

# SOCIAL FINANCE FRAMEWORK

MARCH 2022



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### Appendix A: Project Selection and Evaluation Process

## 1. Introduction to First REIT

First Real Estate Investment Trust (“**First REIT**”) is Singapore’s first healthcare real estate investment trust, focused on investing in diverse healthcare and healthcare-related real estate assets within and outside of Asia.

Managed by First REIT Management Limited (the “**Manager**”), First REIT has a portfolio of 31 properties across Asia as at 15 March 2022. These include 16 properties in Indonesia comprising 12 hospitals, 2 integrated hospitals & malls, an integrated hospital & hotel and a hotel & country club, as well as 3 nursing homes in Singapore and 12 nursing homes in Japan.

In Indonesia, the healthcare properties are operated by PT Siloam International Hospitals Tbk (“**Siloam**”), Indonesia’s most progressive and innovative healthcare provider. Siloam is a subsidiary of PT Lippo Karawaci Tbk (“**Lippo Karawaci**”), which has a pipeline of hospitals to which First REIT has the right-of-first-refusal (“**ROFR**”) to. First REIT has another ROFR from OUE Lippo Healthcare Limited with opportunities to tap on its growing healthcare network across Pan-Asia.

## 2. Sustainability at First REIT

In our business as a real estate investment trust, the operations of hospitals and nursing homes at our assets have significant economic and social impact on the local community where the assets are geographically situated. Many lives and livelihoods are directly or indirectly intertwined with our business and how it performs.

The hospital and nursing home operations within the portfolio properties bring together medical staff, patients, visitors, suppliers, and members of the local community. The assets provide essential healthcare services to these local communities. With this, First REIT has a responsibility to ensure the highest standards of safety, quality and comfort for these users and stakeholders of the properties.

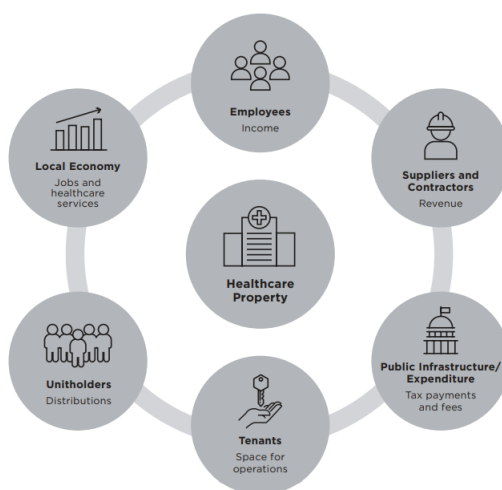


Figure 1: First REIT's Stakeholders

Despite the challenges of the ongoing COVID-19 pandemic, First REIT continues engaging with a wide range of stakeholders via physical and online mediums to understand stakeholders' most immediate concerns that have arisen from the COVID-19 pandemic and related issues.

Amongst others, stakeholders were asked to consider and rate the importance of a list of topics. The feedback obtained was translated to a Materiality Matrix as detailed in Figure 2 below.

As a business supporting healthcare services, 'Direct and Indirect Economic Impact', 'Asset Quality and Integrity', and 'Pandemic-related support' were top economic, social, and governance (ESG) issues that emerged in First REIT's materiality matrix. These issues are key priorities as First REIT supports healthcare businesses that provide essential services to the public and underserved communities.

Figure 2: First REIT's Materiality Matrix



Source: First REIT Sustainability Report 2020

### First REIT and the Indonesia's Health Care System

According to World Bank data, Indonesia has 1.04 hospital beds per 1,000 people. This is amongst the lowest rates of the ASEAN countries with the average number across Asia Pacific being 4.5 hospital beds per 1,000 people.

In 2014, Indonesia introduced its universal healthcare program, the Jaminan Kesehatan Nasional ("JKN"), which has since grown into the world's largest, covering over 200 million people. The JKN is administered by the Badan Penyelenggara Jaminan Sosial ("BPJS"), the social insurance administration organization.

