

# STAYING FOCUSED BALANCING CHANGE

Annual Report 2020



# STAYING FOCUSED BALANCING CHANGE

20 properties across Asia —  
16 in Indonesia, 3 in Singapore, 1 in South Korea

In a year wrought with unprecedented challenges brought upon by the COVID-19 outbreak that disrupted businesses and economies globally, First Real Estate Investment Trust (“**First REIT**” or the “**Trust**”) had to re-evaluate its strategies to adapt to the changing operating environment while staying focused to its ethos of optimising value for sustainable long-term growth. Taking into consideration the current business environment, effects on the Trust and the financial impacts faced by its tenants, the Trust took decisive steps to embark on several strategic initiatives to restructure, refinance and recapitalise the Trust, setting the stage to further reposition the Trust towards a more stable and sustainable future.



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# CORPORATE PROFILE



Mochtar Riady Comprehensive Cancer Centre

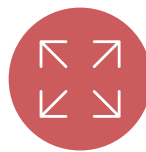
First REIT is Singapore's first healthcare real estate investment trust, focused on investing in diverse yield-accretive healthcare and healthcare-related real estate assets throughout Asia. By executing well-developed strategies, First REIT harnesses exclusive investment opportunities in this resilient asset class to generate attractive and stable returns.

Managed by First REIT Management Limited (formerly known as Bowsprit Capital Corporation Limited) (the "**Manager**"), the Trust has a portfolio of 20 properties across Asia, with a total asset value of S\$939.7 million. These include 16 properties in Indonesia comprising 12 hospitals, two integrated hospitals & malls, an integrated hospital & hotel and a hotel & country club, as well as three nursing homes in Singapore and one hospital in South Korea.

In Indonesia, the underlying 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**"), who has a pipeline of hospitals to which First REIT has the right-of-first-refusal ("**ROFR**") to. With OUE Limited ("**OUE**") and OUE Lippo Healthcare Limited's ("**OUELH**") acquisition of the Manager in October 2018 and OUELH's stake in First REIT, the Trust has another ROFR from OUELH, and opportunities to tap on its growing healthcare network across Pan-Asia.



**TOTAL ASSETS-  
UNDER-MANAGEMENT**  
**s\$939.7 million**



**TOTAL GFA  
OF PROPERTIES**  
**358,551 sqm**



**TOTAL COMMITTED  
OCCUPANCY**  
**100%**



**TOTAL NO. OF BEDS /  
SALEABLE ROOMS**  
**5,263**



**WEIGHTED AVERAGE  
LEASE EXPIRY\***  
**11.6 years**



**NET ASSET VALUE  
PER UNIT**  
**49.94s¢**

## Note

\* The weighted average lease expiry ("**WALE**") is 6.4 years as at 31 December 2020. Following the entry into the supplemental master lease agreements as announced on 11 March 2021 and 30 March 2021, the WALE is 11.6 years as at 31 December 2020. Refer to Summary of MLA Restructuring on pages 34 and 35 for further information.

# AT A GLANCE

## RIGHT-OF-FIRST-REFUSAL AGREEMENTS

- First REIT has the ROFR to Lippo Karawaci's pipeline of healthcare properties in Indonesia to be operated by Siloam
- Siloam is the largest and most prominent hospital group in Indonesia, currently operating more than 39 state-of-the-art hospitals across Indonesia
- First REIT also has another ROFR from OUE LH, and opportunities to tap on its growing healthcare network across Pan-Asia

## HIGH QUALITY HEALTHCARE PROPERTIES

- Indonesia hospitals are strategically located within large catchment areas of potential patients and each has a "Centre of Excellence"
- Singapore properties are well-run nursing homes staffed by well-qualified, dedicated and experienced healthcare professionals
- In South Korea, Sarang Hospital is centrally located, providing rehabilitation treatment and nursing services in Yeosu City

## DIVERSIFIED PORTFOLIO OF 20 PROPERTIES VALUED AT S\$939.7 MILLION

- Indonesia: 12 hospitals, 2 integrated hospital & malls, 1 integrated hospital & hotel and 1 hotel & country club
- Singapore: 3 nursing homes
- South Korea: 1 hospital

## STABLE AND STRONG DISTRIBUTION MODEL

- Stable cash distributions and committed to distribute 100% of taxable income

## TRIPLE-NET LEASES

- Master lessees bear all operating costs relating to the properties including maintenance, insurance and certain taxes

## WELL-DEFINED ACQUISITION STRATEGY

- Focused on growing portfolio by acquiring yield-accretive properties in the healthcare and healthcare-related industry across Asia

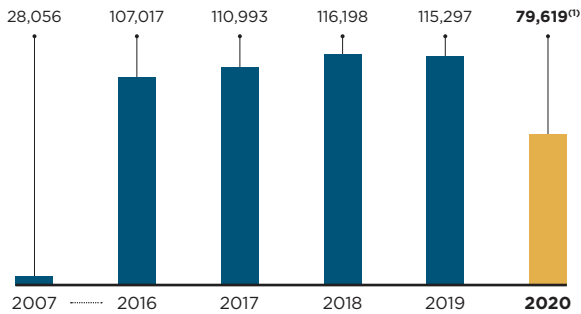


Siloam Sriwijaya

# FINANCIAL HIGHLIGHTS

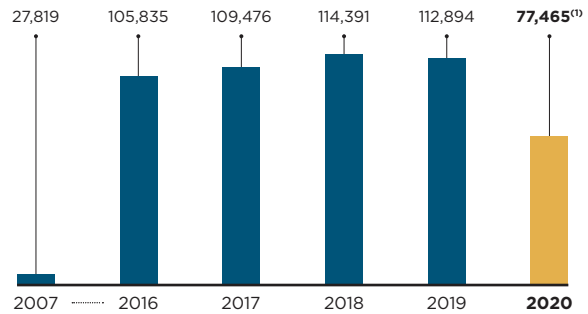
## RENTAL AND OTHER INCOME (S\$'000)

CAGR  
8.4%



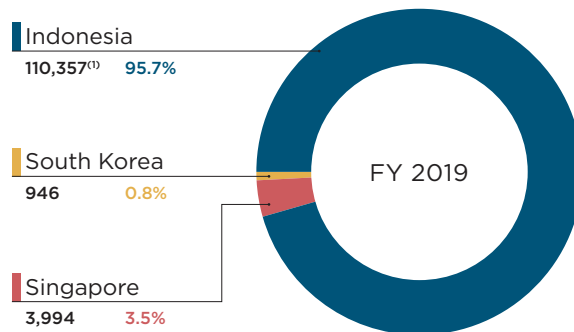
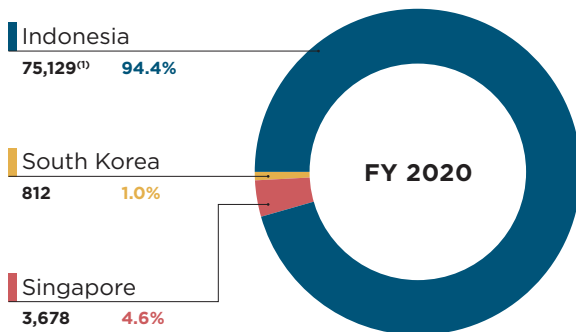
## NET PROPERTY AND OTHER INCOME (S\$'000)

CAGR  
8.2%



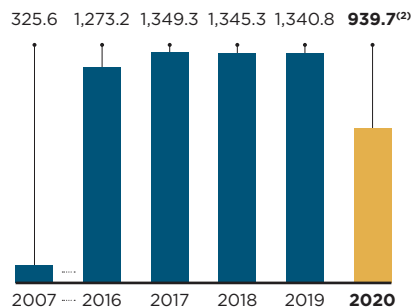
## RENTAL AND OTHER INCOME

Breakdown by Geography (S\$'000)



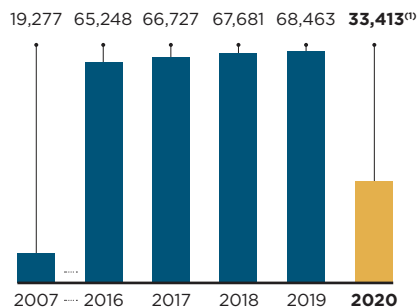
## ASSETS-UNDER-MANAGEMENT (S\$'million)

CAGR  
8.5%

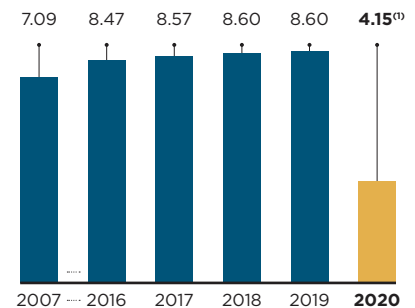


## DISTRIBUTABLE AMOUNT (S\$'000)

CAGR  
4.3%



## DISTRIBUTION PER UNIT (S\$'cents)



### Note

- (1) Rental and Other Income for FY 2020 decreased mainly due to a two-month rental relief extended to all tenants in May 2020 and June 2020 and a two-month rental relief in September 2020 and October 2020 extended to the Indonesia tenants to alleviate the economic distress caused by the COVID-19 pandemic. Net Property and Other Income, Distributable Amount and Distribution Per Unit for FY 2020 were consequentially affected.
- (2) Assets-under-management for FY 2020 declined given that the valuation of certain Indonesia properties have taken into consideration the terms arising from (a) the Memorandum of Understanding entered into between Perpetual (Asia) Limited (as trustee of First REIT) and PT. Lippo Karawaci Tbk dated 28 November 2020 as announced in First REIT's announcement on 29 November 2020 titled "Restructuring of Master Leases" (the "Restructuring Announcement"); (b) the Memorandum of Understanding entered into between the Trustee and PT. Metropolis Propertindo Utama dated 28 November 2020 as announced in the Restructuring Announcement; and (c) existing occupation arrangements of the properties not affected by (a) or (b). Please refer to the Summary of MLA Restructuring on pages 34 and 35 for more information.

## BALANCE SHEET

In S\$'000	As at 31 December 2020	As at 31 December 2019
Total Assets	<b>1,004,908</b>	1,427,136
Total Liabilities	<b>540,938</b>	571,422
Unitholders' Funds	<b>403,092</b>	794,836
NAV Per Unit	<b>49.94¢</b>	99.64¢

## GEARING

	As at 31 December 2020	As at 31 December 2019
Total Debt <sup>(1)</sup>	<b>S\$492.4 million</b>	S\$492.7 million
Interest Cover	<b>3.6 times</b>	5.0 times
Debt-to-Deposited Property	<b>49.0%</b>	34.5%

## EARNINGS PER UNIT

	As at 31 December 2020	As at 31 December 2019
(Loss)/Earnings Per Unit	<b>(44.33)¢</b>	5.74¢
Number of Units	<b>807,206,351</b>	797,674,515
Weighted Average No. of Units	<b>802,633,576</b>	793,375,888

## RENTAL INCOME

Tenant	%
PT Lippo Karawaci Tbk and subsidiaries <sup>(2)</sup>	80.51
PT Metropolis Propertindo Utama and subsidiaries <sup>(3)</sup>	12.25
Subsidiaries of PT Siloam International Hospitals Tbk <sup>(4)</sup>	1.96
The Lantor Residence Pte. Ltd.	1.80
Pacific Healthcare Nursing Home Pte. Ltd.	1.80
Pacific Eldercare and Nursing Pte. Ltd.	1.21
Dr. Park Ki Ju	1.03

### Note

<sup>(1)</sup> Before transaction costs

<sup>(2)</sup> The subsidiaries of PT Lippo Karawaci Tbk include PT Andromeda Sakti.

<sup>(3)</sup> The subsidiary of PT Metropolis Propertindo Utama include PT Bumi Sarana Sejahtera.

<sup>(4)</sup> The subsidiaries of PT Siloam International Hospitals Tbk are PT East Jakarta Medika, PT Bina Bahtera Sejati, PT Lintas Buana Jaya and PT Taruna Perkasa Megah.

# FINANCIAL HIGHLIGHTS

## UNIT PRICE PERFORMANCE

	2020
IPO Offering Price (Dec 2006)	S\$0.710
As at last trading day of the year	S\$0.235
Highest	S\$1.020
Lowest	S\$0.220
Trading Volume (million units)	700.726

## AS AT 31 DECEMBER 2020

Number of Units in Issue:	807,206,351
Market Capitalisation <sup>(1)</sup> :	S\$189.7 million

### Note

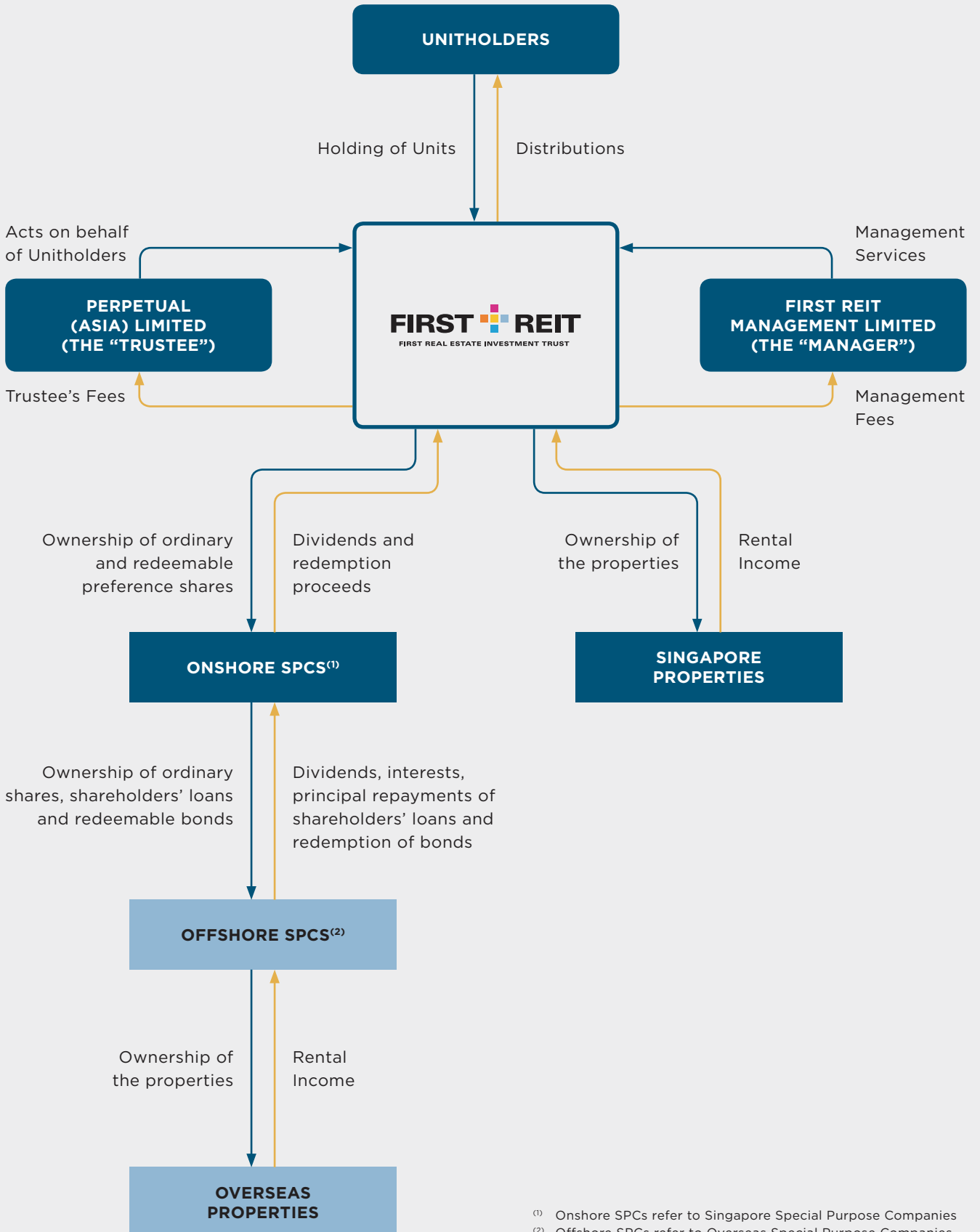
<sup>(1)</sup> Further to the announcement dated 24 February 2021, an aggregate of 791,062,223 Rights Units were issued, bringing the total number of issued units in First REIT to 1,598,268,574 units. As at 24 February 2021, the market capitalisation of First REIT was S\$327.6 million.



Siloam Hospitals Kebon Jeruk



# TRUST STRUCTURE



# LETTER TO UNITHOLDERS

## DEAR UNITHOLDERS

The year 2020 was an unprecedented year for First REIT as it was faced with a confluence of events that inevitably and adversely impacted the Trust's long-term performance and sustainability as a business, thus necessitating a review of its capital structure and portfolio of assets. While the Trust has undergone changes over the recent years with events such as the change in ownership, 2020 provided an inflexion point for the Trust to evaluate its operations and structure as well as to take meaningful actions to restructure its business, recapitalise its balance sheet and reposition itself for the future.

Firstly, the unforeseen COVID-19 pandemic caused major disruptions to life, economies and businesses worldwide. Due to the pandemic, the Trust's assets in Indonesia that are integrated with either hotel or retail malls – Imperial Aryaduta Hotel & Country Club (“IAHCC”), Hotel Aryaduta Manado, Lippo Plaza Buton and Lippo Plaza Kupang, were mandated to close for several months under large-scale social restrictions (“PSBB” - Pembatasan Sosial Berskala Besar) implemented in Indonesia. Post-reopening, these properties also faced with ad-hoc temporary closures depending on restrictions in local provinces.

Our healthcare assets in Indonesia were also badly impacted by the pandemic, with many hospitals reporting lower patient volumes as many patients chose to defer elective medical procedures, resulting in lower revenues and earnings.

In line with industry practice and taking into consideration our long term relationship with our tenants, who have been the bedrock of the Trust's stable performance over the

*As our strategic plans begin to take shape and from a position of stability, First REIT will subsequently pursue accretive growth, explore opportunities to rebalance our portfolio and diversify our income streams geographically. We can either look towards our sponsors OUE and OUEH's strong network of healthcare assets with a focus on key markets in Asia or to assets from third parties within and outside of Asia to bolster growth for the Trust.*

years, First REIT extended a total of four months of rental relief to our tenants in Indonesia and two months of rental relief to our tenants in Singapore and South Korea.

Consequently, the Trust reported a distribution per unit (“DPU”) of 4.15 Singapore cents for the financial year ended 31 December 2020 (“FY 2020”), down from the preceding year (“FY 2019”) of 8.60 Singapore cents, on the back of income available for distribution sliding 51.2% year-on-year (“y-o-y”) to S\$33.4 million from S\$68.5 million in FY 2019. Rental and other income for the year slipped 30.9% y-o-y to S\$79.6 million, while net property and other income dipped to S\$77.5 million in FY 2020 from S\$112.9 million in FY 2019.

### STAYING FOCUSED, BALANCING CHANGE

This protracted pandemic represented a culmination of financial challenges faced by the Trust's major tenant, Lippo Karawaci, given the changing Indonesian economic and operating environment over recent years.

With the impending master lease renewal of the Trust's initial assets

comprising three hospitals - Siloam Hospitals Lippo Village, Siloam Hospitals Kebon Jeruk and Siloam Hospitals Surabaya, and a hotel and country club - IAHCC, Lippo Karawaci submitted a proposal to restructure all the master lease agreements (“MLAs”) of its 11 hospitals with First REIT. In addition, First REIT's other Indonesia tenant, PT Metropolis Propertindo Utama (“MPU”), also proposed to restructure its MLAs relating to three hospitals it leases from First REIT.

After extensive and protracted negotiations with Lippo Karawaci by the independent committee, comprising independent directors of the Manager, First REIT signed a memorandum of understanding with Lippo Karawaci as well as with MPU, to restructure their respective MLAs on 28 November 2020.

Since the listing of First REIT, we have stayed true to our focus on enhancing Unitholder value and generating stable returns for Unitholders. In this changing environment, we believe that the restructuring of the MLAs serves as the first step in restructuring, recapitalising and repositioning First REIT for the future. The new terms in the restructured MLAs will provide



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

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

for a sustainable and stable long-term master lease structure with regular fixed increments and potential additional upside through the performance-based rent mechanism.

We would like to extend our heartfelt gratitude to Unitholders who voted in favour of this restructuring exercise at the extraordinary general meeting held on 19 January 2021. We are heartened to see that Unitholders understand that there was a need for the Trust to restructure the MLAs to achieve long-term sustainability. (Refer to pages 34 and 35 for the Summary of MLA restructuring.)

## **RECAPITALISED AND REFINANCED**

First REIT has remained steadfast in ensuring a well-disciplined capital management and has consistently

kept its gearing below the regulatory limit with ample debt headroom to pursue strategic growth. However, due to the challenges of the year, the Trust closed 2020 with a gearing ratio of 49.0% and a weighted cost of debt at 3.6% per annum with interest cover at 3.6 times. Total debt as at 31 December 2020 stood at S\$492.4 million, slightly lower than the S\$492.7 million from a year ago.

Aside from a S\$100.0 million secured club loan facility raised in 2019 which is due to mature in 2022, the Trust had approximately S\$400.0 million in secured syndicated loans which it raised in 2018 (the “**2018 Secured Loan Facilities**”) that was due to mature between 2021 and 2023.

In December 2020, the Trust obtained refinancing of up to a maximum of S\$260.0 million from Oversea-

Chinese Banking Corporation Limited and CIMB Bank Berhad, Singapore Branch, comprising a term loan facility of S\$178.5 million and a revolving credit facility of S\$42.5 million, with an accordion option for a S\$39.0 million increase in commitments. It also successfully raised approximately S\$158.2 million through a renounceable rights issue (the “**Rights Issue**”) of 98 rights units to every 100 units at an issue price of 20.00 Singapore cents per rights units in February 2021. Through the recapitalisation initiative via the Rights Issue, S\$140.1 million of the funds raised was used to repay part of the 2018 Secured Loan Facilities.

Having completed both the recapitalisation and refinancing initiatives, the Trust has no refinancing requirements for the year 2021.

# LETTER TO UNITHOLDERS

## REPOSITIONING FOR GROWTH

In line with the strategic focus to recapitalise and deleverage our balance sheet, our gearing ratio declined to 34.6% on a FY 2020 pro forma basis, as compared to 49.0% as at 31 December 2020. The weighted average debt maturity has also been extended to 1.78 years as at 1 March 2021, as compared to 1.22 years as at 31 December 2020, paving the way for further diversification of our funding sources as part of our roadmap to strengthen First REIT's balance sheet.

Following the restructuring of a majority of the Trust's MLAs, First REIT's WALE has been extended from 6.4 years to 11.6<sup>(1)</sup> years as at 31 December 2020. The Manager is seeking to address the renewal of two other properties - IAHCC and Sarang Hospital in South Korea, whose leases will expire this year. We remain optimistic that a favourable resolution will be achieved and will provide Unitholders with further updates as and when there are material developments.

As our strategic plans begin to take shape and from a position of stability, First REIT intends to pursue accretive growth, explore opportunities to rebalance our portfolio and diversify our income streams geographically. To this end, we will either look towards our sponsors OUE and OUE LH's strong network of healthcare assets with a focus on key markets in Asia or to assets from third parties within and outside of Asia to bolster growth for the Trust.

As Indonesia continues to battle the pandemic, its government has continued to enforce social distancing restrictions in the worst-hit zones and strict safety measures to contain the spread of the virus. It has also started the distribution of the COVID-19 vaccines since January 2021 with an aim to inoculate two-thirds of its 270 million population.<sup>(2)</sup>

While COVID-19 has impacted businesses globally as well as the performance of Siloam, our Indonesia healthcare operator, we are optimistic that with the resilience of the healthcare sector and Siloam's entrenched brand equity as one of the most progressive private healthcare providers in Indonesia, its performance will gradually recover as we adapt to the new operating environment.

According to a report by Organisation for Economic Co-operation and Development ("OECD"), Indonesia's gross domestic product is poised to grow at 7.9% in 2021, making it the second-fastest rising economy in the world after China.<sup>(3)</sup> Additionally, the Indonesian parliament approved a record high state budget of IDR2.75 quadrillion for 2021, with substantial investments directed towards strengthening the healthcare system.<sup>(4)</sup>

## APPRECIATION

It has been a challenging year, not just for First REIT, but also for all business sectors worldwide. On behalf of the Board of Directors, we would like

to take this opportunity to extend our sincere gratitude to our valued Unitholders, for your patience and continued faith in the Trust during such unprecedented times. We would not have been able to ride out the storm without your ardent support. As we pursue our business strategies, we will continue to seek sustainable long term growth opportunities to optimise returns for our Unitholders. We look forward to your continued trust and support for First REIT.

We would also like to thank our fellow Board members for your commitment and invaluable counsel during the year. To our management team and staff, thank you for your hard work and dedication. To our Sponsors, business partners, bankers and tenants, thank you for your unyielding support.

### 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*

## Note

<sup>(1)</sup> Following the entry into the supplemental master lease agreements as announced on 11 March 2021 and 30 March 2021, the WALE is 11.6 years as at 31 December 2020. Refer to the Summary of MLA Restructuring on pages 34 and 35 for further information.

<sup>(2)</sup> 8 February 2021, The Straits Times - Indonesia begins inoculating those over 59

<sup>(3)</sup> 15 December 2020, Business Times - Indonesia poised for strong economic rebound in 2021

<sup>(4)</sup> 30 September 2020, The Straits Times - Indonesian Parliament approves 2021 budget, aims for 5% growth

# CORPORATE INFORMATION

## MANAGER

**First REIT Management Limited**

## REGISTERED OFFICE

333 Orchard Road  
#33-02  
Singapore 238867  
Tel: (65) 6435 0168  
Fax: (65) 6435 0167

## Website & Email Address

www.first-reit.com  
ir@first-reit.com

## TRUSTEE

**Perpetual (Asia) Limited**

8 Marina Boulevard #05-02  
Marina Bay Financial Centre Tower 1  
Singapore 018981

## UNIT REGISTRAR AND UNIT TRANSFER OFFICE

**Boardroom Corporate & Advisory Services Pte. Ltd.**

50 Raffles Place  
#32-01 Singapore Land Tower  
Singapore 048623

## INVESTOR RELATIONS

**August Consulting Pte. Ltd.**

101 Thomson Road  
#29-05 United Square  
Singapore 307591

## INDEPENDENT AUDITORS

**RSM Chio Lim LLP**

8 Wilkie Road  
#03-08 Wilkie Edge  
Singapore 228095  
Audit Partner-in-Charge:  
Mr Chow Khen Seng  
*Appointed from financial year 2019*

**RSM Indonesia**

Plaza Asia, 10th Floor  
Jl. Jend. Sudirman Kav. 59  
Jakarta 12190, Indonesia

## INDEPENDENT SINGAPORE TAX ADVISER

**Ernst & Young LLP**

One Raffles Quay, North Tower  
Level 18  
Singapore 048583

## INDEPENDENT INDONESIA ACCOUNTING AND TAX ADVISER

**PT Artha Jasakonsulindo**

District 8 @SCBD Lot 28  
Treasury Tower, 6th Floor  
Jl. Jend. Sudirman Kav. 52-53  
Senayan, Kebayoran Baru  
Jakarta Selatan 12190, Indonesia

## INDEPENDENT SOUTH KOREA ACCOUNTING AND TAX ADVISER

**Shinhan Accounting Corporation  
(Member of RSM International)**

3rd Floor, Topic Building  
212-13 Toegye-ro  
Jung-gu, Seoul, South Korea

## DIRECTORS OF THE MANAGER

**Mr Christopher James Williams**

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 & REMUNERATION COMMITTEE

Mr Chan Pengee Adrian (Chairman)  
Mr Tan Chuan Lye  
Ms Minny Riady

## COMPANY SECRETARY OF THE MANAGER

Mr Kelvin Chua

# BOARD OF DIRECTORS



1

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

2

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

3

**Mr Chan Pengee Adrian**  
Lead Independent Director

4

**Mr Ferris Charles Bye**  
Independent Director

5

**Mr Tan Chuan Lye**  
Independent Director

6

**Mr Martin Lechner**  
Independent Director

7

**Ms Minny Riady**  
Non-Independent  
Non-Executive Director

### MR CHRISTOPHER JAMES WILLIAMS

Chairman and Non-Independent Non-Executive Director  
(Appointed on 26 October 2018)

Mr Christopher James Williams is the Chairman and Non-Independent Non-Executive Director of the Board of the Manager.

Mr Williams is a founding partner of Howse Williams, Hong Kong, which he co-founded in 2012 as an independent Hong Kong law firm. Mr Williams was responsible in particular for establishing the non-contentious area of the practice. Howse Williams has subsequently grown to become one of the leading independent law firms in Hong Kong.

Prior to co-founding Howse Williams, Mr Williams was from 1994 a partner in Richard Butler, an international law firm which merged with the US law firm Reed Smith in 2008 and was throughout this period based in Hong Kong.

Mr Williams was appointed as non-executive non-independent director of OUE Limited on 19 July 2006 and became its deputy chairman with effect from 9 March 2010. He has also been a director of OUB Centre Limited since 28 January 2014.

Mr Williams specialises in corporate finance, mergers and acquisitions, direct investment and corporate restructurings and reorganisations. He also advises on corporate governance and compliance. His practice encompasses Hong Kong and the Asia Pacific region, particularly Indonesia and Singapore. He has been named in the *Guide to the World's Leading Mergers and Acquisitions Lawyers*, published by Euromoney Publications PLC, and the *International Who's Who of Merger and Acquisition Lawyers*, published by Law Business Research, as one of the world's top mergers and acquisitions lawyers.

Mr Williams qualified as a solicitor in England and Wales in 1986 and was admitted as a solicitor in Hong Kong in 1991. He holds a Bachelor of Arts (Honours) in International Relations and Economics from the University of Reading, United Kingdom.

#### Directorships in Listed Companies:

- OUE Limited, Deputy Chairman and Non-Executive Non-Independent Director

#### Principal Commitments:

- Howse Williams, Partner

Siloam  
Hospitals  
Buton



# BOARD OF DIRECTORS

## MR TAN KOK MIAN VICTOR

Executive Director and Chief Executive Officer  
(Appointed on 19 May 2017)

Mr Tan Kok Mian Victor is an Executive Director and Chief Executive Officer of the Board of the Manager.

Mr Tan joined the Manager as senior finance manager in April 2008 and was responsible for the financial operations of the Manager. He was appointed as chief financial officer of the Manager in July 2008.

Prior to joining the Manager, Mr Tan was with Parkway Holdings Limited (“**Parkway**”) as an accountant in 1997. He was promoted to the position of group accountant and subsequently to financial controller. His scope of work in Parkway included supervising the preparation of the financial accounts and handling accounting matters for the holding company as well as some of the subsidiary companies within Parkway group. During his tenure, he also assisted Parkway’s chief financial officer in the preparation of the consolidated accounts for the Parkway group.

Mr Tan graduated in 1997 with the professional qualification from the Association of Chartered Certified Accountants (“**ACCA**”). He is a Chartered Accountant of the Institute of Singapore Chartered Accountants and a fellow member of ACCA.

### Directorships in Listed Companies:

- Nil

### Principal Commitments:

- First REIT Management Limited (in its capacity as manager of First REIT), Executive Director and Chief Executive Officer

## MR CHAN PENGEE ADRIAN

Lead Independent Director  
(Appointed on 26 October 2018)

Mr Chan Pengee Adrian is the Lead Independent Director of the Board of the Manager. He serves as the Chairman of the Nominating & Remuneration Committee and a member of the Audit and Risk Committee of the Manager.

Mr Chan is head of the Corporate Department and a senior partner at law firm, Lee & Lee. He is a board member of the Accounting and Corporate Regulatory Authority (“**ACRA**”) of Singapore, vice-chairman of the Singapore Institute of Directors and a member of the Legal Service Commission and the council of the Law Society of Singapore. He also serves on the Catalyst Advisory Panel of the Singapore Exchange Limited.

Mr Chan is an independent director of Yoma Strategic Holdings Ltd, Ascendas Funds Management (S) Limited; Hong Fok Corporation Limited, AEM Holdings Ltd and Best World International Limited all of which are listed on the Singapore Exchange Securities Trading Limited.

Mr Chan is the chairman of the Corporate Law Advisory Panel at ACRA and a member of Singapore Management University’s Enterprise Board. He co-chairs the Corporate Governance and Regulations Interest Group of the Singapore International Chamber of Commerce and sits on the board of Shared Services For Charities Limited, which is a registered charity and an Institution of a Public Character. He currently lectures on Corporate Governance for the Singapore Institute of Legal Education and the Bar Admissions and Examinations.

Mr Chan holds a Bachelor of Laws (Honours) from the National University of Singapore.

### Directorships in Listed Companies:

- Yoma Strategic Holdings Ltd, Independent Director
- Ascendas Funds Management (S) Limited, Independent Director
- Hong Fok Corporation Limited, Independent Director
- AEM Holdings Ltd, Independent Director
- Best World International Limited, Independent Director

### Principal Commitments:

- Lee & Lee, Senior Partner – Head of Corporate
- Shared Services For Charities Limited, Director
- Azalea Asset Management Pte. Ltd., Director
- Singapore Institute of Directors, Vice Chairman
- Association of Small & Medium Enterprises, Honorary Secretary
- Accounting and Corporate Regulatory Authority, Board Member
- The Law Society of Singapore, Council Member
- Singapore Management University’s Enterprise Board, Board Member



### **MR FERRIS CHARLES BYE**

Independent Director  
(Appointed on 26 October 2018)

Mr Ferris Charles Bye is the Independent Director of the Board of the Manager. He serves as the Chairman of the Audit and Risk Committee of the Manager.

Mr Bye currently advises several investment holding companies. Prior to this, he was managing director of a private equity investment company for a period of 14 years.

Before his private equity experience, Mr Bye served as director in international stockbroker companies for a period of 12 years. The stock markets covered by the companies included Hong Kong, Shanghai, Shenzhen, Singapore, Malaysia, Thailand and Indonesia.

He was, until recently, a member of the general committee of Hong Kong Country Club for 8 years. This included one year as chair of the committee.

Mr Bye qualified as a chartered accountant in 1978.

#### **Directorships in Listed Companies:**

- Nil

#### **Principal Commitments:**

- Nil

### **MR TAN CHUAN LYE**

Independent Director  
(Appointed on 5 April 2017)

Mr Tan Chuan Lye is the Independent Director of the Board of the Manager. He serves as a member of the Audit and Risk Committee and the Nominating & Remuneration Committee of the Manager.

Mr Tan is an Adjunct Associate Professor with the NUS Business School, National University of Singapore. He is a member of the Asia Pacific Advisory Board of EFG Bank AG and the chairman of its audit & risk committee, an independent director and member of both audit & risk committee; and nominating and remuneration member of Isetan (Singapore) Limited, independent director and member of audit committee and nomination committee of Heeton Holdings Limited, an independent director and chairman of audit committee of Sompo Insurance Singapore Pte. Ltd., and audit committee member of A\*Star and Integrated Health Information System Pte Ltd. Mr Tan also sits on the board of several charities in Singapore.

Mr Tan retired as a partner with risk consulting in KPMG Advisory LLP where his areas of focus included corporate governance, enterprise risk management, and internal audit. Prior to KPMG, he spent more than 20 years with various international banks where he held senior management positions in internal audit and operational risk management including as a regional head.

Mr Tan graduated from the Henley Management College/ University of Reading with Master of Business Administration. He is a non-practising fellow member of the Institute of Singapore Chartered Accountants, a fellow member of The Association of Chartered Certified Accountants (UK) and an associate member of The Chartered Institute of Management Accountants (UK).

#### **Directorships in Listed Companies:**

- Isetan (Singapore) Limited, Independent Director
- Heeton Holdings Limited, Independent Director

#### **Principal Commitments:**

- National University of Singapore, Adjunct Associate Professor
- Sompo Insurance Singapore Pte. Ltd., Independent Director
- EFG Bank, AG, Member of the Asia Pacific Advisory Board and Chairman of its Audit & Risk Committee
- Singapore Repertory Theatre, Non-Executive Director
- All Saints Home, Non-Executive Director
- Integrated Health Information Systems Pte Ltd, Member of Audit & Risk Committee

# BOARD OF DIRECTORS

## MR MARTIN LECHNER

Independent Director  
(Appointed on 8 January 2018)

Mr Martin Lechner is the Independent Director of the Board of the Manager. He serves as a member of the Audit and Risk Committee of the Manager.

Mr Lechner is the founding partner and chief investment officer of Corecam Pte. Ltd., a family office asset management company. Prior to founding Corecam Pte. Ltd., Mr Lechner was founding partner and chairman of the board of directors of Proprietary Partners AG, a long/short equity hedge fund with focus on Germany and Switzerland.

Mr Lechner started his career at Dresdner Kleinwort Benson in the global markets division as a proprietary trader for USD and local currency emerging market bonds.

Mr Lechner is a non-executive director of Hydroinformatics Institute Pte. Ltd. and holds executive director position in Corecam Pte. Ltd. and Corecam Capital Partners Pte. Ltd.

Mr Lechner graduated from the University of Passau, Germany with Master Diploma in Business Administration and holds an Executive Master of Business Administration (Spot Program) from INSEAD, France.

### Directorships in Listed Companies:

- Nil

### Principal Commitments:

- Corecam Pte. Ltd., Executive Director
- Corecam Capital Partners Pte. Ltd., Executive Director

## MS MINNY RIADY

Non-Independent Non-Executive Director  
(Appointed on 10 April 2019)

Ms Minny Riady is the Non-Independent Non-Executive Director of the Board of the Manager. She serves as a member of Nominating & Remuneration Committee of the Manager.

Ms Riady is the director and general manager of Lippo Realty (Shanghai) Limited. She is a member of foundation trustees of Pelita Harapan Education foundation and Pelita Harapan International Education Foundation.

Ms Riady was the treasury director of Lippo Group and Pelita Harapan Education Foundation.

Ms Riady holds a Bachelor of Business Administration from Fu Jen Catholic University, Taiwan.

### Directorships in Listed Companies:

- NIL

### Principal Commitments:

- Lippo Realty (Shanghai) Limited, Director and General Manager
- Pelita Harapan Education Foundation, Member of Foundation Trustees

# 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 of First REIT and the Manager. She was the Financial Controller from January 2014 and was appointed 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 worked at Parkway Holdings Limited from 2001 to 2008. She 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. At Osprey Maritime Limited, she held the position of Group Accountant and 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 graduated from the National University of Singapore in 1993 with a Bachelor of Science (Estate Management) (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. Being a member of the Singapore Institute of Surveyors and Valuers as well as a Licensed Appraiser (Lands & Buildings), Mr Chan has extensive real estate and property experience in Singapore, Hong Kong and the People’s Republic of China.

From 1993 to 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.

# SIGNIFICANT EVENTS IN FY 2020

## JAN

### 29th

Announced 4Q 2019 results; declared DPU of 2.15 Singapore cents

Revaluation of portfolio to S\$1,340.8 million, a decline of S\$4.5 million (0.3%) over First REIT's book value as at 31 December 2019

## APR

### 24th

Announced the adoption of semi-annual reporting for First REIT's financial results

## MAY

### 6th

Announced 2Q 2020 business updates; declared 1Q 2020 DPU of 1.86 Singapore cents

### 20th

Convened 11th Annual General Meeting via webcast on 20 May

### 21st

Change of Manager's name to First REIT Management Limited from Bowsprit Capital Corporation Limited

## JUN

### 29th

Served a termination notice to Lippo Karawaci to terminate the development works agreement entered into for the development of the new Siloam Hospitals Surabaya which is no longer progressing due to the road subsidence that took place in December 2018

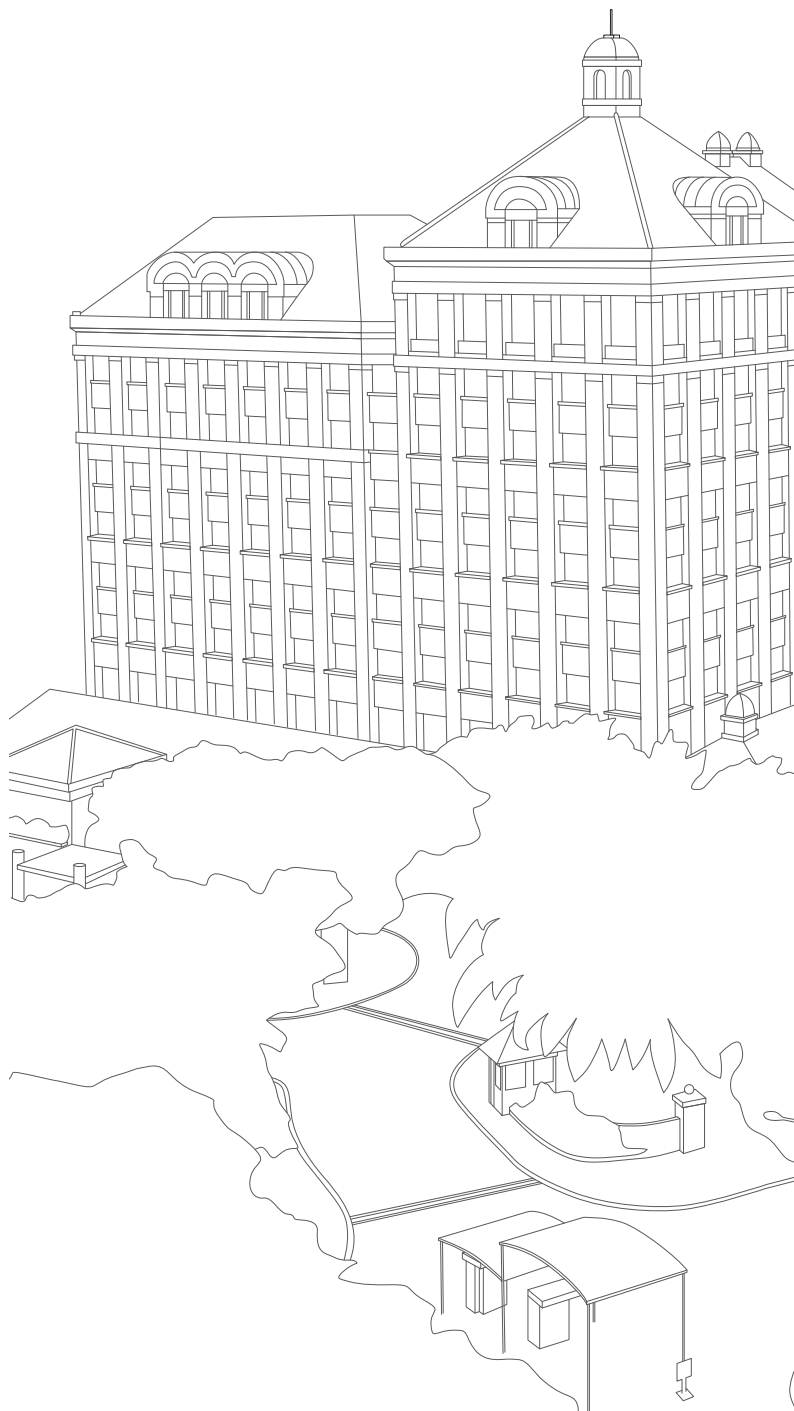
## JUL

### 20th

Announced the provision of two months of (May & June) rental relief to all tenants

### 22nd

Announced 1H 2020 results; declared 2Q 2020 DPU of 0.44 Singapore cents





## AUG

### 26th

Announced the change of address of the registered office

## SEP

### 20th

Received a non-binding rental restructuring proposal from Lippo Karawaci

Set up an independent board committee comprising all independent directors of the Board to consider and evaluate the proposal

### 30th

Appointed Merrill Lynch (Singapore) Pte. Ltd. (BofA Securities) as financial adviser

## OCT

### 22nd

Received a request from MPU for additional rental relief for the second half of 2020, flexibility in the payment of outstanding rents and restructuring of existing MLAs

Announced the provision of another two months of (September & October) rental relief to tenants in Indonesia

## NOV

### 10th

Announced 3Q 2020 business updates; declared 3Q 2020 DPU of 1.01 Singapore cents

### 29th

Announced the proposed restructuring of MLAs of Indonesian hospital assets

## DEC

### 24th

Announced entry into Facility Agreement and disclosure pursuant to Rule 704(31) of the Listing Manual of Singapore Exchange Securities Trading Limited

### 28th

Announced proposed Rights Issue

Announced notice of Extraordinary General Meeting to be held on 19 January 2021

### 31st

Announced the change of company secretary

# OUR NETWORK



## SOUTH KOREA



### Sarang Hospital

A 6-storey hospital, with one basement level, providing rehabilitative treatment and nursing healthcare services in Yeosu City

## SINGAPORE



### Pacific Healthcare Nursing Home @ Bukit Merah

A 4-storey custom-built nursing home with basement carpark and roof terrace

### Pacific Healthcare Nursing Home II @ Bukit Panjang

A 5-storey custom-built nursing home

### The Lentor Residence

A 5-storey custom-built nursing home with comprehensive medical facilities

INDONESIA



**Siloam Hospitals Yogyakarta**

A hospital that is part of a 10-storey integrated development in Yogyakarta

**Siloam Hospitals Buton & Lippo Plaza Buton**

A 3-storey standalone hospital integrated with the only modern mall within Bau Bau City, the main city on Buton Island

**Siloam Hospitals Labuan Bajo**

A 3-storey hospital located in the growing tourism centre of Labuan Bajo, currently the only hospital facility in Labuan Bajo

**Siloam Hospitals Kupang & Lippo Plaza Kupang**

A linked 4-storey hospital with a basement level and a 3-storey mall located in Kupang, the capital city of East Nusa Tenggara

**Siloam Sriwijaya**

A strata-titled 7-storey hospital located in Palembang, the capital city of South Sumatra

**Siloam Hospitals Purwakarta**

A 3-storey and 5-storey adjoining hospital building located in the fast growing city of Purwakarta in West Java

**Siloam Hospitals Bali**

A 4-storey hospital with one basement level, strategically located in the fastest growing area in Bali

**Siloam Hospitals TB Simatupang**

A 16-storey hospital, with two basement levels, located in Cilandak, South Jakarta

**Siloam Hospitals Manado & Hotel Aryaduta Manado**

An 11-storey integrated hospital and hotel with basement level located in Manado City, North Sulawesi

**Siloam Hospitals Makassar**

A 7-storey hospital located in the integrated township of Tanjung Bunga, Makassar City, South Sulawesi

**Mochtar Riady Comprehensive Cancer Centre**

A 29-storey hospital with two basement levels. Indonesia's first private comprehensive cancer treatment centre equipped with state-of-the-art facilities and diagnostic medical technologies, located in Central Jakarta

**Siloam Hospitals Lippo Cikarang**

A 6-storey hospital located in East Jakarta, reputed for its international standards of medical care, with a broad range of general and specialist services

**Siloam Hospitals Lippo Village**

A 10-storey hospital building, and one of the largest private hospitals in the region with a strong brand name for excellent patient care, worldclass Neuroscience and Cardiology specialties and a first-rate Trauma Centre

**Siloam Hospitals Kebon Jeruk**

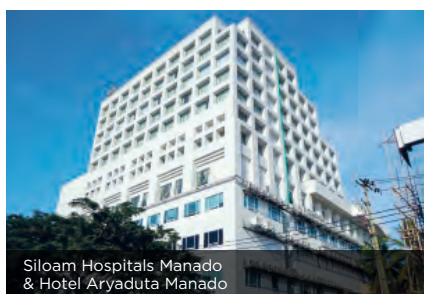
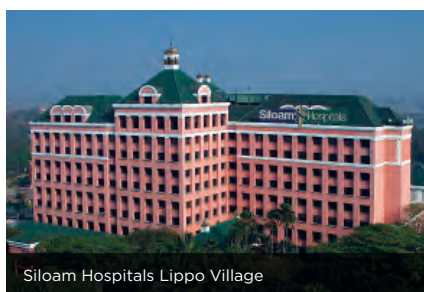
A 6-storey hospital with a 3-storey extension building located in West Jakarta, renowned for its authority in the diagnosis and treatment of disorders of the urinary tract or urogenital system

**Siloam Hospitals Surabaya**

A 5-storey hospital building, and one of the most recognised and highly respected private hospitals in Surabaya, with excellent Trauma Centre facilities

**Imperial Aryaduta Hotel & Country Club**

One of the few 5-star hotels linked with a country club in Jakarta



# PROPERTY OVERVIEW

## SOUTH KOREA



### SARANG HOSPITAL

No. 9 Bongsannam 3rd Street, Yeosu City,  
Jeonranam-Do, South Korea

GROSS FLOOR AREA	FY 2020 ANNUAL RENTAL <sup>(1)</sup>	APPRAISED VALUE <sup>(2)</sup>
<b>4,982</b> sq metres	<b>US\$0.6</b> million	<b>US\$3.1</b> million

Property Type	Hospital
Land Area	2,142 square metres
Beds	217
Established	2010
Lease Term	10 years with option to renew for 10 years
Lease Expiry Date	4 August 2021

## SINGAPORE



### PACIFIC HEALTHCARE NURSING HOME @ BUKIT MERAH

6 Lengkok Bahru, Singapore

GROSS FLOOR AREA	FY 2020 ANNUAL RENTAL <sup>(1)</sup>	APPRAISED VALUE
<b>3,593</b> sq metres	<b>S\$1.0</b> million	<b>S\$9.1</b> million

Property Type	Nursing Home
Land Area	1,984 square metres
Beds	259
Established	2004
Lease Term	10 years
Lease Expiry Date	10 April 2027

#### Note

<sup>(1)</sup> FY 2020 Annual Rental reflects the two-month rental relief for May 2020 and June 2020 provided to all tenants to alleviate the economic distress caused by the COVID-19 pandemic.

