ASIA'S PREMIER HEALTHCARE TRUST

RESTRUCTURED • REFRESHED

READY TO GROW

FIRST REAL ESTATE INVESTMENT TRUST

ANNUAL REPORT 2021

RESTRUCTURED
REFRESHED
READY TO GROW

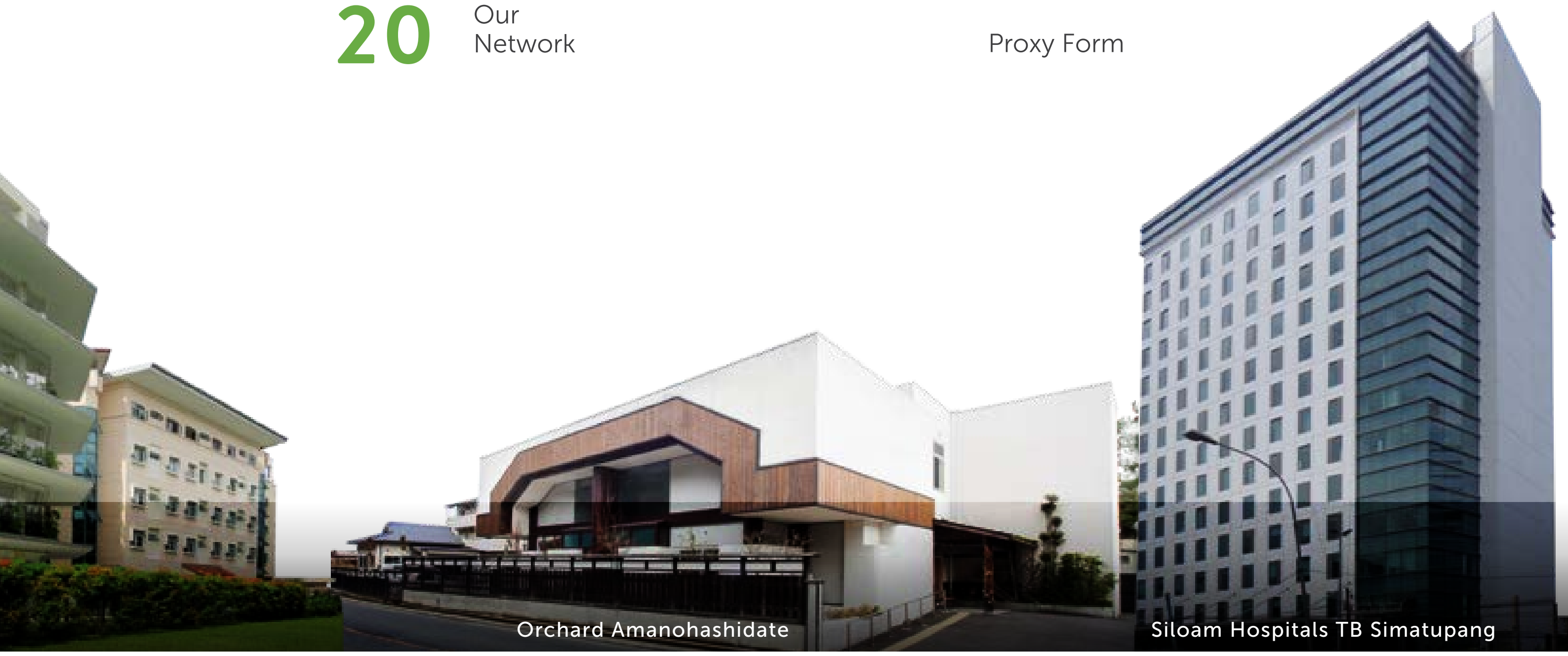
Following a series of strategic initiatives to restructure master lease agreements, as well as to refinance and recapitalise its balance sheet, First Real Estate Investment Trust ("**First REIT**" or the "**Trust**") has emerged refreshed with a renewed capital structure and ready to pursue sustainable long-term growth. With its refreshed First REIT '2.0 Growth Strategy' comprising four strategic growth pillars, the Trust will be taking definitive steps to work towards creating long-term value for all its stakeholders.

Hikari Heights Varus Tsukisamu-Koen

Siloam Hospitals Lippo Village

The Lentor Residence

CONTENTS



Orchard Amanohashidate

Siloam Hospitals TB Simatupang

CORPORATE **PROFILE**

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 within and outside of 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 (the "**Manager**"), the Trust has a portfolio of 19 properties across Asia, with a total asset value of S$962.4 million as at 31 December 2021. These include 16 properties in Indonesia comprising 12 hospitals, two integrated hospitals & malls, an integrated hospital & hotel and an integrated hotel & country club; and three nursing homes in Singapore.

Following the completion of the proposed acquisition of the 12 nursing homes in Japan[1] (the "**Japan Nursing Homes**"), First REIT's portfolio now comprises 31 properties with S$1,253.0[2] million in assets-under-management ("**AUM**") based on pro forma financial results as at 31 December 2021.

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 healthy 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.

In line with its vision to become Asia's premier healthcare trust, First REIT unveiled its new First REIT 2.0 Growth Strategy. The Trust will be harnessing its four well-defined strategic growth pillars to drive sustainable long-term growth.

S$1,253.0[2] MILLION

Total Assets-Under-Management[3]

444,558 SQM

Total GFA of Properties[3]

100%

Total Committed Occupancy[3]

6,497

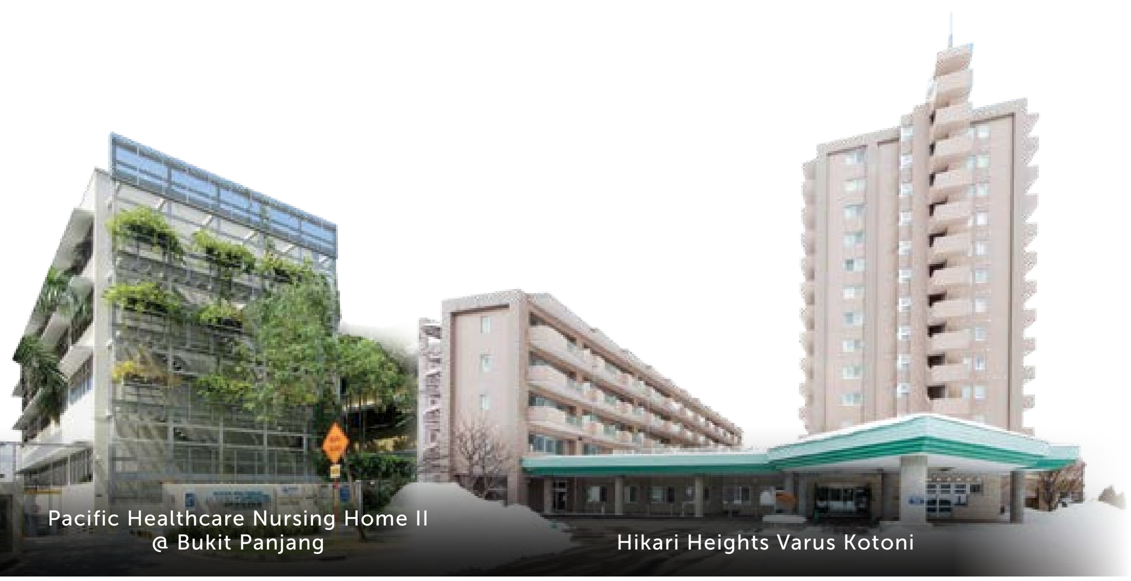
Total No. of Beds / Saleable Rooms[3]

13.5 YEARS

Weighted Average Lease Expiry[3]

36.65S¢

Net Asset Value Per Unit



Pacific Healthcare Nursing Home II @ Bukit Panjang

Hikari Heights Varus Kotoni

AT A GLANCE

FIRST REIT 2.0 GROWTH STRATEGY

DIVERSIFY INTO DEVELOPED MARKETS

To reduce geographical and tenant concentration risk; target to increase developed markets exposure to >50% in 3 to 5 years

RESHAPE PORTFOLIO FOR CAPITAL EFFICIENT GROWTH

Recycle capital from non-core, non-healthcare assets

STRENGTHEN CAPITAL STRUCTURE TO REMAIN RESILIENT

Diversify funding sources and continue to optimise financial position

PIVOTING TO MEGATRENDS

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

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HIGH QUALITY HEALTHCARE PROPERTIES IN JAPAN, INDONESIA AND SINGAPORE

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

STABLE AND STRONG DISTRIBUTION MODEL

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

DIVERSIFIED PORTFOLIO OF 31 PROPERTIES VALUED AT S$1,253.0[2] MILLION AS AT 31 DECEMBER 2021

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

RIGHT-OF-FIRST-REFUSAL AGREEMENTS

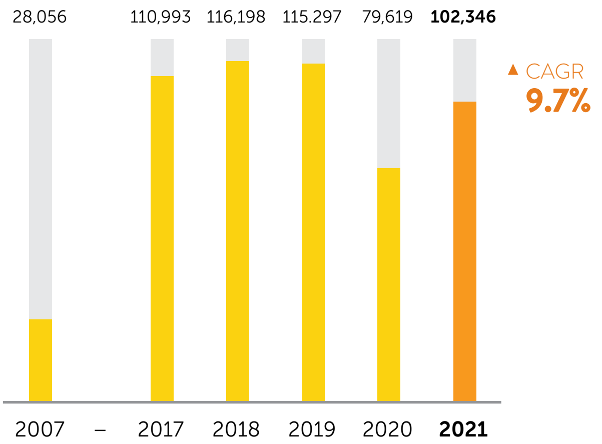
- First REIT has the ROFR to Lippo Karawaci's pipeline of healthcare properties in Indonesia operated by Siloam
- Siloam is the largest and most prominent hospital group in Indonesia, currently operating 40 state-of-the-art hospitals across Indonesia
- First REIT also has another ROFR from OUELH, and opportunities to tap on its growing healthcare network across Pan-Asia

[1] Refer to announcement dated 1 March 2022
[2] Based on First REIT's portfolio valuation of S$962.4 million as at 31 December 2021 and including the asset values of the Japan Nursing Homes on a pro forma basis as at 31 December 2021
[3] Following the completion of the proposed acquisition of the Japan Nursing Homes on 1 March 2022, figures represented here include that of the Japan Nursing Homes

FINANCIAL **HIGHLIGHTS**

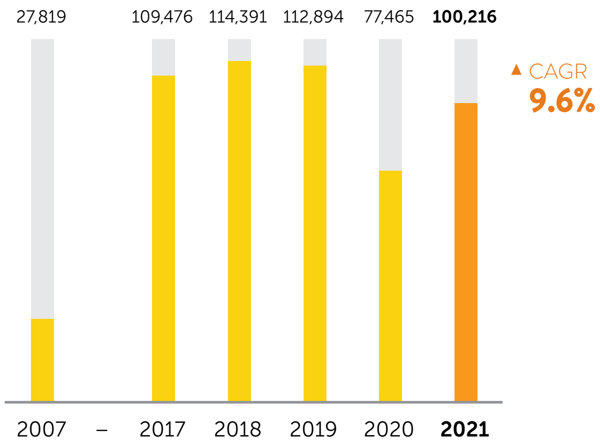
RENTAL AND OTHER INCOME

(S$'000)



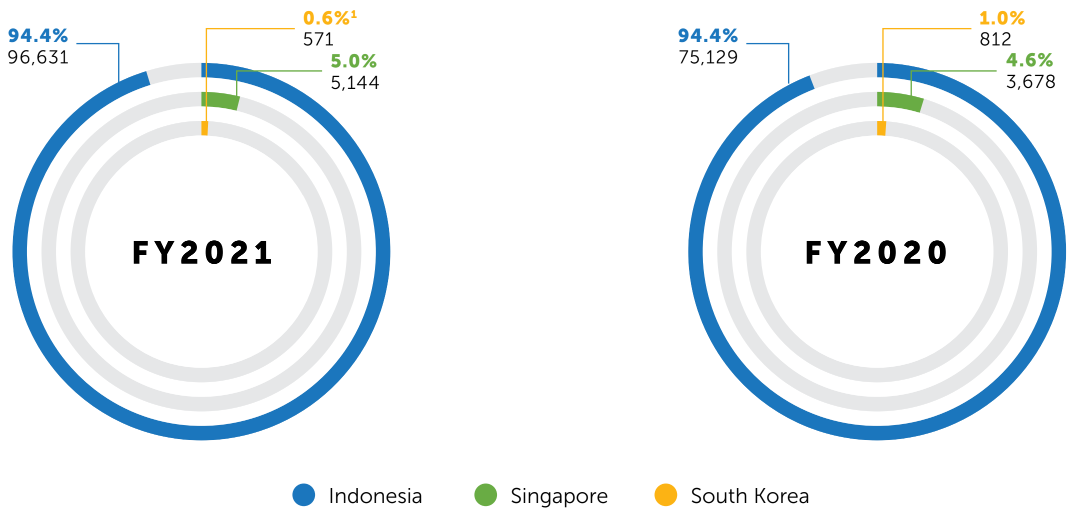
NET PROPERTY AND OTHER INCOME

(S$'000)