The growth of Indonesia's middle-class and the introduction of universal healthcare has driven demand in almost all aspects of the healthcare sector from hospitals to pharmaceuticals to medical devices. There is an increasing demand for new hospitals in second-tier cities such as Surabaya and Bandung as more of the population engage with the universal healthcare program, which currently covers more than 200 million individuals.


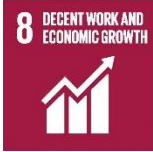




With equal access to medical care in Indonesia still a challenge, Siloam's business strategy allows its hospital to operate on a lower cost based on economic of scale. Hence, Siloam is able to increase affordability from all socio-economic backgrounds and provide access to quality and affordable healthcare all over Indonesia. The company's vision of international quality, reach and scale establishes the platform for Siloam to respond to the dynamic social transformation in Indonesia.

As at 31 December 2021, First REIT owns 15 hospital facilities within Indonesia.





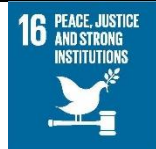
### Contribution to the United Nations Sustainable Development Goals (“UN SDGs”)










First REIT contributes through its activities to support the United Nations’ objectives as each of its material topics can be mapped to a UN SDG.

Material Topic	Main Approach to Addressing the Topic	Relevant UN SDGs
<b>Economic Dimensions</b>		
Direct and indirect economic impact 	As a REIT, we remain focused on building a high-quality portfolio of healthcare assets. A well-functioning healthcare asset also ensures a healthy business which in turn translates into benefits for the community in terms of healthcare services, jobs, taxes, and revenues for suppliers.	<div style="display: flex; justify-content: space-around;"> <div style="text-align: center;">  <p><b>1 NO POVERTY</b></p> </div> <div style="text-align: center;">  <p><b>8 DECENT WORK AND ECONOMIC GROWTH</b></p> </div> </div> <p>1.5: By 2030, build the resilience of the poor and those in vulnerable situations and reduce their exposure and vulnerability to climate-related extreme events and other economic, social and environmental shocks and disasters</p> <p>8.5 By 2030, achieve full and productive employment and decent work for all women and men, including for young people and persons with disabilities, and equal pay for work of equal value</p>
Asset quality and integrity 	<p>The REIT constantly strives to maximise the value of its portfolio as its key focus, and it achieves this through careful selection of its acquisition property assets as well as asset enhancement initiatives.</p> <p>In selecting acquisition targets, First REIT conducts due diligence in consultation with its financial advisers, building auditors, valuers, bankers, and lawyers, before embarking on the acquisition exercise.</p> <p>For existing assets, we engage external building auditors to carry out building audits to ensure that our properties are well-maintained. We also carry asset enhancement</p>	<div style="text-align: center;">  <p><b>9 INDUSTRY, INNOVATION AND INFRASTRUCTURE</b></p> </div> <p>9.1: Develop quality, reliable, sustainable and resilient infrastructure, including regional and transborder infrastructure, to support economic development and human well-being, with a focus on affordable and equitable access for all</p> <p>9.4 By 2030, upgrade infrastructure and retrofit industries to make them sustainable, with increased resource-use efficiency and greater adoption of clean and environmentally sound technologies and industrial processes, with all countries taking action in</p>