<sup>(2)</sup> Based on potential upcoming capital expenditure costs, the Manager has taken a prudent view to mark down the valuation of Sarang Hospital from US\$4.6 million to US\$3.1 million as at 31 December 2020.



SINGAPORE



**PACIFIC HEALTHCARE NURSING HOME II @ BUKIT PANJANG**

21 Senja Road, Singapore

GROSS FLOOR AREA	FY 2020 ANNUAL RENTAL <sup>(1)</sup>	APPRAISED VALUE
<b>3,563</b> sq metres	<b>S\$1.0</b> million	<b>S\$9.4</b> million

Property Type	Nursing Home
Land Area	2,000 square metres
Beds	265
Established	2006
Lease Term	10 years
Lease Expiry Date	10 April 2027



**THE LENTOR RESIDENCE**

51 Lentor Avenue, Singapore

GROSS FLOOR AREA	FY 2020 ANNUAL RENTAL <sup>(1)</sup>	APPRAISED VALUE
<b>4,005</b> sq metres	<b>S\$1.4</b> million	<b>S\$15.3</b> million

Property Type	Nursing Home
Land Area	2,486 square metres
Beds	208
Established	1999 & 2013 (new extension building)
Lease Term	10 years with option to renew for 10 years
Lease Expiry Date	7 June 2027

**Note**

<sup>(1)</sup> FY 2020 Annual Rental reflects the two-month rental relief for May 2020 and June 2020 provided to all tenants to alleviate the economic distress caused by the COVID-19 pandemic.

# PROPERTY OVERVIEW

## INDONESIA



### SILOAM HOSPITALS YOGYAKARTA

Jalan Laksda Adi Sucipto No. 32 - 34,  
Yogyakarta, Indonesia

GROSS FLOOR AREA	FY 2020 ANNUAL RENTAL <sup>(1)</sup>	APPRAISED VALUE
<b>12,474</b> sq metres	<b>S\$1.6</b> million	<b>S\$20.1</b> million

Property Type	Hospital
Centre of Excellence	Neuroscience and Cardiology
Land Area	13,715 square metres
Beds	249
Established	2015
Lease Term	15 years with option to renew for 15 years
Lease Expiry Date <sup>(2)</sup>	31 December 2035



### SILOAM HOSPITALS BUTON & LIPPO PLAZA BUTON

Jalan Sultan Hasanuddin No. 50, 52, 54, 58,  
Bau Bau, Sulawesi Tenggara, Indonesia

GROSS FLOOR AREA	FY 2020 ANNUAL RENTAL <sup>(1)</sup>	APPRAISED VALUE
<b>21,934</b> sq metres	<b>S\$1.9</b> million	<b>S\$24.9</b> million

Property Type	Integrated Hospital & Mall
Centre of Excellence (Hospital Only)	Emergency & Trauma
Land Area	21,874 square metres
Beds	140
Established	2016
Lease Term	15 years with option to renew for 15 years
Lease Expiry Date <sup>(2)</sup>	Siloam Hospitals Buton - 31 December 2035 Lippo Plaza Buton - 9 October 2032

#### Note

<sup>(1)</sup> FY 2020 Annual Rental reflects the two-month rental relief for May 2020 and June 2020 provided to all tenants and an additional two-month rental relief for September 2020 and October 2020 extended to Indonesia tenants to alleviate the economic distress caused by the COVID-19 pandemic.

<sup>(2)</sup> The Lease Expiry Date for the Affected Properties will be 31 December 2035, following the MLA Restructuring Exercise.

INDONESIA



**SILOAM HOSPITALS LABUAN BAJO**

Jl. Gabriel Gampur, Labuan Bajo,  
East Nusa Tenggara, Indonesia

GROSS FLOOR AREA	FY 2020 ANNUAL RENTAL <sup>(1)</sup>	APPRAISED VALUE
<b>7,604</b> sq metres	<b>S\$1.2</b> million	<b>S\$11.2</b> million

Property Type	Hospital
Centre of Excellence	Emergency Medicine, Internal Medicine & Neuroscience
Land Area	2,837 square metres
Beds	124
Established	2015
Lease Term	15 years with option to renew for 15 years
Lease Expiry Date <sup>(2)</sup>	31 December 2035



**SILOAM HOSPITALS KUPANG & LIPPO PLAZA KUPANG**

Jalan Veteran No. 4, Arena Pameran Fatululi,  
Kupang, East Nusa Tenggara, Indonesia

GROSS FLOOR AREA	FY 2020 ANNUAL RENTAL <sup>(1)</sup>	APPRAISED VALUE
<b>55,368</b> sq metres	<b>S\$4.7</b> million	<b>S\$53.5</b> million

Property Type	Integrated Hospital & Mall
Centre of Excellence (Hospital Only)	Emergency & Trauma, Obstetrics, Gynaecology & Paediatrics
Land Area	66,060 square metres
Beds (Hospital Only)	416
Established	2014
Lease Term	15 years with option to renew for 15 years
Lease Expiry Date <sup>(2)(3)</sup>	Siloam Hospitals Kupang - 13 December 2030 Lippo Plaza Kupang - 13 December 2030

**Note**

<sup>(1)</sup> FY 2020 Annual Rental reflects the two-month rental relief for May 2020 and June 2020 provided to all tenants and an additional two-month rental relief for September 2020 and October 2020 extended to Indonesia tenants to alleviate the economic distress caused by the COVID-19 pandemic.

<sup>(2)</sup> The Lease Expiry Date for the Affected Properties will be 31 December 2035, following the MLA Restructuring Exercise.

<sup>(3)</sup> With reference to the announcement "Restructuring of Master Leases" dated on 29 November 2020, the process of restructuring the MLA of Siloam Hospitals Kupang is ongoing and will conclude in due course.

# PROPERTY OVERVIEW

INDONESIA		
		
<b>SILOAM SRIWIJAYA</b> Jalan POM IX, Komplek Palembang Square, Palembang, South Sumatra, Indonesia		
<b>GROSS FLOOR AREA</b> <b>15,709</b> <small>sq metres</small>	<b>FY 2020 ANNUAL RENTAL<sup>(1)</sup></b> <b>S\$2.6</b> <small>million</small>	<b>APPRAISED VALUE</b> <b>S\$24.7</b> <small>million</small>
Property Type	Hospital	
Centre of Excellence	Emergency & Trauma, Gastroenterology	
Beds	357	
Established	2012	
Lease Term	15 years with option to renew for 15 years	
Lease Expiry Date <sup>(2)(3)</sup>	28 December 2029	

		
<b>SILOAM HOSPITALS PURWAKARTA</b> Jalan Raya Bungursari No. 1, Purwakarta, West Java, Indonesia		
<b>GROSS FLOOR AREA</b> <b>8,254</b> <small>sq metres</small>	<b>FY 2020 ANNUAL RENTAL<sup>(1)</sup></b> <b>S\$2.3</b> <small>million</small>	<b>APPRAISED VALUE</b> <b>S\$22.9</b> <small>million</small>
Property Type	Hospital	
Centre of Excellence	Emergency & Trauma	
Land Area	7,990 square metres	
Beds	235	
Established	2005 & 2008	
Lease Term	15 years with option to renew for 15 years	
Lease Expiry Date <sup>(2)(3)</sup>	27 May 2029	

## Note

<sup>(1)</sup> FY 2020 Annual Rental reflects the two-month rental relief for May 2020 and June 2020 provided to all tenants and an additional two-month rental relief for September 2020 and October 2020 extended to Indonesia tenants to alleviate the economic distress caused by the COVID-19 pandemic.

<sup>(2)</sup> The Lease Expiry Date for the Affected Properties will be 31 December 2035, following the MLA Restructuring Exercise.

<sup>(3)</sup> With reference to the announcement "Restructuring of Master Leases" dated on 29 November 2020, the process of restructuring the MLAs of Siloam Sriwijaya and Siloam Hospitals Purwakarta is ongoing and will conclude in due course.

INDONESIA



**SILOAM HOSPITALS BALI**

Jalan Sunset Road No. 818, Kuta, Badung, Bali, Indonesia

GROSS FLOOR AREA	FY 2020 ANNUAL RENTAL <sup>(1)</sup>	APPRAISED VALUE
<b>20,958</b> sq metres	<b>S\$6.7</b> million	<b>S\$63.0</b> million

Property Type	Hospital
Centre of Excellence	Cardiology, Emergency & Trauma, Orthopaedics
Land Area	9,025 square metres
Beds	281
Established	2012
Lease Term	15 years with option to renew for 15 years
Lease Expiry Date <sup>(2)</sup>	31 December 2035



**SILOAM HOSPITALS TB SIMATUPANG**

Jalan Letjend. TB Simatupang, Jalan R.A. Kartini No. 8, Cilandak, South Jakarta, Indonesia

GROSS FLOOR AREA	FY 2020 ANNUAL RENTAL <sup>(1)</sup>	APPRAISED VALUE
<b>18,605</b> sq metres	<b>S\$6.4</b> million	<b>S\$41.9</b> million

Property Type	Hospital
Centre of Excellence	Cardiology, Emergency & Trauma, Neuroscience, Oncology
Land Area	2,489 square metres
Beds	269
Established	2013
Lease Term	15 years with option to renew for 15 years
Lease Expiry Date <sup>(2)</sup>	31 December 2035

**Note**

<sup>(1)</sup> FY 2020 Annual Rental reflects the two-month rental relief for May 2020 and June 2020 provided to all tenants and an additional two-month rental relief for September 2020 and October 2020 extended to Indonesia tenants to alleviate the economic distress caused by the COVID-19 pandemic.

<sup>(2)</sup> The Lease Expiry Date for the Affected Properties will be 31 December 2035, following the MLA Restructuring Exercise.

# PROPERTY OVERVIEW

## INDONESIA



### SILOAM HOSPITALS MANADO & HOTEL ARYADUTA MANADO

Jalan Sam Ratulangi No. 22 Komplek Boulevard Center, and Jalan Piere Tendean No. 1, Manado, North Sulawesi, Indonesia

GROSS FLOOR AREA	FY 2020 ANNUAL RENTAL <sup>(1)</sup>	APPRAISED VALUE
<b>36,051</b> sq metres	<b>S\$5.8</b> million	<b>S\$77.5</b> million

Property Type	Integrated Hospital & Hotel
Centre of Excellence (Hospital Only)	Emergency & Trauma
Land Area	5,518 square metres
Beds / Rooms	238 beds / 200 rooms
Established	2011
Lease Term	15 years with option to renew for 15 years
Lease Expiry Date <sup>(2)</sup>	Siloam Hospitals Manado - 31 December 2035 Hotel Aryaduta Manado - 29 November 2027



### SILOAM HOSPITALS MAKASSAR

Jalan Metro Tanjung Bunga Kav 3 - 5, Makassar City, South Sulawesi, Indonesia

GROSS FLOOR AREA	FY 2020 ANNUAL RENTAL <sup>(1)</sup>	APPRAISED VALUE
<b>14,307</b> sq metres	<b>S\$4.0</b> million	<b>S\$66.0</b> million

Property Type	Hospital
Centre of Excellence	Cardiology, Emergency & Trauma, Endocrinology
Land Area	3,963 square metres
Beds	362
Established	2012
Lease Term	15 years with option to renew for 15 years
Lease Expiry Date <sup>(2)</sup>	31 December 2035

#### Note

<sup>(1)</sup> FY 2020 Annual Rental reflects the two-month rental relief for May 2020 and June 2020 provided to all tenants and an additional two-month rental relief for September 2020 and October 2020 extended to Indonesia tenants to alleviate the economic distress caused by the COVID-19 pandemic.

<sup>(2)</sup> The Lease Expiry Date for the Affected Properties will be 31 December 2035, following the MLA Restructuring Exercise.

INDONESIA



**MOCHTAR RIADY COMPREHENSIVE  
CANCER CENTRE**

Jalan Garnisun Dalam No. 2-3, Semanggi,  
Central Jakarta, Indonesia

GROSS FLOOR AREA	FY 2020 ANNUAL RENTAL <sup>(1)</sup>	APPRAISED VALUE
<b>37,933</b> sq metres	<b>S\$14.3</b> million	<b>S\$126.9</b> million

Property Type	Hospital
Centre of Excellence	Emergency & Trauma, Gastroenterology, Oncology
Land Area	4,145 square metres
Beds	334
Established	2010
Lease Term	15 years with option to renew for 15 years
Lease Expiry Date <sup>(2)</sup>	31 December 2035



**SILOAM HOSPITALS  
LIPPO CIKARANG**

Jalan Mohammad Husni Thamrin Kav.105,  
Lippo Cikarang, Bekasi, Indonesia

GROSS FLOOR AREA	FY 2020 ANNUAL RENTAL <sup>(1)</sup>	APPRAISED VALUE
<b>13,256</b> sq metres	<b>S\$2.9</b> million	<b>S\$49.8</b> million

Property Type	Hospital
Centre of Excellence	Emergency & Trauma, Internal Medicine, Urology
Land Area	9,900 square metres
Beds	164
Established	2002
Lease Term	15 years with option to renew for 15 years
Lease Expiry Date	30 December 2025

**Note**

<sup>(1)</sup> FY 2020 Annual Rental reflects the two-month rental relief for May 2020 and June 2020 provided to all tenants and an additional two-month rental relief for September 2020 and October 2020 extended to Indonesia tenants to alleviate the economic distress caused by the COVID-19 pandemic.

<sup>(2)</sup> The Lease Expiry Date for the Affected Properties will be 31 December 2035, following the MLA Restructuring Exercise.

# PROPERTY OVERVIEW



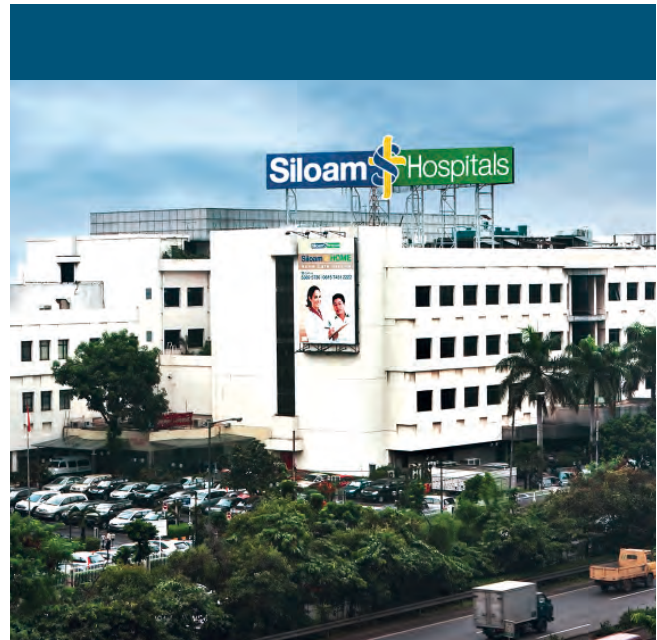
INDONESIA

## SILOAM HOSPITALS LIPPO VILLAGE

Jalan Siloam No. 6 Lippo Karawaci 1600,  
Tangerang, Banten, Indonesia

GROSS FLOOR AREA	FY 2020 ANNUAL RENTAL <sup>(1)</sup>	APPRAISED VALUE
<b>32,696</b> sq metres	<b>S\$10.0</b> million	<b>S\$164.0</b> million

Property Type	Hospital
Centre of Excellence	Cardiology, Emergency & Trauma, Neuroscience, Orthopaedics
Land Area	17,442 square metres
Beds	308
Established	1995
Lease Term	15 years with option to renew for 15 years
Lease Expiry Date <sup>(2)</sup>	31 December 2035



## SILOAM HOSPITALS KEBON JERUK

Jalan Raya Perjuangan Kav. 8, Kebon Jeruk,  
West Jakarta, Indonesia

GROSS FLOOR AREA	FY 2020 ANNUAL RENTAL <sup>(1)</sup>	APPRAISED VALUE
<b>20,268</b> sq metres	<b>S\$5.7</b> million	<b>S\$73.8</b> million

Property Type	Hospital
Centre of Excellence	Cardiology, Emergency & Trauma, Orthopaedics, Urology
Land Area	11,420 square metres
Beds	285
Established	1991
Lease Term	15 years with option to renew for 15 years
Lease Expiry Date <sup>(2)</sup>	31 December 2035

### Note

<sup>(1)</sup> FY 2020 Annual Rental reflects the two-month rental relief for May 2020 and June 2020 provided to all tenants and an additional two-month rental relief for September 2020 and October 2020 extended to Indonesia tenants to alleviate the economic distress caused by the COVID-19 pandemic.

<sup>(2)</sup> The Lease Expiry Date for the Affected Properties will be 31 December 2035, following the MLA Restructuring Exercise.



INDONESIA



**SILOAM HOSPITALS SURABAYA**

Jalan Raya Gubeng No. 70, Gubeng Surabaya,  
East Java, Indonesia

<b>GROSS FLOOR AREA</b>	<b>FY 2020 ANNUAL RENTAL<sup>(1)</sup></b>	<b>APPRAISED VALUE</b>
<b>9,065</b>	<b>S\$2.2</b>	<b>S\$40.3</b>
sq metres	million	million

Property Type	Hospital
Centre of Excellence	Cardiology, Emergency & Trauma
Land Area	4,306 square metres
Beds	162
Established	1977
Lease Term	15 years with option to renew for 15 years
Lease Expiry Date <sup>(2)</sup>	31 December 2035



**IMPERIAL ARYADUTA HOTEL & COUNTRY CLUB**

Jalan Boulevard Jendral Sudirman Kav. 401,  
Lippo Village 1300, Tangerang, Banten, Indonesia

<b>GROSS FLOOR AREA</b>	<b>FY 2020 ANNUAL RENTAL<sup>(1)</sup></b>	<b>APPRAISED VALUE</b>
<b>17,926</b>	<b>S\$2.8</b>	<b>S\$41.4</b>
sq metres	million	million

Property Type	Hotel & Country Club
Land Area	54,410 square metres
Beds	190
Established	1994
Lease Term	15 years with option to renew for 15 years
Lease Expiry Date	10 December 2021

**Note**

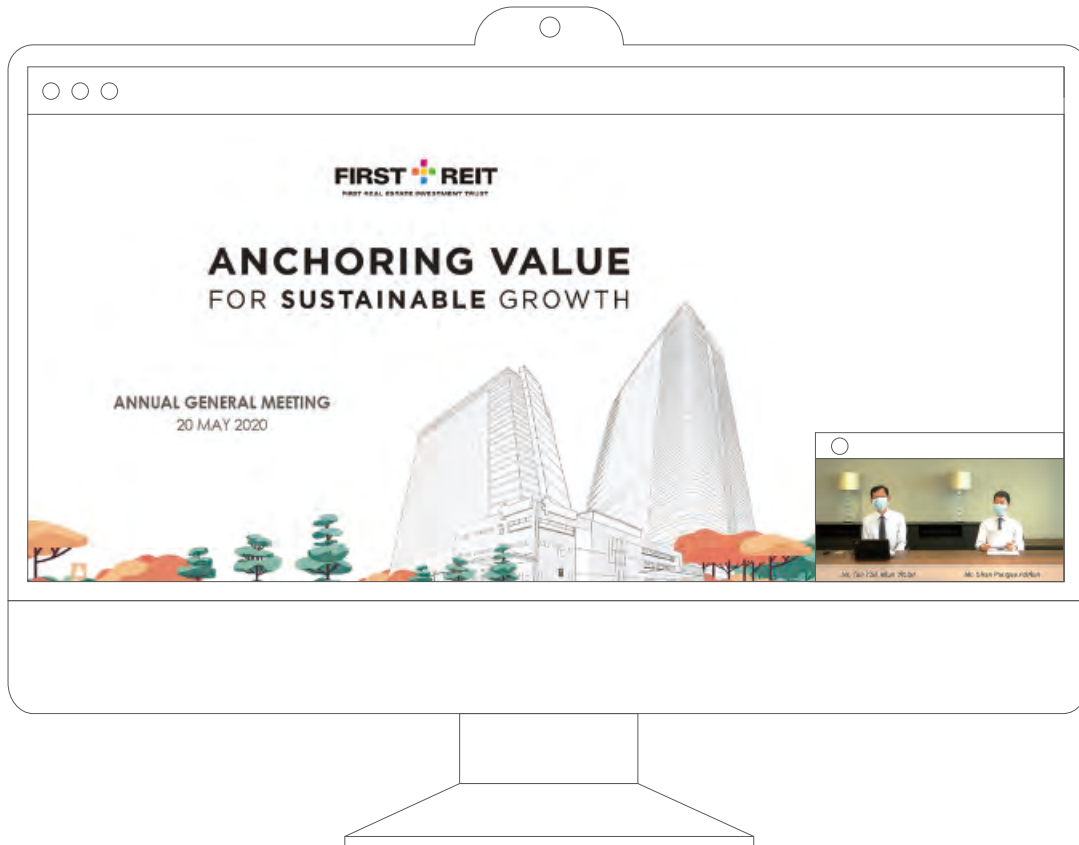
<sup>(1)</sup> FY 2020 Annual Rental reflects the two-month rental relief for May 2020 and June 2020 provided to all tenants and an additional two-month rental relief for September 2020 and October 2020 extended to Indonesia tenants to alleviate the economic distress caused by the COVID-19 pandemic.

<sup>(2)</sup> The Lease Expiry Date for the Affected Properties will be 31 December 2035, following the MLA Restructuring Exercise.

The valuations for the Indonesia properties were conducted by Cushman & Wakefield VHS Pte. Ltd. in conjunction with KJPP Firman Suryantoro Sugeng Suzy Hartomo & Rekan and KJPP Willson dan Rekan in association with Knight Frank. The valuations of the Singapore properties were conducted by Savills Valuation and Professional Services (S) Pte Ltd. The valuation of the South Korea property was conducted by Colliers International (Hong Kong) Limited.

The valuations of the respective properties were conducted as at 31 December 2020.

# INVESTOR RELATIONS



## OPEN, TIMELY AND ACCURATE COMMUNICATIONS

First REIT is guided by the principles of transparency, timeliness and accuracy in its Investor Relations (“IR”) strategy and activities. We are committed to maintaining open and transparent communications with all our Unitholders and the investment community. We ensure that all latest developments are disclosed to our stakeholders in an accurate and comprehensive manner.

All material information, corporate updates and quarterly business/financial results are posted in a timely manner on SGXNet as well as on our corporate website ([www.first-reit.com](http://www.first-reit.com)). Together with other materials like press releases and investor presentations, our corporate website is a key resource for stakeholders looking for regularly updated corporate, operational and financial information.

Following the amendments to the listing rules of the Singapore Exchange Securities Trading Limited, the Trust has adopted semi-annual reporting of its financial results with effect from FY 2020.

## ENGAGEMENT WITH INVESTORS AND ANALYSTS

First REIT engages actively with both institutional and retail investors through various touchpoints. With the institutional investors, our management team connects with them through one-on-one meetings, conference calls as well as well investor conferences and roadshows via webcasts and online meeting platforms in line with social distancing restrictions due to COVID-19.

Every year, research and fixed-income analysts are invited to First REIT’s half-year and full-year results briefings where they can discuss the Trust’s performance with the management team. Site visits are also organised periodically for analysts to visit First REIT’s hospitals in Indonesia. Currently, First REIT is covered by CGS-CIMB Research.

First REIT was a member with REIT Association of Singapore (“REITAS”) for FY 2020 and has renewed its membership for FY 2021 and will continue to reach out to more investors through events organised by REITAS.

In FY 2020, First REIT organised or participated in the following results briefings, conferences and non-deal roadshows via webcasts or online platforms:

Singapore		
Date	Event	Organiser
January	4Q 2019 Results Briefing	First REIT
July	2Q 2020 Results Briefing	First REIT
November	Master Lease Agreements Restructuring Briefing	First REIT
December	Proposed Rights Issue Briefing	First REIT

## COMMUNICATIONS TOUCH POINTS

For all IR queries, we have a dedicated IR contact email address - [ir@first-reit.com](mailto:ir@first-reit.com) and we make it a point to address all queries channelled to this email in a timely manner.

## FINANCIAL CALENDAR

Event		
Date	FY 2020	FY 2021 (Tentative)*
First Quarter Business Updates Announcement	6 May 2020	May 2021
Payment of First Quarter Distribution to Unitholders	18 June 2020	June 2021
Second Quarter Financial Results Announcement	22 July 2020	July 2021
Payment of Second Quarter Distribution to Unitholders	25 September 2020	September 2021
Third Quarter Business Updates Announcement	10 November 2020	November 2021
Payment of Third Quarter Distribution to Unitholders	23 December 2020	December 2020
Fourth Quarter Financial Results Announcement	14 January 2021	January 2022
Payment of Fourth Quarter Distribution to Unitholders	24 March 2021	March 2022
Annual General Meeting	27 April 2021	April 2022

### Note

\* Dates are indicative and subject to change.

# SUMMARY OF MLA RESTRUCTURING

## RESTRUCTURING OF MASTER LEASE AGREEMENTS (MLAS)

The restructured MLAs for the 11 hospitals that First REIT has leased to either Lippo Karawaci or Lippo Karawaci and certain subsidiaries of Siloam (the “**Affected LPKR Properties**”) will take effect from 1 January 2021. The process of restructuring the MLAs for the three hospitals leased to MPU is ongoing and will conclude in due course.

Accordingly, on 11 March 2021, the Manager announced that in respect of Siloam Hospitals Lippo Village, Siloam Hospitals Kebon Jeruk, Siloam Hospitals Surabaya, 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 Buton and Siloam Hospitals Yogyakarta.

The lease expiry under the restructured LPKR MLAs for the Affected LPKR Properties is 31 December 2035 and its remaining tenure as at 1 January 2021 is 15 years.

There were no material delays in the receipt of the rental payments by the master lessees of the Affected LPKR Properties in FY 2020. The financial institutions providing the bank guarantees for the restructured MLAs for the Affected LPKR Properties are PT Bank CIMB Niaga Tbk<sup>(1)</sup> and PT Bank BNP Paribas Indonesia<sup>(2)(3)</sup>. There were no drawdowns on the bank guarantees in FY 2020.

## SUMMARY OF KEY CHANGES TO RESTRUCTURED MLA TERMS

Categories	Former MLA Terms of Affected LPKR Properties	New Restructured MLA Terms of Affected LPKR Properties
<b>Currency</b>	Singapore Dollar	Indonesia Rupiah
<b>Base Rent Escalation</b>	2 times of Singapore’s consumer price index increase for the preceding calendar year (with a floor of 0% and capped at 2%)	4.5% fixed annual escalation
<b>Variable Rent</b>	Variable rent factor from 0% to 2% applied to a function of the gross operating revenue(s) (“ <b>GOR</b> ”) of the respective properties	N.A.
<b>Performance-Based Rent</b>	N.A.	8.0% of preceding financial year hospital GOR respectively
<b>Total Rent Payable</b>	Aggregate of Base Rent and Variable Rent	Higher of Base Rent or Performance-Based Rent
<b>Lease Commencement</b>	11 December 2006	1 January 2021
<b>Tenure</b>	15 years with an option to renew for a further 15 years	15 years with an option to renew for a further 15 years
<b>Security Deposit</b>	6 months	8 months

## RATIONALE FOR THE RESTRUCTURING

- More sustainable in the long run and avoid the adverse consequence of a default by the lessees under the former MLAs' terms which could result in the termination of the former MLAs
- Avoids the time, costs and complications of enforcing legal rights in Indonesia
- Facilitates debt financing and refinancing of existing debt obligations
- Takes into account the changed economic environment in Indonesia due to the COVID-19 pandemic
- Provides clarity on asset valuations and cash flows
- Extends First REIT's weighted average lease expiry of its portfolio
- Provides for sustainable and stable long-term master lease structure with regular fixed increment and potential additional upside
- Preserves long-term value for Unitholders by maintaining the current ecosystem of existing tenants and operators for the respective hospitals



Siloam Hospitals Makassar

### Note

- <sup>(1)</sup> The ratings for PT Bank CIMB Niaga Tbk can be found here:  
[https://investor.cimbniaga.co.id/credit\\_rating.html](https://investor.cimbniaga.co.id/credit_rating.html)
- <sup>(2)</sup> The ratings for PT Bank BNP Paribas Indonesia conducted by Pefindo can be found here:  
<https://www.pefindo.com/pageman/page/searchresult.php?search=bnp+paribas>
- <sup>(3)</sup> The ratings for BNP Paribas group can be found here:  
<https://invest.bnpparibas.com/en/debt-ratings>

# SUSTAINABILITY REPORT

## BOARD STATEMENT

With great pleasure, 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**”), presents First REIT’s fourth sustainability report.

Since the Trust started its annual sustainability reporting cycle in 2017, it has remained committed to sustainability and improving the framework for reporting on its Economic, Social and Governance (“**ESG**”) impacts.

2020 was a year of disruption and change that has compelled the Trust to re-examine its relationship with its diverse group of stakeholders and reassess its impact and value-add in relation to them. The resulting impact of the COVID-19 pandemic has afflicted the operating environment of the Trust and brought unforeseen challenges to its stakeholders.

On the immediate front, hospital operations had to align to and fulfil all precautionary measures enforced by the local authorities, as well as step up additional measures to protect the health and safety of all its visitors, patients and staff. The pandemic has also inadvertently shifted priorities among stakeholders. As a reflection of these concerns, pandemic-related support has been added as a material topic in this report.

On a global scale, issues like diversity and equality continue to resonate with people and organisations, and events that happened during the year brought more urgency to these issues. As a responsible corporate citizen, creating a fair and ethical organisation with equal opportunities and caring for the community will continue to be a guiding vision in the way First REIT operates. During the year, we made a S\$2,000 donation to Xin Yuan Community Care to support the needy elderly and underprivileged children.

Despite the pandemic-related challenges that have emerged in 2020, the urgency of ‘climate change’ agenda has not diminished. Many countries and organisations have continued to make climate change commitments such as achieving carbon neutrality. First REIT has continued to push along this front in the past year at both the Manager and Trust levels.

In terms of economic impact, as disclosed, the Trust had been facing challenges in the sustainability of its existing master lease arrangements and income due to the financial difficulties faced by its major tenant PT Lippo Karawaci Tbk (“**Lippo Karawaci**”). The master lease restructuring, approved by Unitholders in January 2021, serves as a viable solution to creating a sustainable and stable long-term master lease structure that will form the foundation to deliver long-term returns with potential upside sharing for Unitholders.

This year, we have also started aligning our material topics to relevant United Nations Sustainability Development Goals as a way of raising awareness of the larger macro issues and context framing our sustainability efforts. It also ensures that the actions we have taken in reducing our ESG impacts dovetail with global sustainability goals and what the world needs most.

Sustainability reporting is becoming increasingly ingrained into the corporate framework with more stakeholders paying attention to the ESG impacts generated by companies. As of 2020, 96% of the world’s largest 250 companies report on their sustainability performance<sup>(1)</sup>. Also in the same year, the Monetary Authority of Singapore (“**MAS**”) issued its Guidelines on Environmental Risk Management, which are applicable to financial institutions including companies in real estate investment trust management. The guidelines are intended to enhance the integration of environmental risk considerations in financing and investment decisions and promote new opportunities for green financing.

In a year marked by change and disruption, the Trust has had an opportunity to re-engage with all its key stakeholders, understand its key impacts and seek ways to reduce these impacts, while enhancing its relationships with these stakeholders. With a closer understanding of our mutual goals, we look forward to a more meaningful and rewarding year with our stakeholders.

### Note

<sup>(1)</sup> The KPMG Survey of Sustainability Reporting 2020

## ABOUT THIS REPORT

### Scope of the report

First Real Estate Investment Trust (“**First REIT**” or the “**Trust**”) is a real estate investment trust and is managed by First REIT Management Limited (in its capacity as manager of First REIT) (the “**Manager**”). This report accounts for the Environmental, Social and Governance (“**ESG**”) impacts generated from both the Trust and the Manager.

### Reporting Framework

This report has been prepared in compliance with the requirements of Singapore Exchange Securities Trading Limited (“**SGX-ST**”) Listing Rules 711A and 711B. It is also prepared in accordance with the Global Reporting Initiative (“**GRI**”) Standards, the international standard for sustainability reporting established by GRI in 2016. It fulfils the requirements for a Core report, which includes minimum information needed to understand the nature of the organisation, its material topics, their related impacts, and how these are managed.

The content of this report was defined by the four reporting principles established by GRI Standards: (1) Stakeholder Inclusiveness; (2) Sustainability Context; (3) Materiality; and (4) Completeness. These principles were then related to the Manager’s performance, initiatives, and impact of its operations with reference to the ESG criteria from 1 January 2020 to 31 December 2020.

The Stakeholder Inclusiveness principle was addressed in the first section of the report, where stakeholders of the Trust are identified, stakeholder engagements at varying levels are described, findings from the internal discussions led by the Manager were tabulated and a commitment to sustainability was presented.

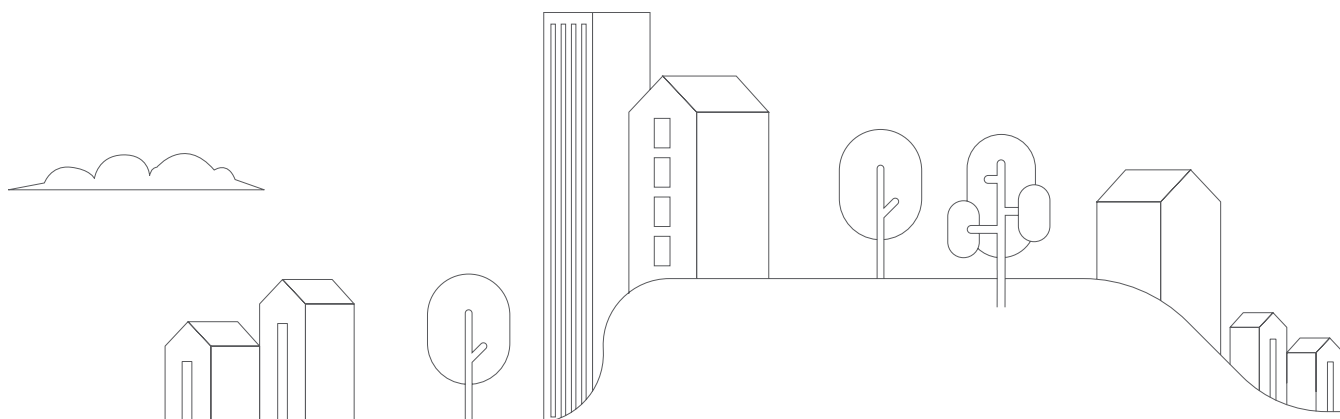
Next, Sustainability Context, Materiality and Completeness as key principles were concurrently addressed in a Materiality Matrix, where material topics were weighed according to their respective importance to stakeholders, as well as their economic, environmental and social impact to the Trust’s business.

This combined assessment allows the Trust and its Manager to identify and agree upon the appropriate material ESG aspects of the business, in fulfilment of the Completeness principle.

This report is developed with reference to the primary components set in the SGX-ST Listing Rule 711B on a ‘comply or explain’ basis. Unless otherwise stated, the report covers the ESG performance of the Trust across its core operations.



### Report Content and Quality

This report aims to provide an integrated overview of the Trust and its Manager’s initiatives and strategies related to sustainability and responsible business development. Through these actions, we aim to address the key concerns and issues that our stakeholders face.



# SUSTAINABILITY REPORT

In ensuring content quality, we have applied GRI’s principles for defining report quality as follows:




 <p><b>Accuracy</b> We have prepared quantitative and qualitative information to a sufficient level of accuracy and detail to allow stakeholders to assess our performance.</p>	 <p><b>Balance</b> We aim to provide an unbiased picture of our performance, reflecting both positive and negative aspects and distinguishing fact from interpretation, to attain a fair assessment.</p>
 <p><b>Clarity</b> We have presented the information in a way that is understandable, accessible, and usable by all our stakeholders, across all media, in print and online.</p>	 <p><b>Comparability</b> We aim to present our information in a manner that enables stakeholders to compare our performance against our objectives, past performance and those of our industry peers.</p>
 <p><b>Reliability</b> Veracity of the report is of paramount importance and we have ensured that the information and processes involved in the preparation of the report have been gathered, compiled, processed in a trustworthy manner, which can be subject to verification.</p>	 <p><b>Timeliness</b> We produce our report on an annual basis at a regular timing to enable our stakeholders to understand our impact in adequate time proximity and make effective decisions.</p>

All the data presented in the report are presented in internationally accepted measurement units. Financial figures are presented in Singapore dollar unless otherwise stated.

**Availability**

The Manager welcomes stakeholders to submit their questions or feedback on any aspect of our sustainability performance to [ir@first-reit.com](mailto:ir@first-reit.com).