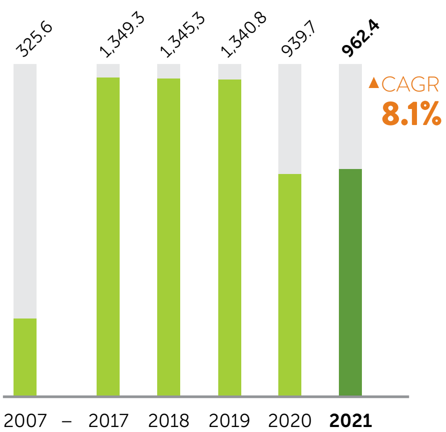
RENTAL AND OTHER INCOME

Breakdown by Geography (S$'000)



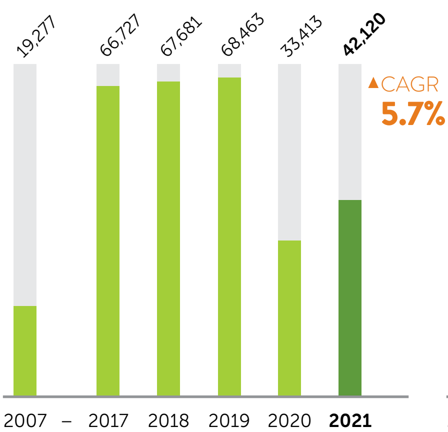
ASSETS-UNDER-MANAGEMENT

(S$'million)



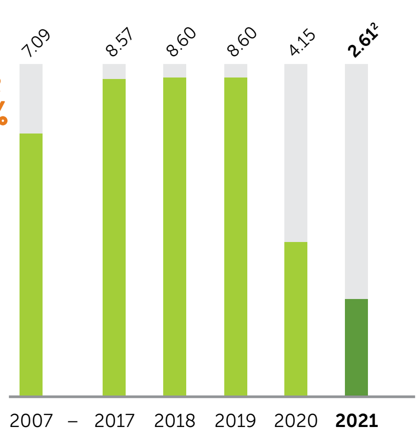
DISTRIBUTABLE AMOUNT

(S$'000)



DISTRIBUTION PER UNIT

(S$'cents)



[1] Sarang Hospital in South Korea was divested in August 2021
[2] Distribution per unit is lower mainly due to the issuance of 791,062,223 rights units on 24 February 2021. These new rights units were entitled to participate in the 1Q to 4Q 2021 distribution

BALANCE SHEET

In S$'000	As at 31 Dec 2020	As at 31 Dec 2021
Total Assets	1,004,908	**1,049,535**
Total Liabilities	540,938	**397,715**
Unitholders' Funds	403,092	**591,145**
Net Asset Value ("**NAV**") Per Unit	49.94¢	**36.65¢**

GEARING

	As at 31 Dec 2020	As at 31 Dec 2021
Total Borrowings[1]	S$492.4 million	**S$352.4 million**
Interest Cover	3.6 times	**5.4 times**
Aggregate Leverage	49.0%	**33.6%**

EARNINGS PER UNIT

	As at 31 Dec 2020	As at 31 Dec 2021
Earnings Per Unit	(41.78)¢[2]	**4.00¢**
Number of Units	807,206,351	**1,613,028,634**
Weighted Average No. of Units	851,723,652	**1,499,381,953**

RENTAL INCOME

Tenant	%
PT Lippo Karawaci Tbk and subsidiaries[3]	**89.5**
PT Metropolis Propertindo Utama and subsidiaries[4]	**5.7**
The Lentor Residence Pte. Ltd.	**1.8**
Pacific Healthcare Nursing Home Pte. Ltd.	**1.2**
Pacific Eldercare and Nursing Pte. Ltd.	**1.2**
Dr. Park Ki Ju[5]	**0.6**

UNIT PRICE PERFORMANCE

	2021
As at last trading day of the year	**S$0.305**
Highest	**S$0.330**
Lowest	**S$0.200**
Trading Volume[6] (million units)	**1,070.437**

AS AT 31 DECEMBER 2021

Number of Units in Issue	**1,613,028,634**
Market Capitalisation	**S$492.0 million**

1 Before transaction costs
2 With the completion of the issuance of rights units on 24 February 2021, prior year comparatives for earnings per unit were restated through retrospective application of a bonus factor to the average weighted number of units. The bonus factor is derived from the division of fair value per unit immediately before the exercise of rights by the theoretical ex-rights fair value
3 The subsidiaries of PT Lippo Karawaci Tbk ("**Lippo Karawaci**") include PT Andromeda Sakti. The subsidiaries of PT Siloam International Hospitals Tbk ("**Siloam**") include PT East Jakarta Medika, PT Lintas Buana Jaya, PT Bina Bahtera Sejati, PT Taruna Perkasa Megah, PT Berlian Cahaya Indah, PT Rumah Sakit Siloam Hospitals Sumsel and PT Krisolis Jaya Mandiri. As at 31 December 2021, Lippo Karawaci has a 55.4% stake in Siloam
4 The subsidiary of PT Metropolis Propertindo Utama include PT Bumi Sarana Sejahtera
5 Sarang Hospital in South Korea was divested in August 2021
6 Source: Share Investor

LETTER TO **UNITHOLDERS**

MR CHRISTOPHER JAMES WILLIAMS

Chairman and Non-Independent Non-Executive Director

MR TAN KOK MIAN VICTOR

Executive Director and Chief Executive Officer

Following the completion of the acquisition of the Japan Nursing Homes, First REIT continues to have a substantial debt headroom in excess of S$200 million. We will continue to seek out yield-accretive acquisitions that are in alignment with the '2.0 Growth Strategy', and in particular to diversify further into developed and mature healthcare markets.

DEAR UNITHOLDERS

It has been a time of renewal and reinvention for First REIT in recent years. The Trust had embarked on a series of transformative initiatives built upon an overarching vision to redefine its growth pillars to build a stable entity with long-term sustainable returns for Unitholders.

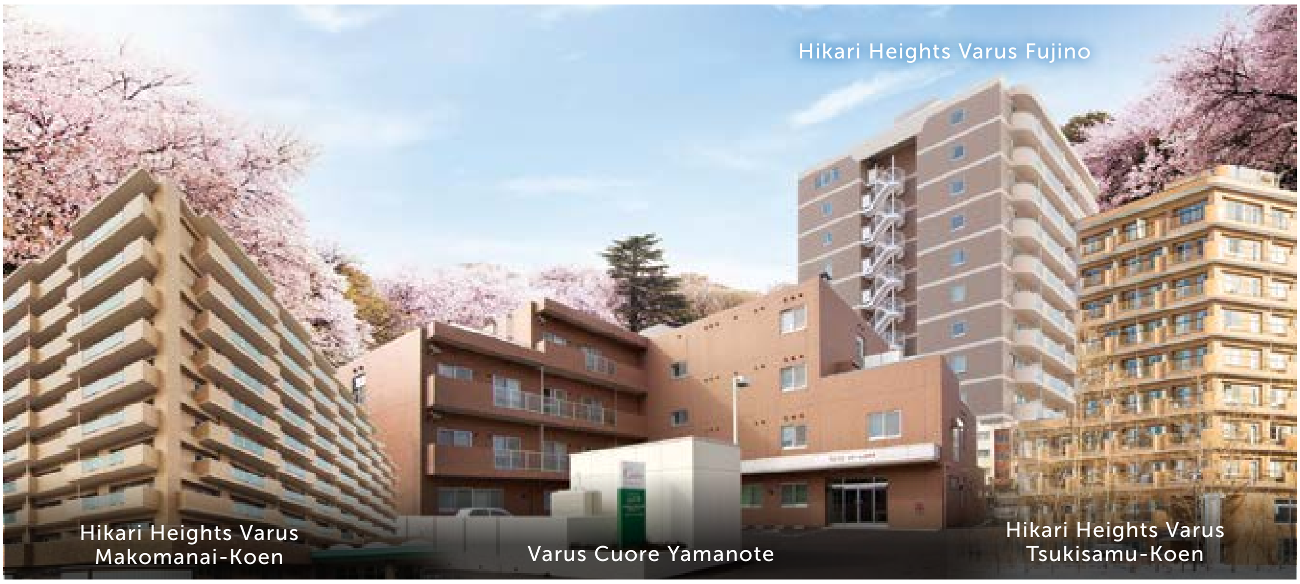
From the lease restructuring and refinancing exercise that opened the year, to the unveiling of its definitive First REIT '2.0 Growth Strategy' in December 2021, First REIT had remained focused amidst the momentum of transitions through the year.

For the financial year ended 31 December 2021 ("**FY2021**"), the Trust turned in a creditable report card in spite of the ongoing impact from the pandemic, and is now set to pivot to its next phase of growth.

Rental and other income for the year grew 28.5% to S$102.3 million compared to S$79.6 million of the preceding period a year ago ("**FY2020**"), while net property and other income ("**NPI**") rose 29.3% to S$100.2 million from S$77.5 million in FY2020.

The top-line growth was largely from the accounting treatment under the Financial Reporting Standards ("**FRS**") 116 Leases, where rental income with fixed annual escalation is recognised on a straight-line basis over the contractual lease term. As the rental income from the restructured master lease agreements ("**Restructured MLAs**") of the 14 Indonesia hospitals which took effect from 1 January 2021 has a minimum annual escalation of 4.5%, rental income was recognised on a straight-line basis for the entire lease term.

This growth was partially offset by the reduction of rental income from Sarang Hospital, the Trust's South Korea hospital that was divested in August 2021, as well as ongoing disruptions from the protracted COVID-19 pandemic, which resulted in the extension of a one month and a half month rental relief to its Indonesia malls and hotels respectively in the third quarter of 2021.



Correspondingly, distribution to Unitholders came in at S$42.1 million for the year, increasing 26.1% from S$33.4 million in FY2020, leading to a distribution per unit ("**DPU**") of 2.61 Singapore cents for FY2021 compared to 4.15 Singapore cents in FY2020. The lower annualised DPU was largely due to an enlarged unit base from the issuance of 791,062,223 rights units in February 2021. On an adjusted basis, without the rights units, FY2021 DPU would have risen 23.4% to 5.12 Singapore cents.

RESTRUCTURED, REFRESHED, READY TO GROW

Our well-executed initiatives during the year saw total returns to our Unitholders reaching 59.6%[1] and the Trust's unit price increasing 42.5%[2] over the one-year period in FY2021.

The new lease terms under the Restructured MLAs of the 14 hospitals took effect from 1 January 2021 and transitioned into their second year as at 1 October 2021. With that, the new rental increment mechanism kicked in, with either an increase of 4.5% of the base rent or the performance-based rent of 8.0% of each hospital's gross operating revenue of the preceding year, whichever is higher.

Additionally, Siloam or each of its relevant subsidiaries has been included as a party to each of the 14 Restructured MLAs to facilitate the direct payment of part of the rental amount payable for each hospital. These new tripartite MLAs and new lease terms ensure a more sustainable structure for the tenants, hence contributing to a more stable and steady increase in rental income streams for the Trust in the long-term.

In line with its strategy to divest non-core assets, First REIT divested Sarang Hospital, its South Korea hospital in August 2021 for approximately US$4.5 million. With the divestment, First REIT can recycle its capital and focus its resources on growth opportunities.

FIRST REIT '2.0 GROWTH STRATEGY'

We are very encouraged by the stabilisation of the Trust's performance and riding on this trajectory, we embarked on our next phase of growth with the unveiling of First REIT '2.0 Growth Strategy' in December 2021.

With an aim to create long-term value for our investors, the four strategic pillars under the '2.0 Growth Strategy' include diversifying into developed markets to reduce concentration risk; reshaping portfolio through the recycling of non-core and non-healthcare assets; strengthening capital structure through diversification of funding sources; and capitalising on relevant megatrends such as Environment, Social and Governance ("**ESG**") and ageing population demographics to boost growth.

Taking the first step of our '2.0 Growth Strategy', we announced the proposed acquisition of 12 Japan nursing homes (the "**Japan Nursing Homes**") from our Sponsor, OUELH at an agreed purchase price of JPY24.2 billion. With the completion of the acquisition in March 2022, the injection of these properties has increased our portfolio to 31 assets from 19, and diversified our geographical and tenant concentration risk, reducing our portfolio weightage in Indonesia to 74.2%[3] from 96.6%. Correspondingly, assets-under-management ("**AUM**") as at 31 December 2021 jumped 30.2% to S$1,253.0[4] million from S$962.4 million.

[1] Based on compound total return with dividends assumed to be reinvested on the dividend ex-date
[2] Based on the unit price of S$0.214 as at 4 January 2021 and S$0.305 as at 31 December 2021
[3] Weighted by asset value and based on pro forma financial results as at 31 December 2021
[4] First REIT's AUM of S$1,253.0 million as at 31 December 2021 includes the asset values of the Japan Nursing Homes and is based on pro forma financial results

LETTER TO **UNITHOLDERS**

This is First REIT's maiden entry into the Japan market and it is poised to benefit from the growing Japan healthcare market underpinned by the country's rapidly ageing demographics with 35.3% of its population expected to be over the age of 65 by 2040; inadequate supply of facilities to support the demand for eldercare facilities; and positive reception for eldercare facilities driven by long-term care insurance introduced by the Japanese government and shrinking household sizes in Japan.

The 12 well-established and high-quality nursing homes are strategically located across Japan to cater to the respective eldercare needs in the area. At a combined gross floor area of approximately 90,989 square metres with 1,451 rooms, all the properties are freehold and 100% master-leased to third-party tenants who are well-established and experienced independent local nursing home operators.

We are deeply grateful for the support that we have received from our valued Unitholders who had stood by us through the restructuring of our master leases and now the diversification of our portfolio into a new high growth market. Together with the strong commitment from our Sponsor, we have successfully completed this accretive acquisition and look forward to a stable stream of income from these assets.