	<p>initiatives to some properties to maintain the quality.</p> <p>Additionally, we welcome feedback from our stakeholders to offer better service standards to our tenants.</p>	<p>accordance with their respective capabilities</p>
<p>Financial performance</p> 	<p>Our overriding business strategy as a REIT is to focus on building a high-quality portfolio of healthcare assets through yield-accretive acquisitions and asset enhancement initiatives. A strong portfolio of assets allows First REIT to generate stable income and cash flows, as well as growth over time.</p>	 <p>8.2: Achieve higher levels of economic productivity through diversification, technological upgrading and innovation, including through a focus on high-value added and labour-intensive sectors</p>
<b>Social Dimensions</b>		
<p>Access to healthcare &amp; pandemic-related support</p> 	<p>The capital provision and maintenance of high-quality real estate assets are a fundamental part of the healthcare services provided.</p> <p>This improves the availability of medical care and the health situation of regional and local communities and ensures healthy lives and promotes well-being for all at all ages.</p> <p>Given that the impact of the COVID-19 pandemic is multi-dimensional, affecting various groups of stakeholders, helping stakeholders cope with the pandemic required First REIT to execute policies at various operating levels.</p> <p><b>Tenants</b></p> <p>The pandemic had a direct financial impact to the tenants, with a spike in operational costs and knee-jerk reduction to the gross revenues of the tenants. Tenants had to ensure that safety measures were enforced to ensure the health and safety of all building users.</p> <p>First REIT provided two months of rental relief for May 2020 and June</p>	   <p>3.3 By 2030, end the epidemics of AIDS, tuberculosis, malaria and neglected tropical diseases and combat hepatitis, water-borne diseases and other communicable diseases</p> <p>3.8: Achieve universal health coverage, including financial risk protection, access to quality essential health-care services and access to safe, effective, quality and affordable essential medicines and vaccines for all</p> <p>3.d: Strengthen the capacity of all countries, in particular developing countries, for early warning, risk reduction and management of national and global health risks</p> <p>11.1: By 2030, ensure access for all to adequate, safe and <u>affordable</u> housing and basic services and upgrade slums</p>



	2020 to all its tenants and an additional two months rental relief for September 2020 and October 2020 to its Indonesia tenants.	
<p>Employee attraction &amp; retention</p> 	<p>In order to attract and retain the best talent, we manage the various aspects of the employee experience to make their positions attractive in a holistic way. These include the following:</p> <ul style="list-style-type: none"> <li>• Remuneration – providing competitive remuneration packages</li> <li>• Learning and development – providing a well-rounded training programme that covers both formal and on-the-job training</li> <li>• Career progression – providing opportunities for career development and growth</li> <li>• Work culture and environment – creating a positive and cohesive work environment with a culture of learning and mutual respect</li> <li>• Employee wellness – creating a healthy environment with a strong sense of camaraderie through various recreational and team bonding activities</li> </ul>	  <p>10.2: By 2030, empower and promote the social, economic and political inclusion of all, irrespective of age, sex, disability, race, ethnicity, origin, religion or economic or other status</p>
<b>Governance Dimensions</b>		
<p>Regulatory compliance</p> 	<p>First REIT adopts a zero-tolerance approach to regulatory breaches. Non-compliance to prevailing laws and regulations, such as SGX-ST listing requirements, Code on Collective Investment Schemes issued by the Monetary Authority of Singapore and tax rulings issued by the Inland Revenue Authority of Singapore, leading up to penalties, fines and revocation of the capital market services licenses will not be tolerated.</p>	 <p>16.6: Develop effective, accountable and transparent institutions at all levels</p>

<p>Ethics and business conduct</p> 	<p>Both First REIT and the Manager have zero-tolerance for any breaches of its Code of Business Conduct and it also enforces ethical conduct through various policies such as:</p> <ul style="list-style-type: none"> <li>• Personal Data Protection Policy</li> <li>• Whistle Blowing Policy</li> <li>• Do-not-call Policy</li> <li>• Collection of Personal Data Policy</li> </ul> <p>Policies aside, it creates a strong culture of compliance through its staff handbook and educates its employees in its regular interactions.</p>	 <p>16.6 Develop effective, accountable and transparent institutions at all levels</p>
<p>Energy and water conservation</p> 	<p><b>Energy conservation</b> In FY2021, 100% of the Indonesia hospitals within the Trust's portfolio use energy saving light emitting diodes ("LED") light bulbs.</p> <p><b>Water conservation</b> Our healthcare assets such as Siloam Hospitals Kebon Jeruk has a dedicated Sewage Treatment Plant for wastewater treatment, which conserves water and preserves the natural environment.</p>	   <p>6.3: By 2030, improve water quality by reducing pollution, eliminating dumping and minimizing release of hazardous chemicals and materials, halving the proportion of untreated wastewater and substantially increasing recycling and safe reuse globally</p> <p>7.1: By 2030, ensure universal access to affordable, reliable and modern energy services</p> <p>7.2: By 2030, increase substantially the share of renewable energy in the global energy mix</p> <p>14.1: By 2025, prevent and significantly reduce marine pollution of all kinds, in particular from land-based activities, including marine debris and nutrient pollution</p>
<p>Waste management</p> 	<p>The Manager reuses paper that were only used on one side. Printers in the office print double sided by default so as to reduce paper wastage.</p>	  <p>11.6: By 2030, reduce the adverse per capita environmental impact of cities,</p>