### FY 2020 PERFORMANCE HIGHLIGHTS

 <p><b>Economic</b></p> <table border="1" style="width: 100%; border-collapse: collapse;"> <tr> <td style="background-color: #e0e0e0;"><b>Rental &amp; Other Income</b></td> <td>\$S\$79.6 million</td> </tr> <tr> <td style="background-color: #e0e0e0;"><b>Net Property &amp; Other Income</b></td> <td>\$S\$77.5 million</td> </tr> <tr> <td style="background-color: #e0e0e0;"><b>DPU</b></td> <td>4.15 Singapore cents</td> </tr> <tr> <td style="background-color: #e0e0e0;"><b>Assets-Under-Management</b></td> <td>\$S\$939.7 million</td> </tr> </table>	<b>Rental &amp; Other Income</b>	\$S\$79.6 million	<b>Net Property &amp; Other Income</b>	\$S\$77.5 million	<b>DPU</b>	4.15 Singapore cents	<b>Assets-Under-Management</b>	\$S\$939.7 million	 <p><b>Social</b></p> <table border="1" style="width: 100%; border-collapse: collapse;"> <tr> <td style="background-color: #e0e0e0;"><b>Employee Attraction and Retention</b></td> <td> <ul style="list-style-type: none"> <li>100% staff retention rate</li> <li>43% of the employees have been with the manager for more than 7 years</li> <li>Average tenure of the employees: 6.7 years</li> </ul> </td> </tr> <tr> <td style="background-color: #e0e0e0;"><b>Training and Development</b></td> <td> <ul style="list-style-type: none"> <li>Average hours of training per employee in 2020: 24.2 hours</li> </ul> </td> </tr> </table>	<b>Employee Attraction and Retention</b>	<ul style="list-style-type: none"> <li>100% staff retention rate</li> <li>43% of the employees have been with the manager for more than 7 years</li> <li>Average tenure of the employees: 6.7 years</li> </ul>	<b>Training and Development</b>	<ul style="list-style-type: none"> <li>Average hours of training per employee in 2020: 24.2 hours</li> </ul>	 <p><b>Environmental</b></p> <table border="1" style="width: 100%; border-collapse: collapse;"> <tr> <td style="background-color: #e0e0e0;"><b>Reduction in Annual Report printing</b></td> <td> <ul style="list-style-type: none"> <li>FY 2020:                             <ul style="list-style-type: none"> <li>- 14,213<sup>(1)</sup> unitholders</li> <li>- 50 copies of annual report printed</li> </ul> </li> <li>FY 2019:                             <ul style="list-style-type: none"> <li>- 13,913 unitholders</li> <li>- 500 copies of annual report printed</li> </ul> </li> <li>FY 2018:                             <ul style="list-style-type: none"> <li>- 10,261 unitholders</li> <li>- 400 copies of annual report printed</li> </ul> </li> </ul> </td> </tr> </table> <p><b>Note</b> <sup>(1)</sup> As at 15 March 2021</p>	<b>Reduction in Annual Report printing</b>	<ul style="list-style-type: none"> <li>FY 2020:                             <ul style="list-style-type: none"> <li>- 14,213<sup>(1)</sup> unitholders</li> <li>- 50 copies of annual report printed</li> </ul> </li> <li>FY 2019:                             <ul style="list-style-type: none"> <li>- 13,913 unitholders</li> <li>- 500 copies of annual report printed</li> </ul> </li> <li>FY 2018:                             <ul style="list-style-type: none"> <li>- 10,261 unitholders</li> <li>- 400 copies of annual report printed</li> </ul> </li> </ul>
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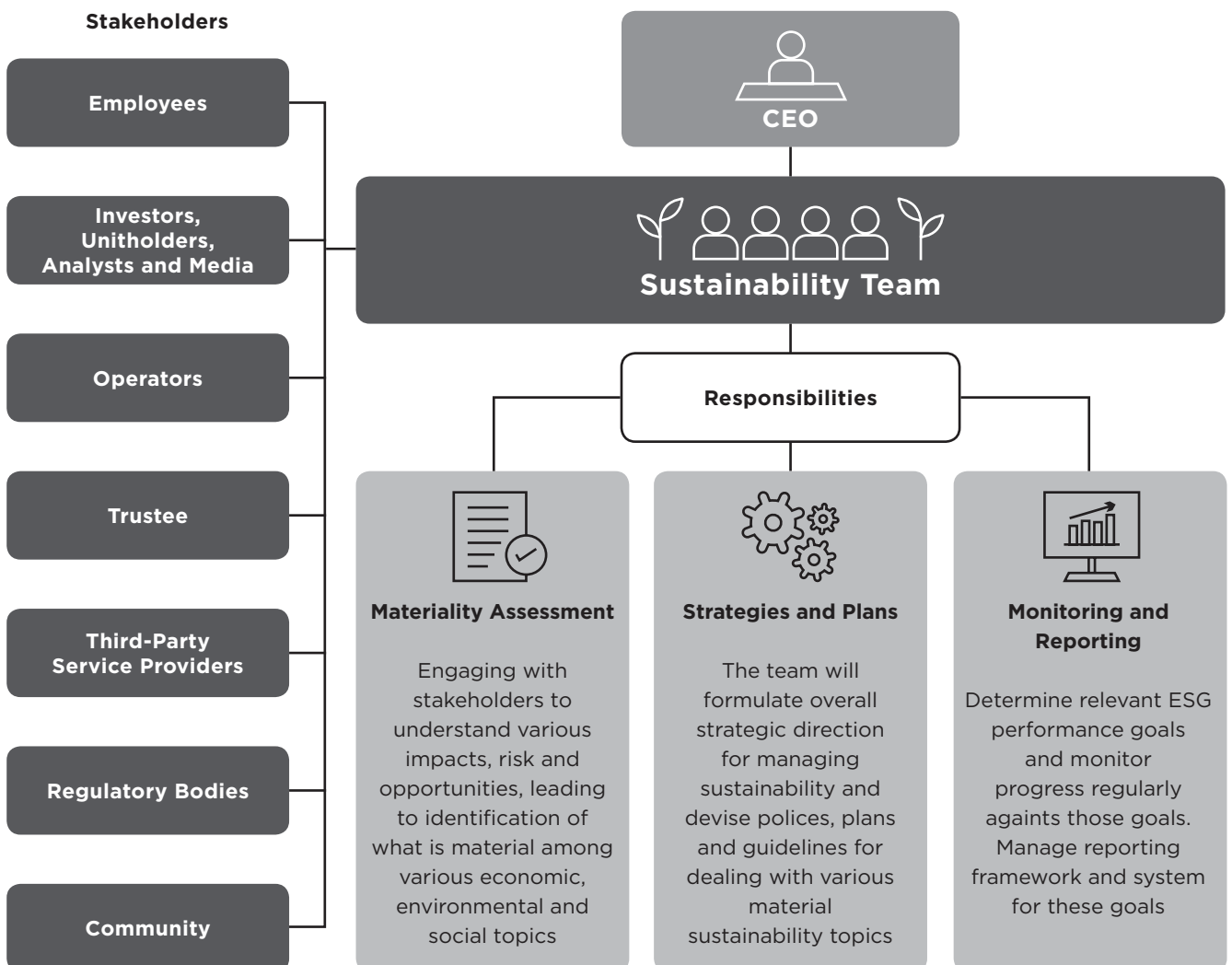
## THE SUSTAINABILITY TEAM AT FIRST REIT

Sustainability initiatives at First REIT are governed and managed by a team of representatives from various departments of the Manager including Asset Management, Investor Relations, Finance and Compliance, bringing with them a diverse range of competencies to manage various environmental, social and governance issues. The Chief Executive Officer (“CEO”) of the Manager chairs the team and give the final approval for various initiatives and reports relating to sustainability. The team was formed in 2017 and the same members have remained on the team over the years.

The team is committed to the mission of driving First REIT’s continuous transition into becoming a more sustainable organisation through the designing, implementing, managing and monitoring of policies and practices with an aim to optimise economic, environmental, and social impact from the Trust’s business.

The table below summarises the organisational structure and responsibilities of the Sustainability Team.

### Organisational Structure and Responsibilities



# SUSTAINABILITY REPORT

## STAKEHOLDER ENGAGEMENT

As a result of the COVID-19 pandemic, economic, social and environmental conditions have experienced major shifts in 2020 affecting many of the circumstances which underpin the Trust's relationship with its stakeholders. By maintaining transparent communications about the effects of the pandemic with its stakeholders, the Trust found an opportunity to reconnect with its stakeholders and re-establish its relationships with them. Dealing with the pandemic also provided more touch points with stakeholders such as hospital operators, staff and patients, especially when quarantine, safe-distancing and other preventive measures were required to be enforced.

As such, stakeholder engagement attained a new level of intensity during the year and covered more areas. Given lock down restrictions and safe-distancing measures, engagement methods had to be modified, with many stakeholders staying connected through online channels. In addition, with a diverse group of stakeholders to manage, the Trust had to attend to a much wider range of concerns during the year.

Stakeholders	Engagement Channels/ Methods	Feedback/ Concerns	Commitments to Sustainability
Employees	<p><b>Annually</b></p> <ul style="list-style-type: none"> <li>Employee feedback sessions</li> <li>Dialogue sessions with senior management</li> <li>Performance appraisals</li> </ul> <p><b>Ad-hoc basis</b></p> <ul style="list-style-type: none"> <li>Informal and formal staff communications</li> <li>Employee training sessions</li> <li>Recreational and team bonding sessions</li> </ul>	<ul style="list-style-type: none"> <li>Remuneration and benefits</li> <li>Fair and competitive employment practices</li> <li>Work-life balance</li> <li>Employee safety, welfare, training and development opportunities</li> </ul>	<ul style="list-style-type: none"> <li>Develop a high performance work culture that embraces diversity and teamwork</li> <li>Create a conducive work environment for all employees</li> <li>Promote cohesive work culture</li> <li>Provide fair and equal opportunities for all employees</li> <li>Offer career development opportunities</li> <li>Improve job satisfaction and reward performance</li> <li>Employee wellness</li> </ul>
Investors, Unitholders, Analysts and Media	<p><b>Annually</b></p> <ul style="list-style-type: none"> <li>Annual general meeting (AGM)</li> <li>Annual report, Sustainability report</li> </ul> <p><b>Bi-yearly</b></p> <ul style="list-style-type: none"> <li>Financial results and business updates announcements</li> <li>Webcasts</li> <li>Online results briefings to analysts</li> </ul> <p><b>Ad-hoc/Perpetual</b></p> <ul style="list-style-type: none"> <li>Corporate website updates</li> <li>SGXNet announcements, media release and interviews</li> <li>Roadshows, events and meetings</li> </ul>	<ul style="list-style-type: none"> <li>Updates on financial and business performance</li> <li>Managing the impact of COVID-19 and the disruptions</li> <li>Distribution management plans</li> <li>Corporate actions and M&amp;As</li> <li>Industry developments and market outlook</li> <li>Business strategy and outlook (eg. return on investments, growth rate, risk management)</li> <li>Corporate governance and regulatory compliance</li> <li>Performance and reporting standards</li> <li>Major events that may potentially impact assets (eg. natural disasters, government regulations)</li> </ul>	<ul style="list-style-type: none"> <li>Timely and transparent disclosure of accurate and relevant information to stakeholders</li> <li>Sustainable long-term returns on investment</li> <li>Business continuity plans in place</li> </ul>

Stakeholders	Engagement Channels/ Methods	Feedback / Concerns	Commitments to Sustainability
<b>Operators</b>	<p><b>Annually</b></p> <ul style="list-style-type: none"> <li>Key operators' meetings and feedback sessions</li> </ul> <p><b>Quarterly</b></p> <ul style="list-style-type: none"> <li>Asset management reports</li> </ul> <p><b>Ad-hoc/Perpetual</b></p> <ul style="list-style-type: none"> <li>Satisfaction surveys</li> <li>Value added initiatives by leveraging technology</li> </ul>	<ul style="list-style-type: none"> <li>Pandemic prevention measures</li> <li>Safe-distancing and crowd control in all properties</li> <li>Rental relief in view of strains caused by the pandemic</li> <li>Reliable and efficient infrastructure</li> <li>Prompt response to feedback</li> </ul>	<ul style="list-style-type: none"> <li>Maximise resource efficiency of properties/ Enhance operation efficiency</li> <li>Ensure safety and security at properties with appropriate amenities</li> <li>Sustainable management of operations with safe-distancing and pandemic prevention measures</li> <li>Creating accessibility for all patients, medical staff and visitors in view of enhanced entry restrictions</li> </ul>
<b>Trustee</b>	<p><b>Quarterly</b></p> <ul style="list-style-type: none"> <li>Reports</li> </ul>	<ul style="list-style-type: none"> <li>Operational efficiency</li> </ul>	<ul style="list-style-type: none"> <li>Zero-tolerance for corruption</li> </ul>
<b>Third-Party Service Providers</b>	<p><b>Annually</b></p> <ul style="list-style-type: none"> <li>Building audits</li> </ul> <p><b>Project-basis</b></p> <ul style="list-style-type: none"> <li>Service provider evaluation</li> <li>Regular meetings</li> </ul>	<ul style="list-style-type: none"> <li>Environmental compliance</li> <li>Standard operating procedures, guidelines and rules for compliance</li> <li>Occupational health and work safety practices</li> <li>Safe-distancing and pandemic prevention measures</li> </ul>	<ul style="list-style-type: none"> <li>Compliance to terms in contracts</li> <li>Fair and reasonable business practices</li> </ul>
<b>Regulatory Bodies</b>	<p><b>Annually</b></p> <ul style="list-style-type: none"> <li>Tax filing report</li> <li>Sustainability report</li> <li>Regulatory report</li> </ul> <p><b>Ad-hoc/Perpetual</b></p> <ul style="list-style-type: none"> <li>Associations and bodies (E.g. REITAS, SIAS)</li> <li>Correspondence through email and letters</li> </ul>	<ul style="list-style-type: none"> <li>Corporate governance</li> <li>Advocate greener operator behaviour</li> <li>Laws and regulations related to trade associations</li> <li>Regulatory compliance</li> <li>Environmental Risk Management (new MAS guidelines)</li> <li>Eco-friendly green infrastructures</li> </ul>	<ul style="list-style-type: none"> <li>Compliance with laws and regulations</li> <li>Fair and ethical business practices</li> </ul>
<b>Community</b>	<p><b>Annually</b></p> <ul style="list-style-type: none"> <li>Sustainability report</li> </ul> <p><b>Ad-hoc</b></p> <ul style="list-style-type: none"> <li>Corporate social responsibility ("CSR") activities</li> <li>Online platforms</li> </ul>	<ul style="list-style-type: none"> <li>Sustainable business practices</li> <li>Eco-awareness amongst the community/ Eco-sustainability</li> <li>Safe environment</li> <li>Safe-distancing and pandemic prevention measures</li> </ul>	<ul style="list-style-type: none"> <li>Management of impacts on the community</li> <li>Abide by and support local initiatives by the community/government</li> <li>Place public health and safety as priority</li> <li>Enforcement of safe-distancing and pandemic prevention measures</li> <li>Advocate eco-friendly practices</li> </ul>

# SUSTAINABILITY REPORT

## MATERIALITY ASSESSMENT

2020 has turned out to be a year of disruption and change, being able to obtain a more accurate gauge of the Trust’s ‘impact’ on its environment and stakeholders will help it achieve its aim to be a more sustainable business and organisation. During the year, the Trust has continued to engage with a wide range of stakeholders, both in physical interaction and online, to understand the most immediate concerns that have arisen from the COVID-19 pandemic and the related issues.

Obtaining feedback on the relevant issues has provided the Trust with a broader overview of what is material for the various stakeholders in the immediate future. With this, we conducted a new round of materiality assessment with a diverse pool of stakeholders including hospital/nursing home operators, employees and professional advisors of the Trust.

These stakeholders were asked to consider and rate the importance of a list of topics compiled from the feedback received. They were required to think solely about the importance of the topic to them, as a stakeholder group and score accordingly. Alongside the scores from the stakeholders, the Trust’s key management also assigned scores to the different topics based on their assessment of the breadth and depth of the economic, environmental and/or social impact that the Trust could generate under each of the topics.



Using the scores derived from the assessment process, the topics are being plotted on a materiality matrix. The scores from stakeholders are captured in the vertical axis while the scores from key management about the significance of the topic’s ESG impact are captured on the horizontal axis. The topics that achieve high scores from both stakeholders and key management are considered more material to the Trust and vice versa. The final list of material topics are discussed in the following pages.







### Materiality Matrix









## TABLE OF MATERIAL TOPICS







The following table shows the list of topics that have been shortlisted from a successive round of materiality assessment conducted for this reporting period. They reflect what our stakeholders view as the most important issues to them in the context of the current environment as well as the significance of the ESG impact each of the issues has in relation to First REIT. Topics that are important to a wider group of stakeholders, that are of a high level of significance for the Trust are selected as material topics.

This table also links every selected material topic to the corresponding GRI standards, which prescribe certain reporting requirements for the respective material topic. Each material topic is also pegged to the relevant United Nations Sustainable Development Goals (“UNSDGs”). The UNSDGs were adopted on a global scale by 190 countries as part of the 2030 Agenda for Sustainable Development, and by pegging our material topics to these goals ensures an alignment with global standards in terms of managing our ESG impact as an organisation.









Material Topics	Relevance to First REIT	Main Approach to Addressing the Topics	Relevant Standards & Benchmarks
<b>Economic Dimensions</b>			
<p><b>Direct and Indirect Economic Impact</b></p> 	<p>Our healthcare properties are an integral part of the respective environments in which they are located. Apart from being a centre of essential services to the community, they are also potentially a major economic contributor to the ecosystem.</p> <p>We provide jobs and income for our employees, revenue for suppliers and contractors, as well as support public well-being and infrastructure through tax payments and fees. Through the provision of space to healthcare operators, we indirectly support the local economy and provide healthcare services.</p>	<p>As a REIT, we remain focused on building a high-quality portfolio of healthcare assets through yield-accretive acquisitions and asset enhancement initiatives. Ultimately, this leads to the maximisation of NAV and distribution to Unitholders.</p> <p>A well-functioning healthcare asset also ensures a healthy business which in turn translates into benefits for the community in terms of jobs, taxes, revenues for suppliers and healthcare services.</p>	<p><b>Corresponding GRI Standards</b></p> <p>GRI 201: Economic Performance 2016</p> <p>GRI 203: Indirect Economic Impacts 2016</p> <p><b>Relevant UNSDGs</b></p>  
<p><b>Asset Quality and Integrity</b></p> 	<p>The sustainability of the Trust’s business depends on its ability to achieve the highest standards of quality and safety in its properties. With an asset portfolio that is high in quality, we are able to generate more stable financial returns for our Unitholders, reduce risks of damage and improve safety for the patients and staff, create a conducive environment for patients and the local community and build greater trust and stronger bonds with our stakeholders. As the healthcare property market becomes increasingly competitive, maintaining quality is key to reinforcing the Trust’s relationships with its stakeholders.</p>	<p>The Trust 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, the Trust 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 initiatives to some properties to maintain the quality and their competitiveness in the market.</p> <p>Additionally, we welcome feedback from our stakeholders in order to offer better service standards to our tenants.</p>	<p><b>Corresponding GRI Standards</b></p> <p>GRI 102: General Disclosures 2016</p> <p>GRI 203: Indirect Economic Impacts 2016</p> <p><b>Relevant UNSDGs</b></p>  

# SUSTAINABILITY REPORT

Material Topics	Relevance to First REIT	Main Approach to Addressing the Topics	Relevant Standards & Benchmarks
<b>Economic Dimensions</b>			
<p><b>Financial Performance</b></p> 	<p>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, debt and capital management. Different stakeholder groups are focused on different performance metrics.</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 would allow the REIT to generate stable income and cash flows, as well as growth over time.</p>	<p><b>Corresponding GRI Standards</b></p> <p>GRI 201: Economic Performance 2016</p> <p><b>Relevant UNSDGs</b></p> 
<b>Social Dimensions</b>			
<p><b>Pandemic-related Support</b></p> 	<p>The COVID-19 pandemic had a significant impact on the Trust’s business and the ecosystem around it. As a significant part of their respective communities, every property has a big part to play in supporting the community which includes various groups of people such as patients, visitors and employees, through various measures such as safety precautions, quarantine measures and crowd control measures. At the Trust level, we also had to consider the rental servicing capabilities of our tenants who have been hard hit by the pandemic.</p>	<p>Given that the impact of the COVID-19 pandemic was multi-dimensional, affecting various groups of stakeholders, helping stakeholders cope with the pandemic required the Trust to execute policies at various operating levels.</p> <ul style="list-style-type: none"> <li>• Tenants - First REIT provided two-month of rental relief for May 2020 and June 2020 to all its tenants and an additional two-month rental relief for September 2020 and October 2020 to its Indonesia tenants.</li> <li>• Hospital/nursing home staff, patients and visitors - The operators ensured that safety measures are enforced to ensure the health and safety of all.</li> <li>• Employees of the Manager - First REIT provided work from home flexibility and equipped staff with adequate tools to work from home.</li> </ul>	<p><b>Corresponding GRI Standards</b></p> <p>GRI 203: Indirect Economic Health and Safety 2016</p> <p>GRI 403: Occupational Health and Safety 2018</p> <p>GRI 413: Local Communities 2016</p> <p>GRI 416: Customer Health and Safety 2016</p> <p><b>Relevant UNSDGs</b></p>   

Material Topics	Relevance to First REIT	Main Approach to Addressing the Topics	Relevant Standards & Benchmarks
<b>Social Dimensions</b>			
<p><b>Employee Attraction &amp; Retention</b></p> 	<p>Employees form a key pillar of our business' success and it is important for the Manager to attract and retain talented, skilled and passionate people to drive the business of the Trust so that it continues to perform well and offer security to its Unitholders and other stakeholders.</p> <p>Attracting and retaining employees is the result of a combination of factors including providing competitive remuneration, training and development, career progression, initiatives for employee health and wellness and work-life balance.</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>• <b>Remuneration</b> – providing competitive remuneration packages</li> <li>• <b>Learning and development</b> – providing a well-rounded training programme that covers both formal and on-the-job training</li> <li>• <b>Career progression</b> – providing opportunities for career development and growth</li> <li>• <b>Work culture and environment</b> – creating a positive and cohesive work environment with a culture of learning and mutual respect</li> <li>• <b>Employee wellness</b> – creating a healthy environment with a strong sense of camaraderie through various recreational and team bonding activities such as team lunches</li> </ul>	<p><b>Corresponding GRI Standards</b></p> <p>GRI 401: Employment 2016</p> <p>GRI 404: Training and Education 2016</p> <p><b>Relevant UNSDGs</b></p>  
<b>Governance Dimensions</b>			
<p><b>Regulatory Compliance</b></p> 	<p>First REIT, as a listed REIT is required to comply with SGX-ST listing requirements as well as 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.</p>	<p>First REIT's Manager 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 MAS and tax rulings issued by Inland Revenue Authority of Singapore, leading up to penalties, fines and revocation of the capital market services licences will not be tolerated.</p>	<p><b>Corresponding GRI Standards</b></p> <p>GRI 307: Environmental Compliance 2016</p> <p>GRI 419: Socioeconomic Compliance 2016</p> <p><b>Relevant UNSDGs</b></p>  

# SUSTAINABILITY REPORT

Material Topics	Relevance to First REIT	Main Approach to Addressing the Topics	Relevant Standards & Benchmarks
<b>Governance Dimensions</b>			
<p><b>Ethics and Business Conduct</b></p> 	<p>First REIT’s role as a quality healthcare REIT, a business partner, an employer and corporate citizen rests upon its ability to uphold values of integrity, responsibility and respect for society and systems. It is also imperative that it commits to a code of conduct and ethical rules as a way of building trust and a reputable corporate image.</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><b>Corresponding GRI Standards</b></p> <p>GRI 102: General Disclosures 2016</p> <p>GRI 205: Anti-Corruption 2016</p> <p><b>Relevant UNSDGs</b></p> 
<b>Environmental Dimensions</b>			
<p><b>Energy and Water Conservation</b></p> 	<p>Saving energy and water are relevant to the Trust on several levels. When the Trust implements measures to reduce water and energy consumption and increase efficiency in use of water and energy, it achieves savings in business costs.</p> <p>On another level, energy and water conservation reduces the environmental impact of its business operations and its carbon footprint, thereby being an important step in its aspiration to become a more sustainable organisation and to contribute to the fight against climate change.</p>	<p>Our healthcare assets such as Siloam Hospitals Kebon Jeruk has a dedicated Sewage Treatment Plant for waste water treatment, which conserves water and preserves the natural environment.</p>	<p><b>Corresponding GRI Standards</b></p> <p>GRI 302: Energy 2016</p> <p>GRI 303: Water and Effluents 2018</p> <p><b>Relevant UNSDGs</b></p>   
<p><b>Waste Management</b></p> 	<p>Measures to ensure proper disposal of biohazardous waste by the Trust’s tenants are important for conservation of the environment and local biodiversity. They also help the Trust avoid legal liabilities and reputational damage arising from environmental damage. This is particularly important with First REIT being in the business of healthcare. In addition, Indonesia has a rising waste management issue and with its healthcare properties being significantly large operations, sound waste management practices make a difference.</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><b>Corresponding GRI Standards</b></p> <p>GRI 306: Effluents and Waste 2016</p> <p><b>Relevant UNSDGs</b></p>  



## DIRECT AND INDIRECT ECONOMIC IMPACT

In our business as a REIT, the operations of hospitals and nursing homes at our assets have significant economic impact on the local economy where the assets are geographically situated. Many lives and livelihoods are directly or indirectly intertwined with our business and how it performs. Here is a summary of the economic impact created by our business.



To sustain the flow of economic contributions to its diverse set of stakeholders, the Trust focuses on building a robust portfolio of healthcare assets through yield-accretive acquisitions, which would ultimately generate stable and attractive cash flows under master lease rental structures.

Currently, First REIT’s portfolio stands at 20 properties with 16 hospitals and mixed-use assets in Indonesia, three nursing homes in Singapore and one hospital in South Korea, with a total gross floor area of 358,551 sqm. Its Indonesia hospitals are strategically located within large catchment areas of potential patients and each has a “Centre of Excellence”.

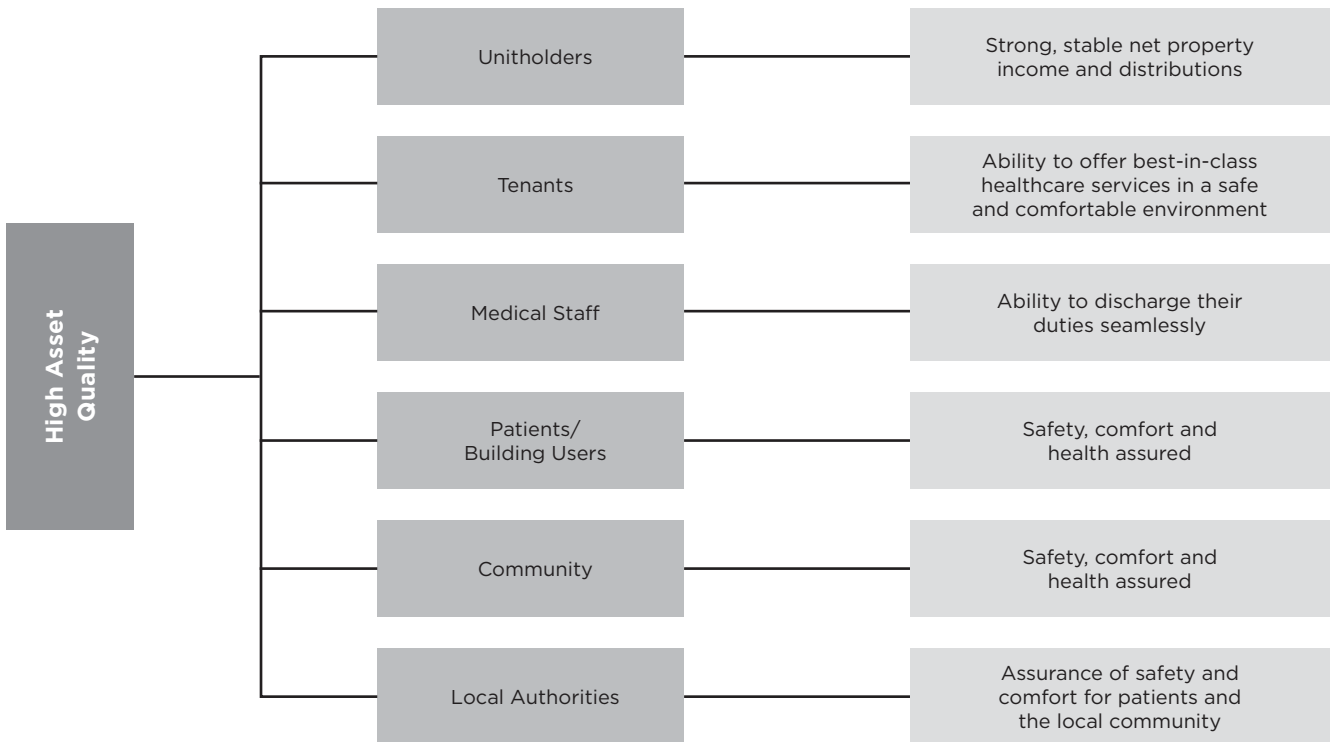
During FY 2020, the COVID-19 pandemic brought about new challenges for the Trust’s master lessees, Lippo Karawaci and PT Metropolis Propertindo Utama, given an increasingly difficult economic and operating environment in Indonesia. With a new set of master lease agreements approved by Unitholders and a round of refinancing enabled by new debt facilities and a rights issue, the Trust is able to restructure, recapitalise and find a new sustainable starting point as it enters the new financial year in FY 2021. Leveraging on a diversified sponsor pipeline across key markets in Asia, the Trust will continue on its long-term strategy to maximise economic value on a stronger footing.

# SUSTAINABILITY REPORT

## ASSET QUALITY AND INTEGRITY

The Trust’s assets form the cornerstone of First REIT’s business. Besides being income generators, the Trust’s assets are the focal point of activity for many of the Trust’s stakeholders. The hospital and nursing home operations within the portfolio properties bring together medical staff, patients, visitors, suppliers and members of the local community. 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. It is through the management of such fundamental requirements that the Trust is able to build stronger bonds with its stakeholders in an increasingly competitive operating landscape.

### Meeting Diverse Stakeholder Needs



### Steps Taken to Ensure Asset Quality

#### Asset Selection

Before potential acquisitions are considered, the Manager conducts various forms of due diligence that cover multiple aspects of the property including building quality, tax, finance, legal and valuations, among others. The property is required to fulfil all these requirements to be considered for acquisition.

#### Building Audit

The Trust engages third-party building auditors to carry out building audits on an annual basis to identify building defects and ensure the validity of operating licenses and permits. Following the audits, the Manager then liaise with the tenants on addressing the audit findings so that rectification works are performed in a timely manner. In doing so, this ensures that the quality standards of its properties are maintained over time.

#### Asset Enhancement Initiatives

For its mature assets, the Trust will evaluate and carry out asset enhancement initiatives which not only improve the quality of the assets, but also increase net property income, portfolio valuation and distributions.

## FINANCIAL PERFORMANCE

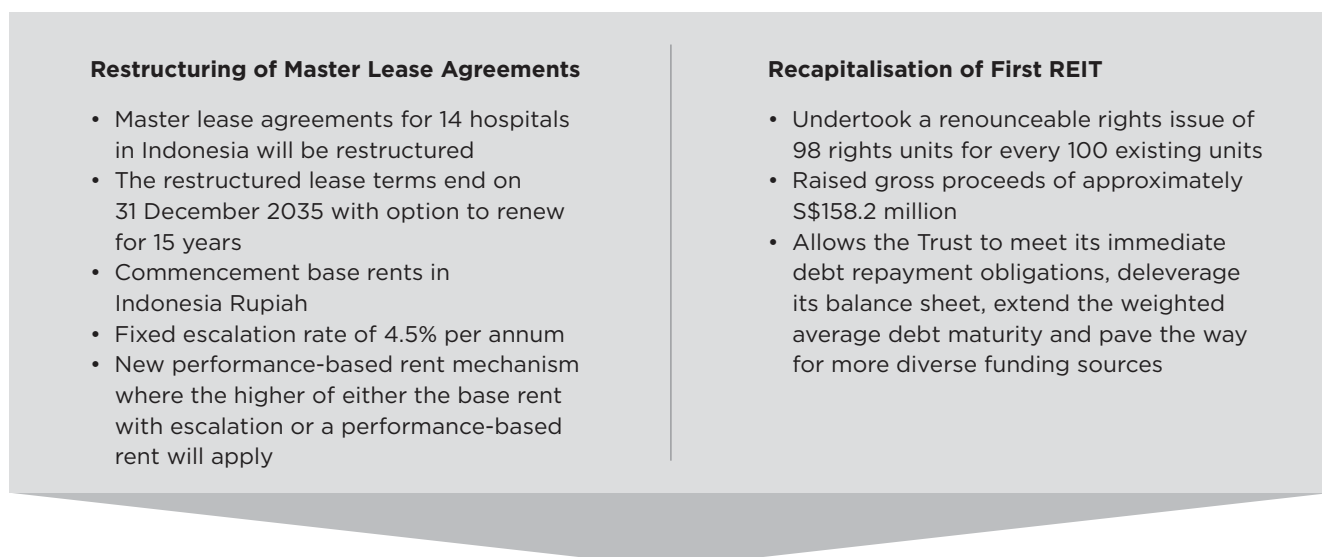
FY 2020 was a pivotal year for First REIT in terms of its long-term financial sustainability. Firstly, the increasingly difficult economic and operating environment in Indonesia, exacerbated by the COVID-19 pandemic, put tremendous financial stress on Lippo Karawaci and its ability to honour its obligations under the master lease agreements (“MLAs”). Secondly, refinancing pressure is mounting for the Trust with approximately S\$195.5 million or approximately 39.7% of the total debt due on 1 March 2021. In addition, Siloam Hospitals Surabaya, Siloam Hospitals Kebon Jeruk, Siloam Hospitals Lippo Village and Imperial Aryaduta Hotel & Country Club will see the initial term of their master lease agreements expire in December 2021.

The Trust’s FY 2020 financial performance also reflected the direct impact of the COVID-19 pandemic. Rental reliefs extended to all its tenants in the months of May 2020 and June 2020 and subsequently an additional two months extended in September 2020 and October 2020 to its tenants in Indonesia, to help alleviate the strains caused by the pandemic.

First REIT’s long-term growth strategy continues to be the acquisition of yield-accretive properties in the healthcare and healthcare-related industry. However, in order to address the above-mentioned challenges, it developed a comprehensive plan to restructure, recapitalise and reposition the Trust. Following the approval obtained from Unitholders at the extraordinary general meeting held on 19 January 2021, First REIT has embarked on implementing this plan.

### Outline of First REIT’s plan

Restructure, Recapitalise and Reposition



### Repositioned for future performance



# SUSTAINABILITY REPORT

## PANDEMIC RELATED SUPPORT

The COVID-19 pandemic called for a comprehensive set of responses from First REIT both as a business seeking to manage the operational and financial impact from the pandemic, and as a public-facing organisation providing support to its immediate stakeholders and community. In this section, we are concerned with the Trust's responsibility as a public-facing organisation and how it is helping its communities cope with the pandemic, pandemic related policies, and measures from the government. In addition, we also report on measures the Manager has implemented to help create a safe and healthy environment for staff and business partners.

### At the Manager Level

The key priorities for the Manager in managing the effects of the pandemic include the health and safety of staff and business continuity.

To ensure the health and safety of staff and that business activities can continue in a safe manner, the following measures were implemented by the Manager:

- Work-From-Home (“WFH”) arrangements put in place to ensure the safety and well being of staff prior to the Circuit Breaker that took place in April 2020
- Regular engagement and internal communication with staff to keep updated on work arrangement plans as well as the latest pandemic developments in Singapore, Indonesia, and South Korea
- Cleaning and disinfection services carried out for all common areas at the office
- New social distancing and split team arrangements at the office to minimise contact
- Implementation of SafeEntry check-in for all staff and visitors through the TraceTogether app
- All staff and visitors to undergo daily temperature screening
- All staff and visitors required to adhere to mandatory virus prevention rules such as wearing of masks, using hand sanitisers, and observing one metre apart from each other

### At the Trust Level

During the pandemic, all our hospitals and nursing homes remained operational while the retail malls, hotels and a country club were temporarily closed during the nationwide lockdown in Indonesia. Across all properties, creating a healthy and safe environment that complied with regulations imposed by the government was a major consideration. Our business operations were consistently reviewed to ensure the health and safety of our patients, staff, and visitors. Being in the healthcare business, the Trust's hospitals and healthcare facilities were also vital players in the nationwide fight against the pandemic in their respective countries and some of the healthcare premises were used for COVID-19 testing. While the Trust's hospitals remained open throughout the pandemic, admissions and patient load had decreased and patients' demand for elective procedures had also decreased, resulting in lower operating revenues. In response, the Trust also supported its tenants financially through various relief measures.

#### Health and Safety Measures

- Limited Entry – hospitals limit the entrance to the main lobby, emergency department lobby and employee entrance to prevent overcrowding and for better contact tracing
- Property closures / Restricted visitation hours – in accordance to government regulations
- Reduction of inpatient limit (South Korea) – Reducing inpatients from 170 persons to 130 – 140 persons
- Cleaning & Disinfection – use of approved chemical cleaning solutions by infection control specialists
- Sanitisation – door-to-door sanitisation services; hand sanitisers placed at all wards, outside lifts, lobby and common areas
- Temperature checks – 24 hour screening officers who take body temperatures of all visitors and new patients
- Mask wearing – compulsory for all staff, residents, and visitors at all times
- Personal Protective Equipment (“PPE”) – compulsory for all staff and visitors to adhere to the MOH PPE protocols
- Social distancing – split zones, split team operations; staff to adhere to the one meter apart rule
- Contact tracing – all visitors are required to fill up self-declaration forms and SafeEntry registration
- Testing – routine COVID-19 swab tests for residents and staff
- Tents and Emergency Containers – dedicated seclusion tents and containers at various hospitals where patients suspected of having COVID-19 will be sent for further observation



Drive-through Rapid Tests Conducted at Siloam Hospitals



Drive-through Rapid Tests Conducted at Siloam Hospitals



Staff Vaccination at Mochtar Riady Comprehensive Cancer Centre



COVID-19 Emergency Tent & Container at Siloam Hospitals Lippo Village



Siloam Hospitals' staff in full Personal Protective Equipment, administering testings for corporate clients

#### Joining the National Fight against COVID-19

The Trust's hospital operator, PT Siloam International Hospitals Tbk ("**Siloam Hospitals**"), has been actively involved in assisting the government in stopping the spread of COVID-19 through a variety of initiatives. It provided swab test services at all 39 of its hospitals, with a choice of duration of 24-hour, 72-hour and 7-day test results, as well as rapid tests or antibody tests. It also teamed up with Lippo Malls Indonesia to launch the COVID-19 Drive-through Rapid Test service in Puri (West Jakarta), Kemang (South Jakarta), and Meikarta (Cikarang). Not only were COVID-19 examinations offered, this service also includes a free online consultation with the general practitioners at Siloam Hospitals after test results were obtained.

#### Tenant Support

Across Asia, large-scale movement restrictions were imposed including Indonesia's large-scale social restrictions (Pembatasan Sosial Berskala Besar), Singapore's Circuit Breaker and South Korea's raising of the alert level to red. As this had impacted the business of Trust's tenants, a two-month rental relief was extended to all tenants in Singapore, Indonesia and South Korea, for the month of May 2020 and June 2020, amounting to a total of S\$19.6 million. A further two months of rental relief was extended to tenants in Indonesia for the month of September 2020 and October 2020, amounting to S\$18.9 million. Additionally, First REIT had passed on all property tax rebates announced by the Singapore government, through rental relief or capital expenditure works, where applicable, to all its Singapore properties.

(All photos source: Siloam Hospitals)

# SUSTAINABILITY REPORT

## EMPLOYEE ATTRACTION & RETENTION

Building a strong and talented team of employees within the Manager is integral to the effective management of First REIT’s business. In order to attract and retain talented, skilled and passionate people, it is important for the Manager to offer a combination of factors that create a fulfilling job experience. These include competitive remuneration, training and development, career progression, work culture and environment and initiatives for employee health and wellness.

### Competitive remuneration

The Manager aims to maintain competitive remuneration packages in order to attract and retain employees. It constantly reviews salary packages to ensure their competitiveness against industry benchmarks. Opportunities for promotion, advancement and higher remuneration are provided based on merit and annual performance appraisals allow employees to receive performance reviews and communicate openly with their supervisors. It offers an extensive benefit and welfare scheme that includes comprehensive coverage for healthcare and dental care, annual leave and other work-family balance schemes such as childcare leave and family care leave. Furthermore, employee benefits are reviewed on a regular basis.

### Training and development

We firmly believe in developing and nurturing our employees to the fullest which will ultimately help the Trust attain its business goals and deliver value to its stakeholders. Employees are offered opportunities to participate in learning and development programmes. The Manager provides dialogues and annual appraisals to communicate strengths and gaps in employees’ performance and identify training needs. Our employees also get to interact with regional counterparts within the Trust and hospital operators to gain greater insights into their respective local business operations.

For FY 2020, the Manager facilitated 24.2 hours of training for each employee on average.

### Career progression

We help employees chart a fulfilling career journey by providing on-the-job mentoring. Regular dialogues between employees and their supervisors are also maintain to discuss performance, personal career development goals and steps required to reach those goals.

### Work culture and environment

Part of the Manager’s success in retaining its employees is in creating an open, positive and cohesive work environment with a culture of learning, inclusion and mutual respect. Through regular feedback sessions, the Manager is able to understand employees’ concerns and identify areas for improvement. Team bonding sessions and activities are organised to boost employee mental and physical wellness and participation rates and well-being drivers are being measured by the Manager. Higher levels of employee engagement translates to higher level of performance for the Trust.

### Employee health and wellness

Through various recreational and team activities, the Manager creates a healthy environment with a strong sense of camaraderie. While the COVID-19 pandemic meant that some of the regular activities such as company lunches, trips and health screening sessions had to be disrupted, the Manager adapted its activities to suit the Work-From-Home arrangement that was implemented. COVID-19 care packs that included hand sanitisers, vitamin C supplements, masks, disinfectant spray for desk cleaning, were delivered to every employee. A virtual company lunch facilitated by a video conferencing platform was also organised in May during the Circuit Breaker period.

### Key Team Statistics

**Number of employees who have been with the Manager for more than 7 years**

**43%**



**Average tenure of the employee**

**6.7 years**



FY 2020 Target	Performance for FY 2020	FY 2021 Target
Maintain an average of 20 training hours for our employees	Achieved	Maintain an average of 20 training hours for our employees
Organise at least two Community Involvement Projects with 50% participation rate	No activity due to COVID-19	Organise at least two Community Involvement Projects with 50% participation rate

## REGULATORY COMPLIANCE

As a listed REIT on SGX-ST, First REIT is required to comply with SGX-ST listing requirements as well as requirements of MAS. It also observes principles, guidelines, and recommendations of the Code of Corporate Governance 2018 (“**CG Code**”). 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 licenses, 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 application laws and regulations.

In FY 2020, there were no recorded incidents of fraud and corruption, and no incidents of non-compliance or regulatory breaches. Moving forward, the Manager will continue to sustain its record of zero non-compliance breaches and zero incidence of bribery or corruption.

### Enterprise Risk Management

The Manager adopts an Enterprise Risk Management (“**ERM**”) framework to identify and address top-tier risks and events that First REIT is vulnerable to. The Manager periodically collaborates with the internal auditors to assess the Manager’s risk position against the REIT industry’s risk outlook. Management and the risk owners in the respective business units facilitate the discussion in identification, highlighting, and documentation of the Trust’s susceptible enterprise risks. The enterprise risks identified by the Manager are broadly categorised as Operational Risk and Strategic Risk.

The Manager has established internal risk controls in their business operations across the portfolio. These include operational guidelines, information systems, the channel of reporting and monitoring procedures. The Manager applies the ERM framework to mitigate against anticipated operational risks such that appropriate internal controls and measures are established to prevent, manage and minimise the impact of an unlikely occurrence of highlighted risks to business operations.

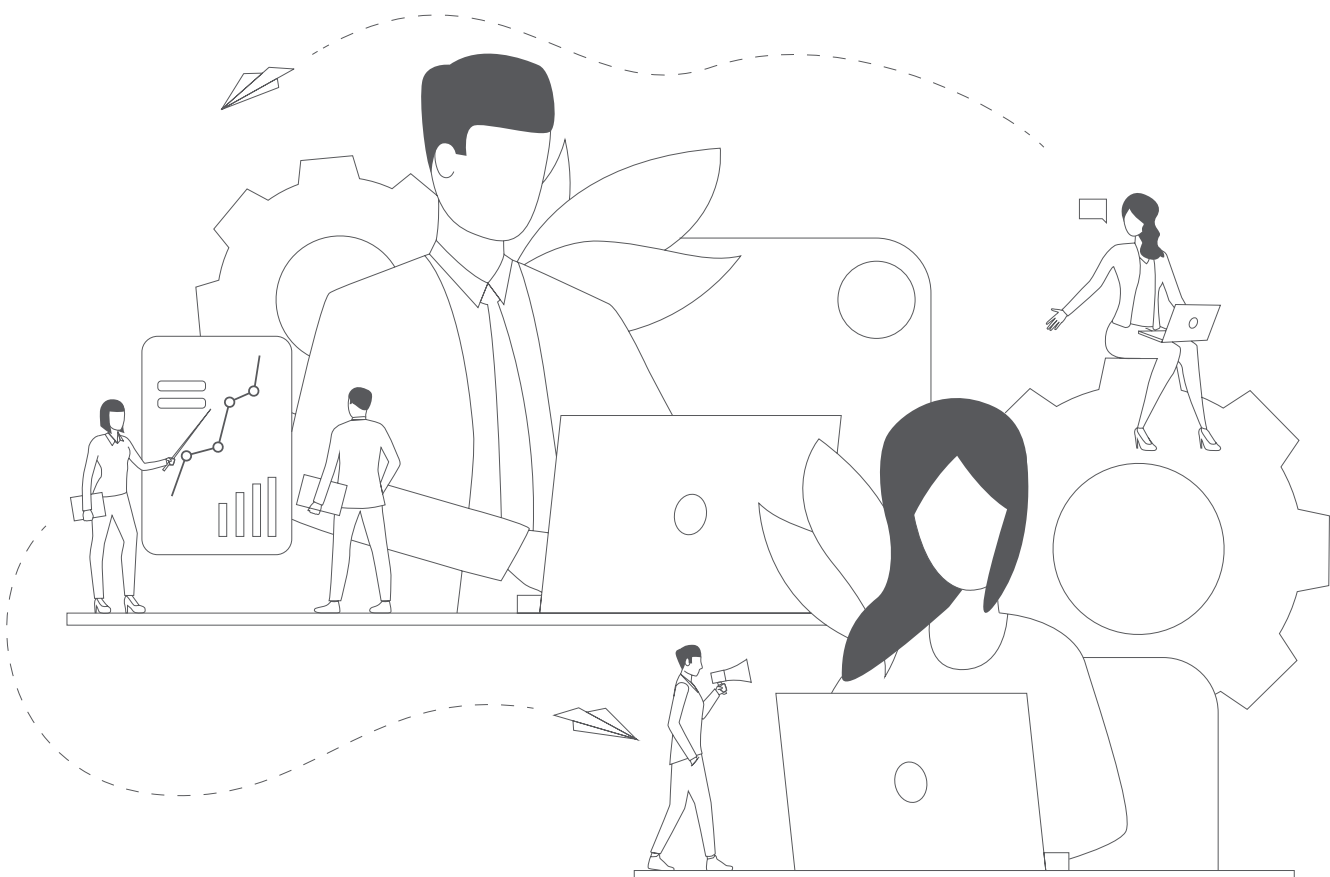
The Manager focuses on acquiring yield-accretive properties in healthcare and healthcare-related industries as a growth strategy. The Manager conducts rigorous analysis on market trendlines, ensures prudent financial projections and constant reviews on existing assets to moderate the potential strategic risk associated with the outlook of the company. Additionally, we actively engage with different stakeholders to identify potential growth opportunities to mitigate the inherent strategic risk.