Following the completion of the acquisition of the Japan Nursing Homes, First REIT continues to have a substantial debt headroom in excess of approximately S$200 million. We will continue to seek out yield-accretive acquisitions that are in alignment with the '2.0 Growth Strategy', in particular to diversify into more developed and mature healthcare markets. Building on our newly-established investment platform in Japan, we will look to further enhance our footprint in the country. While we remain invested in Indonesia, we will explore opportunities within and outside of Asia to meet our short to mid-term target of reducing First REIT's geographical exposure in Indonesia to approximately 50% within the next three to five years.

First REIT also entered into settlement agreements in December 2021 with PT Saputra Karya ("**PT SK**"), an indirect wholly-owned subsidiary of Lippo Karawaci, to provide for the full and final settlement of any and all claims which PT Tata Prima Indah, an indirect wholly-owned subsidiary of First REIT, may have against PT SK in respect of the progress payments, interest and project expenses incurred for the now terminated development works adjacent to Siloam Hospitals Surabaya due to the road subsidence back in 2018. The aggregate settlement amount of approximately S$30.6 million is expected to be fully repaid by 30 June 2022 in accordance to the terms of the Settlement Agreements, which will further boost the financial position of the Trust.

STRENGTHENING CAPITAL STRUCTURE

First REIT has remained astute and prudent with its capital management, closing the financial year with cash and cash equivalents of S$51.2 million as at 31 December 2021, up from S$19.3 million as at 31 December 2020. Its gearing ratio stood at a healthy 33.6% with total borrowings of S$352.4 million as at 31 December 2021 compared to 49.0% and total borrowings of S$492.4 million as at 31 December 2020, while interest cover stood at 5.4 times as at 31 December 2021.

In February 2021, the Trust successfully completed a rights issue exercise to raise approximately S$158.2 million with part of the funds used to repay loans during the year, and on 8 July 2021, it made the prudent decision to reset the distribution rate for its S$60.0 million perpetual securities to 4.9817% from first reset date. After taking into consideration the long-term interests of First REIT and the uncertain economic environment, the Trust made the strategic decision not to redeem the perpetual securities in order to preserve cash flow and liquidity. First REIT will continue to maintain flexibility with the option to exercise its right to redeem the perpetual securities on any distribution payment date when market conditions normalise.

Additionally, the divestment of Sarang Hospital and the final settlement amount for the now terminated development works adjacent to Siloam Hospitals Surabaya will boost First REIT's financial position.

First REIT is currently in negotiations with lenders to refinance the S$100 million term loan facility maturing in May 2022. Under its new growth strategy, it will be looking to diversify its funding sources, including sustainable financing in time to come, to optimise its financial position.

LOOKING AHEAD

The world is now experiencing the epidemic wave of the Omicron variant which is highly transmissible but at much lower fatality rate than the Delta variant. The situation is the same in Indonesia resulting in the tightening of social restrictions in Jakarta, Bali, Bandung and Yogyakarta amid a spike in COVID-19 infections[5].

The Indonesia government has also continued to step up its efforts in the fight against COVID-19 on all fronts including diagnostics, testing, tracing, treatment, activity restrictions and vaccination. According to Indonesia's Health Ministry, as at 18 January 2022, it has administered more than 300 million doses of vaccines since the country's vaccination programme started in 2021. This represents 72.0% of the target of 416.4 million doses which the government is aiming for in order to create "population immunity" against the virus, with 85.3% of the target population having received one dose and 58.1% having been fully vaccinated[6].

For the Trust's new Japanese market, the nursing homes sector has proven to be defensive with limited impact from the COVID-19 pandemic and demand for nursing homes will continue to rise as Japan is poised to become the first "super-aged" nation in the world. Japan has administered 221 million doses of vaccines as at 21 February 2022, with 79.6% of its population being fully vaccinated[7].

As the world acclimatises to living with COVID-19, the Trust will also continue to manage the constraints presented by the evolving pandemic to its operating environment. Our assets will continue to adhere to local regulatory restrictions and ensure strict health protocol measures at its properties. Overall, private healthcare demand continues to remain supported over the long-term and First REIT will continue to act on its '2.0 Growth Strategy' to boost future growth.

APPRECIATION

Without the strong support of our valued Unitholders, who have stood by us through challenging times and continued to believe in the Trust, we want to express our sincere gratitude for your patience as the Trust navigate through recent challenges to arrive at this stabilising stage. We look forward to your continued support as we march on with our strategic growth pillars to create greater value for all our stakeholders.

Our gratitude also extends to our Sponsor group, OUE and OUELH, without their strong commitment and support, we would not have been able to act decisively to address recent challenges. To our fellow Board members, your counsel and expertise have been invaluable. To our management team, staff and tenants, thank you for your hard work and dedication.

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

[5] 8 February 2022, Straits Times - Indonesia tightens social restrictions in Jakarta, Bali and 2 other cities as Covid-19 cases surge
[6] 18 January 2022, Jakarta Globe - Indonesia passes 300 million Covid-19 vaccine doses
[7] According to statistics from Our World in Data website

BOARD OF **DIRECTORS**







1 2
3 4 5
6 7

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

1 MR CHRISTOPHER JAMES WILLIAMS, 63

Chairman and Non-Independent Non-Executive Director

DATE OF FIRST APPOINTMENT AS A DIRECTOR:

- 26 October 2018

LENGTH OF SERVICE AS A DIRECTOR (As At 31 December 2021):

- 3 years 2 months

BOARD COMMITTEE(S) SERVED ON:

- Nil

ACADEMIC & PROFESSIONAL QUALIFICATION(S):

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

PRESENT DIRECTORSHIPS (As At 1 January 2022):

Listed companies

- OUE Limited (Deputy Chairman)

Other principal directorships

- OUB Centre Limited

MAJOR APPOINTMENTS (Other Than Directorships):

- Founding Partner, Howse Williams

PAST PRINCIPAL DIRECTORSHIPS HELD OVER THE PRECEDING 5 YEARS (From 1 January 2017 To 31 December 2021):

- OUE Commercial REIT Management Pte. Ltd. (the manager of OUE Commercial Real Estate Investment Trust)
- OUE Hospitality Trust Management Pte. Ltd.
- OUE Hospitality REIT Management Pte. Ltd. (the manager of OUE Hospitality Trust)

OTHERS:

- Nil

BOARD OF **DIRECTORS**

2 MR TAN KOK MIAN VICTOR, 55

Chief Executive Officer and Executive Director

DATE OF FIRST APPOINTMENT AS A DIRECTOR:

- 19 May 2017

LENGTH OF SERVICE AS A DIRECTOR (As At 31 December 2021):

- 4 years and 7 months

BOARD COMMITTEE(S) SERVED ON:

- Nil

ACADEMIC & PROFESSIONAL QUALIFICATION(S):

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

PRESENT DIRECTORSHIPS (As At 1 January 2022)

Listed companies

- Nil

Other principal directorships

- Nil

MAJOR APPOINTMENTS (Other Than Directorships):

- Nil

PAST PRINCIPAL DIRECTORSHIPS HELD OVER THE PRECEDING 5 YEARS (From 1 January 2017 To 31 December 2021):

- Nil

OTHERS:

- Nil

3 MR CHAN PENGEE ADRIAN, 58

Lead Independent Director

DATE OF FIRST APPOINTMENT AS A DIRECTOR:

- 26 October 2018

LENGTH OF SERVICE AS A DIRECTOR (As At 31 December 2021):

- 3 years 2 months

BOARD COMMITTEE(S) SERVED ON:

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

ACADEMIC & PROFESSIONAL QUALIFICATION(S):

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

PRESENT DIRECTORSHIPS (As At 1 January 2022):

Listed companies

- Ascendas Funds Management (S) Limited (the manager of Ascendas REIT)
- Hong Fok Corporation Limited
- Best World International Limited
- Food Empire Holdings Limited

Other principal directorships

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

MAJOR APPOINTMENTS (Other Than Directorships):

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

PAST PRINCIPAL DIRECTORSHIPS HELD OVER THE PRECEDING 5 YEARS (From 1 January 2017 To 31 December 2021):

- Global Investments Limited
- Yoma Strategic Holdings Ltd
- AEM Holdings Ltd

OTHERS:

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

4 MR FERRIS CHARLES BYE, 68

Independent Director

DATE OF FIRST APPOINTMENT AS A DIRECTOR:

- 26 October 2018

LENGTH OF SERVICE AS A DIRECTOR (As At 31 December 2021):

- 3 years 2 months

BOARD COMMITTEE(S) SERVED ON:

- Audit and Risk Committee (Chairman)

ACADEMIC & PROFESSIONAL QUALIFICATION(S):

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

PRESENT DIRECTORSHIPS (As At 1 January 2022):

Listed companies

- Nil

Other principal directorships

- Nil

MAJOR APPOINTMENTS (Other Than Directorships):

- Nil

PAST PRINCIPAL DIRECTORSHIPS HELD OVER THE PRECEDING 5 YEARS (From 1 January 2017 To 31 December 2021):

- Nil

OTHERS:

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

5 MR TAN CHUAN LYE, 65

Independent Director

DATE OF FIRST APPOINTMENT AS A DIRECTOR:

- 5 April 2017

LENGTH OF SERVICE AS A DIRECTOR (As At 31 December 2021):

- 4 years 9 months

BOARD COMMITTEE(S) SERVED ON:

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

ACADEMIC & PROFESSIONAL QUALIFICATION(S):

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

PRESENT DIRECTORSHIPS (As At 1 January 2022):

Listed companies

- Isetan (Singapore) Limited
- Heeton Holdings Limited

Other principal directorships

- Sompo Insurance Singapore Pte. Ltd.
- Singapore Repertory Theatre
- All Saints Home

MAJOR APPOINTMENTS (Other Than Directorships):

- Adjunct Associate Professor, NUS Business School of National University of Singapore
- Member, Asia Pacific Advisory Board, EFG Bank, AG
- Integrated Health Information System Pte. Ltd.

PAST PRINCIPAL DIRECTORSHIPS HELD OVER THE PRECEDING 5 YEARS (From 1 January 2017 To 31 December 2021):

- Nil

OTHERS:

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

BOARD OF **DIRECTORS**

6 MR MARTIN LECHNER, 53

Independent Director

DATE OF FIRST APPOINTMENT AS A DIRECTOR:

- 8 January 2018

LENGTH OF SERVICE AS A DIRECTOR (As At 31 December 2021):

- 4 years

BOARD COMMITTEE(S) SERVED ON:

- Audit and Risk Committee (Member)

ACADEMIC & PROFESSIONAL QUALIFICATION(S):

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

PRESENT DIRECTORSHIPS (As At 1 January 2022):

Listed companies

- Nil

Other principal directorships

- Corecam Pte. Ltd.
- Corecam Capital Partners Pte. Ltd.
- Pluvia Pte. Ltd.

MAJOR APPOINTMENTS (Other Than Directorships):

- Founding Partner and Chief Investment Officer, Corecam Pte. Ltd.

PAST PRINCIPAL DIRECTORSHIPS HELD OVER THE PRECEDING 5 YEARS (From 1 January 2017 To 31 December 2021):

- Pro-Inter Asia Pte. Ltd.
- Hydroinformatics Institute Pte. Ltd.

OTHERS:

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

7 MS MINNY RIADY, 60

Non-Independent Non-Executive Director

DATE OF FIRST APPOINTMENT AS A DIRECTOR:

- 10 April 2019

LENGTH OF SERVICE AS A DIRECTOR (As At 31 December 2021):

- 2 years 9 months

BOARD COMMITTEE(S) SERVED ON:

- Nominating and Remuneration Committee (Member)

ACADEMIC & PROFESSIONAL QUALIFICATION(S):

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

PRESENT DIRECTORSHIPS (As At 1 January 2022):

Listed companies

- Nil

Other principal directorships

- Lippo Realty (Shanghai) Limited

MAJOR APPOINTMENTS (Other Than Directorships):

- Board Member, Pelita Harapan Foundation for Education

PAST PRINCIPAL DIRECTORSHIPS HELD OVER THE PRECEDING 5 YEARS (From 1 January 2017 To 31 December 2021):

- Nil

OTHERS:

- Nil

Hikari Heights Varus Fujino

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.

