common expenses of the hospital component are borne by Icon1.

32 ACQUISITION OF SUBSIDIARIES

The Group acquires subsidiaries that own investment properties in the healthcare and/or healthcare related sector, and the primary reason for the Group’s acquisitions is to expand its portfolio of investment properties in different geographical locations. At the time of acquisition, the Group considers whether each acquisition represents the acquisition of a business or the acquisition of an asset. The Group accounts for an acquisition as a business combination where an integrated set of activities is acquired in addition to the property. Typically, the Group assesses the acquisition as a purchase of business when the strategic management function and the associated processes were purchased along with the underlying properties.

On 1 March 2022, the Trust completed its acquisition of 100% of the issued and paid-up share capital of OUE LH Japan Medical Facilities Pte. Ltd. (“JMF”) and 100% of the issued and paid-up share capital of OUE LH Japan Medical Assets Pte. Ltd. (“JMA”) (collectively known as the “Japan Subsidiaries”), from a related party, OUEH.

In the absence of the strategic management function and the associated processes that were acquired along with the investment properties, the acquisition of the Japan Subsidiaries was accounted for as an asset acquisition.

NOTES TO THE FINANCIAL STATEMENTS

32 ACQUISITION OF SUBSIDIARIES (CONT'D)

The fair value of identifiable assets and liabilities of the Japan Subsidiaries as at 1 March 2022 (the date of acquisition) and the cashflow effect of the acquisition were:

	Note	\$'000
Investment properties	4	296,741
Trade and other receivables		41,801
Cash and cash equivalents		22,008
Borrowings		(126,574)
Trade and other payables		(24,759)
Other liabilities		(7,323)
Deferred tax liabilities	10	(32,861)
Income tax payable		(11)
Total identifiable net assets at fair value		<u>169,022</u>
Purchase consideration		(165,947)
Acquisition costs		(3,075)
Purchase consideration (including acquisition costs*)		<u>(169,022)</u>
Effect of the acquisition on cash flows		
Purchase consideration (including acquisition costs)		(169,022)
Add:		
- Cash at bank of subsidiaries acquired		22,008
- Considerations paid in units		131,500
- Accrued acquisition costs		864
- Novation of intercompany loans and balances		19,934
Net cash inflow on acquisition of subsidiaries, net of cash acquired		<u>5,284</u>

* Acquisition costs amounted to \$3,075,000. Included in the acquisition costs are the audit fees paid to the auditors of the Trust, amounted to \$45,000.

For 10 months ended, 31 December 2022, the Japan Subsidiaries contributed revenue of \$12,685,000 and profit of \$15,232,000 to the Group's result. If the acquisition had occurred on 1 January 2022, management estimated the consolidated revenue would have been \$15,515,000, and consolidated total return for the year would have been \$16,949,000. In determining these amounts, management has assumed that the fair value adjustments, determined provisionally, that arose on the date of acquisition would have been the same if the acquisition had occurred on 1 January 2022.

NOTES TO THE FINANCIAL STATEMENTS

33 DISPOSAL OF A SUBSIDIARY

On 27 September 2022, the Group has through its indirect wholly-owned subsidiaries, Primerich Investments Pte. Ltd. and Surabaya Hospitals Investment Pte. Ltd., completed the disposal of 100% of issued and paid-up share capital of PT TPI for a total sales consideration of IDR 430,000,000,000 (approximately \$40,345,000).

PT TPI previously contributed net profit of \$2,146,000 from 1 January 2022 to the date of disposal.

Effect of the disposal

	\$'000
The cash flow and net asset of PT TPI were as follows:	
Investment properties	40,438
Other payables	_*
Cash and cash equivalents	_*
Net assets disposed	<u>40,438</u>
Realisation of foreign exchange reserves	44
Tax expense relating to the disposal	<u>(2,017)</u>
	38,465
Loss on disposal of a subsidiary (including transaction costs ¹)	<u>(713)</u>
	37,752
Less: Cash and cash equivalents disposed	_*
Add: Transaction costs – Manager's divestment fees paid in units	<u>202</u>
Net cash inflow on disposal of subsidiary, net of cash disposed	<u>37,954</u>

* Amount less than \$1,000

¹ Included in the transaction costs are the audit fees paid to the auditors of the Trust, amounted to \$37,000.