The overall risk management methodology identifies risk and integrates risk controls into the Manager’s business processes to mitigate risks within an acceptable tolerance level. Being aware of and prepared for these potential risks minimise the impact of business disruption. The framework focuses on managing these key risks that would prevent the Manager from meeting sustainable objectives.

# SUSTAINABILITY REPORT



FY 2020 Target	Performance for FY 2020	FY 2021 Target
Zero cases of regulatory breaches and non-compliance	Achieved	Zero cases of regulatory breaches and non-compliance
Zero cases of data security breaches	Achieved	Zero cases of data security breaches





## ETHICS AND BUSINESS CONDUCT

First REIT is committed to upholding values of integrity, responsibility and respect for society and systems at large. This helps to build 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 a Code of Conduct policy that forms its principles and practices on matters which may have ethical implications. The code provides a clear and concise framework for staff to observe integrity and accountability at all levels of the organisation and in conducting their day-to-day work. The code enforces ethical conduct through various policies such as:

<p><b>Whistle Blowing Policy</b></p> <ul style="list-style-type: none"> <li>Procedures are put in place to provide all employees, directors and officers 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 action (the “Concerns”).</li> <li>All Concerns will be kept confidential in the event of a report.</li> </ul>	<p><b>Personal Data Protection Policy</b></p> <ul style="list-style-type: none"> <li>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.</li> <li>Policies implemented by the Manager 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.</li> </ul>
<p><b>Conflict of Interest Policy</b></p> <ul style="list-style-type: none"> <li>Provides conditions and procedures for employees’ use of corporate opportunities and disclosure of confidential information for personal gains.</li> <li>The Manager will not manage any other real estate investment trust which invests in the same type of properties as First REIT.</li> <li>All staff will be employed by the Manager.</li> <li>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.</li> </ul>	<p><b>Personal Trading Policy</b></p> <ul style="list-style-type: none"> <li>Provides guidelines for employees holding units of the Trust which also include unit-holding disclosures.</li> </ul> <p><b>Anti-Bribery/Anti-Corruption</b></p> <ul style="list-style-type: none"> <li>Provides guidelines on acceptance and acknowledgement of gifts received by employees from business partners.</li> </ul>
<p><b>Related Party Transactions Policy</b></p> <ul style="list-style-type: none"> <li>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.</li> </ul>	<p><b>Anti-Money Laundering Manual</b></p> <ul style="list-style-type: none"> <li>Provides the principles and procedures to deter and deal with incidents of money laundering and other suspicious activities.</li> </ul> <p><b>Compliance with Regulations</b></p> <ul style="list-style-type: none"> <li>The Manager is compliant with all relevant laws and regulations such as the CG Code, SGX-ST Listing Manual and those of the MAS.</li> </ul>

There is zero tolerance for any breaches of the code and employees are educated through regular interactions as well as the staff handbook. These policies and procedures of ethical conduct are also regularly reviewed and any enhancements to them are communicated to both new and existing employees.

FY 2020 Target	Performance for FY 2020	FY 2021 Target
Zero cases of corruption and fraud	Achieved	Zero cases of corruption and fraud

# SUSTAINABILITY REPORT

## ENERGY AND WATER CONSERVATION

Climate change and environmental preservation continue to be important topics for the Trust as the operations of its healthcare properties have significant environmental impact on the immediate communities around it. In particular, water and energy are used in significant amounts in its operations and through managing water and energy usage, the Trust will not only able to reduce usage costs, it will also able to reduce its environmental impact and its carbon footprint.

At both the Manager and Trust level, energy and water use efficiency are achieved through a combination of equipment fixtures and practices. In 2020, the Manager has continued to be conscientious in preserving the health of the environment and expanding its efforts in energy and water conservation as well as waste management. It has been advocating energy conservation through switching off office lights when staff are out for lunch or meeting, and computers to be on sleep mode. During the year, the Manager also acquired a new water dispenser that is more energy efficient and eco-friendly. For the Trust, the properties in Indonesia continued in their transition towards light emitting diodes (“LED”) bulbs to replace conventional fluorescent lights as an energy-saving initiative. In FY 2020, 95% of all properties within the Indonesia portfolio was using LED bulbs, an increase from 90% in FY 2019. Following the pilot installation of a solar panel-powered water heater and water pressure tank at Siloam Hospitals Makassar, Siloam Hospitals has plans to install similar solar-powered systems in other hospitals within its network.

FY 2020 Target	Performance for FY 2020	FY 2021 Target
Incorporate sustainability into vendor assessment	Achieved	Incorporate sustainability into vendor assessment
To raise the % usage of LED light bulbs across all properties in the Trust’s portfolio	95% of all properties within the Trust’s portfolio used LED light bulbs	97.5% of all properties within the Trust’s portfolio to use LED light bulbs



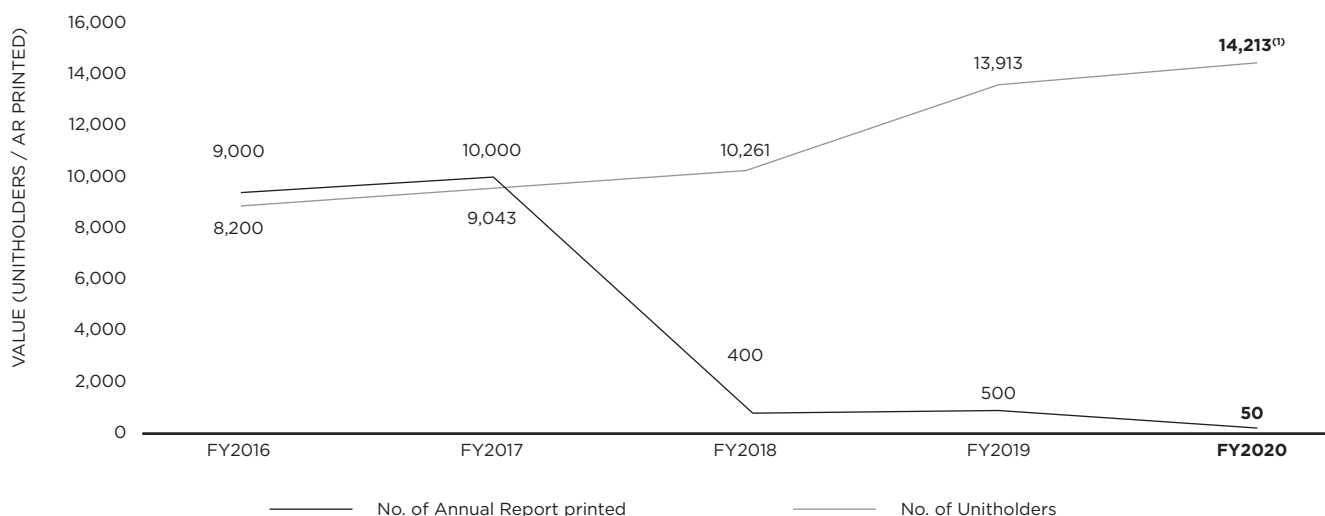
## WASTE MANAGEMENT

With a rising waste management issue in Indonesia and the Trust's healthcare operations being significant contributors to waste, sound waste management is an integral part of the Trust's contribution to sustainability. Waste management at both the Trust and Manager level covers a range of concepts including reduction, reusing, recycling and treatment. This is important given that biohazardous waste, especially from the hospital operations are generated and are potentially harmful to the local environment and biodiversity. Across the portfolio, waste management programmes are implemented for the buildings and our tenants also initiate their own waste reduction and recycling programmes.

Hospitals under Siloam Hospitals continue to operate paperless prescription systems in which the prescription letters are digitally sent to the pharmacies post-consultation. The radiology departments continue to implement filmless radiology consultations and store patient diagnosis results in digital formats.

To reduce wastage, the Manager has adopted e-communications for its Annual Report since 2018, with lesser physical copies of Annual Report to cater to Unitholders who request for the physical copy. In line with its commitment to sustainability, the annual report is printed on paper with high recycled content. Staff are also advised to reduce unnecessary printing of documents, ensure double-sided printing and to recycle the use of paper with empty page.

### Reduction in Printed Copies of Annual Report



**Note**

<sup>(1)</sup> As at 15 March 2021

FY 2020 Target	Performance for FY 2020	FY 2021 Target
To reduce the number of print copies of the FY 2019 Annual Report compared to the total number of Unitholders	3.59 copies for every 100 Unitholders	To reduce the number of print copies of the FY 2020 Annual Report compared to the total number of Unitholders by 20%

# SUSTAINABILITY REPORT

## MANAGING THE EFFECTS OF COVID-19

The COVID-19 pandemic has brought about significant impact on businesses and operations across all markets, including those of our tenants'. This following section details how we dealt with the pandemic at the nursing homes in Singapore as well as Siloam Hospitals in Indonesia.

### Nursing Homes in Singapore

#### Circuit Breaker Measures

In Singapore, the Government implemented a 'Circuit Breaker' period from 7 April to 1 June 2020, during which it has heightened restrictions on movements. In conjunction, the Ministry of Health ("MOH") imposed visitor restrictions to nursing homes from 2 April 2020, except for essential vendors who had to deliver consumables and foods. MOH also released various advisories and guidelines which the nursing homes had to observe.

The following safety measures were implemented:

- **Cleaning** - use of approved chemical cleaning solutions by infection control specialists
- **Mask wearing at all times and regular hand-washing** - compulsory for all staff, residents, and visitors
- **Personal Protective Equipment ("PPE")** - compulsory for all staff and visitors to adhere to the MOH PPE protocols
- **Temperature checks** - twice-daily temperature-taking for all staff and residents
- **Sanitisation** - hand sanitisers placed at all wards, outside lifts, lobby and common areas
- **Social distancing** - no cross over of staff at different floors and split team operations
- **Contact tracing** - all visitors are required to fill up self-declaration forms and SafeEntry registration
- **Testing** - routine COVID-19 swab tests for residents and staff



#### Dealing with a COVID-19 case

On 16 April 2020, Pacific Healthcare Nursing Home II @ Bukit Panjang ("PHNH II") reported one case of COVID-19 among its residents. The resident who tested positive on 15 April, was immediately put in isolation at Ng Teng Fong General Hospital. The operator of the nursing home reached out to the families of both the infected and other residents to offer assurance and support. A thorough round of cleaning, with more frequent cleaning cycles and disinfection of the ward and affected areas were carried out. Following the incident, the operator closely monitored the situation and the health of its residents and staff. Further to this, PHNH II updated that additional tests showed and confirmed that the resident was not infected with COVID-19.

#### Post-Circuit Breaker

On 19 June 2020, MOH announced the relaxation of regulations and nursing homes were allowed to reopen for visiting. Operations were at limited capacity under split teams and split zones, hence each resident was only permitted a maximum of four designated visitors, with only one visitor per visit. MOH advisories on steps to be taken when staff or residents come into contact with contaminated surfaces were observed to prevent cross-contamination. MOH and the Agency for Integrated Care both had designated teams stationed within the nursing homes to provide support in the event of any suspected COVID-19 cases.

## Siloam Hospitals

Siloam implemented safety measures across their hospitals and conducted workshops for all staff members about how to best to protect themselves and patients from contracting the virus. The hospitals have also put-in-place isolation wards along with doctors and nurses who are trained to treat patients with infectious diseases.

In addition to standard safety measures, the following precautions were taken at Siloam hospitals:

- **Tents** - Siloam placed quarantine tents at each of their hospitals for patients suspected with COVID-19. Supporting facilities and equipment were provided for the inspection of these patients before they were sent off for further observation
- **Temperature checks** - screening officers were on standby for 24-hours to administer temperature taking for visitors and new patients
- **Limited Entry** - entrance to the main lobby, emergency department lobby and employee entrance were limited to avoid overcrowding
- **Suspected Cases** - patients suspected of having COVID-19 were sent to government hospitals tasked with handling infected patients. As the case load increased, Siloam assisted the government in offloading and managing some of these patients
- **Designated Hospital** - If required, Siloam has a designated hospital (Siloam Kelapa Dua) specially fitted out to manage infectious diseases to specifically cater to patients infected with the virus



### Dealing with a nationwide surge in cases

In April 2020, Indonesia saw a surge of COVID-19 cases, along with a rise in death toll among doctors following criticism that there was a lack of protective equipment in Indonesia. Indonesian healthcare workers faced a deficit in hospital beds, medical staff and intensive care facilities, pushing the country's healthcare system to the brink.

In aid of the nationwide pandemic battle, Siloam Hospitals provided swab test services, with a choice of duration of 24-hour, 72-hour and 7-day test results, as well as rapid tests or antibody tests. All of these tests are available at Siloam's hospitals, including the hospitals under First REIT's portfolio.

Siloam Hospitals and Lippo Malls Indonesia also launched the COVID-19 Drive-through Rapid Test service in Puri (West Jakarta), Kemang (South Jakarta), and Meikarta (Cikarang). Not only were COVID-19 examinations offered, this service also includes a free online consultation with the general practitioners at Siloam Hospitals after test results were obtained. After arriving at the location, applicants were able to register through a WhatsApp number listed at the registration booth, make an e-payment, and then perform a rapid COVID-19 test in their cars. Test results were delivered via WhatsApp on the same day, so applicants were able to go home, avoiding the problem of overcrowding. If the results were positive, applicants would be asked to run the PCR swab test. If negative, they would be asked to retake the test after 7-10 days.

Established as a network of COVID-19 examination laboratories by the Ministry of Health, the Indonesian government bore full costs for the care of patients infected with the virus and patients under surveillance at Siloam Hospitals.

# SUSTAINABILITY REPORT

GRI Standard	Disclosure Title	Page Reference & Remarks
<b>GENERAL DISCLOSURE</b>		
<b>ORGANISATIONAL PROFILE</b>		
<b>Disclosure 102-1</b>	Name of the organisation	Annual Report – Corporate Profile
<b>Disclosure 102-2</b>	Activities, brands, products and services	Annual Report – Corporate Profile
<b>Disclosure 102-3</b>	Location of headquarters	Annual Report – Corporate Information
<b>Disclosure 102-4</b>	Location of operations	Annual Report – Portfolio Overview
<b>Disclosure 102-5</b>	Ownership and legal form	Annual Report – Corporate Information
<b>Disclosure 102-6</b>	Markets served	Annual Report – At A Glance and Portfolio Overview
<b>Disclosure 102-7</b>	Scale of the organisation	Sustainability Report – Employee Attraction & Retention
<b>Disclosure 102-8</b>	Information on employees and other workers	Sustainability Report – Employee Attraction & Retention
<b>Disclosure 102-9</b>	Supply chain	Annual Report – At A Glance
<b>Disclosure 102-10</b>	Significant changes to the organisation and its supply chain	Annual Report – Letter to Unitholders, Significant events in FY 2020 and Investor Relations
<b>Disclosure 102-11</b>	Precautionary principle or approach	Sustainability Report – Enterprise Risk Management
<b>Disclosure 102-12</b>	External initiatives	Annual Report – Governance Sustainability Report – About this Report
<b>Disclosure 102-13</b>	Membership of associations	Sustainability Report – Stakeholders' Engagement
<b>STRATEGY</b>		
<b>Disclosure 102-14</b>	Statement from senior decision maker	Sustainability Report – Board's Statement
<b>Disclosure 102-15</b>	Key impacts, risks, and opportunities	Sustainability Report – Board's Statement and Enterprise Risk Management
<b>ETHICS AND INTEGRITY</b>		
<b>Disclosure 102-16</b>	Values, principles, standards, and norms of behaviour	Annual Report – Corporate Governance report Sustainability Report – Regulatory Compliance & Ethics and Business Conduct
<b>Disclosure 102-17</b>	Mechanisms for advice and concerns about ethics	Annual Report - Corporate Governance report - Whistle Blowing Policy Sustainability Report – Regulatory Compliance & Ethics and Business Conduct
<b>GOVERNANCE</b>		
<b>Disclosure 102-18</b>	Governance structure	Annual Report - Corporate Governance report Sustainability Report – The Sustainability Team at First REIT
<b>Disclosure 102-19</b>	Delegating authority	Sustainability Report – The Sustainability Team at First REIT
<b>Disclosure 102-20</b>	Executive-level responsibility for economic, environmental, and social topics	Sustainability Report – The Sustainability Team at First REIT
<b>Disclosure 102-21</b>	Consulting stakeholders on economic, environmental and social topics	Sustainability Report – Stakeholder Engagement
<b>Disclosure 102-22</b>	Composition of the highest governance body and its committee	Annual Report – Corporate Governance report

GRI Standard	Disclosure Title	Page Reference & Remarks
<b>Disclosure 102-23</b>	Chair of the highest governance body	Annual Report – Corporate Governance report
<b>Disclosure 102-24</b>	Nominating and selecting the highest governance body	Annual Report – Corporate Governance report
<b>Disclosure 102-25</b>	Conflicts of interest	Annual Report – Corporate Governance report Sustainability Report - Ethics and Business Conduct
<b>Disclosure 102-26</b>	Role of highest governance body in setting purposes, values, and strategy	Sustainability Report – Corporate Governance report
<b>Disclosure 102-27</b>	Collective knowledge of highest governance body	Sustainability Report – Corporate Governance report
<b>Disclosure 102-28</b>	Evaluating the highest governance body's performance	Sustainability Report – Corporate Governance report
<b>Disclosure 102-29</b>	Identifying and managing economic, environmental, and social impacts	Sustainability Report – Table of Material Topics
<b>Disclosure 102-30</b>	Effectiveness of risk management process	Sustainability Report – Regulatory Compliance (Enterprise Risk Management)
<b>Disclosure 102-31</b>	Review of economic, environmental, and social topics	Sustainability Report – Table of Material Topics
<b>Disclosure 102-32</b>	Highest governance body's role in sustainability reporting	Sustainability Report – Managing Sustainability at First REIT
<b>Disclosure 102-33</b>	Communicating critical concerns	Sustainability Report – Stakeholder Engagement
<b>Disclosure 102-34</b>	Nature and total number of critical concerns	Sustainability Report – Materiality Assessment
<b>Disclosure 102-35</b>	Remuneration policies	Sustainability Report – Employee Attraction and Retention
<b>Disclosure 102-36</b>	Process for determining remuneration	Sustainability Report – Employee Attraction and Retention
<b>Disclosure 102-37</b>	Stakeholders' involvement in remuneration	Sustainability Report – Employee Attraction and Retention
<b>Disclosure 102-38</b>	Annual total compensation ratio	We choose not to disclose as we reward based on meritocracy
<b>Disclosure 102-39</b>	Percentage increase in annual total compensation ratio	We choose not to disclose as we reward based on meritocracy
<b>STAKEHOLDER ENGAGEMENT</b>		
<b>Disclosure 102-40</b>	List of stakeholder groups	Sustainability Report – Stakeholder Engagement
<b>Disclosure 102-41</b>	Collective bargaining agreements	None of our employees have joined a trade union
<b>Disclosure 102-42</b>	Identifying and selecting stakeholders	Sustainability Report – Stakeholder Engagement
<b>Disclosure 102-43</b>	Approach to stakeholder engagement	Sustainability Report – Stakeholder Engagement
<b>Disclosure 102-44</b>	Key topics and concerns raised	Sustainability Report – Stakeholder Engagement
<b>REPORTING PRACTICE</b>		
<b>Disclosure 102-45</b>	Entities included in the consolidated financial statements	Annual Report - Financial Highlights
<b>Disclosure 102-46</b>	Defining report content and topic boundaries	Sustainability Report – About This Report

# SUSTAINABILITY REPORT

GRI Standard	Disclosure Title	Page Reference & Remarks
<b>Disclosure 102-47</b>	List of material topics	Sustainability Report – Table of Material Topics
<b>Disclosure 102-48</b>	Restatements of information	None
<b>Disclosure 102-49</b>	Changes in reporting	None
<b>Disclosure 102-50</b>	Reporting period	Sustainability Report – About This Report
<b>Disclosure 102-51</b>	Date of most recent report	Sustainability Report 2020
<b>Disclosure 102-52</b>	Reporting cycle	Annual
<b>Disclosure 102-53</b>	Contact point for questions regarding the report	Sustainability Report – About This Report
<b>Disclosure 102-54</b>	Claims of reporting in accordance with the GRI Standards	Sustainability Report – About This Report
<b>Disclosure 102-55</b>	GRI content index	Sustainability Report – GRI Content Index
<b>Disclosure 102-56</b>	External assurance	Not sought
<b>MANAGEMENT APPROACH</b>		
<b>Disclosure 103-1</b>	Explanation of the material topic and its Boundary	<ul style="list-style-type: none"> <li>• Direct and Indirect Economic Impact</li> <li>• Asset Quality &amp; Integrity</li> <li>• Financial Performance</li> <li>• Pandemic-related Support</li> <li>• Employee Attraction and Retention</li> <li>• Regulatory Compliance</li> <li>• Ethics and Business Conduct</li> <li>• Energy and Water Conservation</li> <li>• Waste Management</li> </ul>
<b>Disclosure 103-2</b>	The management approach and its components	
<b>Disclosure 103-3</b>	Evaluation of the management approach	
<b>ECONOMIC PERFORMANCE</b>		
<b>Disclosure 201-1</b>	Direct economic value generated and distributed	Annual Report – Financial Highlights
<b>Disclosure 201-2</b>	Financial implications and other risks and opportunities due to climate change	We have assessed that climate change has no significant impact on our business
<b>Disclosure 201-3</b>	Defined benefit plan obligations and other retirement plans	There is no pension scheme and employees under retirement plan
<b>Disclosure 201-4</b>	Financial assistance received from government	The Manager received Job Wage Supplement and Property Tax Rebate from the Singapore government
<b>MARKET PRESENCE</b>		
<b>Disclosure 202-1</b>	Ratios of standard entry level wage by gender compared to local minimum wage	We choose not to disclose as we reward based on meritocracy
<b>Disclosure 202-2</b>	Proportion of senior management hired from the local community	We choose not to disclose as we reward based on meritocracy
<b>INDIRECT ECONOMIC IMPACTS</b>		
<b>Disclosure 203-1</b>	Infrastructure investments and services supported	Our properties are premises used by local healthcare operators to provide medical services for local communities
<b>Disclosure 203-2</b>	Significant indirect economic impacts	This is not applicable to the Trust
<b>PROCUREMENT PRACTICES</b>		
<b>Disclosure 204-1</b>	Proportion of spending on local suppliers	This is not applicable to the Trust due to the nature of our business



GRI Standard	Disclosure Title	Page Reference & Remarks
<b>ANTI-CORRUPTION</b>		
<b>Disclosure 205-1</b>	Operations assessed for risks related to corruption	Annual Report – Anti-Corruption and Anti-Bribery Sustainability Report - Ethics and Business Conduct
<b>Disclosure 205-2</b>	Communication and training about anti-corruption policies and procedures	Annual Report – Anti-Corruption and Anti-Bribery Sustainability Report - Ethics and Business Conduct
<b>Disclosure 205-3</b>	Confirmed incidents of corruption and actions taken	Annual Report – Anti-Corruption and Anti-Bribery Sustainability Report - Ethics and Business Conduct
<b>ANTI-COMPETITIVE BEHAVIOR</b>		
<b>Disclosure 206-1</b>	Legal actions for anti-competitive behavior, anti-trust, and monopoly practices	No occurrence during our period of review.
<b>PROCUREMENT PRACTICES</b>		
<b>MATERIAL</b>		
<b>Disclosure 301-1</b>	Materials used by weight or volume	This is not applicable to the Trust due to the nature of our business
<b>Disclosure 301-2</b>	Recycled input materials used	This is not applicable to the Trust due to the nature of our business
<b>Disclosure 301-3</b>	Reclaimed products and their packaging materials	This is not applicable to the Trust due to the nature of our business
<b>ENERGY</b>		
<b>Disclosure 302-1</b>	Energy consumption within the organisation	Sustainability Report – Energy and Water Conservation
<b>Disclosure 302-2</b>	Energy consumption outside of the organisation	Energy usage outside the organisation is not significant hence we did not track.
<b>Disclosure 302-3</b>	Energy intensity	Sustainability Report – Energy and Water Conservation
<b>Disclosure 302-4</b>	Reduction of energy consumption	Sustainability Report – Energy and Water Conservation
<b>Disclosure 302-5</b>	Reductions in energy requirements of products and services	Sustainability Report – Energy and Water Conservation
<b>WATER</b>		
<b>Disclosure 303-1</b>	Water withdrawal by source	All water from our properties are obtained from public pipes managed by the local authorities which we have no control over
<b>Disclosure 303-2</b>	Water sources significantly affected by withdrawal of water	All water from our properties are discharged to public drainage systems managed by the local authorities which we have no control over
<b>Disclosure 303-3</b>	Water recycled and reused	There is no recycling water programme
<b>Disclosure 303-4</b>	Water discharge	We do not track water discharge
<b>Disclosure 303-5</b>	Water consumption	Sustainability Report – Energy and Water Conservation
<b>EFFLUENTS AND WASTE</b>		
<b>Disclosure 306-1</b>	Water discharge by quality and destination	This is not applicable to the Trust due to the nature of our business

# SUSTAINABILITY REPORT

GRI Standard	Disclosure Title	Page Reference & Remarks
<b>Disclosure 306-2</b>	Waste by type and disposal method	This is not applicable to the Trust due to the nature of our business
<b>Disclosure 306-3</b>	Significant spills	This is not applicable to the Trust due to the nature of our business
<b>Disclosure 306-4</b>	Transport of hazardous waste	This is not applicable to the Trust due to the nature of our business
<b>Disclosure 306-5</b>	Water bodies affected by water discharges and/or runoff	This is not applicable to the Trust due to the nature of our business
<b>ENVIRONMENTAL COMPLIANCE</b>		
<b>Disclosure 307-1</b>	Non-compliance with environmental laws and regulations	No occurrence during our period of review
<b>SUPPLIER ENVIRONMENTAL ASSESSMENT</b>		
<b>Disclosure 308-1</b>	New suppliers that were screened using environmental criteria	This is not applicable to the Trust due to the nature of our business
<b>Disclosure 308-2</b>	Negative environmental impacts in the supply chain and actions taken	This is not applicable to the Trust due to the nature of our business
<b>EMPLOYMENT</b>		
<b>Disclosure 401-1</b>	New employee hires and employee turnover	Sustainability Report – Employee Attraction and Retention
<b>Disclosure 401-2</b>	Benefits provided to full-time employees that are not provided to temporary or part-time employees	Sustainability Report – Employee Attraction and Retention
<b>Disclosure 401-3</b>	Parental leave	Sustainability Report – Employee Attraction and Retention
<b>LABOUR /MANAGEMENT RELATIONS</b>		
<b>Disclosure 402-1</b>	Minimum notice periods regarding operational changes	No occurrence during our period of review
<b>OCCUPATIONAL HEALTH AND SAFETY</b>		
<b>Disclosure 403-1</b>	Workers representation in formal joint management-worker health and safety committees	This is not applicable to the Trust due to the nature of our business
<b>Disclosure 403-2</b>	Types of injury and rates of injury, occupational diseases, lost days, and absenteeism, and number of work-related fatalities	No occurrence during our period of review
<b>Disclosure 403-3</b>	Workers with high incidence or high risk of diseases related to their occupation	This is not applicable to the Trust due to the nature of our business
<b>Disclosure 403-4</b>	Health and safety topics covered in formal agreements with trade unions	This is not applicable to the Trust due to the nature of our business
<b>Disclosure 403-5</b>	Worker training on occupational health and safety	This is not applicable to the Trust due to the nature of our business
<b>Disclosure 403-6</b>	Promotion of worker health	Sustainability Report – Employee Attraction and Retention
<b>Disclosure 403-7</b>	Prevention and mitigation of occupational health and safety impacts directly linked by business relationships	This is not applicable to the Trust due to the nature of our business

GRI Standard	Disclosure Title	Page Reference & Remarks
<b>Disclosure 403-8</b>	Workers covered by an occupational health and safety management system	This is not applicable to the Trust due to the nature of our business
<b>Disclosure 403-9</b>	Work-related injuries	No occurrence during our period of review
<b>Disclosure 403-10</b>	Work-related ill health	This is not applicable to the Trust due to the nature of our business
<b>TRAINING AND EDUCATION</b>		
<b>Disclosure 404-1</b>	Average hours of training per year per employee	Sustainability Report - Employee Attraction and Retention
<b>Disclosure 404-2</b>	Programs for upgrading employee skills and transition assistance programs	Sustainability Report - Employee Attraction and Retention
<b>Disclosure 404-3</b>	Percentage of employees receiving regular performance and career development reviews	Sustainability Report - Employee Attraction and Retention
<b>DIVERSITY AND EQUAL OPPORTUNITY</b>		
<b>Disclosure 405-1</b>	Diversity of governance bodies and employees	Annual Report - Corporate Governance report
<b>Disclosure 405-2</b>	Ratio of basic salary and remuneration of women to men	We choose not to disclose as we reward based on meritocracy
<b>NON-DISCRIMINATION</b>		
<b>Disclosure 406-1</b>	Incidents of discrimination and corrective actions taken	No occurrence during our period of review
<b>FREEDOM OF ASSOCIATION AND COLLECTIVE BARGAINING</b>		
<b>Disclosure 407-1</b>	Operations and suppliers in which the right to freedom of association and collective bargaining may be at risk	We have not identified this risk in our course of normal operations
<b>CHILD LABOR</b>		
<b>Disclosure 408-1</b>	Operations and suppliers at significant risk for incidents of child labour	We have not identified this risk in our course of normal operations
<b>FORCED OR COMPULSORY LABOUR</b>		
<b>Disclosure 409-1</b>	Operations and suppliers at significant risk for incidents of forced or compulsory labour	We have not identified this risk in our course of normal operations
<b>SECURITY PRACTICES</b>		
<b>Disclosure 410-1</b>	Security personnel trained in human rights policies or procedures	The security services at our properties are outsourced by property managers
<b>RIGHTS OF INDIGENOUS PEOPLES</b>		
<b>Disclosure 411-1</b>	Incidents of violations involving rights of indigenous peoples	No occurrence during our period of review
<b>HUMAN RIGHTS ASSESSMENT</b>		
<b>Disclosure 412-1</b>	Operations that have been subject to human rights reviews or impact assessments	No occurrence during our period of review
<b>Disclosure 412-2</b>	Employee training on human rights policies or procedures	We have not identified this risk in our course of normal operations

# SUSTAINABILITY REPORT

GRI Standard	Disclosure Title	Page Reference & Remarks
<b>Disclosure 412-3</b>	Significant investment agreements and contracts that include human rights clauses or that underwent human rights screening	We have not identified this risk in our course of normal operations
<b>LOCAL COMMUNITIES</b>		
<b>Disclosure 413-1</b>	Operations with local community engagement, impact assessments and development programs	This is not applicable to the Trust due to the nature of our business
<b>Disclosure 413-2</b>	Operations with significant actual and potential negative impacts on local communities	This is not applicable to the Trust due to the nature of our business
<b>SUPPLIER SOCIAL ASSESSMENT</b>		
<b>Disclosure 414-1</b>	New suppliers that were screened using social criteria	No occurrence during our period of review
<b>Disclosure 414-2</b>	Negative social impacts in the supply chain and actions taken	This is not applicable to the Trust due to the nature of our business
<b>PUBLIC POLICY</b>		
<b>Disclosure 415-1</b>	Political contributions	No occurrence during our period of review
<b>CUSTOMER HEALTH AND SAFETY</b>		
<b>Disclosure 416-1</b>	Assessment of the health and safety impacts of product and service categories	This is not applicable to the Trust due to the nature of our business
<b>Disclosure 416-2</b>	Incidents of non-compliance concerning the health and safety impacts of products and services	No occurrence during our period of review
<b>MARKETING AND LABELING</b>		
<b>Disclosure 417-1</b>	Requirements for product and service information and labeling	This is not applicable to the Trust due to the nature of our business
<b>Disclosure 417-2</b>	Incidents of non-compliance concerning product and service information and labeling	This is not applicable to the Trust due to the nature of our business
<b>Disclosure 417-3</b>	Incidents of non-compliance concerning marketing communications	This is not applicable to the Trust due to the nature of our business
<b>CUSTOMER PRIVACY</b>		
<b>Disclosure 418-1</b>	Substantiated complaints concerning breaches of customer privacy and losses of customer data	Sustainability Report - Ethics and Business Conduct
<b>SOCIOECONOMIC COMPLIANCE</b>		
<b>Disclosure 419-1</b>	Non-compliance with laws and regulations in the social and economic area	No occurrence during our period of review

## 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 the good standard of corporate governance.

This report sets out the Manager’s corporate governance practices for the financial year ended 31 December 2020 (“**FY2020**”), with specific reference to the Code of Corporate Governance 2018 issued by the Monetary Authority of Singapore (the “**MAS**”) on 6 August 2018 (the “**Code**”). The Manager is pleased to report that it has complied with 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 First REIT’s unitholders (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, Chapter 289 of Singapore (“**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 hours<sup>1</sup> for so long as First REIT continues to be in existence.

The Manager is 40% directly held by OUE Lippo Healthcare Limited (“**OUE LH**”) and 60% directly held by OUE Limited (“**OUE**”). The Manager’s association with OUE LH 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.

<sup>1</sup> Prior appointment would be appreciated (telephone: +65 6435 0168).

# CORPORATE GOVERNANCE REPORT

## BOARD MATTERS

### Board's Conduct of its Affairs

#### Principle 1

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 responsible for the strategic business direction and risk management of First REIT. All Board members participate in matters relating to corporate governance, business operations and risk management and financial performance. 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.

Directors (whether individually or as a group) have separate and independent access to Management, the company secretary of the Manager (the “**Company Secretary**”), and the Manager’s external advisers (where necessary) 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. 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 & 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 72 and 80 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 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 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 meets 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 half-year and full-year results and quarterly distributions to Unitholders. The Board also reviews the risks to the assets of First REIT and acts judiciously upon any comments from the auditors of First REIT.

## CORPORATE GOVERNANCE REPORT

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 and 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.

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 has considered and reviewed sustainability issues as part of its strategic formulation. More information on the material sustainability issues of First REIT are set out on pages 36 to 66 of this Annual Report.

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.

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, the Singapore Institute of Directors ("**SID**"), the Singapore Business Federation and audit firms. The Directors may also receive further relevant training of their choice in connection with their duties as directors, 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 FY2020, the Directors were briefed on the relevant regulatory and legislative changes as well as the changes to accounting standards.

For new Directors who do not have prior experience as a director of a public listed company in Singapore, they will also attend the mandatory training courses organised by the SID or other training institutions, where appropriate, in connection with their duties.

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

## CORPORATE GOVERNANCE REPORT

The number of Board, ARC, NRC and general meetings held in FY2020 and the attendance by each of the Directors at these meetings are set out below:

Name of Directors	Board Meetings	Audit and Risk Committee Meetings	Nominating & Remuneration Committee Meetings	General Meetings
	No. of meetings held in FY2020: 9	No. of meetings held in FY2020: 4	No. of meetings held in FY2020: 1	No. of meetings held in FY2020: 1
	Attended	Attended	Attended	Attended
Mr Christopher James Williams	9	NA	NA	1 <sup>(1)</sup>
Mr Tan Kok Mian Victor	9	NA	NA	1
Mr Chan Pengee Adrian	9	4	1	1
Mr Ferris Charles Bye	9	4	NA	1 <sup>(1)</sup>
Mr Tan Chuan Lye	9	4	1	1 <sup>(1)</sup>
Mr Martin Lechner	9	4	NA	1 <sup>(1)</sup>
Ms Minny Riady	9	NA	1	1 <sup>(1)</sup>

Note:

- (1) The annual general meeting for the financial year ended 31 December 2019 was convened and held by way of electronic means. These Directors were in attendance via electronic means.

### Board Composition and Guidance

#### Principle 2

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, ethnicity and other relevant factors. The NRC will report to the Board on an annual basis on the progress made in achieving these objectives. In relation to gender diversity, one out of the seven Directors is a female. The current Board composition also reflects a diversity of age, skills and knowledge, comprising business leaders and professionals from varied backgrounds.

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 (“ <b>CEO</b> ”))
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 has the discretion to hold and lead meetings with the other Independent and/or Non-Executive Directors without the presence of the Management as he deems appropriate or necessary and to provide feedback to the Chairman of the Board after such meetings. Mr Chan Pengee Adrian is also the Chairman of the NRC.



## CORPORATE GOVERNANCE REPORT

No alternate Director had been appointed to the Board during FY2020.

The Board comprises business leaders and professionals with fund management, legal and finance backgrounds. Key information on the Directors' particulars and background are set out on pages 12 and 16 of this Annual 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;
- the Board should comprise Directors with a broad range of commercial experience, including expertise in fund management, legal and the finance industry;
- Independent Directors make up a majority of the Board where the Chairman of the Board is not independent; and
- Non-Executive Directors made up a majority of the Board.

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 has 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, and to maximise its effectiveness and ensure that objectives as set out in the Board Diversity Policy are met.

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 page 74 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.

# CORPORATE GOVERNANCE REPORT

## Chairman and Chief Executive Officer

### Principle 3

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 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.

The Chairman of the Board is responsible for the overall management of the Board as well as ensuring that members of the Board work together with Management in a constructive manner to address strategies, business operations and enterprise issues. In addition, the Chairman of the Board sets the agenda for Board meetings and ensures that adequate time is available for discussion of all agenda items and that complete, adequate and timely information is made available to the Board. The Chairman of the Board also facilitates effective contribution of Non-Executive Directors, encourages constructive relations within the Board and between the Board and Management, ensures effective communication with Unitholders and promotes a high standard of corporate governance.

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.

## Board Membership

### Principle 4

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 (the key management personnel) of the Manager;
- 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;

## CORPORATE GOVERNANCE REPORT

- 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.

The composition of the Board was renewed in the financial year ended 31 December 2018 arising from the acquisition of the 100% shareholding in the Manager by OUE and OUE LH. Following the annual review of the composition and size of the Board, the Board, through the NRC, is satisfied that it has the appropriate size and mix of expertise and experience, taking into account the skills, experience, gender and knowledge of the Directors in the financial year, including the level of attendance and participation at Board meetings.

When considering a new appointment, the Board, through 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. 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.

### *Directors' Time Commitment*

In determining whether a Director has been adequately carrying out his duties as a director of the Manager, the NRC takes into account the assessments of the individual Director's effectiveness and his 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. A Director with multiple directorships is expected to ensure that he or 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 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 FY2020. The Board and NRC are satisfied that all Directors have discharged their duties adequately for FY2020.

## CORPORATE GOVERNANCE REPORT

### 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 FY2020	(ii) had been independent from any business relationship with the Manager and First REIT during FY2020	(iii) had been independent from every substantial shareholder of the Manager and every substantial Unitholder of First REIT during FY2020	(iv) had not been a substantial shareholder of the Manager or a substantial Unitholder of First REIT during FY2020	(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 FY2020
Mr Christopher James Williams <sup>(1)</sup>	✓	—	—	✓	✓
Mr Tan Kok Mian Victor <sup>(2)</sup>	—	✓	—	✓	✓
Mr Chan Pengee Adrian	✓	✓	✓	✓	✓
Mr Ferris Charles Bye	✓	✓	✓	✓	✓
Mr Tan Chuan Lye	✓	✓	✓	✓	✓
Mr Martin Lechner	✓	✓	✓	✓	✓
Ms Minny Riady <sup>(3)</sup>	✓	—	—	✓	✓

#### 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 FY2020, 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 2020, Mr Williams was able to act in the best interests of all the Unitholders as a whole. As at 31 December 2020, 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 FY2020, 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 2020, Mr Tan was able to act in the best interests of all the Unitholders as a whole. As at 31 December 2020, Mr Tan was able to act in the best interests of all the Unitholders as a whole.
- (3) 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 FY2020, 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 2020, Ms Riady was able to act in the best interests of all the Unitholders as a whole. As at 31 December 2020, Ms Riady was able to act in the best interests of all the Unitholders as a whole.

The NRC is satisfied that, as at 31 December 2020, 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 judgement of the Independent Directors and their ability to act in the best interests of all Unitholders as a whole.

## CORPORATE GOVERNANCE REPORT

### Board Performance

#### Principle 5

The Manager believes that Board performance is ultimately reflected in the long-term performance of First REIT. The Board has in place a process for evaluating the performance of the individual Director, Board and Board Committees. A collective assessment is conducted annually by means of a questionnaire individually completed by each Director. 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 FY2020.

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 more effective contributors. The Board is cognizant 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.

### REMUNERATION MATTERS

#### Procedures for Developing Remuneration Policies

##### Principle 6

#### Level and Mix of Remuneration

##### Principle 7

#### Disclosure on Remuneration

##### Principle 8

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 FY2020.

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 relation to the Directors' remuneration, and to ensure that the compensation offered by the Manager are (i) 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 for key management personnel with the required experience and expertise to run the Manager successfully. 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.

## CORPORATE GOVERNANCE REPORT

### *Remuneration of Non-Executive Directors*

The remuneration for each Non-Executive Director takes into account the relevant Director's contribution and responsibilities. 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 FY2020:

- 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.

As announced on 20 September 2020, the Board of the Manager had set up an independent board committee (the "**Independent Committee**") comprising all the independent Directors of the Board, namely, Mr Chan Pengee Adrian, Mr Ferris Charles Bye, Mr Tan Chuan Lye and Mr Martin Lechner to carefully consider and evaluate the rental restructuring proposed by its tenant, PT Lippo Karawaci Tbk ("**PT Lippo**"). The Independent Committee reports its decisions and recommendations to the Board. The Independent Committee shall be automatically dissolved upon the termination of discussions with PT Lippo (if commenced) on the non-binding proposal and/or the rental restructuring, or on the completion of the rental restructuring, whichever is the later. The proposed rental restructuring was approved by Unitholders at the virtual extraordinary general meeting on 19 January 2021.

In appreciation for the contributions and time spent on this ad-hoc project by the Independent Committee, the NRC has recommended a one-off fee.

## CORPORATE GOVERNANCE REPORT

### Disclosure of remuneration of the Directors for FY2020

A breakdown of the Director fees payable to each Director for FY2020 is shown below:

Name of Director	Director Fees (S\$) <sup>(1)</sup>
Mr Christopher James Williams	100,000 <sup>(2)</sup>
Mr Tan Kok Mian Victor	NIL <sup>(3)</sup>
Mr Chan Pengee Adrian	166,250 <sup>(4)</sup>
Mr Tan Chuan Lye	101,250 <sup>(5)</sup>
Mr Martin Lechner	88,750 <sup>(6)</sup>
Mr Ferris Charles Bye	126,250 <sup>(7)</sup>
Ms Minny Riady	62,500 <sup>(8)</sup>

Notes:

- (1) The framework for determining the Directors' Fees in FY2020 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. The fee structure for the one-off fee is as follows: (1) S\$40,000 for acting as chairman of Independent Committee (ii) S\$20,000 for acting as member of Independent Committee.
- (2) The fees payable to Mr Christopher James Williams comprise (i) S\$50,000 for acting as the Chairman of the Board and 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 FY2020.
- (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 (v) S\$25,000 for acting as the Chairman of the NRC and (vi) S\$40,000 for a one-off fee for acting as the Chairman of the Independent Committee.
- (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 (iii) S\$12,500 for acting as a member of the NRC and (iv) S\$20,000 for a one-off fee for acting as a member of the Independent Committee.
- (6) The fees payable to Mr Martin Lechner 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\$20,000 for a one-off fee for acting as a member of the Independent Committee.
- (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 (iii) S\$50,000 for acting as a member of the Board and (iv) S\$20,000 for a one-off fee for acting as a member of the Independent Committee.
- (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\$645,000 as Directors' fees for FY2020, 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.

## CORPORATE GOVERNANCE REPORT

### *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 the performance of the First REIT and the Manager, as well as achieving sustainable returns for the Unitholders.