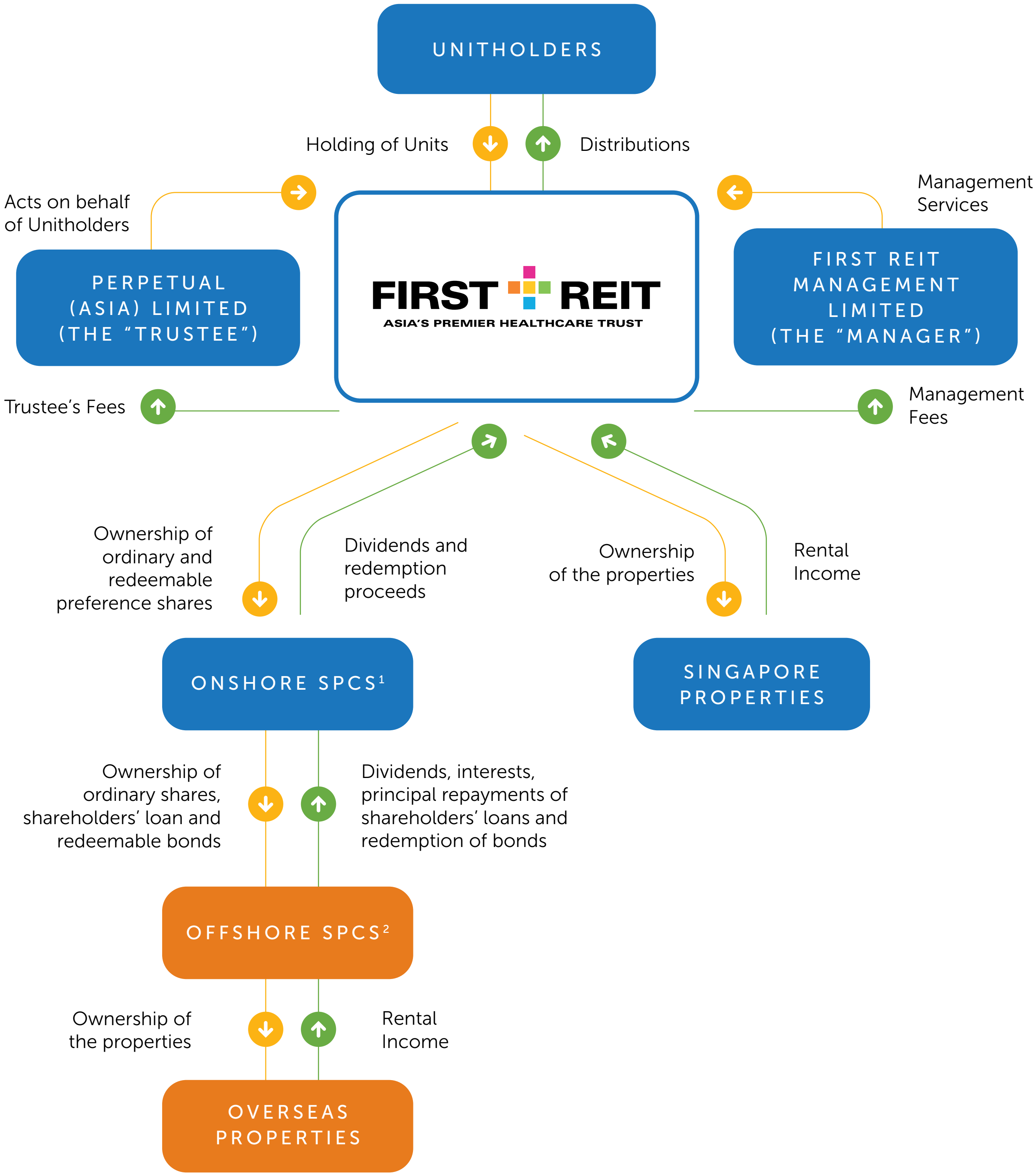
MR CHAN SENG LEONG, JACKY

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.

TRUST **STRUCTURE**



[1] Onshore SPCs refer to Singapore Special Purpose Companies
[2] Offshore SPCs refer to Overseas Special Purpose Companies

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.
1 Harbourfront Avenue
#14-07 Keppel Bay Tower
Singapore 098632

INDEPENDENT AUDITORS
KPMG LLP
16 Raffles Quay
#22-00 Hong Leong Building
Singapore 048581
Audit Partner-in-Charge: Ms Eng Chin Chin
Appointed from financial year 2021

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

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

COMPANY SECRETARY OF THE MANAGER
Mr Kelvin Chua

INVESTOR RELATIONS
August Consulting Pte. Ltd.
101 Thomson Road
#29-05 United Square
Singapore 307591

SIGNIFICANT EVENTS
IN FY2021

JAN

14 January
- FY2020 results announcement; declared 4Q2020 DPU of 0.84 Singapore cents
- Revaluation of portfolio to S$939.7 million as at 31 December 2020 over S$1,340.8 million as at 31 December 2019

19 January
- Results of the Extraordinary General Meeting of Unitholders held on 19 January 2021
- Launch of renounceable rights issue to raise gross proceeds of approximately S$158.2 million

FEB

19 February
- Successfully raised approximately S$158.2 million through a renounceable rights issue

24 February
- Issue and listing of 791,062,223 new units pursuant to the rights issue

MAR

11 March
- Announced the entry into supplemental master lease agreement ("**MLA**") with Lippo Karawaci to effect the proposed MLA restructuring for each of the eight properties in Indonesia

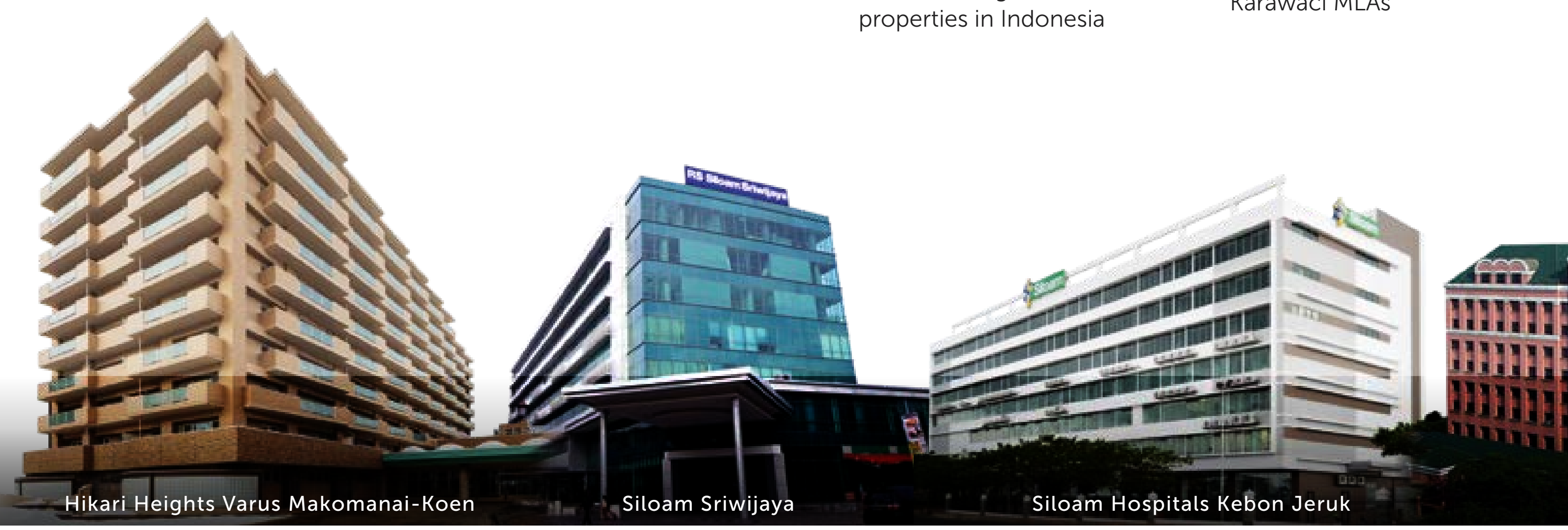
30 March
- Entered into supplemental MLAs with Lippo Karawaci to effect the proposed MLA restructuring for each of the three properties in Indonesia respectively
- Entered into supplemental MLAs to effect consequential amendments given the proposed MLA restructuring for two properties in Indonesia

MAY

4 May
- 1Q2021 business update announcement, declared DPU of 0.65 Singapore cents

12 May
- Extended the HGB titles for Siloam Hospitals Surabaya for another 20 years till 26 November 2041

18 May
- Entered into a deed of novation and variation with PT Metropolis Propertindo Utama ("**MPU**") and Siloam to add Siloam as a party to each of the three MPU MLAs
- Entered into a deed of novation and variation with Lippo Karawaci and Siloam to add Siloam as a party to each of the relevant Lippo Karawaci MLAs



Hikari Heights Varus Makomanai-Koen Siloam Sriwijaya Siloam Hospitals Kebon Jeruk

JUL

7 July
Reset the distribution rate for S$60.0 million perpetual securities to 4.9817% from first reset date on 8 July

19 July
Announced the divestment of Sarang Hospital for an aggregate sale price of US$4.5 million

29 July
1H2021 results announcement; declared 2Q2021 DPU of 0.65 Singapore cents

30 July
Extended two HGB titles for Siloam Hospitals Lippo Village for another 20 years till 24 September 2042

AUG SEP

31 August
Completion of divestment of Sarang Hospital

24 September
Announced the decision not to exercise the right-of-first-refusal under the ROFR Deed to acquire Rumah Sakit Umum Siloam

OCT NOV

26 October
9M2021 business update announcement; declared 3Q2021 DPU of 0.65 Singapore cents

29 November
Renewed lease for Imperial Aryaduta Hotel & Country Club

DEC

8 December
Announced the proposed acquisition of 12 Japan nursing homes from OUELH and proposed settlement for the terminated development works in Surabaya for an aggregate settlement amount of approximately S$30.6 million

Siloam Hospitals Lippo Village

Varus Cuore Yamanote

Orchard Kaichi North

OUR **NETWORK**

SINGAPORE

The Lentor Residence

PACIFIC HEALTHCARE NURSING HOME @ BUKIT MERAH

PACIFIC HEALTHCARE NURSING HOME II @ BUKIT PANJANG

THE LENTOR RESIDENCE

INDONESIA

JAPAN

Siloam Hospitals Lippo Village

Siloam Sriwijaya

Hikari Heights Varus Makomanai-Koen

SILOAM HOSPITALS YOGYAKARTA

SILOAM HOSPITALS BUTON & LIPPO PLAZA BUTON

SILOAM HOSPITALS LABUAN BAJO

SILOAM HOSPITALS KUPANG & LIPPO PLAZA KUPANG

SILOAM SRIWIJAYA

SILOAM HOSPITALS PURWAKARTA

SILOAM HOSPITALS BALI

SILOAM HOSPITALS TB SIMATUPANG

SILOAM HOSPITALS MANADO & HOTEL ARYADUTA MANADO

SILOAM HOSPITALS MAKASSAR

MOCHTAR RIADY COMPREHENSIVE CANCER CENTRE

SILOAM HOSPITALS LIPPO CIKARANG

SILOAM HOSPITALS LIPPO VILLAGE

SILOAM HOSPITALS KEBON JERUK

SILOAM HOSPITALS SURABAYA

IMPERIAL ARYADUTA HOTEL & COUNTRY CLUB

HIKARI HEIGHTS VARUS ISHIYAMA

HIKARI HEIGHTS VARUS TSUKISAMU-KOEN

HIKARI HEIGHTS VARUS FUJINO

HIKARI HEIGHTS VARUS KOTONI

HIKARI HEIGHTS VARUS MAKOMANAI-KOEN

VARUS CUORE YAMANOTE

VARUS CUORE SAPPORO-KITA & ANNEX

ELYSION GAKUENMAE

ELYSION MAMIGAOKA & ELYSION MAMIGAOKA ANNEX

ORCHARD AMANOHASHIDATE

ORCHARD KAICHI NORTH

ORCHARD KAICHI WEST

PROPERTY **OVERVIEW**

SINGAPORE

PACIFIC HEALTHCARE NURSING HOME @ BUKIT MERAH

6 Lengkok Bahru, Singapore

Property Type	Nursing Home
Land Area	1,984 square metres
Max. No. of Beds	259
Established	2004
Lease Terms	10 years with option to renew for 10 years
Lease Expiry Date	10 April 2027

GROSS FLOOR AREA	FY2021 RENTAL	APPRAISED VALUE
3,593 sq metres	**S$1.2** million	**S$8.8** million

PACIFIC HEALTHCARE NURSING HOME II @ BUKIT PANJANG

21 Senja Road, Singapore

Property Type	Nursing Home
Land Area	2,000 square metres
Max. No. of Beds	265
Established	2006
Lease Terms	10 years with option to renew for 10 years
Lease Expiry Date	10 April 2027

GROSS FLOOR AREA	FY2021 RENTAL	APPRAISED VALUE
3,563 sq metres	**S$1.2** million	**S$9.2** million

Note:
The valuations of the Singapore properties were conducted by Cushman & Wakefield VHS Pte. Ltd.
The valuations of the respective properties were conducted as at 31 December 2021

THE LENTOR RESIDENCE

51 Lentor Avenue, Singapore

Property Type	Nursing Home
Land Area	2,486 square metres
Max. No. of Beds	208
Established	1999 & 2013 (new extension building)
Lease Terms	10 years with option to renew for 10 years
Lease Expiry Date	7 June 2027

GROSS FLOOR AREA	FY2021 RENTAL	APPRAISED VALUE
4,005 sq metres	S$1.8 million	S$15.2 million

Note:
The valuations of the Singapore properties were conducted by Cushman & Wakefield VHS Pte. Ltd..
The valuations of the respective properties were conducted as at 31 December 2021

PROPERTY **OVERVIEW**

INDONESIA

SILOAM HOSPITALS YOGYAKARTA

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

Property Type	Hospital
Centre of Excellence	Neuroscience and Cardiology
Land Area	13,715 square metres
Beds	249
Established	2015
Lease Terms	15 years with option to renew for 15 years
Lease Expiry Date	31 December 2035

GROSS FLOOR AREA	FY2021 RENTAL	APPRAISED VALUE
12,474 sq metres	**S$2.3** million	**S$21.1** million

SILOAM HOSPITALS BUTON & LIPPO PLAZA BUTON

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

Property Type	Integrated Hospital & Mall
Centre of Excellence	Emergency & Trauma
Land Area	21,874 square metres
Beds	140
Established	2016
Lease Terms	15 years with option to renew for 15 years
Lease Expiry Date	SHBN: 31 December 2035 LPB: 9 October 2032