34 SUBSEQUENT EVENTS

There were the following events subsequent to the reporting date:

- (i) On 23 February 2024, the Trust issued 1,738,226 new units at the issuance price of \$0.2608 per unit, amounting to \$453,000, to the Manager as partial payment of management base fee for the period from 1 October 2023 to 31 December 2023. The issue price was based on the volume weighted average traded price for all trades done on the SGX-ST in the ordinary course of trading for the last 10 business days of the quarter.
- (ii) On 23 February 2024, the Trust issued 2,840,766 new units at the issuance price of \$0.2594 per unit, amounting to \$737,000, to the Manager as payment of 50% of the management performance fee for the period from 1 October 2022 to 31 December 2022. The issue price was based on the volume weighted average traded price for all trades done on the SGX-ST in the ordinary course of trading for the last 10 business days of the quarter.

INTERESTED PERSON TRANSACTIONS

The transactions entered into with interested persons during the financial year 31 December 2023, which fall within the Listing Manual of Singapore Exchange Securities Trading Limited ("SGX-ST") and the Property Funds Appendix of the Code on Collective Investment Scheme are as follows:

Name of Interested Person

Name of Interested Person	Nature of relationship	Aggregate value of all interested person transactions during the financial year under review (excluding transactions less than S\$100,000 and transactions conducted under unitholders' mandate pursuant to Rule 920)	Aggregate value of all interested person transactions conducted under unitholders' mandate pursuant to Rule 920 (excluding transactions less than S\$100,000)
First REIT Management Limited - Manager's management fees	Manager of First REIT	S\$8,979,000	-
FRM Japan Management K.K. - Asset management fees	Associate of the controlling shareholder of the Manager and controlling Unitholder of First REIT	S\$1,105,000	-
Perpetual (Asia) Limited - Trustee fees	Trustee of First REIT	S\$361,000	-
PT Lippo Karawaci Tbk and its subsidiaries - Rental income	Associates of the controlling shareholder of the Manager and controlling Unitholder of First REIT	S\$83,504,000	-

Saved as disclosed above, there will no additional interested person transactions (excluding transactions of less than S\$100,000 each) entered into during the financial year under review or any material contracts entered into by the Trust that involved the interests of the CEO, any Director or any controlling shareholder of the Trust.

Fees payable to the Manager in accordance with the terms and conditions of the Trust Deed dated 19 October 2016 (subsequently amended by First Supplemental Deed dated 6 September 2007, Second Supplemental Deed dated 19 April 2010, Third Supplemental Deed dated 26 April 2011, Fourth Supplemental Deed dated 1 April 2013, First Amending and Restating Deed dated 23 March 2016, Supplemental Deed of Retirement and appointment of Trustee dated 1 November 2017, Fifth Supplemental Deed dated 22 May 2018, Sixth Supplemental Deed dated 30 April 2019, Seventh Supplemental Deed dated 7 April 2020 and Eighth Supplemental Deed dated 25 February 2022) are not subject to Rules 905 and 906 of the SGX-ST's Listing Manual. Accordingly, such fees are not subject to aggregation and other requirements under Rules 905 and 906 of the SGX-ST's Listing Manual.

Please see significant related party transactions on note 28 in the financial statements.

Subscription of the Trust Units

During the financial year ended 31 December 2023, 18,343,811 new units were issued as payment of management fees.