		<p>including by paying special attention to air quality and municipal and other waste management</p> <p>12.5: By 2030, substantially reduce waste generation through prevention, reduction, recycling and reuse</p>
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### 3. Rationale of Social Finance Framework

First REIT believes that Social Finance Instruments (“SFI”), 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 United Nations Sustainable Development Goals. First REIT intends to align its funding strategy with its mission, sustainability strategy and objectives through the issuances of SFIs.

This social finance framework (“Framework”) is aligned with the four core components of the Social Bond Principles (2021) as published by the International Capital Market Association (“ICMA”) and the Social Loan Principles (2021) as published by the Loan Market Association (“LMA”, and collectively, “Principles”). First REIT follows the key pillars as set out in the Framework:

- Use of proceeds
- Process for project evaluation and selection
- Management of proceeds
- Reporting
- External review

First REIT may update the Framework in the future in accordance with updates of the ICMA’s Social Bond Principles and LMA’s Social Loan Principles.

The Framework will be maintained by the Social Finance Working Group. This entails regular reviews and updates, revisions to the list of Eligible Categories, and oversight of its implementation.

## 4. Use of Proceeds

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**”) in the following eligible category. The table below provides an overview of social eligibility criteria of Eligible Assets as well as their contributions to the SDGs (this list is not exhaustive given the interconnectedness of the SDGs).

Social Eligible Category	Description of Eligible Assets	Relevant UN SDGs
Access to essential services	<p>Financing and/or refinancing of existing assets and its related costs, and/or future investments and related acquisition costs for healthcare and/or healthcare-related facilities falling within one of the following categories:</p> <ul style="list-style-type: none"> <li>Hospitals offering essential healthcare services to the general population in Indonesia or other countries that have an average number of hospital beds per 1,000 people below the East Asia &amp; Pacific (excluding high income) average of 3.7<sup>1</sup>; and/or</li> <li>Nursing Homes with a target population of the elderly and/or people in need of medical care and support; and/or</li> <li>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.</li> </ul> <p>All proceeds will be used for properties based in Indonesia.</p>	<div data-bbox="1128 604 1279 751"> </div> <p>3.8: Achieve universal health coverage, including financial risk protection, access to quality essential health-care services and access to safe, effective, quality and affordable essential medicines and vaccines for all</p> <p>First REIT serves healthcare providers, namely hospitals, that accept a large range of patients from the Indonesian public. The nature of hospitals provides treatments to all target groups identified by the UN SDG Goal 3. As such, First REIT has indirect impact on all these targets.</p>

The following do not qualify for First REIT investment:

<sup>1</sup> <https://data.worldbank.org/indicator/SH.MED.BEDS.ZS?locations=4E>

- Production or activities involving harmful or exploitative forms of forced labour<sup>2</sup> or child labour<sup>3</sup>
- production of or trade in any product or activity deemed illegal under host country laws or regulations or international conventions and agreements or subject to international phaseouts or bans, such as (a) pharmaceuticals<sup>4</sup>, pesticides, and herbicides<sup>5</sup>, (b) ozone-depleting substances<sup>6</sup>, (c) polychlorinated biphenyls<sup>7</sup> and other hazardous chemicals<sup>8</sup>, (d) wildlife or wildlife products regulated under the Convention on International Trade in Endangered Species of Wild Fauna and Flora<sup>9</sup>, and (e) transboundary trade in waste or waste products<sup>10</sup>;
- Production of or trade in weapons and munitions, including paramilitary materials
- Production of or trade in alcoholic beverages, excluding beer and wine<sup>11</sup>;
- Production of or trade in tobacco<sup>11</sup>;
- Gambling, casinos, and equivalent enterprises<sup>11</sup>;
- Production of, trade in, or ownership of coal and fossil fuel reserves;
- Production of or trade in nuclear power or ownership of nuclear power generation plans;
- Production of, trade in, or use of cannabis;
- Production of or trade in radioactive materials<sup>12</sup>, including nuclear reactors and components thereof;
- Production of, trade in, or use of unbonded asbestos fibers<sup>13</sup>;
- Commercial logging operations or the purchase of logging equipment for use in primary tropical moist forests or old-growth forests; and
- Marine and coastal fishing practices, such as large-scale pelagic drift net fishing and fine mesh net fishing, harmful to vulnerable and protected species in large numbers and are damaging to marine biodiversity and habitats.