GROSS FLOOR AREA	FY2021 RENTAL	APPRAISED VALUE
21,934 sq metres	**S$2.7** million	**S$25.7** million

Note:
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 respective properties were conducted as at 31 December 2021

SILOAM HOSPITALS LABUAN BAJO

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

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

GROSS FLOOR AREA	FY2021 RENTAL	APPRAISED VALUE
7,604 sq metres	S$1.3 million	S$12.0 million

SILOAM HOSPITALS KUPANG & LIPPO PLAZA KUPANG

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

Property Type	Integrated Hospital & Mall
Centre of Excellence	Emergency & Trauma, Obstetrics, Gynaecology & Paediatrics
Land Area	66,060 square metres
Beds	416
Established	2014
Lease Terms	15 years with option to renew for 15 years
Lease Expiry Date	SHKP: 31 December 2035 LPK: 13 December 2030

GROSS FLOOR AREA	FY2021 RENTAL	APPRAISED VALUE
55,368 sq metres	S$5.8 million	S$54.0 million

Note:
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 respective properties were conducted as at 31 December 2021

PROPERTY **OVERVIEW**

INDONESIA

SILOAM SRIWIJAYA

Jalan POM IX, Komplek Palembang Square, Palembang, South Sumatra, Indonesia

Property Type	Hospital
Centre of Excellence	Emergency & Trauma, Gastroenterology
Strata Area	15,709 square metres
Beds	357
Established	2012
Lease Terms	15 years with option to renew for 15 years
Lease Expiry Date	31 December 2035

GROSS FLOOR AREA	FY2021 RENTAL	APPRAISED VALUE
15,709 sq metres	**S$2.8** million	**S$25.5** million

SILOAM HOSPITALS PURWAKARTA

Jalan Raya Bungursari No. 1, Purwakarta, West Java, Indonesia

Property Type	Hospital
Centre of Excellence	Emergency & Trauma
Land Area	7,990 square metres
Beds	235
Established	2005 & 2008
Lease Terms	15 years with option to renew for 15 years
Lease Expiry Date	31 December 2035

GROSS FLOOR AREA	FY2021 RENTAL	APPRAISED VALUE
8,254 sq metres	**S$2.5** million	**S$24.0** million

Note:
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 respective properties were conducted as at 31 December 2021

SILOAM HOSPITALS BALI

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

Property Type	Hospital
Centre of Excellence	Cardiology, Emergency & Trauma, Orthopaedics
Land Area	9,025 square metres
Beds	281
Established	2012
Lease Terms	15 years with option to renew for 15 years
Lease Expiry Date	31 December 2035

GROSS FLOOR AREA	FY2021 RENTAL	APPRAISED VALUE
20,958 sq metres	S$7.1 million	S$66.4 million

SILOAM HOSPITALS TB SIMATUPANG

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

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

GROSS FLOOR AREA	FY2021 RENTAL	APPRAISED VALUE
18,605 sq metres	S$4.7 million	S$44.2 million

Note:
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 respective properties were conducted as at 31 December 2021

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

Property Type	Integrated Hospital & Hotel
Centre of Excellence	Emergency & Trauma
Land Area	5,518 square metres
Beds / Rooms	238 beds / 199 rooms
Established	2011
Lease Terms	15 years with option to renew for 15 years
Lease Expiry Date	SHMD: 31 December 2035 HAMD: 29 November 2027

GROSS FLOOR AREA	FY2021 RENTAL	APPRAISED VALUE
36,051 sq metres	S$7.8 million	S$79.6 million

SILOAM HOSPITALS MAKASSAR

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

Property Type	Hospital
Centre of Excellence	Cardiology, Emergency & Trauma, Endocrinology
Land Area	3,963 square metres
Beds	362
Established	2012
Lease Terms	15 years with option to renew for 15 years
Lease Expiry Date	31 December 2035

GROSS FLOOR AREA	FY2021 RENTAL	APPRAISED VALUE
14,307 sq metres	S$7.5 million	S$69.6 million

Note:
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 respective properties were conducted as at 31 December 2021

MOCHTAR RIADY COMPREHENSIVE CANCER CENTRE

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

Property Type	Hospital
Centre of Excellence	Emergency & Trauma, Gastroenterology, Oncology
Land Area	4,145 square metres
Beds	334
Established	2010
Lease Terms	15 years with option to renew for 15 years
Lease Expiry Date	31 December 2035

GROSS FLOOR AREA	FY2021 RENTAL	APPRAISED VALUE
37,933 sq metres	S$14.2 million	S$133.6 million

SILOAM HOSPITALS LIPPO CIKARANG

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

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

GROSS FLOOR AREA	FY2021 RENTAL	APPRAISED VALUE
13,256 sq metres	S$4.6 million	S$49.8 million

Note:
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 respective properties were conducted as at 31 December 2021

PROPERTY **OVERVIEW**

INDONESIA

SILOAM HOSPITALS LIPPO VILLAGE

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

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

GROSS FLOOR AREA	FY2021 RENTAL	APPRAISED VALUE
32,696 sq metres	**S$18.5** million	**S$172.8** million

SILOAM HOSPITALS KEBON JERUK

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

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

GROSS FLOOR AREA	FY2021 RENTAL	APPRAISED VALUE
20,268 sq metres	**S$6.9** million	**S$77.8** million

Note:
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 respective properties were conducted as at 31 December 2021

SILOAM HOSPITALS SURABAYA

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

Property Type	Hospital
Centre of Excellence	Cardiology, Emergency & Trauma
Land Area	4,306 square metres
Beds	162
Established	1977
Lease Terms	15 years with option to renew for 15 years
Lease Expiry Date	31 December 2035

GROSS FLOOR AREA	FY2021 RENTAL	APPRAISED VALUE
9,065 sq metres	**S$4.0** million	**S$40.9** million

IMPERIAL ARYADUTA HOTEL & COUNTRY CLUB

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

Property Type	Hotel & Country Club
Land Area	54,410 square metres
Rooms	191
Established	1994
Lease Terms	1 Year 21 Days with option to renew for 1 year
Lease Expiry Date	31 December 2022

GROSS FLOOR AREA	FY2021 RENTAL	APPRAISED VALUE
17,926 sq metres	**S$3.9** million	**S$32.2** million

Note:
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 respective properties were conducted as at 31 December 2021

PROPERTY **OVERVIEW**

JAPAN

On 1 March 2022, First REIT has completed the acquisition of 12 Nursing Homes in Japan

HIKARI HEIGHTS VARUS ISHIYAMA

216 and other lots, Ishiyama 1jo 2-chome, Minami-ku,
Sapporo City, Hokkaido Prefecture

Property Type	Nursing Home
Land Area	4,413 square metres
Rooms	117

GROSS FLOOR AREA	AGREED PURCHASE PRICE
8,747 sq metres	JPY839.0 million

HIKARI HEIGHTS VARUS TSUKISAMU-KOEN

25 and other lots, Misono 9jo 8-chome, Toyohira-ku,
Sapporo City, Hokkaido Prefecture

Property Type	Nursing Home
Land Area	2,249 square metres
Rooms	58

GROSS FLOOR AREA	AGREED PURCHASE PRICE
4,362 sq metres	JPY641.0 million

HIKARI HEIGHTS VARUS FUJINO

240-1 and other lots, Fujino 3jo 11-chome, Minamiku,
Sapporo City, Hokkaido Prefecture

Property Type	Nursing Home
Land Area	7,230 square metres
Rooms	139

GROSS FLOOR AREA	AGREED PURCHASE PRICE
9,782 sq metres	JPY1,574.0 million

Note:
Based on the agreed purchase price of the Japan Nursing Homes

HIKARI HEIGHTS VARUS KOTONI

8 and other lots, 24ken 4jo 1chome, Nishi-ku, Sapporo City, Hokkaido Prefecture

Property Type	Nursing Home
Land Area	11,033 square metres
Rooms	281

GROSS FLOOR AREA	AGREED PURCHASE PRICE
20,756 sq metres	JPY6,209.0 million

HIKARI HEIGHTS VARUS MAKOMANAI-KOEN

1-1, Makomanaimidori-machi, Minami-ku, Sapporo City, Hokkaido Prefecture

Property Type	Nursing Home
Land Area	6,653 square metres
Rooms	161

GROSS FLOOR AREA	AGREED PURCHASE PRICE
13,301 sq metres	JPY4,475.0 million

VARUS CUORE YAMANOTE

1 and other lot, Yamanote 6jo 2-chome, Nishi-ku, Sapporo City, Hokkaido Prefecture

Property Type	Nursing Home
Land Area	1,668 square metres
Rooms	59

GROSS FLOOR AREA	AGREED PURCHASE PRICE
2,808 sq metres	JPY1,007.0 million

Note:
Based on the agreed purchase price of the Japan Nursing Homes

PROPERTY **OVERVIEW**

JAPAN

VARUS CUORE SAPPORO-KITA & ANNEX

3-1 and other lots, Tonden 8jo 9-chome, Kita-ku, Sapporo City, Hokkaido Prefecture

Property Type	Nursing Home
Land Area	5,269 square metres
Rooms	216

GROSS FLOOR AREA	AGREED PURCHASE PRICE
7,637 sq metres	**JPY2,847.0** million

ELYSION GAKUENMAE

1994-6 Nakatomigaoka 1-chome, Nara City, Nara Prefecture

Property Type	Nursing Home
Land Area	1,898 square metres
Rooms	92

GROSS FLOOR AREA	AGREED PURCHASE PRICE
3,790 sq metres	**JPY1,610.0** million

ELYSION MAMIGAOKA & ELYSION MAMIGAOKA ANNEX

1-1 and other lots, Umamiminami 4-chome, Koryocho, Kitakatsuragi-gun, Nara Prefecture

Property Type	Nursing Home
Land Area	6,997 square metres
Rooms	160

GROSS FLOOR AREA	AGREED PURCHASE PRICE
10,259 sq metres	**JPY2,370.0** million

Note:
Based on the agreed purchase price of the Japan Nursing Homes

ORCHARD AMANOHASHIDATE

1058-1 and other lots, Koaza-Ikami, Aza-Mannen, Miyazu City, Kyoto Prefecture

Property Type	Nursing Home
Land Area	2,694 square metres
Rooms	60

GROSS FLOOR AREA	AGREED PURCHASE PRICE
2,927 sq metres	JPY933.0 million

ORCHARD KAICHI NORTH

1603-15 and other lots, Kaichi 2-chome, Matsumoto City, Nagano Prefecture

Property Type	Nursing Home
Land Area	2,833 square metres
Rooms	79

GROSS FLOOR AREA	AGREED PURCHASE PRICE
5,058 sq metres	JPY1,303.0 million

ORCHARD KAICHI WEST

1602-9 and other lots, Kaichi 2-chome, Matsumoto City, Nagano Prefecture

Property Type	Nursing Home
Land Area	797 square metres
Rooms	29

GROSS FLOOR AREA	AGREED PURCHASE PRICE
1,561 sq metres	JPY405.0 million

Note:
Based on the agreed purchase price of the Japan Nursing Homes

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). 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 FY2020.

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 investor conferences and roadshows via webcasts and online meeting platforms in line with social distancing restrictions due to the COVID-19 pandemic.

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 SAC Capital.

First REIT was a member of REIT Association of Singapore ("**REITAS**") and Securities Investors Association (Singapore) ("**SIAS**") in FY2021 and has renewed their memberships for FY2022 and will continue to reach out to more investors through events organised by REITAS and SIAS.

Mochtar Riady Comprehensive Cancer Centre

In FY2021, First REIT organised or participated in the following results briefings, conferences and non-deal roadshows via webcasts or online platforms:

Date	Event	Organiser
January	• 4Q2020 Results Briefing • Briefing with Brokerage Houses in relation to the Proposed Transactions Announced on 28 December 2020 • SIAS-First REIT Virtual Dialogue Session	First REIT
May	Singapore REIT Symposium	Share Investor / REITAS
June	DBS-REITAS Conference	DBS / REITAS
July	1H2021 Results Briefing	First REIT
August	Citi-REITAS-SGX C-Suite Singapore REITS & Sponsors Forum	CITI / REITAS / SGX
September	Investival by The Edge	The Edge Singapore
December	Acquisition Announcement Briefing	First REIT

COMMUNICATION TOUCHPOINTS

For all IR queries, we have a dedicated IR contact email address – 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	FY2021	FY2022 (Tentative)*
Three-month Business Update Announcement	4 May 2021	May 2022
Payment of Distribution to Unitholders	28 June 2021	June 2022
First Half Financial Results Announcement	29 July 2021	July 2022
Payment of Distribution to Unitholders	24 September 2021	September 2022
Nine-month Business Update Announcement	26 October 2021	October 2022
Payment of Distribution to Unitholders	17 December 2021	December 2022
Full Year Financial Results Announcement	10 February 2022	February 2023
Payment of Distribution to Unitholders	29 March 2022	March 2023
Annual General Meeting	25 April 2022	April 2023

* Note: Dates are indicative and subject to change

SUSTAINABILITY **REPORT**

BOARD STATEMENT

The Board of Directors (the "**Board**") of First REIT Management Limited (the "**Manager**"), the manager of First Real Estate Investment Trust ("**First REIT**" or the "**Trust**"), is proud to present First REIT's fifth sustainability report. This reporting cycle witnessed numerous changes to both the market landscape for Environmental, Social and Governance ("**ESG**") factors and the regulatory landscape for sustainability reporting in Singapore. A new bar has been set for sustainability reporting and the Trust is committed to meeting the new requirements for the benefit of its stakeholders.