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 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, 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.



## CORPORATE GOVERNANCE REPORT

### *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.

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 FY2020, 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 FY2020. 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 FY2020. "Immediate family member" refers to the spouse, child, adopted child, step-child, sibling or parent.

## ACCOUNTABILITY AND AUDIT

### **Risk Management and Internal Controls**

#### Principle 9

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 revision 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 property 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.

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 as and when necessary and top-tier risks, as well as risk mitigation measures for top-tier risks, are reported to the ARC and the Board for review.

# CORPORATE GOVERNANCE REPORT

## 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 testing the 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.

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 other key executive officers 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 2020 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 judgement in decision making, human error, fraud, other irregularities and losses.

For FY2020, 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 FY2020, 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.

## Audit and Risk Committee

### Principle 10

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, or hold any financial interest in, the Manager’s current auditing firm, RSM Chio Lim 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.

## CORPORATE GOVERNANCE REPORT

The ARC is guided by its terms of reference which have been updated to be in line with the Code 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
- reviewing the whistle blowing policy (the “**Whistle Blowing Policy**”).

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 FY2020 is set out on page 70 of this Annual Report.

## CORPORATE GOVERNANCE REPORT

In FY2020, 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-year 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 FY2020.

In the review of the financial statements for FY2020, the ARC had discussed with Management the accounting principles that were applied and the ARC's judgement 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:

<b>Key Audit Matters</b>	<b>How the ARC reviewed these matters and what decisions were made</b>
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 which have taken in account the potential impact of COVID-19 on these key assumptions for the valuation the investment properties.</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 Units Trusts", 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 FY2020. Please refer to pages 92 and 93 of this Annual Report.</p>

The ARC had conducted a review of all non-audit services provided by the external auditors and is satisfied that the extent of such services will not prejudice the independence and objectivity of the external auditors.

The aggregate amount of fees paid/payable to external auditors was S\$564,000, of which audit and non-audit services fees amounted to S\$464,000 and S\$100,000 respectively for the financial year under review.

RSM Chio Lim LLP audited First REIT and its Singapore subsidiaries. Member firms of RSM International, of which RSM Chio Lim LLP is a member, audited the foreign subsidiaries. First REIT is in compliance with Rules 712 and 715 of the Listing Manual.

## CORPORATE GOVERNANCE REPORT

To align with the OUE group, the ARC, with the concurrence of the Board, had recommended the appointment of KPMG LLP in place of RSM Chio Lim LLP as the external auditors to be approved by Unitholders at the forthcoming Annual General Meeting (“**AGM**”) of First REIT.

### 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 FY2020, the ARC has reviewed the adequacy and effectiveness of the internal auditors and was satisfied that the internal auditors are adequately resourced, qualified to perform 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**”). For FY2020, 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.

## UNITHOLDER RIGHTS AND ENGAGEMENT

### Unitholders Rights and Conduct of General Meetings

Principle 11

### Engagement with Unitholders

Principle 12

### Engagement with Stakeholders

Principle 13

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

The Manager’s investor relations and disclosure 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 corporate website at [www.first-reit.com](http://www.first-reit.com). Unitholders are encouraged to communicate their views on matters pertaining to First REIT and can email their questions to [ir@first-reit.com](mailto:ir@first-reit.com) or contact the Manager at +65 6435 0168, details of which are listed on First REIT’s corporate website.

As part of the Manager’s investor relations and disclosure policy, the Manager maintains an active dialogue with Unitholders and also conducts regular briefings for other stakeholders such as analysts and media representatives, which generally coincide with the release of First REIT’s results. During these briefings, Management will review First REIT’s most recent performance as well as discuss the business outlook for First REIT. The Manager assesses feedback from Unitholders and implements suggestions where feasible. The Manager believes that engaging 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 pages 32 and 33 of this Annual Report for further information on stakeholder engagement initiatives.

## CORPORATE GOVERNANCE REPORT

In view of the COVID-19 pandemic, the forthcoming AGM will be held on 27 April 2021 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**”). Alternative arrangements relating to attendance at the AGM (including arrangements by which the AGM can be electronically accessed via live audio-visual webcast or live audio-only stream, submission of questions in advance of the AGM, addressing of substantial and relevant questions at the AGM and voting by appointing the chairman of the meeting as proxy at the AGM) are set out in the Manager’s announcement dated 5 April 2021. The description below sets out First REIT’s usual practice for Unitholders’ meetings when there are no pandemic risks and the COVID-19 Order is not in operation.

Unitholders are informed of Unitholders’ 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. 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.

As disclosed on page 70 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, including any substantial queries raised by Unitholders in relation to the agenda and the accompanying responses from the Board and Management, are subsequently prepared.

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 Manager is of the opinion that since only the Unitholders are entitled to attend and vote at the general meetings, therefore, the content of such meetings should only be made available to the Unitholders upon request and not to the general public by publishing it on the REIT’s corporate website. This is also consistent with the intent of Principle 11 of the Code which requires the REIT to, *inter alia*, treat all Unitholders fairly and equitably. The Manager will make the AGM minutes available to any Unitholder(s) upon request, so that all Unitholders will stand on equal footing, thereby satisfying the requirement for Unitholders to be treated “fairly and equitably” under Principle 11 of the Code.

Principle 11 of the Code is also concerned with Unitholder engagement. The Manager believes that the same outcome of transparency for the benefit of Unitholders is achieved so long as the AGM minutes is made readily available upon request, even if the AGM minutes are not published on the REIT’s website. Accordingly, the Manager is of the view that despite this deviation from Provision 11.5 of the Code, its practice is consistent with the intent of Principle 11 of the Code as a whole.

Registered Unitholders who are unable to attend general meetings can each appoint up to 2 proxies to attend, participate and vote in general meetings on his/her behalf. Corporations providing nominee and custodial services can each appoint more than 2 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 Annual General Meeting 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. 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

First REIT targets to provide sustainable distribution payout. Please refer to page 121 of this Annual Report for more details on the distribution policy and page 97 of this Annual Report for First REIT's "Statements of Distribution" for FY2020.

### ADDITIONAL INFORMATION

#### Dealing in First REIT Units

The Manager has adopted a Code of Best Practices on Units Transactions, which provides guidance to its Directors and employees with regard to the dealing of Units. In general, the Directors and employees of the Manager are encouraged, as a matter of internal policy, to hold Units but are prohibited from dealing in such Units:

- on short-term considerations;
- during the period commencing one month before the public announcement of First REIT's full-year and half-year results and (where applicable) property valuation and two weeks before the public announcement of First REIT's quarterly business updates, and ending on the date of announcement of the relevant results, business updates or, as the case may be, property valuation; or
- at any time while in possession of price sensitive information.

The Manager issues quarterly reminders to its Directors, relevant officers and employees on the restrictions in dealing in Units as set out above. Directors are subject to statutory notification obligations in respect of any trade.

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.

# CORPORATE GOVERNANCE REPORT

## 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 ARC has put in place procedures to provide employees of the Manager with 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 action.

Reports submitted anonymously will be considered but given the difficulty in fully and fairly investigating such reports, names in reports are encouraged to assist with investigation as much as possible. The aim of the Whistle Blowing policy is to encourage the reporting of such matters in good faith, with the confidence that the person making such reports will be treated fairly, and to the extent possible, be protected from reprisal. Details of this Whistle Blowing Policy have been disseminated and are made publicly available to all employees on the Manager's website. Reports can be lodged via email at [Bowsprit.Whistleblow@boardroomlimited.com](mailto:Bowsprit.Whistleblow@boardroomlimited.com).

## Related Party Transactions

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 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.



## CORPORATE GOVERNANCE REPORT

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. Further, the Trustee has the ultimate discretion under the Trust Deed to decide whether or not to enter into a transaction involving a related party of the Manager or First REIT. 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 party 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 Related Party Transactions**

All Related Party Transactions will be subject to regular periodic reviews by the ARC. The Manager's internal control procedures are intended to ensure that Related Party Transactions are conducted on an arm's length basis and on normal commercial terms and are not prejudicial to the interests of First REIT and the Unitholders.

The Manager maintains a register to record all Related Party Transactions (and the bases, including any quotations from unrelated third parties and independent valuations obtained to support such bases, on which they are entered into) which are entered into by First REIT. The Manager incorporates into its internal audit plan a review of all Related Party Transactions entered into by First REIT. The ARC reviews the internal audit reports to ascertain that the guidelines and procedures established to monitor Related Party 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. The ARC periodically reviews all Related Party Transactions 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.

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 discloses in First REIT's annual report the aggregate value of Related Party Transactions entered into during the relevant 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 FY2020, the breakdown of the management fees paid was as follows:

	Group		Trust	
	2020 S\$'000	2019 S\$'000	2020 S\$'000	2019 S\$'000
Base fees	5,552	5,756	5,508	5,712
Performance fees	3,858	5,645	3,858	5,645
	9,410	11,401	9,366	11,357

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.

### **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 2020, First REIT's existing portfolio comprises twenty properties comprising sixteen properties located in Indonesia, three properties located in Singapore and one property located in South Korea, and has a combined gross floor area of 358,551 square metres and a valuation of S\$0.94 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.

## STATEMENT 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 (Cap. 289), 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 (formerly known as Bowsprit Capital Corporation 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, Supplement 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 and Seventh Supplemental Deed dated 7 April 2020) (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 96 to 152, 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

Singapore

24 March 2021

## STATEMENT BY THE MANAGER

In the opinion of the directors of First REIT Management Limited (formerly known as Bowsprit Capital Corporation Limited) (the “**Manager**”), the accompanying financial statements of First Real Estate Investment Trust (the “**Trust**”) and its subsidiaries (the “**Group**”) set out on pages 96 to 152 comprising the statements of total return, statements of distribution, statements of financial position, statements of movements in unitholders’ funds, statements of cash flows, statements of portfolio and summary of significant accounting policies and other explanatory notes of the Group and the Trust, 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 2020, the total return, distributions, movements in unitholders’ funds and cash flows of the Group and of the Trust for the reporting year ended on that date in accordance with the provisions of the Trust Deed and the recommendations of Statement of Recommended Accounting Practice “Reporting Framework for Unit Trusts” issued by the Institute of Singapore Chartered Accountants. 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  
(formerly known as Bowsprit Capital Corporation Limited)

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

Singapore

24 March 2021

# INDEPENDENT AUDITOR'S REPORT TO THE UNITHOLDERS OF FIRST REAL ESTATE INVESTMENT TRUST

## REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

### Opinion

We have audited the accompanying financial statements of First Real Estate Investment Trust (the “**Trust**”) and its subsidiaries (the “**Group**”), set out on pages 96 to 152, which comprise the statements of financial position and statements of portfolio of the Group and of the Trust as at 31 December 2020, and the statements of total return, statements of distribution, statements of movements in unitholders’ funds and statements of cash flows of the Group and of the Trust for the reporting year then ended, and notes to the financial statements, including significant accounting policies.

In our opinion, the accompanying financial statements of the Group and of the Trust are properly drawn up in accordance with the recommendations of Statement of Recommended Accounting Practice 7 “Reporting Framework for Unit Trusts” (“**RAP 7**”) issued by the Institute of Singapore Chartered Accountants so as to present fairly, in all material respects, the financial position and portfolio holdings of the Group and of the Trust as at 31 December 2020 and the total return, distributable income, movements in unitholders’ funds and cash flows of the Group and of the Trust for the reporting year ended on that date.

### 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 auditor’s 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 (“**ACRA**”) 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.

### Fair values of investment properties

Please refer to Note 2A on accounting policies, Note 2C on critical judgements, assumptions and estimation uncertainties, Note 13 on investment properties and the annual report on the section on the audit committee’s views and responses to the reported key audit matters.

The Group owns a portfolio of investment properties which are primarily used for healthcare and healthcare related purposes. The investment properties are stated at fair value of S\$0.94 billion as at 31 December 2020. The measurement of the fair values of the properties in the portfolio is a significant judgement area as the fair values are impacted by a number of assumptions and factors including future rental income, growth rates, discount rates, and terminal rates. All the valuations are carried out by independent professional valuers who perform their work in accordance with international valuation professional standards. The independent valuers’ reports included a material valuation uncertainty clause which highlights that less certainty, and consequently a higher degree of caution, should be attached to the valuations as a result of the COVID-19 pandemic. The investment properties are mainly valued through the use of expected future cash flows of each investment property over the specified years and discounted by a discount rate. The valuation exercise also relies on the accuracy of the underlying leases and financial information provided to the independent professional valuers by First REIT Management Limited (formerly known as Bowsprit Capital Corporation Limited), the manager of the Trust (the “**Manager**” or “**management**”).

We assessed the processes used by management for the selection of the independent professional valuers, the determination of the scope of work of these independent professional valuers, and management’s review of the valuations reported by these independent professional valuers. The independent professional valuers used by management have considerable experience in the markets in which the properties are located.

## INDEPENDENT AUDITOR'S REPORT TO THE UNITHOLDERS OF FIRST REAL ESTATE INVESTMENT TRUST

### **Fair values of investment properties (continued)**

With assistance from our own valuation specialist, we assessed the independence, competence and experience of the independent professional valuers. We obtained all the independent professional valuers' reports and confirmed that the valuations were performed in accordance with international valuation professional standards and that the methodologies adopted are in line with generally accepted market practices were appropriate by reference to acceptable valuation practice, FRS 40 and FRS 113.

We challenged the key assumptions upon which the valuations were based including those relating to future rental income, growth rates, discount rates and terminal rates by making a comparison to our own understanding of the market by benchmarking to external market data, where possible, and obtained an understanding of the reasons for significant or unusual movements in the property values by forming our own view on the general market conditions with reference to the key assumptions. We compared the information provided by management to the independent professional valuers, such as rental income and property costs to available supporting documents. We also considered the adequacy of the disclosures about the degree of critical judgement and estimation made when measuring the fair values of these properties as disclosed in Notes 2C and 13 respectively.

The testing performed in relation to the final fair values of the investment properties proved to be satisfactory.

We considered the adequacy of the disclosures made in notes to the financial statements which explain that the valuers reported on the basis of a material valuation uncertainty and consequently that less certainty and a higher degree of caution should be attached to the valuations as at 31 December 2020.

### **Other information**

Management is responsible for the other information. The other information comprises the information included in the statement of the Trustee, statement by the Manager, corporate profile, financial highlights, trust structure, corporate information, property overview, corporate governance and statistics of unitholdings, but does not include the financial statements and our auditor's report thereon.

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 the Manager for the financial statements**

The Manager is responsible for the preparation and fair presentation of these financial statements in accordance with the recommendations of RAP 7 issued by the 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.

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 management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

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

### **Auditor's 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 auditor's 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.

## INDEPENDENT AUDITOR'S REPORT TO THE UNITHOLDERS OF FIRST REAL ESTATE INVESTMENT TRUST

### Auditor's responsibilities for the audit of the financial statements (continued)

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

- a) 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 control.
- b) Obtain an understanding of internal control 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 control.
- c) Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Manager.
- d) Conclude on the appropriateness of management'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 auditor's 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 auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- e) 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.
- f) 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 directors of the Manager regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

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

From the matters communicated with the directors of 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 auditor's report unless law or regulation precludes 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.



## **INDEPENDENT AUDITOR'S REPORT TO THE UNITHOLDERS OF FIRST REAL ESTATE INVESTMENT TRUST**

### **Auditor's responsibilities for the audit of the financial statements (continued)**

The engagement partner on the audit resulting in this independent auditor's report is Mr. Chow Khen Seng.

RSM Chio Lim LLP  
Public Accountants and  
Chartered Accountants  
Singapore

24 March 2021

Engagement partner — effective from year ended 31 December 2019

## STATEMENTS OF TOTAL RETURN

Year Ended 31 December 2020

	Notes	Group		Trust	
		2020 S\$'000	2019 S\$'000	2020 S\$'000	2019 S\$'000
<b>Rental and other income</b>	4	79,619	115,297	33,197	65,630
Property operating expenses	5	(2,154)	(2,403)	(46)	(237)
<b>Net property and other income</b>		77,465	112,894	33,151	65,393
Interest income		1,436	2,364	1,262	1,555
Manager's management fees	6	(9,410)	(11,401)	(9,366)	(11,357)
Trustee fees	3	(416)	(430)	(416)	(430)
Finance costs	7	(17,826)	(20,390)	(17,826)	(20,390)
Other expenses	8	(5,703)	(1,002)	(5,362)	(926)
<b>Net income before the undernoted</b>		45,546	82,035	1,443	33,845
Net fair value losses on investment properties	13	(401,387)	(5,607)	(912)	(512)
Impairment losses on investments in subsidiaries	14	—	—	(75,457)	—
Net fair value losses of derivatives financial instruments	25	(2,391)	(1,040)	(2,391)	(1,040)
<b>Total (loss)/ return for the year before income tax</b>		(358,232)	75,388	(77,317)	32,293
Income tax benefit/ (expenses)	9	5,822	(26,472)	(1,467)	99
<b>Total (loss)/ return for the year after income tax</b>		(352,410)	48,916	(78,784)	32,392
<b>Other comprehensive loss:</b>					
<b>Items that may be reclassified subsequently to profit or loss:</b>					
Exchange differences on translating foreign operations, net of tax		(164)	(133)	—	—
<b>Total comprehensive (loss)/ return for the year</b>		(352,574)	48,783	(78,784)	32,392
<b>Total (loss)/ return attributable to:</b>					
Unitholders of the Trust		(355,827)	45,508	(82,201)	28,984
Perpetual securities holders		3,417	3,408	3,417	3,408
		(352,410)	48,916	(78,784)	32,392
Total comprehensive (loss)/ return attributable to:					
Unitholders of the Trust		(355,991)	45,375	(82,201)	28,984
Perpetual securities holders		3,417	3,408	3,417	3,408
		(352,574)	48,783	(78,784)	32,392
<b>(Loss)/ Earnings per unit in cents</b>					
Basic and diluted	10	(44.33)	5.74	N/A	N/A

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

## STATEMENTS OF DISTRIBUTION

Year Ended 31 December 2020

	Group		Trust	
	2020 S\$'000	2019 S\$'000	2020 S\$'000	2019 S\$'000
<b>Amount available for distribution to unitholders at beginning of the year</b>	17,169	17,014	17,169	17,014
Total (loss)/ return for the year after income tax	(352,410)	48,916	(78,784)	32,392
Adjustments for tax purposes (Note A)	385,854	19,524	112,228	36,048
	33,444	68,440	33,444	68,440
<b>Amount available for distribution to unitholders</b>	50,613	85,454	50,613	85,454
Total distribution paid to unitholders (Note 11)	(43,773)	(68,285)	(43,773)	(68,285)
<b>Amount available for distribution to unitholders at end of the year (Note 11A and Note 30)</b>	6,840	17,169	6,840	17,169
Distribution per unit (cents)	4.15	8.60	4.15	8.60
Note A — Adjustments for tax purposes:				
Manager's management fees settled in units	4,679	9,747	4,679	9,747
Change in fair values of investment properties, net of deferred tax	383,119	13,361	2,379	414
Net fair value losses of derivatives financial instruments	2,391	1,040	2,391	1,040
Impairment losses on investments in subsidiaries	—	—	75,457	—
Capital repayment	—	—	21,618	28,919
Amount reserved for distribution to perpetual securities holders	(3,417)	(3,408)	(3,417)	(3,408)
Foreign exchange adjustment gains	(325)	(245)	(325)	(245)
Adjustments of dividend income from subsidiaries	—	—	8,770	—
Other non-tax deductible items and adjustments	(593)	(971)	676	(419)
	385,854	19,524	112,228	36,048

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

# STATEMENTS OF FINANCIAL POSITION

As at 31 December 2020

	Notes	Group		Trust	
		2020 S\$'000	2019 S\$'000	2020 S\$'000	2019 S\$'000
<b>ASSETS</b>					
<b>Non-current assets</b>					
Plant and equipment	12	41	55	—	—
Investment properties	13	939,670	1,340,780	33,800	34,500
Investments in subsidiaries	14	—	—	661,867	754,569
Loan receivable, non-current	16	—	—	30,288	34,661
Deferred tax assets	9	—	1,467	—	1,467
<b>Total non-current assets</b>		<b>939,711</b>	<b>1,342,302</b>	<b>725,955</b>	<b>825,197</b>
<b>Current assets</b>					
Trade and other receivables, current	15	45,028	48,833	10,388	8,471
Loan receivable, current	16	—	—	4,191	4,191
Other non-financial assets, current	17	877	3,021	40	912
Cash and cash equivalents	18	19,292	32,980	10,738	26,084
<b>Total current assets</b>		<b>65,197</b>	<b>84,834</b>	<b>25,357</b>	<b>39,658</b>
<b>Total assets</b>		<b>1,004,908</b>	<b>1,427,136</b>	<b>751,312</b>	<b>864,855</b>
<b>Non-current liabilities</b>					
Deferred tax liabilities	9	19,968	39,703	—	—
Other financial liabilities, non-current	22	293,660	486,410	293,660	486,410
Derivatives financial instruments	25	3,866	1,253	3,866	1,253
<b>Total non-current liabilities</b>		<b>317,494</b>	<b>527,366</b>	<b>297,526</b>	<b>487,663</b>
<b>Current liabilities</b>					
Income tax payable	9	676	1,951	—	—
Trade and other payables, current	23	17,316	18,840	25,437	26,070
Other financial liabilities, current	22	195,345	—	195,345	—
Other non-financial liabilities, current	24	10,107	23,043	2,062	2,004
Derivatives financial instruments	25	—	222	—	222
<b>Total current liabilities</b>		<b>223,444</b>	<b>44,056</b>	<b>222,844</b>	<b>28,296</b>
<b>Total liabilities</b>		<b>540,938</b>	<b>571,422</b>	<b>520,370</b>	<b>515,959</b>
Represented by:					
<b>Net assets attributable to unitholders</b>		<b>403,092</b>	<b>794,836</b>	<b>170,064</b>	<b>288,018</b>
Perpetual securities holders	20	60,878	60,878	60,878	60,878
<b>Total net assets</b>	19	<b>463,970</b>	<b>855,714</b>	<b>230,942</b>	<b>348,896</b>
<b>Units in issue ('000)</b>	19	<b>807,206</b>	<b>797,675</b>	<b>807,206</b>	<b>797,675</b>
<b>Net asset value per unit in cents attributable to unitholders</b>	19	<b>49.94</b>	<b>99.64</b>	<b>21.07</b>	<b>36.11</b>

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

## STATEMENTS OF MOVEMENTS IN UNITHOLDERS' FUNDS

Year Ended 31 December 2020

	Group		Trust	
	2020 S\$'000	2019 S\$'000	2020 S\$'000	2019 S\$'000
<b>OPERATIONS</b>				
<b>Balance at 1 January</b>	794,836	808,275	288,018	317,848
Total return attributable to unitholders of Trust	(352,410)	48,916	(78,784)	32,392
<b>UNITHOLDERS' TRANSACTIONS (Note 19)</b>				
Manager's management fees settled in units	8,020	9,471	8,020	9,471
Change in net assets resulting from creation of units	8,020	9,471	8,020	9,471
Amount reserved for distribution to perpetual securities holders	(3,417)	(3,408)	(3,417)	(3,408)
Distributions to unitholders (Note 11)	(43,773)	(68,285)	(43,773)	(68,285)
Net decrease in net assets resulting from unitholders' transactions	(39,170)	(62,222)	(39,170)	(62,222)
<b>FOREIGN EXCHANGE RESERVE</b>				
Net movement in other comprehensive loss	(164)	(133)	—	—
<b>Total unitholders' funds at 31 December</b>	403,092	794,836	170,064	288,018
<b>PERPETUAL SECURITIES</b>				
<b>Balance at 1 January</b>	60,878	60,878	60,878	60,878
Total return attributable to perpetual securities holders	3,417	3,408	3,417	3,408
Distribution to perpetual securities holders	(3,417)	(3,408)	(3,417)	(3,408)
<b>Balance at 31 December</b>	60,878	60,878	60,878	60,878
<b>Total</b>	463,970	855,714	230,942	348,896

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

## STATEMENTS OF CASH FLOWS

Year Ended 31 December 2020

	Group		Trust	
	2020	2019	2020	2019
	S\$'000	S\$'000	S\$'000	S\$'000
<b>Cash flows from operating activities</b>				
Total (loss)/ return before income tax	(358,232)	75,388	(77,317)	32,293
Adjustments for:				
Interest income	(1,436)	(2,364)	(1,262)	(1,555)
Interest expense	14,713	17,493	14,713	17,493
Depreciation expenses	14	13	—	—
Amortisation of borrowing costs	3,113	2,897	3,113	2,897
Foreign exchange adjustment gains	(325)	(245)	(325)	(245)
Dividend income	—	—	(29,519)	(61,639)
Losses on disposal of quoted shares	6	7	—	—
Decrease in fair value of investment properties	401,387	5,607	912	512
Impairment on investments in subsidiaries	—	—	75,457	—
Net fair value losses of derivatives financial instruments	2,391	1,040	2,391	1,040
Manager's management fees settled in units	2,750	4,878	2,750	4,878
Operating cash flows before changes in working capital	64,381	104,714	(9,087)	(4,326)
Trade and other receivables, current	3,770	10,589	(1,933)	9,096
Other non-financial assets, current	2,144	1,812	872	(661)
Trade and other payables, current	6,762	1,467	7,647	7,656
Other non-financial liabilities, current	(12,936)	250	58	39
Net cash flows from/ (used in) operating activities before income tax	64,121	118,832	(2,443)	11,804
Income taxes paid	(13,721)	(18,756)	—	—
Net cash flows from/ (used in) operating activities	50,400	100,076	(2,443)	11,804
<b>Cash flows from investing activities</b>				
Increase in investment properties	(425)	(1,202)	(212)	(112)
Net movements in amounts due from subsidiaries	—	—	51,136	90,558
Interest received	1,451	2,345	1,281	1,536
Investments in quoted shares	(268)	(620)	—	—
Disposals of quoted shares	262	639	—	—
Net cash flows from investing activities	1,020	1,162	52,205	91,982
<b>Cash flows from financing activities</b>				
Distribution to unitholders	(43,773)	(68,285)	(43,773)	(68,285)
Increase in borrowings	—	100,000	—	100,000
Repayment of borrowings	—	(110,000)	—	(110,000)
Interest paid	(17,918)	(14,323)	(17,918)	(14,323)
Distribution to perpetual securities holders	(3,417)	(3,408)	(3,417)	(3,408)
Net cash flows used in financing activities	(65,108)	(96,016)	(65,108)	(96,016)
<b>Net (decrease)/ increase in cash and cash equivalents</b>	(13,688)	5,222	(15,346)	7,770
Cash and cash equivalents, statement of cash flows, beginning balance	32,980	27,758	26,084	18,314
<b>Cash and cash equivalents, statement of cash flows, ending balance (Note 18)</b>	19,292	32,980	10,738	26,084

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

## STATEMENTS OF PORTFOLIO

As at 31 December 2020

	Carrying value as at 31.12.2020 S\$'000	Percentage of net assets attributable to unitholders as at 31.12.2020 %	Carrying value as at 31.12.2019 S\$'000	Percentage of net assets attributable to unitholders as at 31.12.2019 %
<b>Group:</b>				
Investment properties in Indonesia	901,771	223.70	1,298,200	163.33
Investment properties in Singapore	33,800	8.39	34,500	4.34
Investment property in South Korea	4,099	1.02	8,080	1.02
Portfolio of investment properties at valuation – total	939,670	233.11	1,340,780	168.69
Other net liabilities	(475,700)	(118.01)	(485,066)	(61.03)
Net assets attributable to holders	463,970	115.10	855,714	107.66
Perpetual securities	(60,878)	(15.10)	(60,878)	(7.66)
Net assets attributable to unitholders	403,092	100.00	794,836	100.00

	Carrying value as at 31.12.2020 S\$'000	Percentage of net assets attributable to unitholders as at 31.12.2020 %	Carrying value as at 31.12.2019 S\$'000	Percentage of net assets attributable to unitholders as at 31.12.2019 %
<b>Trust:</b>				
Investment properties in Singapore	33,800	19.87	34,500	11.98
Portfolio of investment properties at valuation – total	33,800	19.87	34,500	11.98
Investments in subsidiaries	661,867	389.19	754,569	261.99
Other net liabilities	(464,725)	(273.26)	(440,173)	(152.83)
Net assets attributable to holders	230,942	135.80	348,896	121.14
Perpetual securities	(60,878)	(35.80)	(60,878)	(21.14)
Net assets attributable to unitholders	170,064	100.00	288,018	100.00

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

## STATEMENTS OF PORTFOLIO

As at 31 December 2020

### By Geographical Area

Description of Property / Location / Acquisition Date / Type of Property / Land Title Type / Term of Lease <sup>(a)</sup> / Remaining Term of Lease <sup>(b)</sup>	Gross floor area in square metres	Carrying value as at 31.12.2020 S\$'000	Percentage of net assets attributable to unitholders as at 31.12.2020 %	Carrying value as at 31.12.2019 S\$'000	Percentage of net assets attributable to unitholders as at 31.12.2019 %
<b>Singapore</b>					
Pacific Healthcare Nursing Home @ Bukit Merah 6 Lengkok Bahru, Singapore 159051 11 April 2007, Nursing Home 30 years leasehold from 2002 10+10 years/ 7 years	3,593	9,100	2.26	9,400	1.18
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/ 7 years	3,563	9,400	2.33	9,600	1.21
The Lentor Residence 51 Lentor Avenue, Singapore 786876 8 June 2007, Nursing Home 99 years leasehold from 1938 10+10 years/ 17 years	4,005	15,300	3.80	15,500	1.95
Portfolio of Investment Properties held by the Trust at Valuation – Sub-total		33,800	8.39	34,500	4.34
<b>Indonesia</b>					
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/ 16 years	32,696	164,008	40.69	162,400	20.43
Siloam Hospitals Kebon Jeruk Jalan Raya Perjuangan Kav. 8 Kebon Jeruk, West Jakarta, Indonesia 11 December 2006, Hospital HGB 15+15 years/ 16 years	20,268	73,800	18.31	93,700	11.79
Siloam Hospitals Surabaya Jalan Raya Gubeng No. 70, Gubeng Surabaya, East Java, Indonesia 11 December 2006, Hospital HGB 15+15 years/ 16 years (Also see Note 27)	9,065	40,266	9.99	27,900	3.51

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



## STATEMENTS OF PORTFOLIO

As at 31 December 2020

### By Geographical Area (continued)

Description of Property / Location / Acquisition Date / Type of Property / Land Title Type / Term of Lease <sup>(a)</sup> / Remaining Term of Lease <sup>(b)</sup>	Gross floor area in square metres	Carrying value as at 31.12.2020 S\$'000	Percentage of net assets attributable to unitholders as at 31.12.2020 %	Carrying value as at 31.12.2019 S\$'000	Percentage of net assets attributable to unitholders as at 31.12.2019 %
<b>Indonesia (continued)</b>					
Imperial Aryaduta Hotel & Country Club Jalan Boulevard Jendral Sudirman, Kav. 401, Lippo Village 1300, Tangerang, Banten, Indonesia 11 December 2006, Hotel & Country Club HGB 15+15 years/ 16 years	17,926	41,400	10.27	41,000	5.16
Mochtar Riady Comprehensive Cancer Centre Jalan Garnisun Dalam No. 2-3, Semanggi Central Jakarta, Indonesia 30 December 2010, Hospital HGB 15+15 years/ 20 years	37,933	126,859	31.47	266,300	33.50
Siloam Hospitals Lippo Cikarang Jalan Mohammad Husni Thamrin Kav. 105, Lippo Cikarang, Bekasi, Indonesia 31 December 2010, Hospital HGB 15+15 years/ 20 years	13,256	49,800	12.35	53,500	6.73
Siloam Hospitals Manado & Hotel Aryaduta Manado Jalan Sam Ratulangi No. 22, Komplek Boulevard Centre and Jalan Piere Tendean No. 1, Manado, North Sulawesi Indonesia 30 November 2012, Hospital & Hotel HGB 15+15 years/ 22 years	36,051	77,460	19.22	103,100	12.97
Siloam Hospitals Makassar Jalan Metro Tanjung Bunga Kav 3-5, Makassar City, South Sulawesi, Indonesia 30 November 2012, Hospital HGB 15+15 years/ 22 years	14,307	66,024	16.38	73,300	9.22

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

## STATEMENTS OF PORTFOLIO

As at 31 December 2020

### By Geographical Area (continued)

Description of Property / Location / Acquisition Date / Type of Property / Land Title Type / Term of Lease <sup>(a)</sup> / Remaining Term of Lease <sup>(b)</sup>	Gross floor area in square metres	Carrying value as at 31.12.2020 S\$'000	Percentage of net assets attributable to unitholders as at 31.12.2020 %	Carrying value as at 31.12.2019 S\$'000	Percentage of net assets attributable to unitholders as at 31.12.2019 %
<b>Indonesia (continued)</b>					
Siloam Hospitals Bali Jalan Sunset Road No. 818, Kuta, Badung, Bali, Indonesia 13 May 2013, Hospital HGB 15+15 years/ 23 years	20,958	63,006	15.63	124,400	15.65
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/ 23 years	18,605	41,931	10.40	118,900	14.96
Siloam Hospitals Purwakarta Jalan Raya Bungursari No. 1, Purwakarta, West Java, Indonesia 28 May 2014, Hospital HGB 15+15 years/ 24 years	8,254	22,910	5.68	42,000	5.29
Siloam Sriwijaya Jalan POM IX, Komplek Palembang Square, Palembang, South Sumatra, Indonesia 29 December 2014, Hospital Strata Title on Build, Operate and Transfer scheme 15+15 years/ 24 years	15,709	24,687	6.12	41,300	5.20
Siloam Hospitals Kupang & Lippo Plaza Kupang Jalan Veteran, No. 4, Arena Pameran Fatululi, Kupang, East Nusa Tenggara, Indonesia 14 December 2015, Hospital & Mall Build, Operate and Transfer scheme 15+15 years/ 25 years	55,368	53,459	13.26	73,700	9.27

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

## STATEMENTS OF PORTFOLIO

As at 31 December 2020

### By Geographical Area (continued)

Description of Property / Location / Acquisition Date / Type of Property / Land Title Type / Term of Lease <sup>(a)</sup> / Remaining Term of Lease <sup>(b)</sup>	Gross floor area in square metres	Carrying value as at 31.12.2020 S\$'000	Percentage of net assets attributable to unitholders as at 31.12.2020 %	Carrying value as at 31.12.2019 S\$'000	Percentage of net assets attributable to unitholders as at 31.12.2019 %
<b>Indonesia (continued)</b>					
Siloam Hospitals Labuan Bajo Jalan Gabriel Gampur, Labuan Bajo, East Nusa Tenggara, Indonesia 30 December 2016, Hospital HGB 15+15 years/ 26 years	7,604	11,178	2.77	20,900	2.63
Siloam Hospitals Buton & Lippo Plaza Buton Jalan Sultan Hasanuddin No. 50, 52, 54 and 58 Bau Bau, Sulawesi Tenggara, Indonesia 10 October 2017, Hospital & Mall Build, Operate and Transfer scheme 15+15 years/ 27 years	21,934	24,909	6.18	28,700	3.61
Siloam Hospitals Yogyakarta Jalan Laksda Adi Sucipto No. 32-34 Yogyakarta, Indonesia 22 December 2017, Hospital HGB 15+15 years/ 27 years	12,474	20,074	4.98	27,100	3.41
<b>South Korea</b>					
Sarang Hospital No. 9 Bongsannam 3 <sup>rd</sup> Street, Yeosu City Jeonranam-Do, South Korea 5 August 2011, Hospital Freehold 10+10 years/ 11 years	4,982	4,099	1.02	8,080	1.02
Portfolio of Investment Properties held by the Group at Valuation – Total		939,670	233.11	1,340,780	168.69

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 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 2020 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 BOT scheme, and Siloam Hospitals Kupang & Lippo Plaza Kupang and Siloam Hospitals Buton & Lippo Plaza Buton which are under BOT schemes.

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

# NOTES TO THE FINANCIAL STATEMENTS

31 December 2020

## 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 and Seventh Supplemental Deed dated 7 April 2020) (the “**Trust Deed**”) between First REIT Management Limited (formerly known as Bowsprit Capital Corporation 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 (the “**Group**”) 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 registered office of the Manager is 333 Orchard Road #33-02 Mandarin Orchard Singapore, Singapore 238867.

The financial statements were approved and authorised for issue by the board of directors of the Manager on 24 March 2021. The financial statements are for the Trust and the Group.

Uncertainties relating to the COVID-19 pandemic:

The COVID-19 pandemic and the aftermath of the pandemic has caused and continues to cause disruptions resulting in uncertainties surrounding the reporting entity’s business, including affecting its relationships with its existing and future customers, tenants and employees, and which had and will continue to have an adverse effect on its financial position, financial performance of operations, cash flows and medium and long-term prospects for the foreseeable future. The current liabilities are more than the current assets. The financial position of the entity, its cash flows, liquidity position and borrowing facilities are described in the notes to the financial statements. In addition, the notes to the financial statements include the objectives, policies and processes for managing capital; financial risk management objectives; details of its financial instruments; and its exposures to credit risk and liquidity risk. The entity has considerable financial resources together with some satisfactory arrangements with many customers, suppliers and lenders. The Group has a strong and reputable hospital operator, PT Siloam International Hospitals Tbk in Indonesia. As a consequence, the management believes that the entity is well placed to manage its solvency, liquidity or other risks. The management is monitoring the situation closely and to mitigate the financial impact, it is carefully managing its operations and conserving liquidity by working with major suppliers and lenders to align repayment obligations with receivables collection. The management has reasonable expectation that the entity has adequate resources to continue in operational existence for the foreseeable future.

### Accounting convention

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

The financial statements are prepared on a going concern basis under the historical cost convention except where a FRS requires an alternative treatment (such as fair values) as disclosed where appropriate in these financial statements.

The financial statements are presented in Singapore dollars, recorded to the nearest thousand, unless otherwise stated.

# NOTES TO THE FINANCIAL STATEMENTS

31 December 2020

## 1. General (continued)

### Basis of presentation

The consolidated financial statements include the financial statements made up to the end of the reporting year of the Trust and all of its subsidiaries. The consolidated financial statements are the financial statements of the Group (the parent and its subsidiaries) presented as those of a single economic entity and are prepared using uniform accounting policies for like transactions and other events in similar circumstances. All significant intragroup balances and transactions are eliminated on consolidation. Subsidiaries are consolidated from the date the reporting entity obtains control of the investee and cease when the reporting entity loses control of the investee.

Changes in the Group's ownership interest in a subsidiary that do not result in the loss of control are accounted for within equity as transactions with owners in their capacity as owners. The carrying amounts of the Group's and non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiary. When the Group loses control of a subsidiary it derecognises the assets and liabilities and related equity components of the former subsidiary. Any gain or loss is recognised in profit or loss. Any investment retained in the former subsidiary is measured at fair value at the date when control is lost and is subsequently accounted as equity investments financial assets in accordance with the financial reporting standard on financial instruments.

The Trust's separate financial statements have been prepared on the same basis.

### Basis of preparation of the financial statements

The preparation of financial statements in conformity with generally accepted accounting principles requires the management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting year. Actual results could differ from those estimates. The estimates and assumptions are reviewed on an ongoing basis. Apart from those involving estimations, management has made judgements in the process of applying the entity's accounting policies. The areas requiring management's most difficult, subjective or complex judgements, or areas where assumptions and estimates are significant to the financial statements, are disclosed at the end of this footnote, where applicable.

### Net assets attributable to unitholders

RAP 7 requires that the units are recognised on initial recognition as equity. The net assets attributable to unitholders comprise the residual interest in the assets of the unit trust after deducting its liabilities. Under RAP 7, distributions are accrued for at the reporting year end date if the Manager has the discretion to declare distributions without the need for unitholders or Trustee approval and a constructive or legal obligation has been created. Distributions to unitholders have been recognised as liabilities when they are declared.

## 2. Significant accounting policies and other explanatory information

### 2A. Significant accounting policies

#### Rental and other income

##### (i) Rental income from operating leases

Rental income is recognised from operating leases as income on either a straight-line basis or another systematic basis which is used if that basis is more representative of the pattern in which benefit from the use of the underlying asset is diminished.

##### (ii) Interest income

Interest income is recognised on a time-proportion basis using the effective interest method.

# NOTES TO THE FINANCIAL STATEMENTS

31 December 2020

## 2. Significant accounting policies and other explanatory information (continued)

### 2A. Significant accounting policies (continued)

#### Rental and other income (continued)

##### (iii) Dividend income

Dividend from equity instruments is recognised as income when the entity's right to receive payment is established.

#### Borrowing costs

Borrowing costs are interest and other costs incurred in connection with the borrowing of funds. Interest expense is calculated using the effective interest rate method. Borrowing costs are recognised as an expense in the period in which they are incurred except that borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset that necessarily take a substantial period of time to get ready for their intended use or sale are capitalised as part of the cost of that asset until substantially all the activities necessary to prepare the qualifying asset for its intended use or sale are complete.

#### Foreign currency transactions

The functional currency of the Trust is the Singapore dollar as it reflects the primary economic environment in which the entity operates. Transactions in foreign currencies are recorded in the functional currency at the rates ruling at the dates of the transactions. At each end of the reporting year, recorded monetary balances and balances measured at fair value that are denominated in non-functional currencies are reported at the rates ruling at the end of the reporting year and fair value measurement dates respectively. All realised and unrealised exchange adjustment gains and losses are dealt with in profit or loss except when a gain or loss on a non-monetary item is recognised in other comprehensive income, any exchange component of that gain or loss is recognised in other comprehensive income. The presentation is in the functional currency.

#### Translation of financial statements of foreign entities

Each entity in the Group determines the appropriate functional currency as it reflects the primary economic environment in which the relevant reporting entity operates. In translating the financial statements of such an entity for incorporation in the consolidated financial statements in the presentation currency the assets and liabilities denominated in other currencies are translated at end of the reporting year rates of exchange and the income and expense items for each statement presenting profit or loss and other comprehensive income are translated at average rates of exchange for the reporting year. The resulting translation adjustments (if any) are recognised in other comprehensive income and accumulated in a separate component of unitholders' funds until the disposal of that relevant reporting entity.

## NOTES TO THE FINANCIAL STATEMENTS

31 December 2020

### 2. Significant accounting policies and other explanatory information (continued)

#### 2A. Significant accounting policies (continued)

##### Income tax

The income taxes are accounted using the asset and liability method that requires the recognition of taxes payable or refundable for the current year and deferred tax liabilities and assets for the future tax consequence of events that have been recognised in the financial statements or tax returns. The measurements of current and deferred tax liabilities and assets are based on provisions of the enacted or substantially enacted tax laws; the effects of future changes in tax laws or rates are not anticipated. Tax expense (tax income) is the aggregate amount included in the determination of profit or loss for the reporting year in respect of current tax and deferred tax. Current and deferred income taxes are recognised as income or as an expense in profit or loss unless the tax relates to items that are recognised in the same or a different period outside profit or loss. For such items recognised outside profit or loss the current tax and deferred tax are recognised (a) in other comprehensive income if the tax is related to an item recognised in other comprehensive income and (b) directly in unitholders' funds if the tax is related to an item recognised directly in unitholders' funds. Deferred tax assets and liabilities are offset when they relate to income taxes levied by the same income tax authority. The carrying amount of deferred tax assets is reviewed at each end of the reporting year and is reduced, if necessary, by the amount of any tax benefits that, based on available evidence, are not expected to be realised. A deferred tax amount is recognised for all temporary differences, unless the deferred tax amount arises from the initial recognition of an asset or liability in a transaction which (i) is not a business combination; and (ii) at the time of the transaction, affects neither accounting profit nor taxable profit (tax loss). A deferred tax liability or asset is recognised for all taxable temporary differences associated with investments in subsidiaries except where the reporting entity is able to control the timing of the reversal of the taxable temporary difference and it is probable that the taxable temporary difference will not reverse in the foreseeable future or for deductible temporary differences, they will not reverse in the foreseeable future and they cannot be utilised against taxable profits.

##### Segment reporting

The Group discloses financial and descriptive information about its consolidated reportable segments. Reportable segments are operating segments or aggregations of operating segments that meet specified criteria. Operating segments are components about which separate financial information is available that is evaluated regularly by the chief operating decision maker in deciding how to allocate resources and in assessing the performance. Generally, financial information is reported on the same basis as is used internally for evaluating operating segment performance and deciding how to allocate resources to operating segments.