STATISTICS OF UNITHOLDINGS

AS AT 7 MARCH 2024

DISTRIBUTION OF UNITHOLDINGS

SIZE OF UNITHOLDINGS	NO. OF UNITHOLDERS	%	NO. OF UNITS	%
1 - 99	595	4.35	25,849	0.00
100 - 1,000	1,024	7.48	693,167	0.03
1,001 - 10,000	5,413	39.56	30,727,256	1.48
10,001 - 1,000,000	6,587	48.14	435,118,668	20.90
1,000,001 AND ABOVE	64	0.47	1,614,939,266	77.59
TOTAL	13,683	100.00	2,081,504,206	100.00

TWENTY LARGEST UNITHOLDERS

NO.	NAME	NO. OF UNITS	%
1	OLH HEALTHCARE INVESTMENTS PTE LTD	580,000,000	27.86
2	CITIBANK NOMINEES SINGAPORE PTE LTD	381,108,348	18.31
3	DBS NOMINEES (PRIVATE) LIMITED	140,200,360	6.74
4	FIRST REIT MANAGEMENT LIMITED	83,537,308	4.01
5	RAFFLES NOMINEES (PTE.) LIMITED	76,112,537	3.66
6	HSBC (SINGAPORE) NOMINEES PTE LTD	38,077,977	1.83
7	PHILLIP SECURITIES PTE LTD	32,374,405	1.56
8	DBSN SERVICES PTE. LTD.	28,510,528	1.37
9	UNITED OVERSEAS BANK NOMINEES (PRIVATE) LIMITED	23,707,381	1.14
10	IFAST FINANCIAL PTE. LTD.	19,550,567	0.94
11	MAYBANK SECURITIES PTE. LTD.	19,211,855	0.92
12	ABN AMRO CLEARING BANK N.V.	18,808,878	0.90
13	OCBC NOMINEES SINGAPORE PRIVATE LIMITED	18,034,075	0.87
14	SNG KAY BOON TERENCE	15,119,000	0.73
15	OCBC SECURITIES PRIVATE LIMITED	15,083,490	0.72
16	CGS-CIMB SECURITIES (SINGAPORE) PTE. LTD.	10,113,381	0.49
17	UOB KAY HIAN PRIVATE LIMITED	7,569,066	0.36
18	TIGER BROKERS (SINGAPORE) PTE. LTD.	7,512,004	0.36
19	MOOMOO FINANCIAL SINGAPORE PTE. LTD.	7,045,500	0.34
20	LIM CHEE YEW (LIN ZHIYOU)	6,000,000	0.29
TOTAL		1,527,676,660	73.40

STATISTICS OF UNITHOLDINGS

AS AT 7 MARCH 2024

Substantial Unitholders

(As recorded in the Register of Substantial Unitholders' Unitholdings as at 7 March 2024)

Name of Substantial Unitholder	Direct Interest		Deemed Interest	
	No. of Units held	% ⁽²³⁾	No. of Units Held	% ⁽²³⁾
First REIT Management Limited ("FRM")	201,723,488	9.69	-	-
OLH Healthcare Investments Pte. Ltd. ("OHI")	677,997,828	32.57	-	-
OUELH (Singapore) Pte. Ltd. ("OUELH (Singapore)")	-	-	677,997,828 ⁽¹⁾	32.57
OUELH (SEA) Pte. Ltd. ("OUELH (SEA)")	-	-	677,997,828 ⁽¹⁾	32.57
OUE Healthcare Limited ("OUEH")	-	-	879,721,316 ⁽¹⁾⁽²⁾	42.26
Treasure International Holdings Pte. Ltd. ("TIHPL")	-	-	879,721,316 ⁽¹⁾⁽²⁾	42.26
OUE Limited ("OUE")	-	-	933,192,533 ⁽¹⁾⁽²⁾⁽³⁾	44.83
OUE Realty Pte. Ltd. ("OUER")	-	-	933,192,533 ⁽⁴⁾	44.83
Golden Concord Asia Limited ("GCAL")	-	-	933,192,533 ⁽⁵⁾	44.83
Fortune Crane Limited ("FCL")	-	-	933,192,533 ⁽⁶⁾	44.83
Lippo ASM Asia Property Limited ("LAAPL")	-	-	933,192,533 ⁽⁷⁾	44.83
HKC Property Investment Holdings Limited ("HKC Property")	-	-	933,192,533 ⁽⁸⁾	44.83
Hongkong Chinese Limited ("HCL")	-	-	933,192,533 ⁽⁹⁾	44.83
Hennessy Holdings Limited ("Hennessy")	-	-	933,192,533 ⁽¹⁰⁾	44.83
Lippo Limited ("LL")	-	-	934,837,121 ⁽¹¹⁾	44.91
Lippo Capital Limited ("LCL")	-	-	934,837,121 ⁽¹²⁾	44.91
Lippo Capital Holdings Company Limited ("LCH")	-	-	934,837,121 ⁽¹³⁾	44.91
Lippo Capital Group Limited ("LCG")	-	-	934,837,121 ⁽¹⁴⁾	44.91
Admiralty Station Management Limited ("Admiralty")	-	-	933,192,533 ⁽¹⁵⁾	44.83
Argyle Street Management Limited ("ASML")	-	-	933,192,533 ⁽¹⁶⁾	44.83
Argyle Street Management Holdings Limited ("ASMHL")	-	-	933,192,533 ⁽¹⁷⁾	44.83
Kin Chan	-	-	933,192,533 ⁽¹⁸⁾	44.83
V-Nee Yeh	-	-	933,192,533 ⁽¹⁹⁾	44.83
PT Trijaya Utama Mandiri ("PT TUM")	-	-	934,837,121 ⁽²⁰⁾	44.91
James Tjahaja Riady	-	-	934,837,121 ⁽²¹⁾	44.91
Stephen Riady	-	-	934,837,121 ⁽²²⁾	44.91