In the year 2021, ESG went from a niche theme in the world of finance and investing into a mainstream theme with money held in sustainable mutual funds and ESG-focused exchange-traded funds rising 53% globally to US$2.7 trillion in 2021[1]. Along with sustainable equity investments, sustainable debt has also emerged as a new trend linking finance with sustainable outcomes. Total sustainable debt issuance reached US$1.6 trillion worldwide in 2021[1], bringing the total market to more than US$4 trillion. Along with this, First REIT issued its first sustainability-linked debt under a new Social Finance Framework launched in March 2022 in which any bonds and loans will be granted on the attainment of specific social benefit outcomes under its role as a platform for people to gain access to healthcare.

Under another initiative to link sustainability outcomes to business outcomes, First REIT completed its initial framework for Environmental Risk Management ("**ERM**"). The Green Finance Action Plan was launched by the Monetary Authority of Singapore ("**MAS**") in 2019 and a key thrust of the plan is to strengthen the financial sector's resilience to environmental risks. Many of us will be familiar with the theme of 'Climate Change', which has emerged as a key business theme and many companies and organisations are racing against time to reduce their carbon footprint and emissions with the collective goal of limiting global warming to 1.5°C. Climate change is a core part of environmental risk which covers various other issues such as waste management and ecological diversity, and under the MAS ERM Guidelines for various financial institutions including asset managers such as REITs, the Trust is required to assess, monitor, mitigate and disclose environmental risk. We present our inaugural ERM report as part of this year's sustainability report.

The COVID-19 pandemic continued to feature as one of the Trust's prime concerns during 2021 as the world continued to grapple with rising number of infections under the new Delta and the Omicron variants of the virus. Being in the healthcare industry, the Trust's assets are directly impacted by the pandemic but also involved in the fight against the pandemic. The pandemic also adds complexity to waste management in the hospitals and healthcare facilities as a significant amount of pandemic-related waste, both general and hazardous, is being generated.

Following a round of engagement and feedback with various stakeholders, the Trust gained a better understanding of the key issues that matter to the stakeholders and added two new material topics to its list. They are namely Community Support and Use of Eco-friendly Equipment and Materials. Community Support traces the impact of hospital operations on the local communities surrounding the property. It features the Trust's first sustainability-linked debt as a conduit for community benefit. We also examine the effect of decisions on everyday components of the Trust's and the Manager's operations and how implementing more eco-friendly choices on equipment and materials can have a meaningful impact on reducing environmental footprint.

Financially and operationally, the Trust is also at a turning point. Having successfully executed the restructuring of its master lease agreements for its Indonesia properties in early 2021 and completed a recapitalisation exercise, the Trust moved on to unveil its 2.0 Growth Strategy in December with new growth pillars. Among its growth strategies, one involves diversifying its portfolio geographically into developed countries with a target to reduce its geographical concentration in Indonesia. In line with this, it completed the acquisition of 12 nursing homes in Japan from its sponsor, OUE Lippo Healthcare Limited, significantly altering its asset mix for the future.

Looking ahead, the Trust is also required to prepare for climate reporting, following the announcement by the Singapore Exchange in December 2021 on new requirements for issuers to provide climate reporting disclosures based on recommendations of the Task Force on Climate-related Financial Disclosures. As a REIT, which falls under the Materials and Building Industry sector, climate reporting will be mandatory for the financial year commencing 1 January 2024.

With the combination of more intensive regulatory oversight and investment interest in ESG issues, sustainability reporting will continue to evolve and requirements on transparency and accountability will continue to increase. Embracing these changes is the way forward. With so much at stake and so many new opportunities to harness, it makes sense to view sustainability with the same lens as we use in growing the Trust's business.

[1] 4 February 2022, Bloomberg, 'ESG by the numbers: Sustainable investing set records in 2021'

ABOUT THIS REPORT

Report Scope

Listed on the Singapore Exchange Securities Trading Limited ("**SGX-ST**"), First REIT is Singapore's first healthcare real estate investment trust and managed by First REIT Management Limited. This report takes into account all the ESG impacts that have resulted from the business and operations of the Trust and the Manager.

Reporting Framework

This report has been developed in compliance with the components and requirements of SGX-ST Listing Rules 711A and 711B on a 'comply or explain' basis. It is also prepared in accordance with Global Reporting Initiative ("**GRI**") Standards, a widely accepted international standard for sustainability reporting enacted by GRI in 2016. It fulfils the requirements for a Core option report, which includes sufficient information needed to understand the nature of the organisation, its material topics, their related impacts, and how these are managed.

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

The content of this report adheres to the reporting principles under the GRI Standards, which must be applied for the Trust to claim that it has prepared the report in accordance with the standards. The principles are also fundamental to achieving a high quality in sustainability reporting.

The following GRI principles have been adapted for the report:

ACCURACY

All information, whether quantitative or qualitative, is disclosed with the utmost accuracy and precision to allow the most valuable assessment of our performance.

BALANCE

Our consistent goal is to provide an unbiased account of our performance, one that depicts both positive and negative aspects of our business and distinguishes fact from interpretation, to attain a fair assessment.

CLARITY

Presenting information in a concise, accessible and understandable way will be useful to users who have reasonable knowledge of the organisation and its activities and are able to make decisions.

COMPARABILITY

We strive to present our information in a balanced and objective way to give stakeholders the freedom to compare our performances and impacts against our objectives, past performances, and those of our industry peers.

COMPLETENESS

We aim to provide sufficient information covering all activities, events, and impacts to enable a complete assessment of the organisation's impact both in the immediate term and the long-term.

SUSTAINABILITY CONTEXT

Our sustainability policies, practices and reporting are developed with reference to and in alignment with the aims of sustainability development and the larger ESG trends that apply to the healthcare and REIT industries.

TIMELINESS

Our report is produced on an annual basis at standard times so as to give stakeholders sufficient time to understand the impact of our business and subsequently make effective decisions.

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

VERIFIABILITY

It is important that the information we present can be examined for its veracity and we aim to create internal controls, systems and documentation processes to ensure that information is properly recorded, compiled and available for verification should the need arise.

SUSTAINABILITY **REPORT**

FY2021 PERFORMANCE HIGHLIGHTS

ECONOMIC	**Rental & Other Income**	S$102.3 million[1]
	Net Property & Other Income	S$100.2 million[1]
	DPU	2.61 Singapore cents
	Investment Properties	S$962.4 million[1]
SOCIAL	**Employee Attraction and Retention**	• 93% staff retention rate[2] • More than 60% of the employees have been with the manager for more than 7 years • Average tenure of the employee: 7.2 years[2]
	Training and Development	• Average hours of training per employee in 2021: 20.4[2]
GOVERNANCE	**Cases of regulatory breaches and non-compliance**	Zero cases
	Cases of data security breaches	Zero cases
	Cases of corruption and fraud	Zero cases
ENVIRONMENTAL	**Switching to more eco-friendly refrigerants**	• 9 out of the Trust's 15 hospitals in Indonesia purchased the new refrigerants
	Switching to LED light bulbs	• 100% of the Trust's Indonesia Hospitals • 63.9%[3] of the Trust properties in FY2021 (vs target of 68%)
	General waste at the Trust's Indonesia hospitals	• 2,395,000 kgs (2020: 2,300,000 kgs)
	Hazardous waste at the Trust's Indonesia hospitals	• 732,000 kgs (2020: 806,000 kgs)
	Reduction in Annual Report printing	• FY2021: 13,765 unitholders[4] 50 copies of annual report printed • FY2020: 14,213 unitholders 50 copies of annual report printed

[1] Excludes nursing homes in Japan
[2] Refers to the Manager
[3] Measured by GFA and portfolio includes nursing homes in Japan
[4] As at 17 March 2022

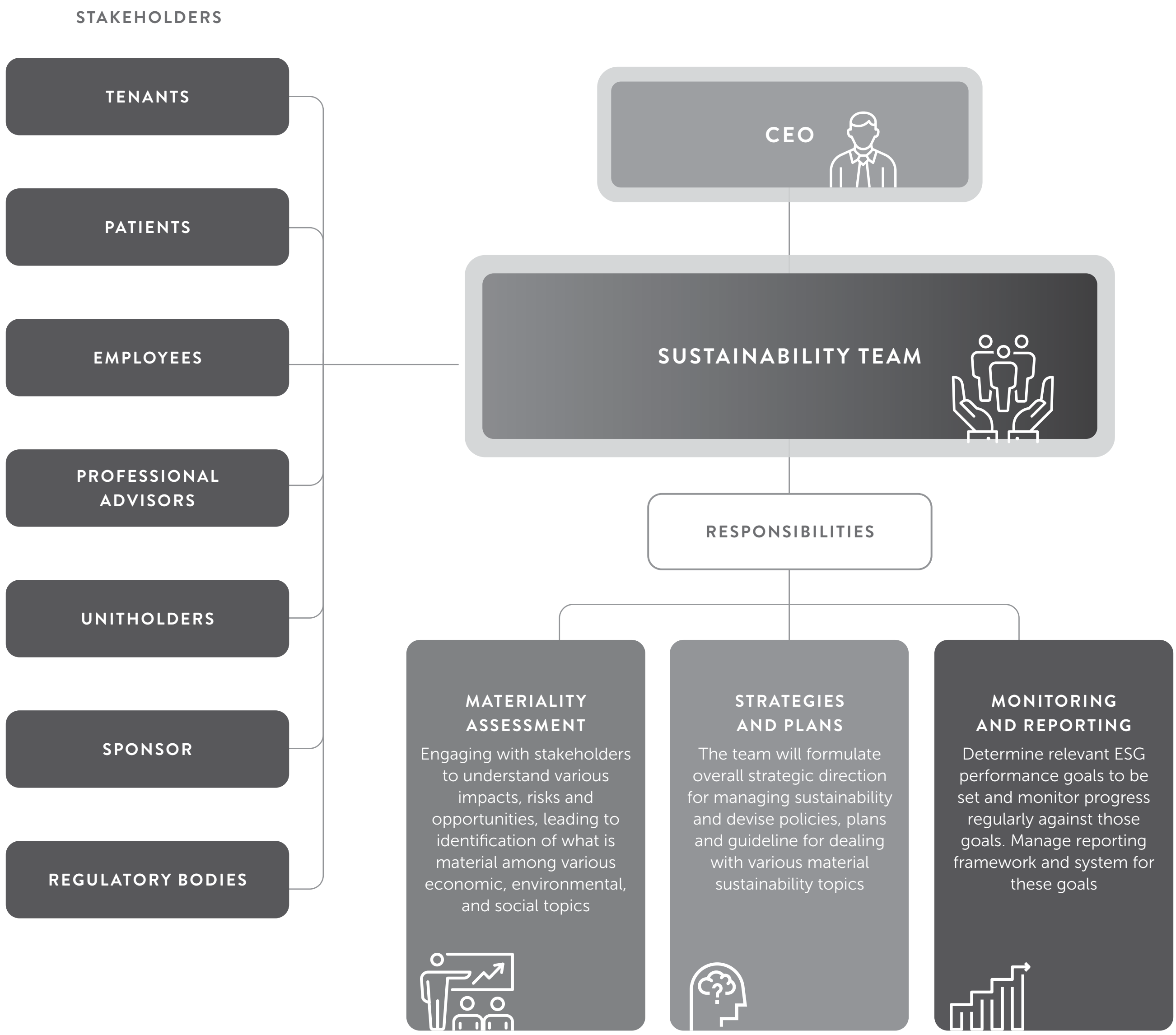
THE SUSTAINABILITY TEAM AT FIRST REIT

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 and Compliance. The team is well-equipped with a wide range of knowledge and capabilities that allows it to effectively manage various issues pertaining to the environmental, social, and corporate governance matters. Established in 2017, the sustainability team at First REIT is chaired by the Chief Executive Officer ("**CEO**") of the Manager who grants the final approval for all initiatives and reports relating to sustainability.

The team is committed to its mission of evolving First REIT into a more sustainable organisation and this commitment has been strengthened with the rising demand for ESG and climate-related disclosures from lenders, investors, key stakeholders as well as the regulators. It is involved in the planning, implementing, monitoring and managing of policies and practices aimed at improving the economic, environmental and social impact made from the Trust's business.

The organisational structure and responsibilities of the Sustainability Team are illustrated in the table below:

Organisational Structure and Responsibility



STAKEHOLDER ENGAGEMENT

The Trust is undergoing a period of transformation in its business, operations and capital management. The year 2021 has also seen significant shifts in the mix of stakeholder concerns given the emergence of new groups of stakeholders. In particular, the increased presence of ESG-themed investors in 2021 brought with them heightened concerns on various ESG issues, shifting what is considered material among key topics. In addition, the continued challenges of the COVID-19 pandemic in 2021 meant that similar themes of health, safety, recovery and stability remained central to the concerns of the Trust.

Against these developments, the Trust has had numerous opportunities to engage with its stakeholders during the year and has also broadened its stakeholder base. It continued to maintain active and consistent engagement with its stakeholders throughout the year, seeking to understand their everchanging concerns and expectations. It sought ways to improve on the previous year's engagement methods, broadening its range of touchpoints with its stakeholders, and allowing it to connect with stakeholders on a deeper and more effective level.