##### Subsidiaries

A subsidiary is an entity including unincorporated and special purpose entity that is controlled by the reporting entity and the reporting entity is exposed, or has rights to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. The existence and effect of substantive potential voting rights that the reporting entity has the practical ability to exercise (that is, substantive rights) are considered when assessing whether the reporting entity controls another entity. In the reporting entity's separate financial statements, an investment in a subsidiary is accounted for at cost less any allowance for impairment in value. Impairment loss recognised in profit or loss for a subsidiary is reversed only if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. The carrying value and the net book value of the investment in a subsidiary are not necessarily indicative of the amount that would be realised in a current market exchange.

## NOTES TO THE FINANCIAL STATEMENTS

31 December 2020

### 2. Significant accounting policies and other explanatory information (continued)

#### 2A. Significant accounting policies (continued)

##### Joint arrangements — joint operations

A joint arrangement (that is, either a joint operation or a joint venture, depending on the rights and obligations of the jointly controlling parties to the arrangement), is one in which the reporting entity is party to an arrangement of which two or more parties have joint control, which is the contractually agreed sharing of control of the arrangement; it exists only when decisions about the relevant activities (that is, activities that significantly affect the returns of the arrangement) require the unanimous consent of the parties sharing control. In a joint operation, the parties with joint control have rights to the assets, and obligations for the liabilities, relating to the arrangement. The reporting entity recognises its share of the operation's assets, liabilities, income and expenses that are combined line by line with similar items in the reporting entity's financial statements and accounts for the assets, liabilities, revenues and expenses relating to its interest in a joint operation in accordance with the FRSs applicable to the particular assets, liabilities, revenues and expenses. When the reporting entity enters into a transaction with a joint operation, such as a sale or contribution of assets, the reporting entity recognises gains and losses resulting from such a transaction only to the extent of the other parties' interests in the joint operation.

##### Business combinations

Business combinations are accounted for by applying the acquisition method. There were no acquisitions during the reporting year.

##### Plant and equipment

Plant and equipment are carried at cost on initial recognition and after initial recognition at cost less any accumulated depreciation and any accumulated impairment losses. Depreciation is provided on a straight-line method to allocate the gross carrying amounts of the assets less their residual values over their estimated useful lives of each part of an item of these assets. The annual rate of depreciation is as follows:

Plant and equipment	—	20%
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An asset is depreciated when it is available for use until it is derecognised even if during that period the item is idle.

The gain or loss arising from the derecognition of an item of plant and equipment is recognised in profit or loss. The residual value and the useful life of an asset is reviewed at least at each end of the reporting year and, if expectations differ significantly from previous estimates, the changes are accounted for as a change in an accounting estimate, and the depreciation charge for the current and future periods are adjusted.

Cost also includes acquisition cost, borrowing cost capitalised and any cost directly attributable to bringing the asset or component to the location and condition necessary for it to be capable of operating in the manner intended by management. Subsequent costs are recognised as an asset only when it is probable that future economic benefits associated with the item will flow to the entity and the cost of the item can be measured reliably. All other repairs and maintenance are charged to profit or loss when they are incurred.

##### Investment properties

Investment property is property (land or a building or part of a building or both) owned or held under a finance lease to earn rentals or for capital appreciation or both, rather than for use in the production or supply of goods or services or for administrative purposes or sale in the ordinary course of business. It includes an investment property in the course of construction. After initial recognition at cost including transaction costs the fair value model is used to measure the investment property at fair value as of the end of the reporting year. A gain or loss arising from a change in the fair value of investment property is included in profit or loss for the reporting year in which it arises. The fair values are measured periodically on a systematic basis at least once yearly by independent professional valuers having an appropriate recognised professional qualification and recent experience in the location and category of property being valued.



## NOTES TO THE FINANCIAL STATEMENTS

31 December 2020

### 2. Significant accounting policies and other explanatory information (continued)

#### 2A. Significant accounting policies (continued)

##### Unit-based payments

The issued capital is increased by the fair value of units issued for the transaction.

##### Leases of lessor

For a lessor each lease is classified as either an operating lease or a finance lease. A lease is classified as a finance lease if it transfers substantially all the risks and rewards incidental to ownership of an underlying asset and it is presented in its statement of financial position as a receivable at an amount equal to the net investment in the lease. For a finance lease the finance income is recognised over the lease term, based on a pattern reflecting a constant periodic rate of return on the lessor's net investment in the lease.

##### Carrying amounts of non-financial assets

Irrespective of whether there is any indication of impairment, an annual impairment test is performed at about the same time every year on an intangible asset with an indefinite useful life or an intangible asset not yet available for use. The carrying amount of other non-financial assets is reviewed at each end of the reporting year for indications of impairment and where an asset is impaired, it is written down through profit or loss to its estimated recoverable amount. The impairment loss is the excess of the carrying amount over the recoverable amount and is recognised in profit or loss. The recoverable amount of an asset or a cash-generating unit is the higher of its fair value less costs of disposal and its value in use. When the fair value less costs of disposal method is used, any available recent market transactions are taken into consideration. When the value in use method is adopted, in assessing the 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. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units). At each end of the reporting year non-financial assets other than goodwill with impairment loss recognised in prior periods are assessed for possible reversal of the impairment. 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 measured, net of depreciation or amortisation, if no impairment loss had been recognised.

##### Financial instruments

Recognition and derecognition of financial instruments:

A financial asset or a financial liability is recognised in the statement of financial position when, and only when, the entity becomes party to the contractual provisions of the instrument. All other financial instruments (including regular-way purchases and sales of financial assets) are recognised and derecognised, as applicable, using trade date accounting or settlement date accounting. A financial asset is derecognised 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 substantially all of the risks and rewards of ownership of the financial asset are transferred or in which the entity neither transfers nor retains substantially all of the risks and rewards of ownership and it does not retain control of the financial asset. A financial liability is removed from the statement of financial position when, and only when, it is extinguished, that is, when the obligation specified in the contract is discharged or cancelled or expires. At initial recognition the financial asset or financial liability is measured at its fair value plus or minus, in the case of a financial asset or financial liability not at fair value through profit or loss ("FVTPL"), transaction costs that are directly attributable to the acquisition or issue of the financial asset or financial liability.

## NOTES TO THE FINANCIAL STATEMENTS

31 December 2020

### 2. Significant accounting policies and other explanatory information (continued)

#### 2A. Significant accounting policies (continued)

##### Financial instruments (continued)

Classification and measurement of financial assets:

1. Financial asset classified as measured 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, that is (a) the asset is held within a business model whose objective is to hold assets to collect contractual cash flows; and (b) the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding. Typically trade and other receivables, bank and cash balances are classified in this category.
2. Financial asset that is a debt asset instrument classified as measured at fair value through other comprehensive income (“**FVTOCI**”): There were no financial assets classified in this category at reporting year end date.
3. Financial asset that is an equity investment measured at FVTOCI: There were no financial assets classified in this category at reporting year end date.
4. Financial asset classified as measured at FVTPL: All other financial assets are classified as measured at FVTPL. In addition, on initial recognition, management may irrevocably designate a financial asset as measured at FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise from measuring assets or liabilities or recognising the gains and losses on them on different bases.

Classification and measurement of financial liabilities:

Financial liabilities are classified as at FVTPL in either of the following circumstances: (1) the liabilities are managed, evaluated and reported internally on a fair value basis; or (2) the designation eliminates or significantly reduces an accounting mismatch that would otherwise arise. All other financial liabilities are carried at amortised cost using the effective interest method. Reclassification of any financial liability is not permitted.

##### Cash and cash equivalents

Cash and cash equivalents include bank and cash balances, on demand deposits and any highly liquid debt instruments purchased with an original maturity of three months or less. For the statement of cash flows the item includes cash and cash equivalents less cash subject to restriction and bank overdrafts payable on demand that form an integral part of cash management.

##### Derivative financial instruments

A derivative financial instrument is a financial instrument with all three of the following characteristics (a) its value changes in response to the change in a specified interest rate, financial instrument price, commodity price, foreign exchange rate, index of prices, credit ratings or other variable, provided in the case of a non-financial variable that the variable is not specific to a party to the contract; (b) it requires no initial net investment or an initial net investment that is smaller than would be required for other types of contracts that would be expected to have a similar response to changes in market factors; and (c) it is settled at a future date. The derivatives are initially recognised at fair value at the date a derivative contract is entered into and are subsequently classified as measured at FVTPL unless the derivative is designated and effective as a hedging instrument.

## NOTES TO THE FINANCIAL STATEMENTS

31 December 2020

### 2. Significant accounting policies and other explanatory information (continued)

#### 2A. Significant accounting policies (continued)

##### Fair value measurement

The fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. When measuring the fair value of an asset or a liability, market observable data to the extent possible is used. If the fair value of an asset or a liability is not directly observable, an estimate is made using valuation techniques that maximise the use of relevant observable inputs and minimise the use of unobservable inputs (e.g. by use of the market comparable approach that reflects recent transaction prices for similar items, discounted cash flow analysis, or option pricing models refined to reflect the issuer's specific circumstances). Inputs used are consistent with the characteristics of the asset/liability that market participants would take into account. The entity's intention to hold an asset or to settle or otherwise fulfil a liability is not taken into account as relevant when measuring fair value.

Fair values are categorised into different levels in a fair value hierarchy based on the degree to which the inputs to the measurement are observable and the significance of the inputs to the fair value measurement in its entirety: Level 1 fair value measurements are those derived from quoted prices (unadjusted) in active markets for identical assets or liabilities. Level 2 fair value measurements are those derived from inputs other than quoted prices included within 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 fair value measurements are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data (unobservable inputs). Transfers between levels of the fair value hierarchy are recognised at the end of the reporting period during which the change occurred.

The carrying values of current financial instruments approximate their fair values due to the short-term maturity of these instruments and the disclosures of fair value are not made when the carrying amount of current financial instruments is a reasonable approximation of the fair value. The fair values of non-current financial instruments may not be disclosed separately unless there are significant differences at the end of the reporting year and in the event the fair values are disclosed in the relevant notes to the financial statements.

In making the fair value measurement for a non-financial asset, management determines the highest and best use of the asset and whether the asset is used in combination with other assets or on a stand-alone basis.

#### 2B. Other explanatory information

##### Units and perpetual securities

Proceeds from the issuance of units and perpetual securities are recognised as equity. Issue expenses relating to issuance of units and perpetual securities are deducted directly from the net assets attributable to the unitholders and perpetual securities holders respectively.

#### 2C. Critical judgements, assumptions and estimation uncertainties

The critical judgements made in the process of applying the accounting policies that have the most significant effect on the amounts recognised in the financial statements and the key assumptions concerning the future, and other key sources of estimation uncertainty at the end of the reporting year, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities currently or within the next reporting year are discussed below. These estimates and assumptions are periodically monitored to ensure they incorporate all relevant information available at the date when financial statements are prepared. However, this does not prevent actual figures differing from estimates.

# NOTES TO THE FINANCIAL STATEMENTS

31 December 2020

## 2. Significant accounting policies and other explanatory information (continued)

### 2C. Critical judgements, assumptions and estimation uncertainties (continued)

Fair values of investment properties:

The Group carries the investment properties at fair value in the statement of financial position and engages independent professional valuers to undertake annual valuations. The independent professional valuers' reports included a material valuation uncertainty clause which highlights that less certainty, and consequently a higher degree of caution, should be attached to the valuation as a result of the COVID-19 pandemic. The measurements of fair value of the investment properties are based on certain calculations which require the use of estimates and assumptions in relation to factors such as future rental income, growth rates, discount rates and terminal rates. The assumptions and the fair values are disclosed in Note 13 on investment properties.

Expected credit loss allowance on trade receivables:

The allowance for expected credit losses ("ECL") assessment requires a degree of estimation and judgement. It is based on the lifetime ECL for trade receivables. In measuring the ECL, management considers all reasonable and supportable information such as the reporting entity's past experience at collecting receipts, any increase in the number of delayed receipts in the portfolio past the average credit period, and forward looking information such as forecasts of future economic conditions (including the impact of the COVID-19 pandemic). The carrying amounts might change materially within the next reporting year but these changes may not arise from assumptions or other sources of estimation uncertainty at the end of the reporting year. The carrying amount is disclosed in Note 15 on trade and other receivables.

Deferred tax: recovery of underlying assets:

The deferred tax relating to an asset is dependent on whether the entity expects to recover the carrying amount of the asset through use or sale. It can be difficult and subjective to assess whether recovery will be through use or through sale when the asset is measured using the fair value model for investment property or when the revaluation model is required or permitted by a financial reporting standard for a non-financial asset. Management has taken the view that as there is clear evidence that the entity will consume the relevant asset's economic benefits throughout its economic life. The amount is disclosed in Note 9 on income tax.

COVID-19 pandemic and the aftermath:

Management has to exercise judgements, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses at the end of the reporting year. The estimates and assumptions are based on historical experience and various other factors including the impact of the COVID-19 pandemic, and they form the basis of making the judgements about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates. The nature and the carrying amount of such assets and liabilities are disclosed with further details in the relevant notes to these financial statements. It is reasonably possible, based on existing knowledge that outcomes within the next reporting year are likely to be different from the current assumptions as the anticipated events frequently do not occur as expected and the variation may be material and could require material adjustments to the carrying amounts of the balances affected.

## 3. Related party relationships and transactions

### 3A. Related party transactions

The financial reporting standard on related party disclosures requires the reporting entity to disclose: (a) related party relationships, transactions and outstanding balances, including commitments, including (b) relationships between parents and subsidiaries irrespective of whether there have been transactions between those related parties. A party is related to a party if the party controls, or is controlled by, or can significantly influence or is significantly influenced by the other party.

The ultimate controlling party is Lippo ASM Asia Property Limited, a company incorporated in the Cayman Islands.

## NOTES TO THE FINANCIAL STATEMENTS

31 December 2020

### 3. Related party relationships and transactions (continued)

#### 3A. Related party transactions (continued)

There are transactions and arrangements between the Group and the Trust with related parties and the effects of these on the basis determined between the parties are reflected in these financial statements. The related party balances and financial guarantees if any are unsecured, without fixed repayment terms and interest or charge unless stated otherwise. Intragroup transactions and balances that have been eliminated in these consolidated financial statements are not disclosed as related party transactions and balances below.

In addition to the transactions and balances disclosed elsewhere in the notes to the financial statements, this item includes the following:

Significant related party transactions:

	Group		Trust	
	2020	2019	2020	2019
	S\$'000	S\$'000	S\$'000	S\$'000
Property rental income	57,360	96,001	—	—
<b>The Manager</b>				
Management fees	(9,410)	(11,401)	(9,366)	(11,357)
<b>The Trustee</b>				
Trustee fees	(416)	(430)	(416)	(430)

The lessees, Lippo Karawaci and its subsidiaries, have provided bank guarantees of S\$50,330,000 (2019: S\$50,268,000) in lieu of the security deposits for rental income from the properties. These guarantees which expired in 2020 have been renewed up to March, May, September, October, November and December 2021 as appropriate.

The Group and the Trust have no employees. All the required services are provided by the Manager and external service providers.

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:

(A) 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% (2019: 0.4%) per annum of the value of the Deposited Property. 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% (2019: 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% (2019: 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).
- (iv) A divestment fee at 0.5% (2019: 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).

## NOTES TO THE FINANCIAL STATEMENTS

31 December 2020

### 3. Related party relationships and transactions (continued)

#### 3A. Related party transactions (continued)

##### (B) Trustee fees

Under the Trust Deed, the Trustee is entitled to an annual fee not exceeding 0.1% (2019: 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.

#### 3B. Key management compensation

The Trust obtains key management personnel services from the Manager.

Key management personnel of the Manager, include the directors and those persons having authority and responsibility for planning, directing and controlling the activities of the Trust, directly or indirectly. Further information about the remuneration of individual directors of the Manager is provided in the report on corporate governance of the Trust.

#### 3C. Interests in the Trust

	Units held		% interest held	
	2020	2019	2020	2019
<b>The Manager</b>				
First REIT Management Limited (formerly known as Bowsprit Capital Corporation Limited)	75,573,533	66,041,697	9.36	8.28
<b>The director of the Manager</b>				
Mr. Tan Kok Mian Victor	102,569	102,569	*	*

\* Amount is less than 1%

### 4. Rental and other income

	Group		Trust	
	2020 S\$'000	2019 S\$'000	2020 S\$'000	2019 S\$'000
Rental income	79,316	115,295	3,375	3,991
Government grant from rental relief framework <sup>(#a)</sup>	303	—	303	—
Dividend income from quoted equity shares at FVTPL	—	2	—	—
Dividend income from subsidiaries	—	—	29,519	61,639
	79,619	115,297	33,197	65,630

#a. The purpose of the government grant is to provide rental relief to property owners which in turn provide the necessary rental relief to their eligible tenants of the prescribed properties under the Rental Relief Framework during this period of economic uncertainty amid COVID-19.

## NOTES TO THE FINANCIAL STATEMENTS

31 December 2020

### 5. Property operating expenses

	Group		Trust	
	2020 S\$'000	2019 S\$'000	2020 S\$'000	2019 S\$'000
Property tax expense	—	193	—	193
Valuation expenses	242	275	35	22
Professional fees	860	938	—	19
Impairment allowance on trade receivables	842	624	—	—
Others	210	373	11	3
	<u>2,154</u>	<u>2,403</u>	<u>46</u>	<u>237</u>

### 6. Manager's management fees

	Group		Trust	
	2020 S\$'000	2019 S\$'000	2020 S\$'000	2019 S\$'000
Base fees (Note 3A)	5,552	5,756	5,508	5,712
Performance fees (Note 3A)	3,858	5,645	3,858	5,645
	<u>9,410</u>	<u>11,401</u>	<u>9,366</u>	<u>11,357</u>

### 7. Finance costs

	Group and Trust	
	2020 S\$'000	2019 S\$'000
Interest expense	14,713	17,493
Amortisation of borrowing costs	3,113	2,897
	<u>17,826</u>	<u>20,390</u>

### 8. Other expenses

	Group		Trust	
	2020 S\$'000	2019 S\$'000	2020 S\$'000	2019 S\$'000
Foreign exchange adjustment gains	(2)	(163)	(325)	(228)
Handling and processing fees	287	285	287	285
Professional fees	455	384	455	384
Project expenses	4,795	286	4,795	286
Others	168	210	150	199
	<u>5,703</u>	<u>1,002</u>	<u>5,362</u>	<u>926</u>

Included in the project expenses amounting to S\$3,618,000 (2019: Nil) were professional fees related to proposed Master Lease Agreement (“MLA”) restructuring for Indonesia properties as disclosed in Note 30.

## NOTES TO THE FINANCIAL STATEMENTS

31 December 2020

### 8. Other expenses (continued)

Total fees to the auditors:

	Group		Trust	
	2020 S\$'000	2019 S\$'000	2020 S\$'000	2019 S\$'000
Audit fees to independent auditors of the Trust	250	280	136	166
Audit fees to other independent auditors	214	233	—	—
Non-audit fees to independent auditors of the Trust	88	77	88	77
Non-audit fees to other independent auditors	12	208	—	—

Total fees to independent auditors are included in property operating expenses (Note 5) and other expenses (Note 8).

### 9. Income tax

#### 9A. Components of tax expense/ (benefit) recognised in profit or loss include:

	Group		Trust	
	2020 S\$'000	2019 S\$'000	2020 S\$'000	2019 S\$'000
Current tax expense:				
Current tax expense	12,446	18,718	—	—
Subtotal	12,446	18,718	—	—
Deferred tax (benefit)/ expense:				
Deferred tax (benefit)/ expense	(18,268)	7,754	1,467	(99)
Subtotal	(18,268)	7,754	1,467	(99)
Total income tax (benefit)/ expense	(5,822)	26,472	1,467	(99)

The income tax in profit or loss varied from the amount of income tax amount determined by applying the Singapore income tax rate of 17% (2019: 17%) to profit or loss before income tax as a result of the following differences:

	Group		Trust	
	2020 S\$'000	2019 S\$'000	2020 S\$'000	2019 S\$'000
Total (loss)/ return before income tax	(358,232)	75,388	(77,317)	32,293
Income tax (benefit)/ expense at the above rate	(60,899)	12,816	(13,144)	5,490
Non-deductible/ (liable to tax) items	4,572	6,501	15,067	(5,192)
Effect of different tax rates in different countries	46,370	479	—	—
Foreign withholding tax	4,591	7,073	—	—
Tax transparency <sup>(a)</sup>	(456)	(397)	(456)	(397)
Total income tax (benefit)/ expense	(5,822)	26,472	1,467	(99)

The amount of current income taxes payable as at the end of the reporting year was S\$676,000 (2019: S\$1,951,000) for the Group. Such an amount is net of tax advances, which according to the tax rules, were paid before the end of the reporting year.

(a) There is a tax ruling issued by the Inland Revenue Authority of Singapore (the "IRAS") to grant tax transparency treatment on rental and other related income derived by the Trust. Under this tax transparency treatment, subject to meeting the terms and conditions of the tax ruling, the Trustee is not subject to tax on such taxable income to the extent of the amount distributed to unitholders. Instead, the distributions made by the Trust out of such taxable income are subject to tax in the hands of unitholders, unless they are exempt from tax on such distributions. For taxable income that is not distributed, tax on such amount of taxable income will be assessed on the Trust.



## NOTES TO THE FINANCIAL STATEMENTS

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### 9. Income tax (continued)

#### 9B. Deferred tax (benefit)/ expense recognised in profit or loss include:

	Group		Trust	
	2020 S\$'000	2019 S\$'000	2020 S\$'000	2019 S\$'000
Deferred tax relating to the changes in fair value of investment properties	(18,268)	7,754	1,467	(99)

#### 9C. Deferred tax balance in the statement of financial position:

	Group		Trust	
	2020 S\$'000	2019 S\$'000	2020 S\$'000	2019 S\$'000
Deferred tax (liabilities)/ assets recognised in profit or loss:				
Deferred tax relating to the changes in fair value of investment properties	(19,968)	(38,236)	—	1,467

Presented in the statements of financial position as follows:

	Group		Trust	
	2020 S\$'000	2019 S\$'000	2020 S\$'000	2019 S\$'000
Deferred tax liabilities	(19,968)	(39,703)	—	—
Deferred tax assets	—	1,467	—	1,467
Net balance	(19,968)	(38,236)	—	1,467

It is impracticable to estimate the amount expected to be settled or used within one year.

In 2020, the Group has changed its accounting method for the recognition of deferred tax on investment properties from income approach to sales approach, to align with the accounting policy adopted by its parent company.

### 10. (Loss)/ Earnings per unit

The following table illustrates the numerators and denominators used to calculate basis and diluted (loss)/ earnings per unit of no par value:

	Group	
	2020	2019
Denominator: Weighted average number of units outstanding during the year ('000)	802,634	793,376
Numerator: (Loss)/ Earnings attributable to unitholders		
Total (loss)/ return after income tax (S\$'000)	(355,827)	45,508
(Loss)/ Earnings per unit (in cents)		
Basic and diluted	(44.33)	5.74

The weighted average number of units refers to units in circulation during the reporting year.

The diluted (loss)/ earnings per unit is the same as the basic (loss)/ earnings per unit as there were no dilutive instruments in issue during the reporting year.

## NOTES TO THE FINANCIAL STATEMENTS

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### 11. Distributions to unitholders

	Group and Trust	
	2020	2019
	S\$'000	S\$'000
Total distribution paid during the year:		
Distribution of 2.15 cents per unit for the period from 1 October 2018 to 31 December 2018	—	16,991
Distribution of 2.15 cents per unit for the period from 1 January 2019 to 31 March 2019	—	17,045
Distribution of 2.15 cents per unit for the period from 1 April 2019 to 30 June 2019	—	17,099
Distribution of 2.15 cents per unit for the period from 1 July 2019 to 30 September 2019	—	17,150
Distribution of 2.15 cents per unit for the period from 1 October 2019 to 31 December 2019	17,200	—
Distribution of 1.86 cents per unit for the period from 1 January 2020 to 31 March 2020	14,880	—
Distribution of 0.44 cents per unit for the period from 1 April 2020 to 30 June 2020	3,540	—
Distribution of 1.01 cents per unit for the period from 1 July 2020 to 30 September 2020	8,153	—
	43,773	68,285

### 11A. Distribution per unit

	Group and Trust			
	2020	2019	2020	2019
	Cents	Cents	S\$'000	S\$'000
	per unit	per unit		
Based on the number of units in issue at the dates of distribution	4.15	8.60	33,413	68,463

#### Distribution Type

Name of Distribution: Distribution during the period (interim distributions)

Distribution Type: Income/Capital

Distribution Rate:	Group and Trust			
	2020	2019	2020	2019
	Cents	Cents	S\$'000	S\$'000
	per unit	per unit		
Taxable Income <sup>(a)</sup> :	0.23	0.24	1,851	1,909
Tax-exempt Income <sup>(b)</sup> :	1.14	3.50	9,129	27,833
Capital <sup>(c)</sup> :	1.94	2.71	15,593	21,552
Subtotal:	3.31	6.45	26,573	51,294

Name of Distribution: Distribution declared subsequent to end of the reporting year (final distribution)  
(See Note 30)

Distribution Type: Income/Capital

## NOTES TO THE FINANCIAL STATEMENTS

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### 11. Distributions to unitholders (continued)

#### 11A. Distribution per unit (continued)

Distribution Rate:	Group and Trust			
	2020 Cents per unit	2019 Cents per unit	2020 S\$'000	2019 S\$'000
Taxable Income <sup>(a)</sup> :	0.10	0.09	830	699
Tax-exempt Income <sup>(b)</sup> :	—	1.15	—	9,189
Capital <sup>(c)</sup> :	0.74	0.91	6,010	7,281
Subtotal:	0.84	2.15	6,840	17,169
<u>Total annual distribution paid or declared</u>				
Taxable Income <sup>(a)</sup> :	0.33	0.33	2,681	2,608
Tax-exempt Income <sup>(b)</sup> :	1.14	4.65	9,129	37,022
Capital <sup>(c)</sup> :	2.68	3.62	21,603	28,833
Total:	4.15	8.60	33,413	68,463

- (a) Qualifying investors and individuals (other than those who hold their units through a partnership) will generally receive pre-tax distributions. These distributions are exempt from Singapore income tax in the hands of individuals unless such distributions are derived through a Singapore partnership or from the carrying on of a trade, business or profession.

Qualifying foreign non-individual investors will receive their distributions after deduction of tax at the rate of 10%. The Monetary Authority of Singapore has announced that the 10% tax concession has been extended till 31 December 2025.

All other investors will receive their distributions after deduction of tax at the rate of 17% (2019: 17%).

- (b) Tax-exempt income distribution is exempt from Singapore income tax in the hands of all unitholders.
- (c) Capital distribution represents a return of capital to unitholders for Singapore income tax purposes and is therefore not subject to Singapore income tax. For unitholders who are liable to Singapore income tax on profits from the sale of the Trust's units, the amount of capital distribution will be applied to reduce the cost base of their Trust's units for Singapore income tax purposes.

#### Current Distribution Policy:

The Trust's current distribution policy is to distribute at least 90.0% (2019: 90.0%) of its taxable and tax-exempt income (after deduction of applicable expenses) and certain capital receipts. The capital receipts comprise amounts received by the Trust from redemption of redeemable preference shares and shareholder loans in the Singapore subsidiaries.

## NOTES TO THE FINANCIAL STATEMENTS

31 December 2020

### 12. Plant and equipment

	Plant and equipment S\$'000
<hr/>	
<u>Group:</u>	
<u>Cost:</u>	
At 1 January 2019, 31 December 2019 and 31 December 2020	68
<u>Accumulated depreciation:</u>	
At 1 January 2019	*
Depreciation	13
At 31 December 2019	13
Depreciation	14
At 31 December 2020	27
<u>Carrying amount:</u>	
At 1 January 2019	68
At 31 December 2019	55
At 31 December 2020	41

\* Amount is less S\$1,000.

Depreciation expense is recorded in other expenses.

### 13. Investment properties

	Group		Trust	
	2020	2019	2020	2019
	S\$'000	S\$'000	S\$'000	S\$'000
<hr/>				
At fair value:				
Balance at beginning of the year	1,340,780	1,345,295	34,500	34,900
Additions at cost	425	1,202	212	112
Translation differences	(148)	(110)	—	—
Change in fair value included in statements of total return (Level 3)	(401,387)	(5,607)	(912)	(512)
Balance at end of the year	939,670	1,340,780	33,800	34,500
Rental income from investment properties	79,316	115,295	3,375	3,991
Direct operating expenses (including repairs and maintenance) arising from investment properties that generated rental income during the reporting year	(2,154)	(2,403)	(46)	(237)

The decrease in fair value of the investment properties is mainly due to net fair value losses on revaluation of investment properties, which the valuation of certain Indonesia properties have taken into consideration the terms arising from (a) the memorandum of understanding entered with PT Lippo Karawaci Tbk dated 28 November 2020 (Restructuring of Master Leases); (b) the memorandum of understanding entered into with PT Metropolis Propertindo Utama dated 28 November 2020; and (c) existing occupation arrangements of the properties not affected by (a) or (b) (more fully disclosed below).

## NOTES TO THE FINANCIAL STATEMENTS

31 December 2020

### 13. Investment properties (continued)

The Group's portfolio consists of properties located in Indonesia, Singapore and South Korea (see the statements of portfolio). These investment properties include the mechanical and electrical equipment located in the respective properties.

The fair value of each investment property was measured on 2 November 2020 and updated to 31 December 2020 based on the highest and best use method to reflect the actual market state and circumstances as of the end of the reporting year. The valuations were based on the discounted cash flow and direct capitalisation methods as appropriate. The fair values were based on valuations made by independent professional valuers on a systematic basis at least once yearly. In relying on the valuation reports, management is satisfied that the independent professional valuers have appropriate professional qualifications, are independent and have recent experience in the location and category of the properties being valued. There have been no changes to the valuation techniques during the year. Management concurred that the highest and best use of the assets are the current use and that it would provide maximum value to market participants principally through its use in combination with other assets.

The key assumptions and inputs for the fair value calculations are as follows:

	2020	2019
1. <u>Estimated discount rates using pre-tax rates that reflect current market assessments at the risks specific to the properties</u>		
Indonesia (Affected properties)	11.70% <sup>#(A)</sup>	9.30% to 10.00%
Indonesia (Non-affected properties)	9.50% to 9.56% <sup>#(A)</sup>	9.42% to 10.40%
Singapore	8.75%	8.75%
South Korea	#(E)	#(E)
2. <u>Growth rates based on escalation rate in the lease agreements</u>		
Indonesia (Affected properties)	#(C)	#(B)
Indonesia (Non-affected properties)	#(B)	#(B)
Singapore	2.00%	2.00%
South Korea	#(E)	#(E)
3. <u>Cash flow forecasts derived from recent budget</u>		
Indonesia	10 to 24 years	1 to 25 years
Singapore	10 years	10 years
South Korea	#(E)	#(E)
4. <u>Terminal rate<sup>#(D)</sup></u>		
Indonesia (Affected properties)	9.00% to 9.25%	8.50% to 9.00%
Indonesia (Non-affected properties)	9.25% to 9.98%	9.00% to 9.40%
Singapore	7.25% to 7.50%	7.25% to 7.50%
South Korea	#(E)	#(E)
5. <u>Dates of valuations</u>		
Indonesia	2 Nov 2020	5 Dec 2019
Singapore	2 Nov 2020	5 Dec 2019
South Korea	2 Nov 2020	5 Dec 2019

<sup>#(A)</sup> During the reporting year, the Trustee has entered into memorandum of understanding with its tenants, PT Lippo Karawaci Tbk ("LPKR") and PT Metropolis Propertindo Utama ("MPU") to restructure the leases of certain Indonesia healthcare properties. The affected Indonesia properties (as defined herein)<sup>1</sup> within the LPKR MLA Restructuring and MPU MLA Restructuring exercise will receive rentals in Indonesia Rupiah. A higher discount rate that takes into account rentals to be received in Indonesia Rupiah was adopted. For the non-affected Indonesia properties<sup>2</sup> that continue to receive rentals in Singapore Dollar, there was no significant change in the discount rates.

1 The affected Indonesia properties comprise Siloam Hospitals Lippo Village, Siloam Hospitals Kebon Jeruk, Siloam Hospitals Surabaya, 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 Buton (excluding Lippo Plaza Buton) and Siloam Hospitals Yogyakarta.

2 The non-affected 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 Buton (excluding Siloam Hospitals Buton).

## NOTES TO THE FINANCIAL STATEMENTS

31 December 2020

### 13. Investment properties (continued)

- #(B) The growth rate for the base rents of the non-affected Indonesia properties were capped at 2.00% (2019: 2.00%) of the preceding 12 months' base rent depending on the Consumer Price Index of Singapore. The variable rent is the amount equivalent from 0.00% to 2.00% (2019: 0.00% to 2.00%) of the tenant's gross revenue for the preceding calendar year, depending on the tenant's gross revenue growth.
- #(C) The growth rate for the base rents for the affected Indonesia properties were at 4.50% as agreed in the restructured MLAs. The performance based rent is at 8% of the affected Indonesia properties preceding financial year's hospital gross operating revenue. The adopted annual rent shall be the higher of base or performance based rents.
- #(D) No terminal rate was used for the valuation of Siloam Sriwijaya, Siloam Hospitals Kupang & Lippo Plaza Kupang and Siloam Hospitals Buton & Lippo Plaza Buton whose respective agreements with the provincial governments only allow for a fixed lease period each.
- #(E) The valuations of the South Korea property for 2020 and 2019 were based on the direct capitalisation method. The direct capitalisation method is a valuation method used to convert a single year's income expectancy into a value estimate. The income used is the market rental of this property adjusted for operating expenses (net operating income). An overall capitalisation rate of 6.40% (2019: 6.40%) is applied to the net operating income to arrive at the fair value of the property. The overall capitalisation rate used takes into account the level of risk associated with the property.

The valuations for 2020 were made by the following independent professional valuers:

1. One Indonesia property — KJPP Willson dan Rekan in association with Knight Frank (2019: Three)
  2. Fifteen Indonesia properties — Cushman & Wakefield VHS Pte. Ltd. in cooperation with KJPP Firman, Suryantoro, Sugeng, Suzy, Hartomo & Rekan (2019: Three)<sup>(a)</sup>
  3. Three Singapore properties — Savills Valuation and Professional Services (S) Pte. Ltd. (2019: Three)
  4. South Korea property — Colliers International (Hong Kong) Limited (2019: One)<sup>(b)</sup>
- (a) For Siloam Hospitals Kupang & Lippo Plaza Kupang and Siloam Hospitals Labuan Bajo, Cushman & Wakefield VHS Pte. Ltd. has been appointed as independent professional valuers for a third consecutive financial year, as permitted under 8.3(e) of Appendix 6 to the Code on Collective Investment Schemes.
- (b) The valuation for the property as valued by Colliers International (Hong Kong) Limited was US\$4.6 million as at 31 December 2020. Based on potential upcoming costs of capital expenditures, the manager has taken a prudent view to mark down the valuation to US\$3.1 million.

There are no restrictions on the realisability of investment properties or the remittance of income and proceeds from disposal.

Other than Sarang Hospital, Siloam Hospitals Surabaya and Siloam Hospitals Yogyakarta, all the properties are mortgaged as security for the bank facilities (Note 22). Other details on the properties are disclosed in the statements of portfolio.

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

- (a) 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.

## NOTES TO THE FINANCIAL STATEMENTS

31 December 2020

### 13. Investment properties (continued)

#### (b) 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.

#### (c) 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 commencement date of each title varies.

The investment properties are leased out under operating leases (Notes 3 and 28).

#### Information about fair value measurements using significant unobservable inputs (Level 3)

All fair value measurements of investment properties are categorised within Level 3 of the fair value hierarchy, and a description of the valuation techniques and the significant inputs used in the fair value measurement are as follows:

Description	Valuation technique(s)	Key unobservable inputs	Range of unobservable inputs (probability - weighted average)	Relationship of unobservable inputs to fair value
Investment properties (Affected properties)	Discounted cash flow method	Discount rate	11.70% (2019: 9.30% to 10.00%)	The higher the discount rate, the lower the fair value.
		Terminal rate	9.00% to 9.25% (2019: 8.50% to 9.00%)	The higher the terminal rate, the lower the fair value.
Investment properties (Non-affected properties)	Discounted cash flow method	Discount rate	8.75% to 9.56% (2019: 8.75% to 10.40%)	The higher the discount rate, the lower the fair value.
		Terminal rate	7.25% to 9.98% (2019: 7.25% to 9.40%)	The higher the terminal rate, the lower the fair value.
	Direct capitalisation method	Capitalisation rate	6.40% (2019: 6.40%)	The higher the capitalisation rate, the lower the fair value.

There were no significant inter-relationships between unobservable inputs.

## NOTES TO THE FINANCIAL STATEMENTS

31 December 2020

### 13. Investment properties (continued)

#### Information about fair value measurements using significant unobservable inputs (Level 3) (continued)

The independent professional valuers' reports included a material valuation uncertainty clause which highlights that less certainty, and consequently a higher degree of caution, should be attached to the valuations as a result of the COVID-19 pandemic. The valuations were based on information available and market conditions as at 31 December 2020. Values may change subsequently as the impact of COVID-19 is fluid and continue to evolve.

Sensitivity analysis on key estimates:

#### Indonesia properties:

##### 1. Discount rates

A hypothetical 10% increase or decrease in the pre-tax discount rate applied to the discounted cash flows, would have an effect on total return before tax of — lower by S\$62,277,000 (2019: S\$76,600,000); higher by S\$69,058,000 (2019: S\$85,100,000) respectively.

##### 2. Growth in rental income

A hypothetical 10% increase or decrease in the rental income would have an effect on total return before tax of — higher by S\$77,413,000 (2019: S\$128,063,000); lower by S\$74,688,000 (2019: S\$127,667,000) respectively.

##### 3. Terminal rates

A hypothetical 10% increase or decrease in the terminal rate, would have an effect on total return before tax of — lower by S\$31,888,000 (2019: S\$44,300,000); higher by S\$38,941,000 (2019: S\$54,900,000) respectively.

#### Singapore properties:

##### 1. Discount rates

A hypothetical 10% increase or decrease in the pre-tax discount rate applied to the discounted cash flows, would have an effect on total return before tax of — lower by S\$1,500,000 (2019: S\$1,600,000); higher by S\$1,500,000 (2019: S\$1,600,000) respectively.

##### 2. Growth in rental income

A hypothetical 10% increase or decrease in the rental income, would have an effect on total return before tax of — higher by S\$3,300,000 (2019: S\$3,400,000); lower by S\$3,500,000 (2019: S\$3,500,000) respectively.

##### 3. Terminal rates

A hypothetical 10% increase or decrease in the terminal rate, would have an effect on total return before tax of — lower by S\$200,000 (2019: S\$200,000); higher by S\$100,000 (2019: S\$100,000) respectively.

#### South Korea property:

##### 1. Growth in rental income

A hypothetical 10% increase or decrease in the rental income, would have an effect on total return before tax of — higher by S\$528,000 (2019: S\$808,000); lower by S\$662,000 (2019: S\$673,000) respectively.

##### 2. Capitalisation rates

A hypothetical 10% increase or decrease in the capitalisation rate, would have an effect on total return before tax of — lower by S\$662,000 (2019: S\$1,077,000); higher by S\$661,000 (2019: S\$1,616,000) respectively.



## NOTES TO THE FINANCIAL STATEMENTS

31 December 2020

### 13. Investment properties (continued)

#### Valuation processes of the Group

The Group has a team that oversees the valuations of investment properties by independent professional valuers required for financial reporting, including fair values. This Asset and Investment team (“**valuation team**”) and Finance team report directly to the Chief Executive Officer (“**CEO**”). Discussions of valuation processes and results are held between the CEO, the finance team and the valuation team. The team engages independent professional valuers to determine the fair value of the Group’s properties every reporting year.

The main Level 3 inputs used by the Group are derived and evaluated as follows:

- *Discount rates*

The discount rates have been determined using the independent professional valuers’ model to calculate a pre-tax rate that reflects current market assessments of the time value of money and the risk specific to the asset.

- *Terminal rates*

The terminal rates have been determined using the independent professional valuers’ model of the location, building quality, surrounding local market condition, competitive positioning of the property, perceived market conditions in the future, estimated cash flow profile, overall physical condition and age of each property.

- *Expected net rental cash flows*

These are estimated by management based on existing and restructured lease agreements and market conditions as at 31 December 2020 and assumed that the renewal option leases contain similar terms and conditions as the existing or restructured leases. The estimates are largely consistent with management’s knowledge of actual conditions and situations from tenants.

As the lessor, the reporting entity manages the risk associated with any rights it retains in the underlying assets including any means to reduce that risk. Such means may include, insurance coverage, buy-back agreements, residual value guarantees or variable lease payments for use in excess of specified limits, having clauses in the leases providing for compensation to the lessor when a property has been subjected to excess wear-and-tear during the lease term.

### 14. Investments in subsidiaries

	Trust	
	2020	2019
	S\$’000	S\$’000
Movements during the year. At cost:		
Balance at beginning of the year	754,569	778,734
Redemption of redeemable preference shares	(17,245)	(24,165)
Allowance for impairment	(75,457)	—
Cost at the end of the year	661,867	754,569
Total cost comprising:		
Unquoted equity shares at cost	414,292	414,292
Redeemable preference shares at cost	331,168	348,413
Allowance for impairment	(83,593)	(8,136)
Total at cost	661,867	754,569
Movement in allowance for impairment:		
Balance at beginning of the year	(8,136)	(8,136)
Additions	(75,457)	—
Balance at end of the year	(83,593)	(8,136)

## NOTES TO THE FINANCIAL STATEMENTS

31 December 2020

### 14. Investments in subsidiaries (continued)

The decreasing performance of subsidiaries was considered sufficient evidence to trigger the impairment test. As detailed in this Note the impairment test resulted in the recognition of a loss. Certain subsidiaries have suffered from a decrease in fair value of investment property held. Accordingly they have been written down to the recoverable amount.

The details of the subsidiaries are disclosed in Note 33 below.

### 15. Trade and other receivables, current

	Group		Trust	
	2020 S\$'000	2019 S\$'000	2020 S\$'000	2019 S\$'000
<u>Trade receivables:</u>				
Outside parties	8,169	11,902	24	617
Less impairment allowance	(5,050)	(4,324)	—	—
Related parties (Note 3)	11,678	12,122	8	8
Net trade receivables – subtotal	14,797	19,700	32	625
<u>Other receivables:</u>				
Subsidiaries	—	—	10,542	8,210
Less impairment allowance	—	—	(567)	(567)
Related party <sup>(a)</sup>	27,035	27,035	—	—
Outside parties	3,196	2,098	381	203
Net other receivables – subtotal	30,231	29,133	10,356	7,846
Total trade and other receivables	45,028	48,833	10,388	8,471

(a) The amount comprises of progress payments made to a related party, PT Saputra Karya (“PT SK”) and professional fees, in relation to the development works of a new Siloam Hospitals Surabaya. As part of the lease restructuring and memorandum of understanding entered with LPKR dated 28 November 2020, LPKR will propose a plan for a full and final settlement of all the outstanding obligations between PT SK by 30 June 2021 or by such other date as the Trustee and LPKR may agree.

The other receivables from outside parties are mainly tax recoverable for the properties acquired.

	Group		Trust	
	2020 S\$'000	2019 S\$'000	2020 S\$'000	2019 S\$'000
<u>Movement in above allowance:</u>				
Balance at beginning of the year	(4,324)	(3,754)	(567)	(567)
Impairment allowance included in statement of total return	(842)	(624)	—	—
Foreign exchange difference	116	54	—	—
Balance at the end of the year	(5,050)	(4,324)	(567)	(567)

The ECL on the trade receivables are based on the simplified approach to measuring ECL which uses a lifetime ECL allowance approach for all trade receivables recognised from initial recognition of these assets. The reporting entity has only a few customers and which credit risk can be graded individually and these are recorded at inception net of expected lifetime ECL. For the few customers with large balances the credit risk is graded individually. For these large balances, at the end of the reporting year, a loss allowance is recognised if there has been a significant increase in credit risk since initial recognition. A loss allowance was recognised for the large balances. At every reporting date, the historical observed default rates are updated and changes in the forward-looking estimates (including the impact of the COVID-19 pandemic) are analysed.

## NOTES TO THE FINANCIAL STATEMENTS

31 December 2020

### 15. Trade and other receivables, current (continued)

The ageing of the trade receivables is as follows:

	Gross amount		Loss allowance	
	2020	2019	2020	2019
	S\$'000	S\$'000	S\$'000	S\$'000
Trade receivables:				
1 to 30 days past due	4,119	14,973	—	—
31 to 60 days past due	3,942	1,186	(162)	(107)
61 to 90 days past due	189	315	—	—
Over 90 days past due	11,597	7,550	(4,888)	(4,217)
Total	19,847	24,024	(5,050)	(4,324)

Of the S\$19,847,000 past due trade receivables amount above, S\$14,797,000 have been subsequently settled as of the date of this report.