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<sup>2</sup> Forced labor means all work or services not voluntarily performed, that is, extracted from individuals under threat of force or penalty.

<sup>3</sup> Child labor 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 Labor Organization Convention No. 138 "Minimum Age Convention" ([www.ilo.org](http://www.ilo.org))

<sup>4</sup> A list of pharmaceutical products subject to phaseouts or bans is available at <http://www.who.int>.

<sup>5</sup> A list of pesticides and herbicides subject to phaseouts or bans is available at <http://www.pic.int>.

<sup>6</sup> A list of the chemical compounds that react with and deplete stratospheric ozone resulting in the widely publicized ozone hole

<sup>7</sup> A group of highly toxic chemicals, polychlorinated biphenyls are likely to be found in oil-filled electrical transformers, capacitors, and switchgear dating from 1950 to 1985.

<sup>8</sup> A list of hazardous chemicals is available at <http://www.pic.int>.

<sup>9</sup> A list is available at <http://www.cites.org>.

<sup>10</sup> As defined by the Basel Convention; see <http://www.basel.int>.

<sup>11</sup> 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

<sup>12</sup> This does not apply to the purchase of medical equipment, quality control (measurement) equipment, and any equipment for which ADB considers the radioactive source to be trivial and adequately shielded.

<sup>13</sup> This does not apply to the purchase and use of bonded asbestos cement sheeting.

## 5. Process for Evaluation and Selection of Projects

The project evaluation and selection processes are key to ensure projects financed meet the criteria stated in this Social Finance Framework.

### **Social Finance Working Group**

First REIT has established a Social Finance Working Group (“SFWG”), chaired by the Chief Financial Officer, comprising the following departments:

- Investor Relations
- Asset Management
- Finance
- Legal & Compliance

The SFWG is responsible for the following:

- Establish processes to review, select and validate the Eligible Portfolio based on the Social Finance Framework (Appendix A)
- Ensure the Eligible Portfolio does not pose significant environmental and social harm
- Report of Eligible Portfolio and its impact metrics to the Manager and the REIT’s Board on a semi-annual basis
- Validate annual social bond reporting for investors
- Monitor the ongoing evolution related to sustainable capital markets in terms of disclosure/reporting to be in-line with market best practices
- Review the Social Finance Framework on an annual basis to reflect any changes with regarding to First REIT’s sustainability strategies and initiatives.

## 6. Management of Proceeds

First REIT intends to allocate the proceeds from Social Finance Instruments to the Eligible Portfolio, selected in accordance with the use of proceeds criteria and evaluation and selection process presented above. To ensure proceeds are allocated in accordance with the Social Finance Framework, First REIT will track investments in eligible projects, managed by the SFWG in a portfolio approach.

First REIT will ensure that the level of allocation for the Eligible Portfolio matches or exceeds the balance of net proceeds from its outstanding social financing instrument(s) after adjustments for intervening circumstances including, but not limited to, repayments and disbursements. Additional Eligible Assets will be added to First REIT’s Eligible Portfolio to the extent required to ensure that the net proceeds from outstanding social financing will be allocated to Eligible Assets.

Internal monitoring systems are established and maintained to track and record the allocation of the net proceeds such that it is in line with the Use of Proceeds section. Any unallocated proceeds may be deployed temporarily at the discretion of First REIT in cash or cash equivalent instruments, in accordance with First REIT’s investments and treasury policy.