Stakeholders	Engagement Channels / Methods	Feedback / Concerns	Commitments to Sustainability
Employees	**Annually** • Employee feedback sessions • Dialogue sessions with senior management • Performance appraisals • Employee engagement surveys **Ad-hoc basis** • Informal and formal staff communications • Employee training sessions • Recreational and team bonding sessions	• Remuneration and benefits • Fair and competitive employment practices • Work-life balance • Employee safety, welfare, training and development opportunities	• Develop a high-performance work culture that embraces diversity and teamwork • Create a conducive work environment for all employees • Promote cohesive work culture • Provide fair and equal opportunities for all employees • Offer career development opportunities • Improve job satisfaction and reward performance • Employee wellness
Investors, Unitholders, Analysts and Media	**Annually** • Annual/extraordinary general meetings (AGM/EGM) • Annual reports, Sustainability reports **Bi-yearly** • Financial results and business update announcements • Webcasts • Online results briefings to analysts **Ad-hoc/Perpetual** • Corporate website updates • SGXNet announcements, media releases and interviews • Roadshows, events and meetings	• Updates on financial and business performance • Managing the impact of COVID-19 and the disruptions • Distribution management plans • Corporate actions and M&As • Industry developments and market outlook • Business strategy and outlook (return on investments, growth rate, risk management) • Corporate governance and regulatory compliance • Performance and reporting standards • Major events that may potentially impact assets located in Indonesia (natural disasters, government regulations)	• Timely and transparent disclosure of accurate and relevant information to stakeholders • Sustainable long-term returns on investment • Business continuity plans in place

Stakeholders	Engagement Channels / Methods	Feedback / Concerns	Commitments to Sustainability
Operators	**Annually** • Key operators' meetings and feedback sessions **Quarterly** • Asset management reports **Ad-hoc/Perpetual** • Satisfaction surveys • Value added initiatives by leveraging technology	• Pandemic outbreak prevention measures • Implementation of vaccination drives • Safe-distancing and crowd control in all properties • Rental relief in view of strains caused by the pandemic • Reliable and efficient infrastructure • Prompt response to feedback	• Maximise resource efficiency of properties/ Enhance operation efficiency • Ensure safety and security at properties with appropriate amenities • Sustainable management of operations with safe-distancing and pandemic prevention measures • Creating accessibility for all patients, medical staff and visitors in view of enhanced entry restrictions • Offering venues for vaccination
Trustee	**Quarterly** • Reports	• Operational efficiency	• Regulatory compliance • Risk management practices
Third-Party Service Providers	**Annually** • Property audits • Project-basis • Service provider evaluation • Regular meetings	• Environmental compliance • Standard operating procedures, guidelines and rules for compliance • Occupational health and work safety practices • Safe-distancing and pandemic prevention measures	• Compliance to terms in contracts • Fair and reasonable business practices
Government	**Annually** • Tax filing report • Sustainability report • Regulatory report **Ad-hoc/Perpetual** • Associations and bodies (E.g. REITAS, SIAS) • Correspondence through email and letters	• Corporate governance • Advocate greener operator behaviour • Laws and regulations related to trade associations • Regulatory compliance • Environmental Risk Management (new MAS guidelines) • Eco-friendly green infrastructures	• Compliance with laws and regulations • Fair and ethical business practices
The Community	**Annually** • Sustainability report **Ad-hoc** • Corporate social responsibility ("**CSR**") activities • Online platforms	• Sustainable business practices • Eco-awareness amongst the community/ Eco-sustainability • Safe environment • Safe-distancing and pandemic prevention measures • Supporting the local community through job opportunities	• Management of impacts on the community • Abide by and support local initiatives by the community/ government • Place public health and safety as priority • Enforcement of safe-distancing and pandemic prevention measures • Advocate eco-friendly practices

MATERIALITY ASSESSMENT

The landscape for sustainability has been shifting rapidly over the recent years with the Trust taking into account several new developments in 2021 that are driving the recalibration of its priorities, goals and materiality of key sustainability issues.

Investments held in sustainable mutual funds and ESG-focused exchange-traded funds rose 53% globally to US$2.7 trillion in 2021[1] and ESG-focused investors are becoming an increasingly important class of investors for the Trust. Along with the greater interest, increased attention has been placed on ESG issues such as climate change and contribution to communities.

In addition, the Monetary Authority of Singapore ("**MAS**") issued the Guidelines on Environmental Risk Management for asset managers, among other players in the financial ecosystem, requiring the Trust to assess, monitor, mitigate and disclose environmental risks, signalling the importance of climate change as a key global concern.

Meanwhile, the COVID-19 pandemic continued to evolve and pose challenges to lives and activities with the emergence of new variants of the virus. This has been balanced by the rapid vaccination drives that have been implemented in Singapore and Indonesia.

These developments necessitated a review of the existing material topics for the Trust, widening the Trust's horizons as far as ESG issues are concerned. The review was achieved through ongoing interaction with various stakeholders throughout the year as well as focused discussions with selected stakeholders on the material topics such as employees, business partners and suppliers. Stakeholders were asked to list and provide reasons for their key concerns under each of the respective pillars, namely Economic, Social, Governance and Environmental.

[1] 4 February 2022, Bloomberg, 'ESG by the numbers: Sustainable investing set records in 2021'

Numerous new topics have been raised in our discussions with selected stakeholders and certain concerns featured more prominently than others. Here is a list of material topics that have emerged more frequently as key concerns among stakeholders and the reasons provided by the stakeholders.

Category	Key Concerns		Other Concerns
Economic	**Direct and Indirect Economic Impact**	– *'Economic impact improves our being and raises overall living standards.'*	• Procurement management • Material wastage • Biodiversity and well-functioning ecosystems • Occupational health and safety • Availability of manpower resources • Debt and capital management
	Asset Quality and Integrity	– *'It draws customers to the premise when the facility is properly maintained and in good order.'*	
	Financial Performance	– *'Being profitable ensures the continued working partnership and that suppliers and business partners are compensated'.*	
Social	**Pandemic-related Support**	– *'We are not out of the woods yet and our lives and businesses are still affected by the situation.'*	
	Employee Attraction & Retention	– *'Good employee relations increase morale and motivation.'*	
	Community Support	– *'Being a part of a community can make us feel as though we are a part of something greater than ourselves.'*	
Governance	**Regulatory Compliance**	– *'We are answerable to many stakeholders and regulations ensure we are accountable.'*	
	Ethics and Business Conduct	– *'Tackling corruption is vital to restoring people's trust and recovering from the current economic crisis.'*	
Environmental	**Energy and Water Conservation**	– *'Climate change is one of the key environmental topics in focus currently.'*	
	Waste and Wastewater Management	– *'Waste and wastewater treatment protect humans and ecosystems.'*	
	Use of Equipment and Materials	– *'Good choices in equipment and material reduce our carbon footprint.'*	

TABLE OF MATERIAL TOPICS

The following table shows the list of topics that have been identified as material for the current reporting period. They represent the issues that our stakeholders deem as the most important in the context of the current environment and this list has been developed through 1-on-1 consultation with various stakeholders including our Sponsor, unitholders and business partners, amongst others. The Trust also took into account the significance of the ESG impact from each material issue in relation to First REIT in deciding on the material topics. In general, topics that are important to a wider group of stakeholders and whose impacts carry a high level of significance for the Trust are selected as material topics.

This table links every selected material topic to the corresponding GRI standards, which prescribe certain reporting requirements for the topic. The 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. Pegging our material topics to these goals aligns the Trust with the relevant, global sustainability goals 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
Economic Dimension			
Direct and Indirect Economic Impact 	Our healthcare properties are an integral part of the respective environments in which they are located. Apart from hosting the operations of essential medical care, healthcare or nursing home services for the community, they are also potentially a major economic contributor to the ecosystem. For the community, jobs are created and income is generated for the members of the community who are employed. Business and revenue are being generated for suppliers and contractors, while public well-being and infrastructure are supported through tax payments and fees. By providing space to healthcare operators, we generate direct and indirect economic impact on the local community and economy.	As a REIT, we channel economic benefits to our stakeholders through maintaining a high-quality portfolio of healthcare property assets and growing the portfolio through yield-accretive acquisitions and asset enhancement initiatives. A strong and growing asset portfolio leads to the maximisation of net asset value ("**NAV**") and distribution to Unitholders. Well-functioning healthcare assets which support a healthy business and net property income translates into benefits for the ecosystem in terms of jobs and salaries, tax payments for public infrastructure, revenues for suppliers and support for the local economy and healthcare services.	**Corresponding GRI Standards** GRI 201: Economic Performance 2016 GRI 203: Indirect Economic Impacts 2016 **Relevant UNSDGs and Related Targets**  Target 1.5: By 2030, build the resilience of the poor and those in vulnerable situations and reduce their exposure and vulnerability to climate-related extreme events and other economic, social and environmental shocks and disasters  Target 8.5: By 2030, achieve full and productive employment and decent work for all women and men, including for young people and persons with disabilities, and equal pay for work of equal value

Material Topics	Relevance to First REIT	Main Approach to Addressing the Topics	Relevant Standards & Benchmarks
Economic Dimension (con't)			
Asset Quality and Integrity	With our properties being the cornerstone of our business, maintaining the high quality of our assets is paramount to the Trust's long-term sustainability. By ensuring the high standards of quality and safety in our properties, we are able to generate economic, social and environmental benefits for our stakeholders such as creating stable financial returns for our Unitholders, reducing risks of damage of our properties, improving safety for the patients and staff, and offering a conducive environment for patients and the local community. The healthcare property market is growing increasingly competitive as more players enter the market, especially in a developing market like Indonesia. Therefore, maintaining asset quality is key to reinforcing the relationships with our stakeholders.	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 to ensure the high quality and integrity of its assets. In selecting acquisition targets, the Trust conducts due diligence in consultation with its Board, financial advisors, bankers and lawyers, before embarking on the acquisition exercise. For existing property assets, we engage external building auditors to carry out building audits to ensure that the high quality standards of our properties are maintained. We also conduct asset enhancement initiatives for some properties to maintain the quality and their competitiveness in the market. Additionally, we welcome feedback from our stakeholders in order to offer better service standards to our tenants.	**Corresponding GRI Standards** GRI 102: General Disclosures 2016 GRI 203: Indirect Economic Impacts 2016 **Relevant UNSDGs and Related Targets** Target 9.1: Develop quality, reliable, sustainable and resilient infrastructure, including regional and transborder infrastructure, to support economic development and human well-being, with a focus on affordable and equitable access for all Target 9.4: By 2030, upgrade infrastructure and retrofit industries to make them sustainable, with increased resource-use efficiency and greater adoption of clean and environmentally sound technologies and industrial processes, with all countries taking action in accordance with their respective capabilities
Financial Performance	The Trust's ability to create positive economic impact for its stakeholders and its immediate ecosystem is largely influenced by its financial performance. Its financial performance, presented in periodic reports and the annual report, is represented by a wide range of metrics such as income performance, cash flow, property valuation, debt and capital management, and foreign currency management. Different stakeholder groups are focused on different performance metrics.	Our overriding strategy to achieving strong financial performance is to focus on building a high-quality portfolio of healthcare property assets through yield-accretive acquisitions and asset enhancement initiatives. A strong portfolio of assets, coupled with sustainable master lease arrangements, would allow the REIT to generate stable income and cash flows, as well as growth over the long-term. At the same time, the Trust exercises prudent capital management and maintains a healthy balance sheet and debt profile so as to ensure sufficient resources for future growth.	**Corresponding GRI Standards** GRI 201: Economic Performance 2016 **Relevant UNSDGs and Related Targets** Target 8.2: Achieve higher levels of economic productivity through diversification, technological upgrading and innovation, including through a focus on high-value added and labour-intensive sectors

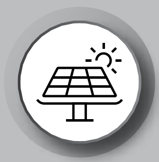
Material Topics	Relevance to First REIT	Main Approach to Addressing the Topics	Relevant Standards & Benchmarks
Social Dimension			
Pandemic-related Support	In the year 2021, the COVID-19 pandemic continued to worsen with the emergence of the Delta variant of the virus spreading quickly through various parts of the world. In particular, a surge in infected cases had been witnessed in the Trust's key markets including Indonesia and Singapore. On the other hand, vaccination drives have been stepped up in both markets to fight against the spread of COVID-19. Being in the healthcare sector, the Trust's properties had a significant part to play in supporting their respective communities and ensuring their safety. These communities include patients, visitors, employees and residents in the vicinity. These properties put in place necessary safety, quarantine and crowd control measures, while providing venues for vaccination and testing.	With the rapid spread of the COVID-19 virus, dominated by the Delta and the Omicron variants in 2021, Indonesia imposed a partial lockdown during the year while Singapore entered into several rounds of a 'Phase 2 Heightened Alert' mode. As with the previous year, the impact of the COVID-19 pandemic was multi-dimensional, affecting various groups of stakeholders. Broadly, the Trust sought to help various stakeholders cope with the pandemic in the following ways: • **Tenants** – The Trust provided some rental relief for its Indonesian hotels and malls • **Hospital and nursing home staff, patients and visitors** – While fully operational, the operators ensured that safety measures are enforced with the provision of Antigen Rapid Test (ART) for all visitors • **Community** – Siloam helped facilitate testing, quarantine and vaccination drives through provision of venue and services • **Employees of the Manager** – Equipped staff to work from home in a flexible arrangement while conducting regular ART tests on employees	**Corresponding GRI Standards** GRI 203: Indirect Economic Impacts 2016 GRI 403: Occupational Health and Safety 2018 GRI 413: Local Communities 2016 GRI 416: Customer Health and Safety 2016 **Relevant UNSDGs and Related Targets** Target 3.3: By 2030, end the epidemics of AIDS, tuberculosis, malaria and neglected tropical diseases and combat hepatitis, water-borne diseases and other communicable diseases Target 3.8: Achieve universal health coverage, including financial risk protection, access to quality essential healthcare services and access to safe, effective, quality and affordable essential medicines and vaccines for all Target 3.d: Strengthen the capacity of all countries, in particular developing countries, for early warning, risk reduction and management of national and global health risks Target 11.1: By 2030, ensure access for all to adequate, safe and affordable housing and basic services and upgrade slums