The loss allowance of S\$5,050,000 (2019: S\$4,324,000) was due to the receivable from the tenant of Sarang Hospital.

The other receivables shown above are subject to the expected credit loss model under the financial reporting standard on financial instruments. The other receivables can be graded for credit risk individually. At inception they are recorded net of expected 12 months credit losses. At each reporting date, an evaluation is made whether there is a significant change in credit risk by comparing the debtor's credit risk at initial recognition (based on the original, unmodified cash flows) with the credit risk at the reporting date (based on the modified cash flows). Adjustment to the loss allowance is made for any increase or decrease in credit risk.

At the end of the reporting year, a loss allowance is recognised at an amount equal to the lifetime ECL if there has been a significant increase in credit risk since initial recognition including the impact of the COVID-19 pandemic. No loss allowance was necessary.

Related company other receivables are regarded as of low credit risk if they are guaranteed by the parent or a related company with the ability to settle the amount.

### 16. Loan receivable

	Trust	
	2020	2019
	S\$'000	S\$'000
Loan receivable from subsidiary:		
Non-current portion	30,288	34,661
Current portion	4,191	4,191
Total	34,479	38,852

The agreement for the loan receivable provides that it is unsecured, with effective interest at 3.12% to 3.49% (2019: 3.37% to 3.49%) per annum and is repayable by quarterly instalments over 20 years from 30 December 2010 at Singapore Swap Offer Rate ("SOR") plus a margin. The loan is carried at amortised cost using the effective interest method. A portion of the loan receivable has no interest and repayment is dependent on the cash flows of the borrower. The fair value is a reasonable approximation of the carrying amount as the loan is a floating rate instrument that is frequently re-priced to market interest rates. The amount is not past due.

Loan receivable from subsidiary is regarded as of low credit risk if the subsidiary has the ability to settle the amount.

## NOTES TO THE FINANCIAL STATEMENTS

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### 17. Other non-financial assets, current

	Group		Trust	
	2020 S\$'000	2019 S\$'000	2020 S\$'000	2019 S\$'000
Prepayments	42	915	40	912
Prepaid other taxes	835	2,106	—	—
	877	3,021	40	912

### 18. Cash and cash equivalents

	Group		Trust	
	2020 S\$'000	2019 S\$'000	2020 S\$'000	2019 S\$'000
Not restricted in use	19,292	32,980	10,738	26,084

The rate of interest for the cash on interest-earning accounts is 0.12% to 1.65% (2019: 1.55% to 1.72%) per annum.

### 18A. Non-cash transactions:

#### Group

There were units issued as settlement of the Manager's management fees (Note 19).

#### Trust

- Dividend income amounting to S\$29,519,000 (2019: S\$61,639,000) were offset against the amount due to subsidiaries.
- Redeemable preference shares amounting to S\$17,245,000 (2019: S\$24,165,000) redeemed during the financial year were offset against the amount due to subsidiaries.
- The repayment of loan receivable amounting to S\$4,373,000 (2019: S\$4,754,000) was offset against the amount due to a subsidiary.

## NOTES TO THE FINANCIAL STATEMENTS

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### 18. Cash and cash equivalents (continued)

#### 18B. Reconciliation of liabilities arising from financing activities:

The changes in the Group's and the Trust's liabilities arising from financing activities can be classified as follow:

	Non-current borrowings S\$'000	Current borrowings S\$'000	Total S\$'000
<b>Balance at 1 January 2019</b>	386,761	109,658	496,419
Cash flows:			
Proceeds	100,000	—	100,000
Repayments	—	(110,000)	(110,000)
Non-cash changes:			
Borrowing cost capitalised during the year	(2,520)	—	(2,520)
Amortisation	2,555	342	2,897
Foreign exchange differences	(386)	—	(386)
<b>Balance at 31 December 2019</b>	486,410	—	486,410
Non-cash changes:			
Reclassification*	(194,699)	194,699	—
Amortisation	1,949	1,164	3,113
Foreign exchange differences	—	(518)	(518)
<b>Balance at 31 December 2020</b>	293,660	195,345	489,005

\* Reclassification between non-current borrowings to current borrowings is due to bank loans maturing in March 2021.

### 19. Units in issue and net assets value attributable to unitholders

	Group and Trust 2020 '000	2019 '000
Units at beginning of the year	797,675	788,480
Issuance of new units as settlement of management fees <sup>(a)</sup>	9,531	9,195
Units at end of the year	807,206	797,675

(a) A total of 9,531,000 (2019: 9,195,000) new units at an issue price range from S\$0.4668 to S\$1.0013 (2019: S\$0.9793 to S\$1.0391) per unit were issued in respect of the settlement for the Manager's management fees to the Manager.

At the end of the reporting year, 3,493,000 (2019: 2,318,000) 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.

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

## NOTES TO THE FINANCIAL STATEMENTS

31 December 2020

### 19. Units in issue and net assets value attributable to unitholders (continued)

- 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.

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	
	2020	2019	2020	2019
	S\$'000	S\$'000	S\$'000	S\$'000
Net assets value attributable to unitholders	403,092	794,836	170,064	288,018
Net assets value per unit (in cents) attributable to unitholders	49.94	99.64	21.07	36.11

### 19A. Movements in components of unitholders' funds and perpetual securities holders

Group:	Unitholders' funds			Subtotal	Perpetual securities	Total
	Issued equity	Retained earnings	Foreign exchange reserve			
	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000
<b>Current year:</b>						
Opening balance at 1 January 2020	368,318	425,238	1,280	794,836	60,878	855,714
Total comprehensive loss for the year	—	(355,827)	(164)	(355,991)	3,417	(352,574)
Manager's management fees settled in units	8,020	—	—	8,020	—	8,020
Distributions to perpetual securities holders	—	—	—	—	(3,417)	(3,417)
Distributions	(22,872)	(20,901)	—	(43,773)	—	(43,773)
<b>Closing balance at 31 December 2020</b>	<b>353,466</b>	<b>48,510</b>	<b>1,116</b>	<b>403,092</b>	<b>60,878</b>	<b>463,970</b>

## NOTES TO THE FINANCIAL STATEMENTS

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### 19. Units in issue and net assets value attributable to unitholders (continued)

#### 19A. Movements in components of unitholders' funds and perpetual securities holders (continued)

Group:	Issued equity S\$'000	Retained earnings S\$'000	Unitholders' funds Foreign exchange reserve S\$'000	Subtotal S\$'000	Perpetual securities S\$'000	Total S\$'000
<b>Previous year:</b>						
Opening balance at 1 January 2019	387,986	418,876	1,413	808,275	60,878	869,153
Total comprehensive return for the year	—	45,508	(133)	45,375	3,408	48,783
Manager's management fees settled in units	9,471	—	—	9,471	—	9,471
Distributions to perpetual securities holders	—	—	—	—	(3,408)	(3,408)
Distributions	(29,139)	(39,146)	—	(68,285)	—	(68,285)
<b>Closing balance at 31 December 2019</b>	<b>368,318</b>	<b>425,238</b>	<b>1,280</b>	<b>794,836</b>	<b>60,878</b>	<b>855,714</b>

Trust:	Issued equity S\$'000	Unitholders' funds Accumulated losses S\$'000	Subtotal S\$'000	Perpetual securities S\$'000	Total S\$'000
<b>Current year:</b>					
Opening balance at 1 January 2020	368,318	(80,300)	288,018	60,878	348,896
Total comprehensive loss for the year	—	(82,201)	(82,201)	3,417	(78,784)
Manager's management fees settled in units	8,020	—	8,020	—	8,020
Distributions to perpetual securities holders	—	—	—	(3,417)	(3,417)
Distributions	(22,872)	(20,901)	(43,773)	—	(43,773)
<b>Closing balance at 31 December 2020</b>	<b>353,466</b>	<b>(183,402)</b>	<b>170,064</b>	<b>60,878</b>	<b>230,942</b>

Trust:	Issued equity S\$'000	Unitholders' funds Accumulated losses S\$'000	Subtotal S\$'000	Perpetual securities S\$'000	Total S\$'000
<b>Previous year:</b>					
Opening balance at 1 January 2019	387,986	(70,138)	317,848	60,878	378,726
Total comprehensive return for the year	—	28,984	28,984	3,408	32,392
Manager's management fees settled in units	9,471	—	9,471	—	9,471
Distributions to perpetual securities holders	—	—	—	(3,408)	(3,408)
Distributions	(29,139)	(39,146)	(68,285)	—	(68,285)
<b>Closing balance at 31 December 2019</b>	<b>368,318</b>	<b>(80,300)</b>	<b>288,018</b>	<b>60,878</b>	<b>348,896</b>

#### Capital management:

The objectives when managing capital are to safeguard the Trust's ability to continue as a going concern, so that it can continue to provide returns for unitholders and benefits for other stakeholders and to provide an adequate return to unitholders.

The Manager sets the amount of capital to meet its requirements. There were no changes in the approach to capital management during the reporting year. The Manager manages the capital structure and makes adjustments to it where necessary or possible in the light of changes in conditions and the risk characteristics of the underlying assets. In order to maintain or adjust the capital structure, the Manager may adjust the amount of distributions paid to unitholders, return capital to unitholders, issue new units, or sell assets to reduce debt. The distribution policy is disclosed in Note 11.

## NOTES TO THE FINANCIAL STATEMENTS

31 December 2020

### 19. Units in issue and net assets value attributable to unitholders (continued)

#### 19A. Movements in components of unitholders' funds and perpetual securities holders (continued)

##### Capital management: (continued)

The Group's long-term policy is that net debt should be in the low range of the amount in the statement of financial position. This policy aims to ensure that the Group both maintains a good credit rating and lowers its weighted average cost of capital. Net debt is calculated as total debt (as shown in the statement of financial position) less cash and cash equivalents. Adjusted capital comprises all components of equity (i.e. issued equity and retained earnings).

	Group		Trust	
	2020 S\$'000	2019 S\$'000	2020 S\$'000	2019 S\$'000
Net debt:				
All external borrowings	489,005	486,410	489,005	486,410
Less cash and cash equivalents	(19,292)	(32,980)	(10,738)	(26,084)
Net debt	469,713	453,430	478,267	460,326
Adjusted capital:				
Issued equity	353,466	368,318	353,466	368,318
Retained earnings/(Accumulated losses)	48,510	425,238	(183,402)	(80,300)
Foreign exchange reserve	1,116	1,280	—	—
Perpetual securities	60,878	60,878	60,878	60,878
Adjusted capital	463,970	855,714	230,942	348,896
Debt-to-adjusted capital ratio	101.24%	52.99%	207.09%	131.94%

The unfavourable change as shown by the increase in the debt-to-adjusted capital ratio for the reporting year resulted primarily from the decrease in retained earnings.

The only externally imposed capital requirement is that for the Group to maintain its listing on the SGX-ST, it has to have issued equity with a free float of at least 10% of the units. Management receives a report from the registrars quarterly on substantial share interests showing the non-free float and it demonstrated continuing compliance with the SGX-ST's 10% limit throughout the reporting year.

In accordance with the Code on Collective Investment Schemes issued by the Monetary Authority of Singapore, the total borrowings and deferred payments of the Group should not exceed 50% (2019: 45%) of the Group's deposited property. It was 49.0% (2019: 34.5%) as at end of the reporting year, excluding perpetual securities which are classified as equity by the Manager.

The Manager monitors the level, nature of debt and leverage ratios, along with the compliance with debt covenants quarterly to ensure that sufficient resources exist.

### 20. Perpetual securities

In 2016, the Trust issued S\$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.

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.
- 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.



## NOTES TO THE FINANCIAL STATEMENTS

31 December 2020

### 20. Perpetual securities (continued)

These perpetual securities are classified as equity (see Note 19). An amount of S\$3,408,000 and S\$3,417,000 were reserved for distribution to perpetual securities holders for each of the reporting years ended 31 December 2019 and 2020 respectively. Management has taken the view that as there is no contractual obligation to repay the principal or to pay any distributions, and that 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 treated as dividends.

### 21. Financial ratios

	Group		Trust	
	2020	2019	2020	2019
Expenses to average net assets attributable to unitholders ratio - excluding performance related fees <sup>(1)</sup>	1.95%	0.92%	5.07%	2.41%
Expenses to average net assets attributable to unitholders ratio - including performance related fees <sup>(1)</sup>	2.59%	1.62%	6.76%	4.27%
Portfolio turnover ratio <sup>(2)</sup>	N/M	N/M	N/M	N/M
Total operating expenses (S\$'000) <sup>(3)</sup>	11,864	41,871	16,987	13,078
Total operating expenses to net asset value ratio <sup>(3)</sup>	2.94%	5.27%	9.99%	4.54%

(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 Code on Collective Investment Schemes dated 16 April 2020 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 in 2019 and 2020.

### 22. Other financial liabilities

	Group and Trust	
	2020	2019
	S\$'000	S\$'000
<b>Current:</b>		
Bank loan A (secured) (Note 22A)	195,662	—
Transaction cost to be amortised	(317)	—
	<u>195,345</u>	<u>—</u>
	<b>Group and Trust</b>	<b>2019</b>
	<b>S\$'000</b>	<b>S\$'000</b>
<b>Non-current:</b>		
Bank loans (secured) (Note 22A)	296,713	492,717
Transaction cost to be amortised	(3,053)	(6,307)
	<u>293,660</u>	<u>486,410</u>
Total other financial liabilities	<u>489,005</u>	<u>486,410</u>

## NOTES TO THE FINANCIAL STATEMENTS

31 December 2020

### 22. Other financial liabilities (continued)

	Group and Trust	
	2020	2019
	S\$'000	S\$'000
<u>Non-current:</u>		
Bank loan A (secured)	196,713	392,717
Transaction cost to be amortised	(1,741)	(4,169)
	<u>194,972</u>	<u>388,548</u>
Bank loan B (secured)	100,000	100,000
Transaction cost to be amortised	(1,312)	(2,138)
	<u>98,688</u>	<u>97,862</u>
Non-current, total	<u>293,660</u>	<u>486,410</u>

In March 2018, the Trust drew down Bank loan A under a S\$400 million syndicated secured financing facilities to refinance previous bank loans. Bank loan A consists of a 3-year Singapore dollar term loan, a 4-year Singapore dollar term loan, a 5-year Singapore dollar term loan and a 3-year dual currency revolving credit facility loan in Singapore and United States dollar. The amounts under Bank loan A are due in March 2021, March 2022 and March 2023 respectively.

In May 2019, the Trust drew down Bank loan B under a S\$100 million syndicated secured financing facilities to refinance the bank loan — current which had matured in prior year. Bank loan B consists of a 3-year Singapore dollar term loan and the amount under Bank loan B is due in May 2022.

All mortgages, assignments of the Group's rights, titles, interest and benefits, debentures and charges are executed in favour of Banks A and B.

All the amounts are at floating interest rates or arranged with interest rate swaps.

#### 22A. Bank loans (secured)

The range of floating interest rates for Bank loan A and Bank loan B are from 1.62% to 3.76% (2019: 3.20% to 4.05%) and 2.19% to 4.06% (2019: 3.76% to 4.06%) per annum respectively.

The range of effective interest rates for Bank loan A and Bank loan B are from 1.93% to 4.18% (2019: 3.58% to 4.55%) per annum.

The Trust enters into interest rate swaps arrangements to manage the interest rate risk exposure arising from the bank loans of floating rates (Note 25).

The bank loan agreements provide among other matters for the following:

- 1) Legal mortgage over all the properties of the Group except for Sarang Hospital, Siloam Hospitals Surabaya, 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 Siloam Hospitals Surabaya 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 Siloam Hospitals Surabaya 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 Kalmore Investments Pte. Ltd., Surabaya Hospitals Investment Pte. Ltd. and Icon1 Holdings Pte. Ltd..

## NOTES TO THE FINANCIAL STATEMENTS

31 December 2020

### 22. Other financial liabilities (continued)

#### 22A. Bank loans (secured) (continued)

- 5) Charge of all of the Trust's shares in the Singapore subsidiaries and subsidiaries of Trust's Singapore subsidiaries except for Kalmore Investments Pte. Ltd., Surabaya Hospitals Investment Pte. Ltd. and Icon1 Holdings Pte. Ltd..
- 6) Charge of all of the Singapore subsidiaries' shares in the Indonesia subsidiaries except for (i) PT Tata Prima Indah and (ii) 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 Lippo Healthcare Limited's interest in the Trust is at least 8%.
- 9) OUE Limited's interest in First REIT Management Limited (formerly known as Bowsprit Capital Corporation Limited) is at least 40%.
- 10) Compliance with certain financial covenants.

The carrying amount of the current and non-current borrowings, which are at floating variable market rates, approximate their fair values at reporting date.

During the reporting year, the following loan covenants were breached:

- (i) Consolidated Holders' Funds shall not at any time be less than S\$600 million
- (ii) Consolidated Total Liabilities to Consolidated Holders' Funds ratio shall not exceed 0.85:1
- (iii) Loan to security ratio should not exceed 0.45:1

The lenders have not made a demand for accelerated repayment for Bank loan A and Bank loan B. The lenders agreed before the end of the reporting year to waive the requirements. The classification of the loans remain "non-current".

On 24 December 2020, the Trustee entered into a facility agreement with two of the existing lenders, Oversea-Chinese Banking Corporation Ltd ("OCBC") and CIMB Bank Berhad ("CIMB") in respect of a facility of up to S\$260 million to refinance Bank loan A.

### 23. Trade and other payables, current

	Group		Trust	
	2020 S\$'000	2019 S\$'000	2020 S\$'000	2019 S\$'000
<u>Trade payables:</u>				
Outside parties and accrued liabilities	199	182	112	106
Related party	8,345	8,390	8,345	8,390
Trade payables - subtotal	8,544	8,572	8,457	8,496
<u>Other payables:</u>				
Subsidiaries	—	—	11,840	12,582
Related party	22	22	—	—
Other payables	8,750	10,246	5,140	4,992
Other payables - subtotal	8,772	10,268	16,980	17,574
Total trade and other payables	17,316	18,840	25,437	26,070

Included in the Group's other payables as at end of the reporting years, were taxes payable to the vendors upon refund from the tax authorities.

## NOTES TO THE FINANCIAL STATEMENTS

31 December 2020

### 24. Other non-financial liabilities, current

	Group		Trust	
	2020 S\$'000	2019 S\$'000	2020 S\$'000	2019 S\$'000
Rental income in advance from tenants	8,148	21,122	103	83
Security deposits	1,959	1,921	1,959	1,921
	10,107	23,043	2,062	2,004

### 25. Derivatives financial instruments

The table below summarises the fair value of derivatives at the end of year. All derivatives are not designated as hedging instruments.

	Group and Trust	
	2020 S\$'000	2019 S\$'000
<u>Liabilities – Derivatives with negative fair values:</u>		
Interest rate swaps (Note 25A) – Non-current	(3,866)	(1,253)
Interest rate swaps (Note 25A) – Current	—	(222)
	(3,866)	(1,475)
The movements during the year were as follows:		
Balance at beginning of the year	(1,475)	(435)
Losses recognised in profit or loss	(2,391)	(1,040)
Total net balance at end of the year	(3,866)	(1,475)

### 25A. Interest rate swaps

As at 31 December 2020, the notional amount of two interest rate swaps for 2020 was S\$196,831,000 (2019: S\$296,659,000). The interest rate swaps are designed to convert floating borrowing to fixed rate loans for the next two years. The Group receives variable interest equal to the SOR on the notional contract amount. At the end of the reporting year, the interest rates varied from 1.47% to 1.99% (2019: 1.80% to 2.01%). The interest rate swaps will mature on 1 March 2022.

The derivatives financial instruments are not traded in an active market. As a result, their fair values are based on valuation techniques currently consistent with generally accepted valuation methodologies for pricing financial instruments, and incorporate all factors and assumptions that knowledgeable, willing market participants would consider in setting the price (Level 2).

The fair value (Level 2) of interest rate swap was measured on the basis of the current value of the difference between the contractual interest rate and the market rate at the end of the reporting year. The valuation technique used market observable inputs.

### 26. Financial information by operating segments

#### Information about reportable segment profit or loss and assets

Disclosure of information about operating segments is made as required by FRS 108 Operating Segments. This disclosure standard has no impact on the reported financial performance or financial position of the Group.

The Group is engaged in a single business of investing in investment properties in the healthcare and/or healthcare related sector. During the reporting year, the Group had three reportable operating segments: Indonesia operations, Singapore operations and South Korea 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.

## NOTES TO THE FINANCIAL STATEMENTS

31 December 2020

### 26. Financial information by operating segments (continued)

#### Information about reportable segment profit or loss and assets (continued)

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 significant accounting policies.

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.

	Indonesia S\$'000	Singapore S\$'000	South Korea S\$'000	Total S\$'000
<b>2020</b>				
<b>Profit or loss reconciliation</b>				
Rental and other income	75,129	3,678	812	79,619
Impairment allowance on trade receivables	—	—	(842)	(842)
Net property income and other income	74,249	3,353	(137)	77,465
Interest income	1,345	91	—	1,436
Manager's management fees				(9,410)
Trustee fees				(416)
Finance costs	—	(17,826)	—	(17,826)
Other expenses				(5,703)
Net income before the undernoted				45,546
Net fair value losses of investment properties	(396,641)	(912)	(3,834)	(401,387)
Net fair value losses of derivatives financial instruments				(2,391)
Total loss before income tax				(358,232)
Income tax benefit/(expense)	6,961	(1,467)	328	5,822
Total loss after income tax				(352,410)
<b>Assets</b>				
Segment assets including properties	953,431	45,102	6,375	1,004,908
Total assets				1,004,908

## NOTES TO THE FINANCIAL STATEMENTS

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### 26. Financial information by operating segments (continued)

#### Information about reportable segment profit or loss and assets (continued)

	Indonesia S\$'000	Singapore S\$'000	South Korea S\$'000	Total S\$'000
<b>2019</b>				
<b>Profit or loss reconciliation</b>				
Rental and other income	110,357	3,994	946	115,297
Impairment allowance on trade receivables	—	—	(624)	(624)
Net property income and other income	109,168	3,492	234	112,894
Interest income	2,234	130	—	2,364
Manager's management fees				(11,401)
Trustee fees				(430)
Finance costs	—	(20,390)	—	(20,390)
Other expenses				(1,002)
Net income before the undernoted				82,035
Net fair value losses of investment properties	(4,691)	(512)	(404)	(5,607)
Net fair value losses of derivatives financial instruments				(1,040)
Total return before income tax				75,388
Income tax (expense)/benefit	(26,581)	99	10	(26,472)
Total return after income tax				48,916
<b>Assets</b>				
Segment assets including properties	1,352,673	63,917	10,546	1,427,136
Total assets				1,427,136

Income are attributed to countries on the basis of the location of the investment properties. The non-current assets 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 in Indonesia in aggregate amounted to S\$57,360,000 and S\$65,075,000 respectively (2019: S\$96,001,000 and S\$110,357,000).

### 27. Capital commitments

Estimated amounts committed at the end of the reporting year for future capital expenditure but not recognised in the financial statements are as follows:

	2020 S\$'000	2019 S\$'000
Commitments in relation to Siloam Hospitals Surabaya	—	63,000

The above commitment pertains to the asset-enhancement transaction in relation to Siloam Hospitals Surabaya ("**SHS**").

The transaction is a joint arrangement and asset swap with PT SK (a limited liability company incorporated in Indonesia and an indirect wholly-owned subsidiary of Lippo Karawaci) which involves:

(a) Divestment of Plot B

The divestment of a plot of land ("**Plot B**") which was owned by PT Tata Prima Indah ("**PT TPI**"), a limited liability company incorporated in Indonesia and an indirect wholly-owned subsidiary of the Trust, to PT SK.

## NOTES TO THE FINANCIAL STATEMENTS

31 December 2020

### 27. Capital commitments (continued)

(b) Development Works

The development works on Plot B and Lippo Karawaci's land adjacent to Plot B;

In 2016, the first progress payment of S\$18 million was paid.

In 2017, the second progress payment of S\$9 million was paid.

(c) The New SHS Acquisition and New SHS Master Lease

The acquisition of the new hospital ("New SHS") to be built pursuant to the Development Works by PT SK, with proposed master lease of the New SHS to Lippo Karawaci and the termination of existing master lease agreement between PT TPI (as the master lessor of the existing Siloam Hospitals Surabaya (the "Existing SHS")) and Lippo Karawaci. The total purchase consideration for the New SHS is S\$90 million and will be paid in progress payments.

(d) Divestment of the Existing SHS

The divestment of the Existing SHS to PT SK.

On 21 December 2018, the Manager announced that a road subsidence event (the "Road Subsidence") had taken place along Gubeng Highway, Surabaya, which is in close proximity to Siloam Hospitals Surabaya and Development Works had halted.

On 10 January 2020, the Manager announced that the Road Subsidence had a serious impact on the Development Works, which are currently no longer progressing on the proposed timetable and are on hold pending amongst other things the outcome of the investigations by the relevant Indonesia authorities. For the avoidance of doubt, neither the Manager nor the Group are involved in any investigation in connection with the Road Subsidence.

On 29 June 2020, the Manager announced that given that the Development Works are no longer progressing, PT TPI has served a termination notice to PT SK to terminate the Development Works Agreement.

As at the end of the reporting year, the Group has made progress payments and professional fees amounting to S\$27,035,000 (2019: S\$27,035,000). See Note 15.

### 28. Operating lease income commitments - as lessor

At the end of the reporting year, the total of future minimum lease receivables committed under non-cancellable operating leases (assuming the option to renew the leases is not exercised) are as follows:

	Group		Trust	
	2020 S\$'000	2019 S\$'000	2020 S\$'000	2019 S\$'000
Not later than one year	118,493	117,395	4,152	4,071
Between 1 and 2 years	88,016	116,529	4,235	4,152
Between 2 and 3 years	88,101	85,562	4,320	4,235
Between 3 and 4 years	88,187	85,646	4,406	4,320
Between 4 and 5 years	88,275	85,733	4,495	4,406
Later than five years	167,485	250,373	1,542	6,037
Total	638,557	741,238	23,150	27,221

The rental income for the year is disclosed in Note 4.

The Group has entered into commercial property leases for healthcare and/or healthcare related buildings. The non-cancellable leases have remaining non-cancellable lease terms and the tenants' options for renewals as disclosed in the statements of portfolio.

## NOTES TO THE FINANCIAL STATEMENTS

31 December 2020

### 28. Operating lease income commitments – as lessor (continued)

Generally, the lease agreements provide that the lessees pay rent on a quarterly basis in advance, whereby rent shall comprise: (a) an annual base rent for the first year of each lease and (b) a variable rent. The base rent is subject to increase every year thereafter subject to a floor of zero percentage and a cap of an agreed percentage. The variable rent is calculated based on a percentage of the growth of the lessee's gross revenue in the preceding calendar year. No contingent rent is included in the above amounts.

There will be new tenancy arrangements from 2021 (see Note 30).

One of the tenants in Singapore has also provided a bank guarantee in lieu of the security deposits of S\$1,456,000 (2019: S\$1,428,000) for rental income from one of the Singapore properties.

### 29. Financial instruments: information on financial risks

#### 29A. Categories of financial assets and liabilities

The following table categorises the carrying amount of financial assets and liabilities recorded at the end of the reporting year:

	Group		Trust	
	2020	2019	2020	2019
	S\$'000	S\$'000	S\$'000	S\$'000
<u>Financial assets:</u>				
Financial assets at amortised cost	64,320	81,813	55,605	73,407
At end of the year	64,320	81,813	55,605	73,407
<u>Financial liabilities:</u>				
Financial liabilities at amortised cost	506,321	505,250	514,442	512,480
Derivatives financial instruments at fair value	3,866	1,475	3,866	1,475
At end of the year	510,187	506,725	518,308	513,955

Further quantitative disclosures are included throughout these financial statements.

There are no significant fair value measurements recognised in the statement of financial position.

#### 29B. Financial risk management

The main purpose for holding or issuing financial instruments is to raise and manage the finances for the Group's operating, investing and financing activities. There are exposures to the financial risks on the financial instruments such as credit risk, liquidity risk and market risk comprising interest rate risk, currency risk and price risk exposures.

Management has certain practices for the management of financial risks. However these are not formally documented in written form. The guidelines include the following:

1. Minimise interest rate, currency, credit and market risk for all kinds of transactions.
2. Maximise the use of "natural hedge": favouring as much as possible the natural off-setting of sales and costs and payables and receivables denominated in the same currency and therefore put in place hedging strategies only for the excess balance (if necessary). The same strategy is pursued with regard to interest rate risk.
3. All financial risk management activities are carried out and monitored by senior management staff.
4. All financial risk management activities are carried out following acceptable market practices.

The Management of the Manager who monitors the procedures reports to the Board of Directors of the Manager.



## NOTES TO THE FINANCIAL STATEMENTS

31 December 2020

### 29. Financial instruments: information on financial risks (continued)

#### 29B. Financial risk management (continued)

There have been no changes to the exposures to risk; the objectives, policies and processes for managing the risk and the methods used to measure the risk.

#### 29C. Credit risk on financial assets

Financial assets that are potentially subject to concentrations of credit risk and failures by counterparties to discharge their obligations in full or in a timely manner. These arise principally from cash balances with banks, cash equivalents, receivables and other financial assets. The maximum exposure to credit risk is the total of the fair value of the financial assets at the end of the reporting year. For ECL on financial assets, the general approach (three-stage approach) in the financial reporting standard on financial instruments is applied to measure the impairment allowance. Under this general approach the financial assets move through the three stages as their credit quality changes. On initial recognition, a day-1 loss is recorded equal to the 12 month ECL unless the assets are considered credit impaired. However, the simplified approach (that is, to measure the loss allowance at an amount equal to lifetime ECL at initial recognition and throughout its life) permitted by the financial reporting standards on financial instruments is applied for financial assets that do not have a significant financing component, such as other receivables. For credit risk on other receivables, an ongoing credit evaluation is performed on the financial condition of the debtors and an impairment loss is recognised in profit or loss. Reviews and assessments of credit exposures in excess of designated limits are made. Renewals and reviews of credits limits are subject to the same review process.

Cash and cash equivalents are also subject to the impairment requirements of the standard on financial instruments. There was no identified impairment loss.

The credit quality of the bank balances using an external or internal credit grading system is as follows:

	<b>Moody's Ratings</b>	
	<b>2020</b>	<b>2019</b>
Bank of East Asia	A3	A3
CIMB	A3	A3
OCBC	Aa1	Aa1

## NOTES TO THE FINANCIAL STATEMENTS

31 December 2020

### 29. Financial instruments: information on financial risks (continued)

#### 29D. Liquidity risk - financial liabilities maturity analysis

The following table analyses the non-derivatives financial liabilities by remaining contractual maturity (contractual and undiscounted cash flows) where it relates to a variable amount payable, the amount is determined by taking reference to that last contracted rate:

	Less than 1 year S\$'000	More than 1 year but less than 5 years S\$'000	Total S\$'000
<b>Non-derivatives financial liabilities</b>			
<u>Group</u>			
<u>2020:</u>			
Borrowings	195,662	296,713	492,375
Trade and other payables	17,316	—	17,316
	212,978	296,713	509,691
<u>2019:</u>			
Borrowings	16,955	510,597	527,552
Trade and other payables	18,840	—	18,840
	35,795	510,597	546,392
<u>Trust</u>			
<u>2020:</u>			
Borrowings	195,662	296,713	492,375
Trade and other payables	25,437	—	25,437
	221,099	296,713	517,812
<u>2019:</u>			
Borrowings	16,955	510,597	527,552
Trade and other payables	26,070	—	26,070
	43,025	510,597	553,622

The following table analyses the derivative financial liabilities by remaining contractual maturity (contractual undiscounted cash flows):

	Notional amount S\$'000	Less than 1 year S\$'000	More than 1 year but less than 5 years S\$'000	Total S\$'000
<b>Derivatives financial liabilities</b>				
<u>Group and Trust</u>				
<u>2020:</u>				
Interest rate swaps (net settled)	196,831	—	(3,866)	(3,866)
<u>2019:</u>				
Interest rate swaps (net settled)	296,659	(222)	(1,253)	(1,475)

The remaining contractual maturity of derivatives financial liabilities of the Group and Trust is 14 months (Note 25).

The above amounts disclosed in the maturity analysis are the contractual undiscounted cash flows and such undiscounted cash flows differ from the amount included in the statement of financial position. When the counterparty has a choice of when an amount is paid, the liability is included on the basis of the earliest date on which it can be required to pay.

## NOTES TO THE FINANCIAL STATEMENTS

31 December 2020

### 29. Financial instruments: information on financial risks (continued)

#### 29D. Liquidity risk – financial liabilities maturity analysis (continued)

The liquidity risk refers to the difficulty in meeting obligations associated with financial liabilities that are settled by delivering cash or another financial asset. It is expected that all the liabilities will be settled at their contractual maturity. The average credit period taken to settle trade payables is about 30 days (2019: 30 days). The classification of the financial assets is shown in the statement of financial position as they may be available to meet liquidity needs and no further analysis is deemed necessary.

The Manager also monitors and observes the Code on Collective Investment Schemes issued by the Monetary Authority of Singapore concerning limits on total borrowings.

The Manager is of the view that cash from operating activities will be sufficient to meet the current requirements to support ongoing operations, capital expenditures, and debt repayment obligations. The Trust's structure necessitates raising funds through debt financing and the capital markets to fund strategic acquisitions and capital expenditures. The Manager also ensures that there are sufficient funds for declared and payable distributions and any other commitments.

	<b>Group and Trust</b>	
	<b>2020</b>	<b>2019</b>
	<b>S\$'000</b>	<b>S\$'000</b>
<u>Bank facilities:</u>		
Undrawn facilities	4,284	3,942

The undrawn facilities are available for refinancing existing loans, general corporate funding and working capital requirements of the Trust. The undrawn facilities relate to existing S\$400 million loan facilities, which will expire in March 2021. On 24 December 2020, the Trustee entered into a facility agreement with OCBC and CIMB Bank in respect of a facility of up to S\$260 million to refinance part of S\$400 million loan facilities (Note 22A).

#### 29E. Interest rate risk

The interest rate risk exposure is mainly from changes in fixed interest rates and floating interest rates. The interest from financial assets including cash balances is not significant. The following table analyses the breakdown of the significant financial instruments by type of interest rate:

	<b>Group and Trust</b>	
	<b>2020</b>	<b>2019</b>
	<b>S\$'000</b>	<b>S\$'000</b>
<u>Financial liabilities:</u>		
Bank loans at floating rates	489,005	486,410
Total at the end of the year	489,005	486,410

The Trust enters into interest rate swap agreements to manage the interest rate risk exposure arising from bank loans at floating rates (Note 25A).

The floating rate debt instruments are with interest rates that are re-set at regular intervals. The interest rates are disclosed in the respective notes.

Sensitivity analysis:

The analysis has been performed for fixed interest rate and floating interest rate over a year for financial instruments. The impact of a change in interest rates on floating interest rate financial instruments has been assessed in terms of changing of their cash flows and therefore in terms of the impact on net expenses. The hypothetical changes in basis points are not based on observable market data (unobservable inputs). The impact of a change in interest rates on fixed interest rate financial instruments has not been assessed in terms of changing of their fair value, as the Group does not account for any fixed rate financial assets at FVTPL.

## NOTES TO THE FINANCIAL STATEMENTS

31 December 2020

### 29. Financial instruments: information on financial risks (continued)

#### 29E. Interest rate risk (continued)

A hypothetical change of 50 basis points (2019: 50 basis points) in interest rates with all variables including foreign exchange rates held constant, would increase (decrease) the total return by the amounts below:

	Statement of 50 basis points increase S\$'000	Total Return 50 basis points decrease S\$'000
<hr/>		
<u>Group and Trust</u>		
<u>2020</u>		
Borrowings	(1,725)	1,725
Interest rate swaps	984	(984)
Net (decrease) increase	<u>(741)</u>	<u>741</u>
<u>2019</u>		
Borrowings	(2,470)	2,470
Interest rate swaps	719	(719)
Net (decrease) increase	<u>(1,751)</u>	<u>1,751</u>

#### 29F. Foreign currency risk

Foreign exchange risk arises on financial instruments that are denominated in a foreign currency, i.e. in a currency other than the functional currency in which they are measured. For the purpose of this financial reporting standard on financial instruments: disclosures, currency risk does not arise from financial instruments that are non-monetary items or from financial instruments denominated in the functional currency.

Analysis of the significant amounts denominated in non-functional currency:

	2020 S\$'000	2019 S\$'000
<hr/>		
<u>Group and Trust:</u>		
<u>Financial liabilities:</u>		
<u>US dollars</u>		
Borrowings	<u>18,401</u>	<u>18,743</u>

Sensitivity analysis: A hypothetical 10% (2019: 10%) strengthening in the exchange rate of the functional currency against the US dollar, with all other variables held constant would have a favourable effect on post-tax profit of S\$1,840,000 (2019: S\$1,874,000). For similar rate weakening of the functional currency against the relevant foreign currency above, there would be comparable impact in the opposite direction on the profit or loss.

### 30. Events after the end of the reporting year

- a) On 14 January 2021, a final distribution of S\$0.84 cents per unit was declared totalling S\$6,840,000 in respect of the period from 1 October 2020 to 31 December 2020.

## NOTES TO THE FINANCIAL STATEMENTS

31 December 2020

### 30. Events after the end of the reporting year (continued)

- b) On 28 December 2020, the Manager announced its intention to carry out a renounceable rights issue (the “**Proposed Rights Issue**”) for the purposes of repaying part of the S\$400 million secured syndicated loan facilities (“**2018 Secured Loan Facilities**”) provided by OCBC to the Trust. The proceeds will be used to repay partial loan of S\$195.5 million which is due for repayment on 1 March 2021 and payment of professional fees incurred by the Trust in connection with the loan refinancing exercise with remaining funds to be used for working capital purposes. The Manager proposes to carry out the Proposed Rights Issue to issue approximately 791,063,000 Units (which is equivalent to approximately 98% of the 807,206,351 Units in issue as of 24 December 2020) to raise gross proceeds of approximately S\$158.2 million to eligible unitholders and on a pro rata basis of 98 Rights Units for every 100 existing Units at S\$0.20 per Rights Unit. On 24 February 2021, the Manager completed the Rights Issue.
- c) On 24 December 2020, the Trustee has entered into a facility agreement (the “**Facility Agreement**”) with OCBC and CIMB, Singapore Branch (the “**Lenders**”) in respect of a term loan facility of S\$178.5 million and a revolving credit facility of S\$42.5 million, with an accordion option for a S\$39.0 million increase in commitments (the “**S\$260 million Loan Facilities**”) to refinance part of the 2018 Secured Loan Facilities. On 1 March 2021, part of the S\$260 million Loan Facilities was successfully drawn down and approximately S\$140 million of the rights proceeds were used to repay the 2018 Secured Loan Facilities.
- d) On 28 November 2020, the Trustee has entered into a memorandum of understanding with LPKR and MPU respectively for a proposed restructuring of LPKR and MPU MLA. The proposed LPKR MLA restructuring is conditional upon, among other things, the approval of independent unitholders of the Group (“**Unitholders**”). On 19 January 2021, the Unitholders approved the proposed LPKR MLA Restructuring at the Extraordinary General Meeting. On 10 March 2021, the Indonesia subsidiaries signed the MLA with LPKR for 8 Hospital Properties.
- e) On 17 March 2021, a total of 2,235,000 new units were issued at the issue price of S\$0.2848 per unit to the Manager as partial payment of the base fee component of management fee for the quarter ended 31 December 2020. 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.
- f) On 17 March 2021, a total of 1,258,000 new units were issued at the issue price of S\$1.0013 per unit to the Manager as payment of 72% of the performance fee component of the management fee for the quarter ended 31 December 2019. 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.

### 31. Changes and adoption of financial reporting standards

For the current reporting year new or revised financial reporting standards were issued by the Singapore Accounting Standards Council. Those applicable to the reporting entity are listed below. Those applicable new or revised standards did not require any significant modification of the measurement methods or the presentation in the financial statements.

FRS No.	Title
FRS 103	Definition of a Business—Amendments
FRS 1 and 8	Definition of material—Amendments to
FRS 116	COVID-19 Related Rent Concessions—Amendments to (effective from 30 June 2020)

## NOTES TO THE FINANCIAL STATEMENTS

31 December 2020

### 32. New or amended standards in issue but not yet effective

For the future reporting years certain new or revised financial reporting standards were issued by the Singapore Accounting Standards Council and these will only be effective for future reporting years. Those applicable to the reporting entity for future reporting years are listed below. Adoption of the applicable new or revised standards are expected to result in some changes in the detailed application of the accounting policies and some modifications to financial statements presentation and measurement. Those that are expected to have a material impact are described below.