First REIT will strive to fully allocate all proceeds within 36 months of the loan's issue date.

To prevent double counting of eligible projects, First REIT will ensure that the same capital investment will not be listed twice in the allocation of net proceeds.

The abovementioned process will be monitored by First REIT along the entire period in which the expected disbursements will be incurred.

An external auditor appointed by First REIT will verify, on an annual basis, the proceeds allocation and the remaining balance of unallocated proceeds as specified below.

## 7. Reporting

First REIT intends to report on the allocation of net proceeds annually until full allocation and associated output and impact indicators within one year from issuance date and annually thereafter. This report can be published as a standalone Social Finance Report or as part of the annual report. These reports can be found on First REIT's website.

Wherever feasible, First REIT may report on the aggregated impact of the Eligible Portfolio. When available, First REIT will align, on a best-efforts basis, the reporting with the portfolio approach described by the International Capital Markets Association.

### Allocation Reporting

The allocation report will provide:

- Brief description of the Eligible Asset(s)
- Amount or percentage of allocation of net proceeds to the Eligible Portfolio
- Percentage of net proceeds allocated to financing new and existing projects
- Examples of projects being financed (subject to confidentiality considerations)
- Balance of unallocated proceeds

### Impact Reporting

The impact reporting may provide, where feasible and applicable, metrics regarding the Eligible Assets' social impact. A baseline year of 2021 will be used within the impact report. Potential impact indicators are tabulated as follows:

(i) Hospitals offering essential healthcare services in Indonesia

Social Impact Parameter	Indicator	Description
Number of Eligible Assets that are identified	To identify and list the applicable eligible assets (the " <b>Identified Eligible Assets</b> ")	-
Number of operational beds within each	To provide average operational beds of the Identified Eligible Assets on a semi-annual basis; computed based on a	This parameter provides the direct impact of the Identified Eligible Assets' social impact in terms of bed capacity.

<b>Social Impact Parameter</b>	<b>Indicator</b>	<b>Description</b>
specific Identified Eligible Asset	simple monthly average of operational beds within each 6-month period	
Number of hospital beds used for BPJS patients i.e. BPJS Inpatient Volume for each specific Identified Eligible Asset	To provide an average number of operational beds utilised by BPJS patients; computed based on a simple average of monthly operational beds utilized by BPJS patients over each 6-month period or similar metrics.	This parameter provides an indication of the number of beds are utilized by BPJS patients for inpatient treatment.
Number of BPJS patients seeking outpatient medical treatment i.e. BPJS Outpatient Volume for each specific Identified Eligible Asset	To provide a monthly figure of the total number of BPJS patients seeking outpatient medical treatment, for each month within each 6-month period or similar metrics.	This parameter provides an indication of the total number of patients that are seeking subsidized medical care under the existing BPJS program.
Total BPJS Patients for each specific Identified Eligible Asset	To provide a monthly figure of the total number of BPJS patients seeking both inpatient and outpatient medical treatment, for each month within each 6-month period.	This parameter provides an indication of the total number of patients that are seeking both inpatient and outpatient medical care under the existing BPJS program.
Total Patients (BPJS and Private) of each specific Identified Eligible Asset	To provide a monthly figure of the total number of patients (both BPJS and Private) seeking both inpatient and outpatient medical treatment, for each month within each 6-month period.	This parameter provides an indication of the total number of patients that come to the specific hospital seeking medical treatment and provides an estimation of the hospital's market catchment and by extension, its social impact to the surrounding region.
Market Catchment for each specific Identified Eligible Asset	To provide an estimation of population surrounding each Eligible Asset that is broadly accepted as the market catchment of each of the Eligible Assets.	This parameter allows an estimation of the Eligible Asset's market catchment and by extension, its social impact to the surrounding region by comparing against Total BPJS Patients and Total Patients (BPJS and Private).