Notes:

- OHI is 100% owned by OUELH (Singapore). OUELH (Singapore) is 100% owned by OUELH (SEA). OUELH (SEA) is 100% owned by OUEH. TIHPL, a subsidiary of OUE, directly holds 70.36% of the total issued share capital of OUEH. Accordingly, each of OUE, TIHPL, OUEH, OUELH (SEA) and OUELH (Singapore) has a deemed interest in OHI's interest in the Units.
- FRM is 40% directly held by OUEH and 60% directly held by OUE. Accordingly, each of OUEH and OUE has a deemed interest in FRM's interest in the Units. TIHPL directly holds 70.36% of the total issued share capital of OUEH and has a deemed interest in the Units in which OUEH has a deemed interest.
- Further, OUE is deemed to have an interest in the 53,471,217 Units held by Clifford Development Pte. Ltd., a subsidiary of OUE.
- OUER is the holding company of OUE and has a deemed interest in the Units in which OUE has a deemed interest.
- GCAL is the holding company of OUER and has a deemed interest in the Units in which OUER has a deemed interest.

STATISTICS OF UNITHOLDINGS

AS AT 7 MARCH 2024

6. FCL is the holding company of GCAL and has a deemed interest in the Units in which GCAL has a deemed interest.
7. LAAPL is the holding company of FCL and has a deemed interest in the Units in which FCL has a deemed interest.
8. LAAPL is jointly held by HKC Property and Admiralty. Accordingly, HKC Property is deemed to have an interest in the Units in which LAAPL has a deemed interest.
9. HCL is the immediate holding company of HKC Property. Accordingly, HCL is deemed to have an interest in the Units in which HKC Property has a deemed interest.
10. Hennessy is an intermediate holding company of HKC Property. Accordingly, Hennessy is deemed to have an interest in the Units in which HKC Property has a deemed interest.
11. LL is an intermediate holding company of HKC Property. Accordingly, LL is deemed to have an interest in the Units in which HKC Property has a deemed interest, as well as a deemed interest in the 1,644,588 Units held by Hongkong China Treasury Limited, a subsidiary of LL (the "HKCTL Units").
12. LCL is an intermediate holding company of HKC Property and the immediate holding company of LL. Accordingly, LCL is deemed to have an interest in the Units in which HKC Property has a deemed interest, as well as a deemed interest in the HKCTL Units in which LL has a deemed interest.
13. LCH is an intermediate holding company of HKC Property and LL. Accordingly, LCH is deemed to have an interest in the Units in which HKC Property has a deemed interest, as well as a deemed interest in the HKCTL Units in which LL has a deemed interest.
14. LCG is the holding company of LCH, which in turn is an intermediate holding company of HKC Property and LL. Accordingly, LCG is deemed to have an interest in the Units in which HKC Property has a deemed interest, as well as a deemed interest in the HKCTL Units in which LL has a deemed interest.
15. LAAPL is jointly held by HKC Property and Admiralty. Accordingly, Admiralty is deemed to have an interest in the Units in which LAAPL has a deemed interest.
16. ASML owns 100% of the voting shares in the capital of Admiralty. Accordingly, ASML is deemed to have an interest in the Units in which Admiralty has a deemed interest.