FRS No.	Title	Effective date for periods beginning on or after
FRS 1	Classification of Liabilities as Current or Non-current - Amendments to	1 Jan 2023
FRS 103	Definition of a Business—Reference to the Conceptual Framework—Amendments to	1 Jan 2022
FRS 16	Property, Plant and Equipment: Proceeds before Intended Use - Amendments to	1 Jan 2022
FRS 109	Financial Instruments - Fees in the “10 per cent” test for derecognition of financial liabilities (Annual Improvement Project)	1 Jan 2022
RAP 7	Statement of Recommended Accounting Practice 7 “Reporting Framework for Investment Funds”	1 Jul 2021

### 33. Listing of investments in subsidiaries

All the subsidiaries are wholly owned. The subsidiaries held by the Trust and the Group are listed below:

Name of Subsidiaries, Country of Incorporation, Place of Operations and Principal Activities	Carrying Value of Investments	
	2020 S\$'000	2019 S\$'000
<u>Held by the Trust</u>		
Gold Capital Pte. Ltd. <sup>(b)</sup> Singapore Investment holding	95,351	100,556
GOT Pte. Ltd. <sup>(b)</sup> Singapore Investment holding	81,817	82,741
Henley Investments Pte. Ltd. <sup>(b)</sup> Singapore Investment holding	39,667	40,698
Kalmore Investments Pte. Ltd. <sup>(b)</sup> Singapore Investment holding	4,098	7,966
Lovage International Pte. Ltd. <sup>(b)</sup> Singapore Investment holding	12,523	12,523
Platinum Strategic Investments Pte. Ltd. <sup>(b)</sup> Singapore Investment holding	21,082	22,321
Primerich Investments Pte. Ltd. <sup>(b)</sup> Singapore Investment holding	32,747	32,874

## NOTES TO THE FINANCIAL STATEMENTS

31 December 2020

### 33. Listing of investments in subsidiaries (continued)

Name of Subsidiaries, Country of Incorporation, Place of Operations and Principal Activities	Carrying Value of Investments	
	2020 S\$'000	2019 S\$'000
<u>Held by the Trust (continued)</u>		
Raglan Investments Pte. Ltd. <sup>(b)</sup> Singapore Investment holding	41,966	43,434
Rhuddlan Investments Pte. Ltd. <sup>(b)</sup> Singapore Investment holding	72,240	73,754
Globalink Investments Pte. Ltd. <sup>(b)</sup> Singapore Investment holding	61,376	73,115
Great Capital Pte. Ltd. <sup>(b)</sup> Singapore Investment holding	40,831	69,650
Finura Investments Pte. Ltd. <sup>(b)</sup> Singapore Investment holding	22,326	24,331
Sriwijaya Investment I Pte. Ltd. <sup>(b)</sup> Singapore Investment holding	24,676	31,814
IAHCC Investment Pte. Ltd. <sup>(b)</sup> Singapore Investment holding	1*	1*
Surabaya Hospitals Investment Pte. Ltd. <sup>(b)</sup> Singapore Investment holding	1*	1*
SHKP Investment I Pte. Ltd. <sup>(b)</sup> Singapore Investment holding	54,122	67,688
Icon1 Holdings Pte. Ltd. <sup>(b)</sup> Singapore Investment holding	21,175	25,798
SHLB Investment I Pte. Ltd. <sup>(b)</sup> Singapore Investment holding	10,770	18,517
SHButon Investment I Pte. Ltd. <sup>(b)</sup> Singapore Investment holding	25,098	26,787
	661,867	754,569
<u>Held by subsidiaries</u>		
Higrade Capital Pte. Ltd. <sup>(b)</sup> Singapore Investment holding	853	853
Ultra Investments Pte. Ltd. <sup>(b)</sup> Singapore Investment holding	321	321

## NOTES TO THE FINANCIAL STATEMENTS

31 December 2020

### 33. Listing of investments in subsidiaries (continued)

Name of Subsidiaries, Country of Incorporation, Place of Operations and Principal Activities	Carrying Value of Investments	
	2020 S\$'000	2019 S\$'000
<u>Held by subsidiaries (continued)</u>		
Carmathen Investments Pte. Ltd. <sup>(b)</sup> Singapore Investment holding	1,033	1,033
Caernarfon Investments Pte. Ltd. <sup>(b)</sup> Singapore Investment holding	1,324	1,324
Fortuna Capital Pte. Ltd. <sup>(b)</sup> Singapore Investment holding	—	22
Key Capital Pte. Ltd. <sup>(b)</sup> Singapore Investment holding	—	3,826
Glamis Investments Pte. Ltd. <sup>(b)</sup> Singapore Investment holding	1,377	1,377
Sriwijaya Investment II Pte. Ltd. <sup>(b)</sup> Singapore Investment holding	422	1,722
SHKP Investment II Pte. Ltd. <sup>(b)</sup> Singapore Investment holding	11,768	13,916
SHLB Investment II Pte. Ltd. <sup>(b)</sup> Singapore Investment holding	—	1,040
SHButon Investment II Pte. Ltd. <sup>(b)</sup> Singapore Investment holding	1,356	1,442
Kalmore (Korea) Limited <sup>(c)</sup> South Korea Owner of Sarang Hospital	3,887	3,887
PT Bayutama Sukses <sup>(a)</sup> Indonesia Owner of Siloam Hospitals Makassar	6,356	6,356
PT Graha Indah Pratama <sup>(a)</sup> Indonesia Owner of Siloam Hospitals Kebon Jeruk	10,333	10,333
PT Graha Pilar Sejahtera <sup>(a)</sup> Indonesia Owner of Siloam Hospitals Lippo Cikarang	8,306	8,306
PT Karya Sentra Sejahtera <sup>(a)</sup> Indonesia Owner of Imperial Aryaduta Hotel & Country Club	20,019	20,019
PT Menara Abadi Megah <sup>(a)</sup> Indonesia Owner of Siloam Hospitals Manado & Hotel Aryaduta Manado	5,500	5,500



## NOTES TO THE FINANCIAL STATEMENTS

31 December 2020

### 33. Listing of investments in subsidiaries (continued)

Name of Subsidiaries, Country of Incorporation, Place of Operations and Principal Activities	Carrying Value of Investments	
	2020 S\$'000	2019 S\$'000
<u>Held by subsidiaries (continued)</u>		
PT Primatama Cemerlang <sup>(a)</sup> Indonesia Owner of Mochtar Riady Comprehensive Cancer Centre	17,065	17,065
PT Sentra Dinamika Perkasa <sup>(a)</sup> Indonesia Owner of Siloam Hospitals Lippo Village	8,779	8,779
PT Tata Prima Indah <sup>(a)</sup> Indonesia Owner of Siloam Hospitals Surabaya	8,013	8,013
PT Dasa Graha Jaya <sup>(a)</sup> Indonesia Owner of Siloam Hospitals Bali	8,830	16,553
PT Perisai Dunia Sejahtera <sup>(a)</sup> Indonesia Owner of Siloam Hospitals TB Simatupang	—	15,305
PT Eka Dasa Parinama <sup>(a)</sup> Indonesia Owner of Siloam Hospitals Purwakarta	5,509	5,509
PT Sriwijaya Mega Abadi <sup>(a)</sup> Indonesia Owner of Siloam Sriwijaya	1,729	6,887
PT Nusa Bahana Niaga <sup>(a)</sup> Indonesia Owner of Siloam Hospitals Kupang & Lippo Plaza Kupang	40,131	50,668
PT Prima Labuan Bajo <sup>(a)</sup> Indonesia Owner of Siloam Hospitals Labuan Bajo	—	4,160
PT Buton Bangun Cipta <sup>(a)</sup> Indonesia Owner of Siloam Hospitals Buton & Lippo Plaza Buton	5,544	5,768
<u>Joint operation held by subsidiary, Icon1 Holdings Pte. Ltd.</u>		
PT Yogya Central Terpadu <sup>(a)</sup> (Note A) Indonesia Owner of Siloam Hospitals Yogyakarta	6,319	6,615

(a) Audited by RSM Indonesia, member firm of RSM International of which RSM Chio Lim LLP is a member.

(b) Audited by RSM Chio Lim LLP in Singapore.

(c) The unaudited management financial statements at 31 December 2020 of the subsidiary have been used for consolidation purposes.

\* Amount is less than \$1,000

The investments include investments in redeemable preference shares that are redeemable at the option of the Singapore subsidiaries.

## NOTES TO THE FINANCIAL STATEMENTS

31 December 2020

### 33. Listing of investments in subsidiaries (continued)

#### 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 licences. 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.

## INTERESTED PERSON TRANSACTIONS

The transactions entered into with interested persons during the financial year 31 December 2020, 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:

<b>Name of Interested Person</b>	<b>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)</b>	<b>Aggregate value of all interested person transactions conducted under unitholders’ mandate pursuant to Rule 920 (excluding transactions less than S\$100,000)</b>
First REIT Management Limited (formerly known as Bowsprit Capital Corporation Limited) - Manager’s management fees	S\$ 9,410,000	-
Perpetual (Asia) Limited - Trustee fees	S\$ 416,000	-
PT Lippo Karawaci TBK and its subsidiaries - Rental income	S\$57,360,000	-

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 and Seventh Supplemental Deed dated 7 April 2020) 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 3 in the financial statements.

### Subscription of the Trust Units

During the financial year ended 31 December 2020, 9,531,836 new units were issued as payment of management fees.

## STATISTICS OF UNITHOLDINGS

As at 15 March 2021

### DISTRIBUTION OF UNITHOLDINGS

SIZE OF UNITHOLDINGS	NO. OF UNITHOLDERS	%	NO. OF UNITS	%
1 - 99	489	3.44	20,930	0.00
100 - 1,000	1,075	7.56	745,098	0.05
1,001 - 10,000	6,019	42.35	33,892,352	2.12
10,001 - 1,000,000	6,583	46.32	413,518,154	25.87
1,000,001 AND ABOVE	47	0.33	1,150,092,040	71.96
<b>TOTAL</b>	<b>14,213</b>	<b>100.00</b>	<b>1,598,268,574</b>	<b>100.00</b>

### TWENTY LARGEST UNITHOLDERS

NO.	NAME	NO. OF UNITS	%
1.	CITIBANK NOMINEES SINGAPORE PTE LTD	548,249,942	34.30
2.	DBS NOMINEES (PRIVATE) LIMITED	140,622,556	8.80
3.	RAFFLES NOMINEES (PTE.) LIMITED	73,000,121	4.57
4.	HSBC (SINGAPORE) NOMINEES PTE LTD	44,166,155	2.76
5.	OCBC SECURITIES PRIVATE LIMITED	42,225,227	2.64
6.	PHILLIP SECURITIES PTE LTD	38,832,281	2.43
7.	FIRST REIT MANAGEMENT LIMITED	31,449,217	1.97
8.	MAYBANK KIM ENG SECURITIES PTE. LTD.	27,164,868	1.70
9.	SNG KAY BOON TERENCE	23,259,000	1.46
10.	UNITED OVERSEAS BANK NOMINEES (PRIVATE) LIMITED	19,311,025	1.21
11.	DBSN SERVICES PTE. LTD.	18,622,074	1.17
12.	ABN AMRO CLEARING BANK N.V.	16,214,310	1.01
13.	OCBC NOMINEES SINGAPORE PRIVATE LIMITED	16,156,725	1.01
14.	IFAST FINANCIAL PTE. LTD.	15,787,268	0.99
15.	MORGAN STANLEY ASIA (SINGAPORE) SECURITIES PTE LTD	14,446,495	0.90
16.	CGS-CIMB SECURITIES (SINGAPORE) PTE. LTD.	9,062,949	0.57
17.	UOB KAY HIAN PRIVATE LIMITED	8,918,549	0.56
18.	LIM CHEE YEW (LIN ZHIYOU)	5,800,000	0.36
19.	DB NOMINEES (SINGAPORE) PTE LTD	5,141,000	0.32
20.	KGI SECURITIES (SINGAPORE) PTE. LTD.	4,937,020	0.31
	<b>TOTAL</b>	<b>1,103,366,782</b>	<b>69.04</b>

## STATISTICS OF UNITHOLDINGS

As at 15 March 2021

### Substantial Unitholders

(As recorded in the Register of Substantial Unitholders' Unitholdings as at 15 March 2021)

Name of Substantial Unitholder	Direct Interest		Deemed Interest	
	No. of Units held	% <sup>(24)</sup>	No. of Units Held	% <sup>(24)</sup>
First REIT Management Limited ("FRM")	149,635,397	9.36	–	–
OLH Healthcare Investments Pte. Ltd. ("OHI")	246,850,287	15.44	–	–
OUELH (Singapore) Pte. Ltd. ("OUELH (Singapore)")	–	–	246,850,287 <sup>(1)</sup>	15.44
OUELH (SEA) Pte. Ltd. ("OUELH (SEA)")	–	–	246,850,287 <sup>(1)</sup>	15.44
OUE Lippo Healthcare Limited ("OUELH")	–	–	396,485,684 <sup>(1)(2)</sup>	24.81
Treasure International Holdings Pte. Ltd. ("TIHPL")	–	–	396,485,684 <sup>(1)(2)</sup>	24.81
OUE Limited ("OUE")	–	–	446,956,901 <sup>(1)(2)(3)</sup>	27.97
OUE Realty Pte. Ltd. ("OUER")	–	–	446,956,901 <sup>(4)</sup>	27.97
Golden Concord Asia Limited ("GCAL")	–	–	446,956,901 <sup>(5)</sup>	27.97
Fortune Crane Limited ("FCL")	–	–	446,956,901 <sup>(6)</sup>	27.97
Lippo ASM Asia Property Limited ("LAAPL")	–	–	446,956,901 <sup>(7)</sup>	27.97
HKC Property Investment Holdings Limited ("HKC Property")	–	–	446,956,901 <sup>(8)</sup>	27.97
Hongkong Chinese Limited ("HCL")	–	–	446,956,901 <sup>(9)</sup>	27.97
Hennessy Holdings Limited ("Hennessy")	–	–	446,956,901 <sup>(10)</sup>	27.97
Prime Success Limited ("PSL")	–	–	446,956,901 <sup>(11)</sup>	27.97
Lippo Limited ("LL")	–	–	448,601,489 <sup>(12)</sup>	28.07
Lippo Capital Limited ("LCL")	–	–	448,601,489 <sup>(13)</sup>	28.07
Lippo Capital Holdings Company Limited ("LCH")	–	–	448,601,489 <sup>(14)</sup>	28.07
Lippo Capital Group Limited ("LCG")	–	–	448,601,489 <sup>(15)</sup>	28.07
Admiralty Station Management Limited ("Admiralty")	–	–	446,956,901 <sup>(16)</sup>	27.97
Argyle Street Management Limited ("ASML")	–	–	446,956,901 <sup>(17)</sup>	27.97
Argyle Street Management Holdings Limited ("ASMHL")	–	–	446,956,901 <sup>(18)</sup>	27.97
Kin Chan	–	–	446,956,901 <sup>(19)</sup>	27.97
V-Nee Yeh	–	–	446,956,901 <sup>(20)</sup>	27.97
PT Trijaya Utama Mandiri ("PT TUM")	–	–	448,601,489 <sup>(21)</sup>	28.07
James Tjahaja Riady	–	–	448,601,489 <sup>(22)</sup>	28.07
Stephen Riady	–	–	448,601,489 <sup>(23)</sup>	28.07

## STATISTICS OF UNITHOLDINGS

As at 15 March 2021

### Substantial Unitholders (continued)

(As recorded in the Register of Substantial Unitholders' Unitholdings as at 15 March 2021) (continued)

Notes:

1. OHI is 100% owned by OUELH (Singapore). OUELH (Singapore) is 100% owned by OUELH (SEA). OUELH (SEA) is 100% owned by OUELH. TIHPL, a subsidiary of OUE, directly holds 64.36% of the total issued share capital of OUELH. Accordingly, each of OUE, TIHPL, OUELH, OUELH (SEA) and OUELH (Singapore) has a deemed interest in OHI's interest in the Units.
2. FRM is 40% directly held by OUELH and 60% directly held by OUE. Accordingly, each of OUELH and OUE has a deemed interest in FRM's interest in the Units. TIHPL directly holds 64.36% of the total issued share capital of OUELH and has a deemed interest in the Units in which OUELH has a deemed interest.
3. Further, OUE is deemed to have an interest in the 50,471,217 Units held by Clifford Development Pte. Ltd., a subsidiary of OUE.
4. OUER is the holding company of OUE and has a deemed interest in the Units in which OUE has a deemed interest.
5. GCAL is the holding company of OUER and has a deemed interest in the Units in which OUER has a deemed interest.
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. PSL is an intermediate holding company of HKC Property. Accordingly, PSL is deemed to have an interest in the Units in which HKC Property has a deemed interest.
12. 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").
13. 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.
14. 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.
15. 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.
16. 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.
17. 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.
18. 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.
19. 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.
20. 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.
21. 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.
22. 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.
23. 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.
24. The unitholding percentage is calculated based on 1,598, 268,574 issued Units as at 15 March 2021.

## STATISTICS OF UNITHOLDINGS

As at 15 March 2021

### Manager's Directors' Unitholdings

(As recorded in the Register of Directors' Unitholdings as at 21 January 2021)

	No. of Units Direct Interest	No. of Units Deemed Interest
1. Tan Kok Mian Victor	102,569	–

### Free Float

Based on the information made available to the Manager as at 15 March 2021, approximately 71.71% 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 15 March 2021, First REIT does not hold any treasury units and there is no subsidiary holding.

# NOTICE OF ANNUAL GENERAL MEETING

## FIRST REAL ESTATE INVESTMENT TRUST

(Constituted in the Republic of Singapore pursuant to a trust deed dated 19 October 2006 (as amended))

NOTICE IS HEREBY GIVEN that the Twelfth Annual General Meeting (“**AGM**”) of the holders of units of First Real Estate Investment Trust (“**First REIT**”, and the holders of units of First REIT, the “**Unitholders**”) will be convened and held by way of electronic means on Tuesday, 27 April 2021 at 2:00 p.m. (Singapore Time) to transact the following business:

### (A) AS ORDINARY BUSINESS

- |    |   |                                     |
|----|---|-------------------------------------|
| 1. | To receive and adopt the Statement of Perpetual (Asia) Limited, as trustee of First REIT (the “ <b>Trustee</b> ”), the Statement by First REIT Management Limited, as manager of First REIT (the “ <b>Manager</b> ”) and the Audited Financial Statements of First REIT for the financial year ended 31 December 2020 together with the Auditors’ Report thereon. | <b>(Ordinary Resolution 1)</b>      |
| 2. | To appoint KPMG LLP (“ <b>KPMG</b> ”) as Auditors of First REIT to hold office until the conclusion of the next AGM of First REIT in place of the retiring Auditors, RSM Chio Lim LLP (“ <b>RSM</b> ”), and to authorise the Manager to fix their remuneration.   | <b>(Extraordinary Resolution 2)</b> |

(Please see Explanatory Note)

### (B) AS SPECIAL BUSINESS

To consider and if thought fit, to pass, with or without any modifications, the following resolution as an Ordinary Resolution:

- |    |   |                                |
|----|---|--------------------------------|
| 3. | That pursuant to Clause 5 of the trust deed constituting First REIT (as amended) (the “ <b>Trust Deed</b> ”) and the listing rules of Singapore Exchange Securities Trading Limited (the “ <b>SGX-ST</b> ”), the Manager be authorised and empowered to:  | <b>(Ordinary Resolution 3)</b> |
|    | (a) (i) issue units in First REIT (“ <b>Units</b> ”) whether by way of rights, bonus or otherwise; and/or   |                                |
|    | (ii) make or grant offers, agreements or options (collectively, “ <b>Instruments</b> ”) that might or would require Units to be issued, including but not limited to the creation and issue of (as well as adjustments to) options, warrants, debentures or other instruments convertible into Units, |                                |
|    | at any time and upon such terms and conditions and for such purposes and to such persons as the Manager may in its absolute discretion deem fit; and  |                                |
|    | (b) issue Units in pursuance of any Instrument made or granted by the Manager while this Resolution was in force (notwithstanding that the authority conferred by this Resolution may have ceased to be in force at the time such Units are issued),  |                                |

provided that:

- (1) the aggregate number of Units to be issued pursuant to this Resolution (including Units to be issued in pursuance of the Instruments made or granted pursuant to this Resolution) shall not exceed fifty per cent (50.0%) of the total number of issued Units (excluding treasury Units, if any) (as calculated in accordance with sub-paragraph (2) below), of which the aggregate number of Units to be issued other than on a pro rata basis to existing Unitholders (including Units to be issued in pursuance of Instruments to be made or granted pursuant to this Resolution) shall not exceed twenty per cent (20.0%) of the total number of issued Units (excluding treasury Units, if any) (as calculated in accordance with sub-paragraph (2) below);



## NOTICE OF ANNUAL GENERAL MEETING

(2) subject to such manner of calculation as may be prescribed by the SGX-ST, for the purpose of determining the aggregate number of Units and Instruments that may be issued under sub-paragraph (1) above, the percentage of issued Units and Instruments shall be based on the total number of issued Units (excluding treasury Units, if any) at the time of the passing of this Resolution, after adjusting for:

(a) any new Units arising from the conversion or exercise of the Instruments or any convertible securities; and

(b) any subsequent bonus issue, consolidation or subdivision of Units;

provided such adjustment in sub-paragraph (2)(a) is made in respect of new Units arising from exercise of Instruments or convertible securities which were issued and outstanding or subsisting at the time of the passing of this Resolution;

(3) in exercising the authority conferred by this Resolution, the Manager shall comply with the provisions of the Listing Manual of the SGX-ST for the time being in force (unless such compliance has been waived by the SGX-ST) and the Trust Deed constituting First REIT (as amended) for the time being in force (unless otherwise exempted or waived by the Monetary Authority of Singapore);

(4) unless revoked or varied by Unitholders in a general meeting of First REIT, the authority conferred by this Resolution shall continue in force (i) until (a) the conclusion of the next AGM of First REIT or (b) the date by which the next AGM of First REIT is required by the applicable laws and regulations or the Trust Deed to be held, whichever is earlier or (ii) in the case of Units to be issued in pursuance of the Instruments, made or granted pursuant to this Resolution, until the issuance of such Units in accordance with the terms of the Instruments;

(5) where the terms of the issue of the Instruments provide for adjustment to the number of Instruments or Units into which the Instruments may be converted in the event of rights, bonus or other capitalisation issues or any other events, the Manager is authorised to issue additional Instruments or Units pursuant to such adjustment notwithstanding that the authority conferred by this Resolution may have ceased to be in force at the time the Instruments or Units are issued; and

(6) the Manager and the Trustee be and are hereby severally authorised to complete and do all such acts and things (including executing all such documents as may be required) as the Manager or, as the case may be, the Trustee may consider expedient or necessary or in the interest of First REIT to give effect to the authority conferred by this Resolution.

(Please see Explanatory Note)

By Order of the Board  
First REIT Management Limited  
(as manager of First REIT)  
(Company Registration No. 200607070D)

Kelvin Chua  
Company Secretary  
Singapore

5 April 2021

## NOTICE OF ANNUAL GENERAL MEETING

### Explanatory Note:

#### Extraordinary Resolution 2

Extraordinary Resolution 2, if passed, will approve the appointment of KPMG as Auditors of First REIT in place of the retiring Auditors, RSM, and to authorise the Manager to fix their remuneration.

RSM, the retiring Auditors, have served as external Auditors of First REIT since the constitution of First REIT. First REIT's proposed change in Auditors is to align with OUE Limited ("**OUE**") and its subsidiaries (the "**Group**") and for better coordination, communication and control of the audit timeline for reporting within the Group.

The Audit and Risk Committee of the Manager has reviewed and deliberated on the proposed change of Auditors and has recommended that KPMG be appointed in place of the retiring Auditors, after taking into consideration the audit quality indicators listed in the Audit Quality Indicators Disclosure Framework issued by the Accounting and Corporate Regulatory Authority ("**ACRA**") in assessing the suitability of KPMG and the requirements of Rule 712(1), Rule 712(2) and Rule 715 of the Listing Manual of the SGX-ST.

The Directors have taken into account the Audit and Risk Committee's recommendation, and considered factors such as the adequacy of the resources and experience of KPMG and the persons to be assigned to the audit, that KPMG is also presently the auditor for OUE, KPMG's audit engagements, the size and complexity of First REIT and its subsidiaries, and the number and experience of KPMG's supervisory and professional staff to be assigned to the audit, and are satisfied that KPMG will be able to meet the audit requirements of First REIT. Accordingly, the Directors recommend the appointment of KPMG as the Auditors of First REIT in place of the retiring Auditors, RSM.

There will be no change in the scope of the audit to be undertaken by KPMG.

KPMG in Singapore is a member firm of KPMG International, a global network of independent professional services firms offering audit, tax and advisory services in 146 countries and territories with close to 227,000 partners and staff. KPMG in Singapore is registered with ACRA. It is one of the largest professional services firms in Singapore today, and has a wide-ranging clientele base consisting of multinational companies, listed and private companies and public sector organisations.

The audit partner who will be in charge of the audit is Ms Eng Chin Chin, who has more than 30 years of experience in auditing entities in the real estate and financial services sectors. She has been the engagement partner on a number of SGX-ST listed entities including listed real estate investment trusts and real estate companies. In addition to audit, she also has significant experience in fund raisings and internal controls assurance engagements.

For more information about KPMG, please visit <http://www.kpmg.com/SG/EN/Pages/default.aspx>.

Following the above, KPMG has, on 9 March 2021, given their written consent to be appointed as external Auditors of First REIT, subject to approval of the Unitholders at the AGM.

The appointment of KPMG will be effective upon obtaining the approval of Unitholders at the AGM for the proposed change of Auditors. If approved, KPMG will hold office until the conclusion of the next AGM of First REIT. Pursuant to Rule 715(2) of the Listing Manual of the SGX-ST, First REIT must engage a suitable auditing firm for its significant foreign-incorporated subsidiaries and associated companies. KPMG in Singapore will audit the financials of First REIT's significant foreign-incorporated subsidiaries and associated companies.

In view of the above, RSM will retire and not seek re-appointment as external Auditors of First REIT at the AGM, being the end of their current term. First REIT has, on 9 March 2021, received a letter from RSM giving notice that they would not be seeking re-appointment as external Auditors of First REIT at the AGM. The Directors wish to express their appreciation for the past services rendered by RSM.

In accordance with the requirements of Rule 1203(5) of the Listing Manual of the SGX-ST:

1. the outgoing Auditors, RSM, have confirmed that they are not aware of any professional reasons why the new Auditors, KPMG, should not accept appointment as Auditors of First REIT;
2. the Trustee and the Manager confirm that there were no disagreements with the outgoing Auditors, RSM, on accounting treatments during the financial year ended 31 December 2020;

## NOTICE OF ANNUAL GENERAL MEETING

3. the Trustee and the Manager confirm that, other than as set out above, they are not aware of any circumstances connected with the proposed change of Auditors that should be brought to the attention of Unitholders;
4. the specific reasons for the proposed change of Auditors are disclosed in this Notice of AGM. The proposed change of Auditors is not due to (a) the resignation of RSM as Auditors of First REIT, (b) RSM declining to stand for re-appointment or (c) the dismissal of RSM as Auditors of First REIT; and
5. the Manager confirms that Rule 712 and Rule 715 of the Listing Manual of the SGX-ST are complied with in relation to the appointment of KPMG.

### Ordinary Resolution 3

Resolution 3, if passed, will empower the Manager from the date of this AGM until (i) the conclusion of the next AGM of the Unitholders of First REIT, or (ii) the date by which the next AGM of the Unitholders of First REIT is required by the applicable laws and regulations or the Trust Deed to be held, or (iii) such authority is varied or revoked by the Unitholders in a general meeting, whichever is the earliest, to issue Units, make or grant Instruments and to issue Units pursuant to such Instruments, up to a number not exceeding, in total, fifty per cent (50.0%) of the total number of issued Units (excluding treasury Units, if any), with a sub-limit of twenty per cent (20.0%) for issues other than on a pro rata basis to Unitholders.

For the purpose of determining the aggregate number of Units that may be issued, the percentage of issued Units will be calculated based on the total number of issued Units (excluding treasury Units, if any) at the time this Ordinary Resolution is passed, after adjusting for new Units arising from the conversion or exercise of any Instruments which are outstanding or subsisting at the time when this Ordinary Resolution is passed and any subsequent bonus issue, consolidation or subdivision of Units.

### Important Notice:

1. The AGM is being convened, and will be held, by 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. Printed copies of this Notice will not be sent to Unitholders. Instead, this Notice will be sent to Unitholders by electronic means via publication on First REIT's website at the URL [https://www.first-reit.com/ir\\_agm.html](https://www.first-reit.com/ir_agm.html). This Notice will also be made available on the SGX website at the URL <https://www.sgx.com/securities/company-announcements>.
2. Alternative arrangements relating to attendance at the AGM via electronic means (including arrangements by which the meeting can be electronically accessed via "live" audio-visual webcast or "live" audio-only stream), submission of questions to the Chairman of the AGM in advance of the AGM, addressing of substantial and relevant questions at the AGM and voting by appointing the Chairman of the AGM as proxy at the AGM, are set out in the accompanying announcement of First REIT dated 5 April 2021. This announcement may be accessed at First REIT's website at the URL [https://www.first-reit.com/ir\\_agm.html](https://www.first-reit.com/ir_agm.html), and will also be made available on the SGX website at the URL <https://www.sgx.com/securities/company-announcements>.

A Unitholder who wishes to watch the "live" audio-visual webcast or "live" audio-only stream must pre-register by **2:00 p.m. (Singapore Time) on Saturday, 24 April 2021**, at the URL [https://www.first-reit.com/ir\\_agm.html](https://www.first-reit.com/ir_agm.html) to enable the Manager to verify his/her/its status as Unitholders.

Following the verification, authenticated Unitholders will receive an email containing instructions on how to access the "live" audio-visual webcast and "live" audio-only stream of the proceedings of the AGM by **2:00 p.m. (Singapore Time) on Monday, 26 April 2021** (the "Confirmation Email").

Unitholders who do not receive the Confirmation Email by **2:00 p.m. (Singapore Time) on Monday, 26 April 2021**, but who have registered by the **2:00 p.m. (Singapore Time) on Saturday, 24 April 2021** deadline, should contact First REIT's Unit Registrar, Boardroom Corporate & Advisory Services Pte. Ltd., at +65 6536 5355 from **10:00 a.m. to 4:00 p.m. (Singapore Time) by Monday, 26 April 2021**.

## NOTICE OF ANNUAL GENERAL MEETING

A Unitholder who pre-registers to watch the “live” audio-visual webcast or “live” audio-only stream may also submit questions related to the resolutions to be tabled for approval at the AGM. To do so, all questions must be submitted by **2:00 p.m. (Singapore Time) on Saturday, 24 April 2021**:

- (a) via the pre-registration website at the URL [https://www.first-reit.com/ir\\_agm.html](https://www.first-reit.com/ir_agm.html);
  - (b) in hard copy by completing the Submission of Questions Form provided by the Manager on First REIT’s website at the URL [https://www.first-reit.com/ir\\_agm.html](https://www.first-reit.com/ir_agm.html) and on the SGX website at the URL <https://www.sgx.com/securities/company-announcements> and sending the same by post to the office of First REIT’s Unit Registrar, Boardroom Corporate & Advisory Services Pte. Ltd., 50 Raffles Place #32-01, Singapore Land Tower, Singapore 048623; or
  - (c) via email by completing the Submission of Questions Form provided by the Manager on First REIT’s website at the URL [https://www.first-reit.com/ir\\_agm.html](https://www.first-reit.com/ir_agm.html) and on the SGX website at the URL <https://www.sgx.com/securities/company-announcements> and sending the same to First REIT’s Unit Registrar, Boardroom Corporate & Advisory Services Pte. Ltd., at [FRAGM2021@boardroomlimited.com](mailto:FRAGM2021@boardroomlimited.com).
3. **Due to the current COVID-19 situation in Singapore, a Unitholder will not be able to attend the AGM in person. A Unitholder (whether individual or corporate) must appoint the Chairman of the AGM as his/her/its proxy to attend, speak and vote on his/her/its behalf at the AGM if such Unitholder wishes to exercise his/her/its voting rights at the AGM.** The instrument appointing the Chairman of the AGM as proxy (“**Proxy Form**”) may be accessed at First REIT’s website at the URL [https://www.first-reit.com/ir\\_agm.html](https://www.first-reit.com/ir_agm.html), and will also be made available on the SGX website at the URL <https://www.sgx.com/securities/company-announcements>.

Where a Unitholder (whether individual or corporate) appoints the Chairman of the AGM as his/her/its proxy, he/she/it must give specific instructions as to voting, or abstentions from voting, in respect of a resolution in the Proxy Form, failing which the appointment of the Chairman of the AGM as proxy for that resolution will be treated as invalid.

Unitholders who hold their Units through relevant intermediaries as defined in Section 181 of the Companies Act, Chapter 50 of Singapore (including CPF and SRS investors) and, who wish to participate in the AGM by (a) observing and/or listening to the AGM proceedings through “live” audio-visual webcast or “live” audio-only stream; (b) submitting questions in advance of the AGM; and/or (c) appointing the Chairman of the AGM as proxy to attend, speak and vote on their behalf at the AGM, should approach their respective relevant intermediaries through which they hold such Units as soon as possible in order to make the necessary arrangements for them to participate in the AGM

For avoidance of doubt, CPF and SRS investors who wish to participate in the AGM by (a) observing and/or listening to the AGM proceeding through “live” audio-visual webcast” or “live” audio only stream and/or (b) submitting questions in advance of the AGM should refer to paragraph 2 above. However, CPF and SRS investors who wish to appoint the Chairman of the AGM as proxy should approach their respective CPF Agent Banks or SRS Operators to submit their votes by **Thursday, 15 April 2021**, being seven (7) working dates before the date of the AGM.

4. The Chairman of the AGM, as proxy, need not be a Unitholder of First REIT.
5. The Proxy Form must be submitted in the following manner:
  - (a) if in hard copy submitted by post, be lodged at First REIT’s Unit Registrar’s office at Boardroom Corporate & Advisory Services Pte. Ltd., 50 Raffles Place #32-01, Singapore Land Tower, Singapore 048623; or
  - (b) if submitted electronically, be submitted via email to First REIT’s Unit Registrar, Boardroom Corporate & Advisory Services Pte. Ltd., at [FRAGM2021@boardroomlimited.com](mailto:FRAGM2021@boardroomlimited.com),

in either case **not later than 2:00 p.m. (Singapore Time) on Saturday, 24 April 2021**.

A Unitholder who wishes to submit the Proxy Form must first download, complete and sign the Proxy Form, before submitting it by post to the address provided above, or before scanning and sending it by email to the email address provided above.

## NOTICE OF ANNUAL GENERAL MEETING

**In view of the current COVID-19 situation and the related safe distancing measures which may make it difficult for Unitholders to submit completed Proxy Forms by post, Unitholders are strongly encouraged to submit completed Proxy Forms electronically via email.**

The Proxy Form must be signed by the appointer or his attorney duly authorised in writing. Where the Proxy Form is executed by a corporation, it must be either under its common seal or signed on its behalf by a duly authorised officer or attorney. Where the Proxy Form is executed by an attorney on behalf of the appointer, the letter or power of attorney or a notarially certified copy thereof must be lodged with the Proxy Form, failing which the Proxy Form may be treated as invalid. A corporation, being a Unitholder, may by resolution of its directors or other governing body authorise such person as it thinks fit to act as its representative at the AGM and the person so authorised shall upon production of a copy of such resolution certified by a director of the corporation to be a true copy, be entitled to exercise the powers on behalf of the corporation so represented as the corporation could exercise in person if it were an individual.

The Manager shall have the right to reject any Proxy Form which is incomplete, improperly completed or illegible or where the true intentions of the appointor are not ascertainable from the instructions of the appointor specified on the Proxy Form. In addition, in the case of Units entered in the Depository Register, the Manager (a) may reject any Proxy Form if the Unitholder, being the appointor, is not shown to have Units entered against his or her name in the Depository Register as at 72 hours before the time appointed for holding the AGM, as certified by CDP to the Manager; and (b) shall be entitled and bound to accept as accurate the number of Units entered against the name of that Unitholder as shown in the Depository Register as at a time not earlier than 72 hours prior to the time of the AGM, supplied by CDP to the Trustee and to accept as the maximum number of votes which in aggregate that Unitholder and his proxy are able to cast on poll a number which is the number of Units entered against the name of that Unitholder as shown in the Depository Register, whether that number is greater or smaller than that specified by the Unitholder or in the Proxy Form.

6. The Annual Report 2020 has been uploaded on the SGX website on 5 April 2021 at the URL <https://www.sgx.com/securities/company-announcements> and may be accessed at First REIT's website at the URL [http://www.first-reit.com/ir\\_ar.html](http://www.first-reit.com/ir_ar.html).

### **Personal data privacy:**

By submitting an instrument appointing the Chairman of the AGM as proxy to attend, speak and vote at the AGM and/or any adjournment thereof, a Unitholder (i) consents to the collection, use and disclosure of the Unitholder's personal data by First REIT (or its agents) for the purpose of the processing and administration by First REIT (or its agents) of the appointment of the Chairman of the AGM as proxy for the AGM (including any adjournment thereof) and the preparation and compilation of the attendance lists, minutes and other documents relating to the AGM (including any adjournment thereof), and in order for First REIT (or its agents) to comply with any applicable laws, listing rules, regulations and/or guidelines.

# PROXY FORM

## ANNUAL GENERAL MEETING

(Please see notes overleaf before completing this Form)

### FIRST REAL ESTATE INVESTMENT TRUST

(Constituted in the Republic of Singapore pursuant to a trust deed dated 19 October 2006 (as amended))

This proxy form has been made available on SGX website at the URL <https://www.sgx.com/securities/company-announcements> and may be accessed at First REIT's website at the URL [https://www.first-reit.com/ir\\_agm.html](https://www.first-reit.com/ir_agm.html). A printed copy of this proxy form will NOT be despatched to Unitholders.

#### IMPORTANT:

1. The Annual General Meeting ("AGM") is being convened, and will be held, by 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. Printed copies of the Notice of AGM will not be sent to Unitholders. Instead, the Notice of AGM will be sent to Unitholders by electronic means via publication on First Real Estate Investment Trust's ("First REIT") website at the URL [https://www.first-reit.com/ir\\_agm.html](https://www.first-reit.com/ir_agm.html). The Notice of AGM will also be made available on the SGX website at the URL <https://www.sgx.com/securities/company-announcements>.
2. Alternative arrangements relating to attendance at the AGM via electronic means (including arrangements by which the meeting can be electronically accessed via "live" audio-visual webcast or "live" audio-only stream), submission of questions to the Chairman of the AGM in advance of the AGM, addressing of substantial and relevant questions at the AGM and voting by appointing the Chairman of the AGM as proxy at the AGM, are set out in the accompanying First REIT's announcement dated 5 April 2021. This announcement may be accessed at First REIT's website at the URL [https://www.first-reit.com/ir\\_agm.html](https://www.first-reit.com/ir_agm.html), and will also be made available on the SGX website at the URL <https://www.sgx.com/securities/company-announcements>.
3. **Due to the current COVID-19 restriction orders in Singapore, a Unitholder will not be able to attend the AGM in person. A Unitholder (whether individual or corporate) must appoint the Chairman of the AGM as his/her/its proxy to attend, speak and vote on his/her/its behalf at the AGM if such Unitholder wishes to exercise his/her/its voting rights at the AGM.**
4. Unitholders who hold their units through relevant intermediaries as defined in Section 181 of the Companies Act, Chapter 50 of Singapore (including CPF and SRS investors) and who wish to exercise their votes by appointing the Chairman of the AGM as proxy should approach their respective relevant intermediaries (including their respective CPF agent banks or SRS Approved Banks) to submit their voting instructions by **Thursday, 15 April 2021** in order to allow sufficient time for their respective relevant intermediaries to in turn submit a proxy form to appoint the Chairman of the AGM to vote on their behalf by **2:00 p.m. (Singapore Time) on Saturday, 24 April 2021**.
5. By submitting an instrument appointing the Chairman of the AGM as proxy, the Unitholder accepts and agrees to the personal data privacy terms set out in the Notice of AGM dated 5 April 2021.
6. **Please read the notes overleaf which contain instructions on, inter alia, the appointment of the Chairman of the AGM as a Unitholder's proxy to attend, speak and vote on his/her/its behalf at the AGM.**

I/We, \_\_\_\_\_ NRIC/Passport No. \_\_\_\_\_

of \_\_\_\_\_

being a Unitholder/Unitholders of First Real Estate Investment Trust ("First REIT"), hereby appoint the Chairman of the AGM as my/our proxy/proxies to vote for me/us on my/our behalf at the AGM to be convened and held by way of electronic means on Tuesday, 27 April 2021 at 2:00 p.m. (Singapore Time) and at any adjournment thereof.

(Voting will be conducted by poll. If you wish the Chairman of the AGM as your proxy to cast all your votes "for" or "against" or abstain from voting on a resolution, please indicate with an "X" in the "For" or "Against" or "Abstain" box provided in respect of that resolution. Alternatively, please indicate the number of Units that the Chairman of the AGM as your proxy is directed to vote "For" or "Against" or to abstain from voting in respect of that resolution. **In the absence of specific directions in respect of a resolution, the appointment of the Chairman of the AGM as your proxy for that resolution will be treated as invalid.**)

No.	Resolutions	No. of votes "For"	No. of votes "Against"	Abstain
ORDINARY BUSINESS				
1	To receive and adopt the Statement of the Trustee, the Statement by the Manager, the Audited Financial Statements of First REIT for the financial year ended 31 December 2020 and the Auditors' Report thereon (Ordinary Resolution)			
2	To appoint KPMG LLP as Auditors of First REIT to hold office until the conclusion of the next AGM of First REIT in place of the retiring Auditors, RSM Chio Lim LLP, and to authorise the Manager to fix their remuneration (Extraordinary Resolution)			
SPECIAL BUSINESS				
3	To authorise the Manager to issue new Units and to make or grant convertible instruments (Ordinary Resolution)			

Dated this \_\_\_\_\_ day of \_\_\_\_\_ 2021

Total number of Units held:

\_\_\_\_\_  
Signature of Unitholder(s)/ Common Seal of Corporate Unitholder

1<sup>st</sup> fold here

**IMPORTANT: PLEASE READ THE NOTES TO PROXY FORM BELOW**

**Notes to the Proxy Form:**

1. **Due to the current COVID-19 restriction orders in Singapore, a Unitholder will not be able to attend the AGM in person. A Unitholder (whether individual or corporate) must appoint the Chairman of the AGM as his/her/its proxy to attend, speak and vote on his/her/its behalf at the AGM if such Unitholder wishes to exercise his/her/its voting rights at the AGM.** The instrument appointing the Chairman of the AGM as proxy ("Proxy Form") may be accessed at First REIT's website at the URL [https://www.first-reit.com/ir\\_agm.html](https://www.first-reit.com/ir_agm.html), and will also be made available on the SGX website at the URL <https://www.sgx.com/securities/company-announcements>. Where a Unitholder (whether individual or corporate) appoints the Chairman of the AGM as his/her/its proxy, he/she/it must give specific instructions as to voting, or abstentions from voting, in respect of a resolution in the Proxy Form, failing which the appointment of the Chairman of the AGM as proxy for that resolution will be treated as invalid.

Unitholders who hold their Units through relevant intermediaries as defined in Section 181 of the Companies Act, Chapter 50 of Singapore (including CPF and SRS investors) and who wish to exercise their votes by appointing the Chairman of the AGM as proxy should approach their respective relevant intermediaries (including their respective CPF agent banks or SRS Approved Banks) to submit their voting instructions by **Thursday, 15 April 2021**, being seven (7) working days before the date of AGM, in order to allow sufficient time for their respective relevant intermediaries to in turn submit a proxy form to appoint the Chairman of the AGM to vote on their behalf by **2:00 p.m. (Singapore Time) on Saturday, 24 April 2021**.

2. The Chairman of the AGM, as proxy, need not be a Unitholder of First REIT.

3. The Proxy Form must be submitted in the following manner:

- (a) if in hard copy submitted by post, be lodged at First REIT's Unit Registrar's office at Boardroom Corporate & Advisory Services Pte. Ltd., 50 Raffles Place #32-01, Singapore Land Tower, Singapore 048623; or
- (b) if submitted electronically, be submitted via email to First REIT's Unit Registrar, Boardroom Corporate & Advisory Services Pte. Ltd. at [FRAGM2021@boardroomlimited.com](mailto:FRAGM2021@boardroomlimited.com),

in either case **not later than 2:00 p.m. (Singapore Time) on Saturday, 24 April 2021**.

A Unitholder who wishes to submit the Proxy Form must first download, complete and sign the Proxy Form, before submitting it by post to the address provided above, or before scanning and sending it by email to the email address provided above.

Where the Proxy Form appointing the Chairman of the AGM as proxy is submitted by email, it must be authorised in the following manner:

- (a) by way of the affixation of an electronic signature by the appointor or his duly authorised attorney or, as the case may be, an officer or duly authorised attorney of a corporation; or
- (b) by way of the appointor or his duly authorised attorney or, as the case may be, an officer or duly authorised attorney of a corporation signing the instrument under hand and submitting a scanned copy of the signed instrument by email.

**In view of the current COVID-19 situation and the related safe distancing measures which may make it difficult for Unitholders to submit completed Proxy Forms by post, Unitholders are strongly encouraged to submit completed Proxy Forms electronically via email.**

2<sup>nd</sup> fold here

Affix  
Postage  
Stamp

First REIT Management Limited  
(as manager of First Real Estate Investment Trust)  
c/o Unit Registrar  
Boardroom Corporate & Advisory Services Pte. Ltd.  
50 Raffles Place #32-01  
Singapore Land Tower  
Singapore 048623

3<sup>rd</sup> fold here

4. A Unitholder should insert the total number of Units held in the Proxy Form. If the Unitholder has Units entered against his or her name in the Depository Register maintained by The Central Depository (Pte) Limited ("CDP"), he or she should insert that number of Units. If the Unitholder has Units registered in his or her name in the Register of Unitholders, he or she should insert that number of Units. If the Unitholder has Units entered against his or her name in the said Depository Register and Units registered in his or her name in the Register of Unitholders, he or she should insert the aggregate number of Units entered against his or her name in the Depository Register and registered in his or her name in the Register of Unitholders. If no number is inserted, the Proxy Form will be deemed to relate to all the Units held by the Unitholder.

5. The Proxy Form must be executed under the hand of the appointor or of his or her attorney duly authorised in writing. Where the Proxy Form is executed by a corporation, it must be executed either under its common seal or under the hand of an officer or attorney duly authorised. Where the Proxy Form is executed by an attorney on behalf of the appointor, the letter or power of attorney or a notarially certified copy thereof must be lodged with the Proxy Form, failing which the Proxy Form may be treated as invalid.

6. A corporation, being a Unitholder, may by resolution of its directors or other governing body authorise such person as it thinks fit to act as its representative at the AGM and the person so authorised shall upon production of a copy of such resolution certified by a director of the corporation to be a true copy, be entitled to exercise the powers on behalf of the corporation so represented as the corporation could exercise in person if it were an individual.

7. The Manager shall be entitled to reject a Proxy Form which is incomplete, improperly completed or illegible or where the true intentions of the appointor are not ascertainable from the instructions of the appointor specified on the Proxy Form. In addition, in the case of Units entered in the Depository Register, the Manager may reject a Proxy Form if the Unitholder, being the appointor, is not shown to have Units entered against his/her name in the Depository Register as at 72 hours before the time appointed for holding the AGM, as certified by CDP to the Manager.



[www.first-reit.com](http://www.first-reit.com)

**Managed by:**

**FIRST REIT MANAGEMENT LIMITED**

333 Orchard Road, #33-02, Singapore 238867  
Tel: (65) 6435 0168 | Fax: (65) 6435 0167



In line with First REIT's commitment to sustainability, this annual report has been printed on paper with a high recycled content.



# STAYING BALANCED: FIRST-STEP REAL ESTATE INVESTMENT TRUSTS

ANNUAL REPORT 2020