(ii) Other Eligible Assets

For Eligible Assets that are not hospital assets located in Indonesia, the impact reporting may provide, where feasible and applicable, metrics regarding the Eligible Assets' social impacts, where potential impact indicators may include:

- Number of beds



- Type of services offered
- Territorial impact data (such as the number of inhabitants living within a demarcated catchment area surrounding the Eligible Asset)
- Broadly, quantitative or qualitative description of the number of persons or beneficiaries that are positively impacted by the services rendered by the Eligible Asset, or any such parameter that allows an estimation of the Eligible Asset's social impact to the surrounding region.

## 8. External Review

### **Pre-issuance: Second Party Opinion**

The Social Finance Framework has been reviewed by DNV-GL, who has issued a Second Party Opinion. The Social Finance Framework and Second Party Opinion will be published on First REIT's website.

### **Post-issuance: Verification**

First REIT intends to obtain, on an annual basis, starting one year after issuance and up to full allocation, a limited assurance report of the allocation of the Social Finance Instruments, provided by an external auditor.

## Appendix A: Project Selection and Evaluation Process

The investment mandate of First Real Estate Investment Trust (“**First REIT**”) is to invest in healthcare and/or healthcare-related income-producing real estate within and outside of Asia. First REIT Management Limited (the “**Manager**”) (in its capacity as Manager of First REIT) seeks out suitable real estate assets and during the ordinary course of business, conducts adequate due diligence that covers legal, tax, real estate, valuation and financial aspects, amongst others and in accordance to the requirements of each transaction.

With reference to the Social Finance Framework (the “**Framework**”), the Social Finance Working Group (“**SFWG**”) will include the following processes within the existing asset management and investment framework:

Activity	SFWG’s process of reviewing, selecting, and validating the eligible portfolio
<b>Acquisitions of new assets</b>	<p>For the acquisitions of assets, typically a board paper and a trustee paper (the “<b>Approval Papers</b>”) will be prepared to seek the approvals of the Board of the Manager and the Trustee. The following will be implemented:</p> <ul style="list-style-type: none"> <li>- A new process flow will be created to include a section within the Approval Papers, where relevant. This new section will serve to identify if the acquisition target is an eligible asset under the Framework, and if so, to spell out the environmental and social impact of the acquisition target. Key aspects of this section will include: <ul style="list-style-type: none"> <li>▪ the types of services that the property provides (eg. basic and essential healthcare services, etc)</li> <li>▪ the target market that the services rendered aim to serve (eg. Elderly population, BPJS patients etc)</li> <li>▪ Excludes activities that are indicated within First REIT’s prohibited investment activities list (PIAL)</li> <li>▪ Existing energy and waste management metrics (if available)</li> </ul> </li> </ul> <p>This new process flow may be documented in the form of a checklist, endorsed by the SFWG, and to be appended within the Approval Papers.</p> <p>Where relevant, letters of assurances may be requested for or a validation process may be administered to address the above considerations (eg. a letter of assurance may be obtained where a hospital operator commits to provide basic and essential healthcare services).</p>
<b>Project Development/ Construction</b>	<p>For project development/construction or asset enhancement projects and where relevant, the following will be implemented:</p> <ul style="list-style-type: none"> <li>- The insertion of a clause within any relevant legal document (eg. Within a development works agreement, or to provide a letter of commitment etc), specifying that the tenant or appointed vendor will be required to provided certain assurances or disclosures to the Manager (where relevant) that is related to: <ul style="list-style-type: none"> <li>▪ Health and safety expectations</li> <li>▪ Training and development of employees</li> <li>▪ Benefits provided to employees</li> <li>▪ Respecting labor rights i.e. freedom of association</li> <li>▪ Waste and hazardous substances management</li> <li>▪ Energy management</li> <li>▪ Water management</li> </ul> </li> </ul> <p>Following which, the SFWG will follow through and request for any suitable/relevant information in accordance to the above topics.</p> <p>The relevant environmental and social disclosures by the tenant or appointed vendor will be tabulated and reviewed by the SFWG periodically.</p>

<b>Activity</b>	<b>SFWG's process of reviewing, selecting, and validating the eligible portfolio</b>
<b>Project Development/ Construction (cont'd)</b>	Where relevant, letters of assurances may be requested for or a validation process may be administered to address the above considerations (eg. a review/audit by a third-party professional or assurance provider).