17. ASMHL is the holding company of ASML. Accordingly, ASMHL is deemed to have an interest in the Units in which ASML has a deemed interest.
18. Mr Kin Chan is the beneficial owner of more than 20% of the issued share capital of ASMHL. Accordingly, Mr Kin Chan is deemed to have an interest in the Units in which ASMHL has a deemed interest.
19. Mr V-Nee Yeh is the beneficial owner of more than 20% of the issued share capital of ASMHL. Accordingly, Mr V-Nee Yeh is deemed to have an interest in the Units in which ASMHL has a deemed interest.
20. PT TUM holds more than 20% of the shares in LCL, which in turn is an intermediate holding company of HKC Property and the immediate holding company of LL. Accordingly, PT TUM is deemed to have an interest in the Units in which HKC Property has a deemed interest, as well as a deemed interest in the HKCTL Units in which LL has a deemed interest.
21. Mr James Tjahaja Riady effectively holds all the shares in PT TUM, which holds more than 20% of the shares in LCL. LCL in turn is an intermediate holding company of HKC Property and the immediate holding company of LL. Accordingly, Mr James Tjahaja Riady is deemed to have an interest in the Units in which HKC Property has a deemed interest, as well as a deemed interest in the HKCTL Units in which LL has a deemed interest.
22. Dr Stephen Riady holds the entire issued share capital of LCG, which is the holding Company of LCH. LCH in turn is an intermediate holding company of HKC Property and LL. Accordingly, Dr Stephen Riady is deemed to have an interest in the Units in which HKC Property has a deemed interest, as well as a deemed interest in the HKCTL Units in which LL has a deemed interest.
23. The unitholding percentage is calculated based on 2,081,504,206 issued Units as at 7 March 2024.

STATISTICS OF UNITHOLDINGS

AS AT 7 MARCH 2024

Manager's Directors' Unitholdings

(As recorded in the Register of Directors' Unitholdings as at 21 January 2024)

	No. of Units Direct Interest	No. of Units Deemed Interest
1. Tan Kok Mian Victor	252,569	-
2. Martin Lechner	5,796,900	-

Free Float

Based on the information made available to the Manager as at 7 March 2024, approximately 54.80% of the Units in First REIT are held in hands of the public. Accordingly, First REIT is in compliance with Rule 723 of the Listing Manual of the SGX-ST.

Treasury Units and Subsidiary Holdings

As at 7 March 2024, First REIT does not hold any treasury units and there is no subsidiary holding.

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CORPORATE INFORMATION

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First REIT Management Limited

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Chairman and Non-Independent
Non-Executive Director

Mr Tan Kok Mian Victor
Executive Director and Chief Executive Officer

Mr Chan Pengee Adrian
Lead Independent Director

Mr Ferris Charles Bye
Independent Director

Mr Tan Chuan Lye
Independent Director

Mr Martin Lechner
Independent Director

Ms Minny Riady
Non-Independent Non-Executive Director

AUDIT AND RISK COMMITTEE

Mr Ferris Charles Bye (Chairman)
Mr Chan Pengee Adrian
Mr Tan Chuan Lye
Mr Martin Lechner

NOMINATING AND REMUNERATION COMMITTEE

Mr Chan Pengee Adrian (Chairman)
Mr Tan Chuan Lye
Ms Minny Riady

COMPANY SECRETARY OF THE MANAGER

Mr Kelvin Chua



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