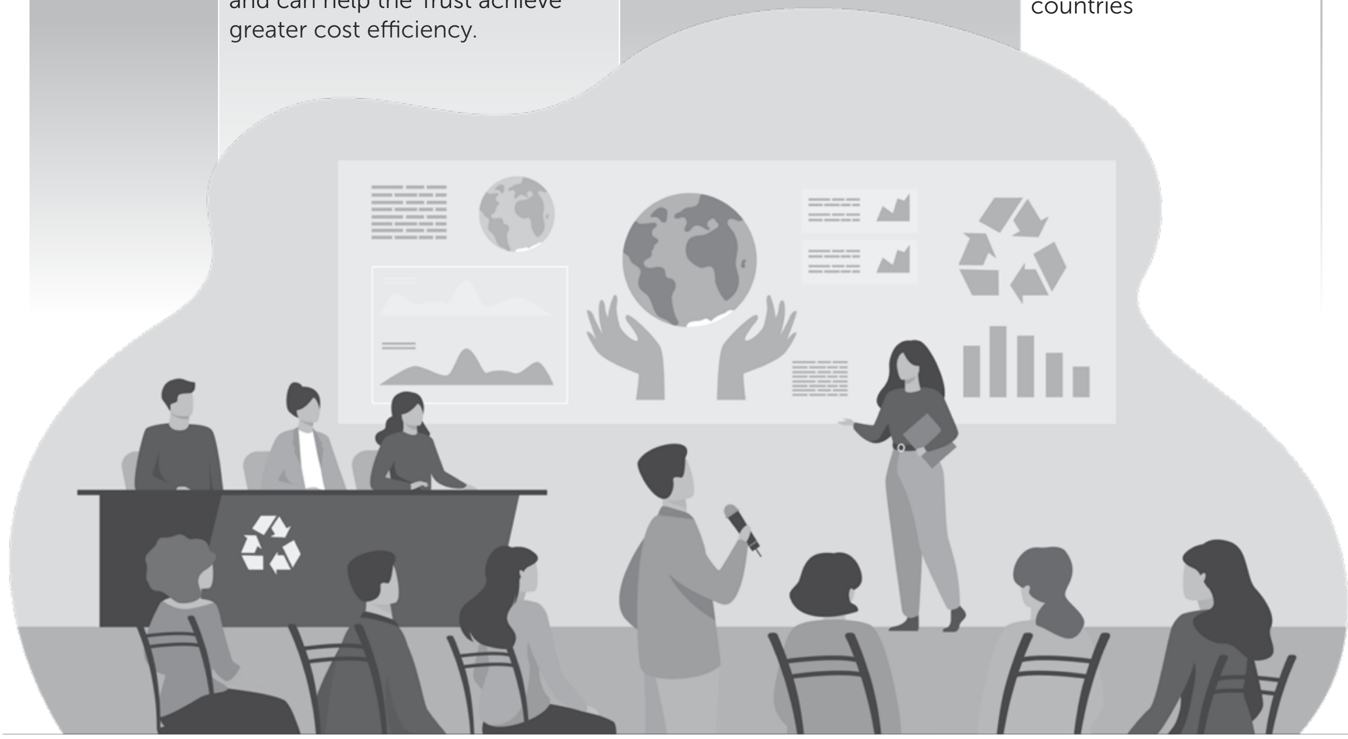
Material Topics	Relevance to First REIT	Main Approach to Addressing the Topics	Relevant Standards & Benchmarks
Social Dimension (con't)			
Employee Attraction & Retention	Employees are a key pillar of the success of the Trust's business which relies on the experience, knowledge, foresight, acumen and dedication of its team. It is therefore 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. 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.	In order to attract and retain the best people, we manage the various aspects of the employee experience to make their positions attractive in a holistic way. These include the following: • **Remuneration** – we provide competitive remuneration packages • **Training and development** – we provide a well-rounded training programme that covers both formal and on-the-job training • **Career progression** – we provide opportunities for career development and growth • **Work culture and environment** – we create a positive and cohesive work environment with a culture of learning and mutual respect • **Employee health and wellness** – through various recreational and team bonding activities, we create a healthy environment with a strong sense of camaraderie	**Corresponding GRI Standards** GRI 401: Employment 2016 GRI 404: Training and Education 2016 **Relevant UNSDGs and Related Targets** 10 REDUCED INEQUALITIES Target 10.2: By 2030, empower and promote the social, economic and political inclusion of all, irrespective of age, sex, disability, race, ethnicity, origin, religion or economic or other status
Community Support	The Trust's business, one that is engaged in facilitating the provision of medical care and support to those in need, is an important contributor to sustainable development within the communities they are located in. Over the recent years, Indonesia has been undergoing a healthcare 'revolution', underpinned by Indonesia's universal healthcare programme as well as the growth of the middle-class segment. Through playing a significant part in this 'revolution', First REIT actively contributes to the well-being of communities.	First REIT initiated a Social Finance Framework in March 2022 which forms the foundation for a new mode of financing tied to attaining sustainable social goals. This framework provides a platform for the issuance of loans and bonds granted on the attainment of specific social benefit outcomes and the fulfilment of the specific United Nations Sustainable Development Goal of 'Good Health and Well-being'.	**Corresponding GRI Standards** GRI 203: Indirect Economic Impacts 2016 GRI 403: Occupational Health and Safety 2018 GRI 413: Local Communities 2016 GRI 416: Customer Health and Safety 2016 **Relevant UNSDGs and Related Targets** 3 GOOD HEALTH AND WELL BEING Target 3.8: Achieve universal health coverage, including financial risk protection, access to quality essential healthcare services and access to safe, effective, quality and affordable essential medicines and vaccines for all

Material Topics	Relevance to First REIT	Main Approach to Addressing the Topics	Relevant Standards & Benchmarks
Governance Dimension			
Regulatory Compliance	First REIT is required as a REIT listed on SGX-ST to comply with SGX-ST listing requirements as well as the requirements of MAS, other Singapore regulators and regulators of the respective host countries of its properties. Non-compliance can have significant adverse reputational, operational, financial impact and could pose a threat to business continuity.	First REIT's Manager adopts a zero-tolerance approach to regulatory breaches. Non-compliance to prevailing laws and regulations, such as the SGX-ST listing requirements, the Code on Collective Investment Schemes issued by the MAS and tax rulings issued by the Inland Revenue Authority of Singapore, leading up to penalties, fines and revocation of the capital market services licences will not be tolerated.	**Corresponding GRI Standards** GRI 307: Environmental Compliance 2016 GRI 419: Socioeconomic Compliance 2016 **Relevant UNSDGs and Related Targets** 16 PEACE, JUSTICE AND STRONG INSTITUTIONS Target 16.6: Develop effective, accountable and transparent institutions at all levels
Ethics and Business Conduct	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.	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: • Personal Data Protection Policy • Whistle Blowing Policy • Anti-Money Laundering Policy • Personal Trading Policy • Conflict-of-interest Policy • Anti-Bribery/Anti-Corruption Policy Policies aside, it creates a strong culture of compliance through its staff handbook and educates its employees in its regular interactions.	**Corresponding GRI Standards** GRI 102: General Disclosures 2016 GRI 205: Anti-Corruption 2016 **Relevant UNSDGs and Related Targets** 16 PEACE, JUSTICE AND STRONG INSTITUTIONS Target 16.6: Develop effective, accountable and transparent institutions at all levels

Material Topics	Relevance to First REIT	Main Approach to Addressing the Topics	Relevant Standards & Benchmarks
Environmental Dimension			
Energy and Water Conservation	Conserving energy and water bring benefits beyond resource-use efficiency and savings in business costs for the Trust. It is relevant to the Trust on several levels including helping to fulfil its role in environmental responsibility as well as the associated reputational costs and benefits. Energy and water conservation reduce the environmental impact of the Trust's business operations and its carbon footprint, and is an important step in the Trust's aspiration to become a more sustainable organisation and contribute to the fight against climate change.	The Manager and the Trust aim to achieve energy and water use efficiency through a combination of equipment fixtures and practices. The Manager strives to improve energy and water use efficiency by seeking adjustments in office practices, installing appropriate devices and monitoring usage frequently. The Trust has introduced various installations and fixtures at various property assets to reduce energy and water usage, some of which are pilots that will lead to similar installations across other assets.	**Corresponding GRI Standards** GRI 302: Energy 2016 GRI 303: Water and Effluents 2018 **Relevant UNSDGs and Related Targets** Target 6.3: By 2030, improve water quality by reducing pollution, eliminating dumping and minimizing release of hazardous chemicals and materials, halving the proportion of untreated wastewater and substantially increasing recycling and safe reuse globally Target 7.1: By 2030, ensure universal access to affordable, reliable and modern energy services Target 7.2: By 2030, increase substantially the share of renewable energy in the global energy mix Target 14.1: By 2025, prevent and significantly reduce marine pollution of all kinds, in particular from land-based activities, including marine debris and nutrient pollution

Material Topics	Relevance to First REIT	Main Approach to Addressing the Topics	Relevant Standards & Benchmarks
Environmental Dimension (con't)			
Waste and Wastewater Management	Healthcare operations generate a substantial amount of complex waste, some of which are hazardous and can cause harm to the environment and even the patients if the disposal is not managed properly. Apart from solid waste, healthcare and hospital activities also produce liquid waste or medical effluent which find their ways into public water bodies contaminating them and potentially causing public health issues. Measures to ensure the proper disposal of waste and hazardous waste, as well as discharge of wastewater by the Trust's tenants are important for conservation of the environment, local biodiversity and public health. They also help the Trust avoid legal liabilities and reputational damage arising from such incidents. Indonesia has a rising waste management issue and it also has a scarce supply of clean drinking water. With the Trust's healthcare properties being significantly large operations, sound waste and wastewater management practices are important. As the Trust's portfolio expands to other new markets, waste and wastewater management is similarly relevant and needs to adapt to the local conditions.	For both the Manager and the Trust, waste management covers concepts of reduction, reusing, recycling and treatment. At the Trust level, a more compartmentalised approach to waste management is also necessary given the wide range of waste materials generated by the Trust's healthcare operations such as plastics, paper, metals, food, liquids and other disposables, as well as the presence of biohazardous waste which might be harmful to patients and visitors in the premises. The tenants also implement their own waste reduction and recycling programmes. Wastewater management mainly involves treatment according to national wastewater quality standards.	**Corresponding GRI Standards** GRI 303: Water and Effluents 2016 GRI 306: Waste 2020 **Relevant UNSDGs and Related Targets** 11 SUSTAINABLE CITIES AND COMMUNITIES Target 11.6: By 2030, reduce the adverse per capita environmental impact of cities, including by paying special attention to air quality and municipal and other waste management 12 RESPONSIBLE CONSUMPTION AND PRODUCTION Target 12.5: By 2030, substantially reduce waste generation through prevention, reduction, recycling and reuse

Material Topics	Relevance to First REIT	Main Approach to Addressing the Topics	Relevant Standards & Benchmarks
Environmental Dimension (con't)			
Use of Eco-friendly Equipment and Materials 	The choice of appropriate equipment and material to be used can set healthcare operations on the right path to long-term sustainabilty and even cost-efficiency. Healthcare operations can contribute to environmental conservation by using more eco-friendly equipment that can reduce energy usage, hazardous waste by-products and release of harmful chemicals. It can also involve the usage of more recycled or repurposed materials to create resource circularity. These changes when applied across on a group level can save the environment from harm to a considerable extent. As a market leader hospital group in Indonesia, these policies generate a positive reputational impact on the Siloam brand. In addition, certain more eco-friendly equipment and materials are cheaper than existing ones and can help the Trust achieve greater cost efficiency.	Both the Manager and Trust have a responsibility to reduce the environmental footprint through identifying opportunities for using more eco-friendly equipment, tools and materials. The Manager seeks ways to reduce energy consumption in the choice of its office equipment and to use recycled products and repurposed tools and equipment as much as possible. Given the scale of hospital and nursing home operations, there are numerous avenues to adopt the usage of more eco-friendly products and equipment. Healthcare operations often produce hazardous waste that could be harmful to humans and the environment. The hospitals have introduced various pilots for eco-friendly products, with the intention of replicating the usage across the other properties in the portfolio.	**Corresponding GRI Standards** GRI 301: Materials 2016 GRI 303: Water and Effluents 2018 GRI 306: Waste 2020 **Relevant UNSDGs and Related Targets**  Target 12.7: Promote public procurement practices that are sustainable, in accordance with national policies and priorities  Target 13.1: Strengthen resilience and adaptive capacity to climate-related hazards and natural disasters in all countries



DIRECT AND INDIRECT ECONOMIC IMPACT

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

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.

As at 31 December 2021, First REIT's portfolio stood at 19 properties, following the divestment of its South Korea property, Sarang Hospital in August 2021, with 16 hospitals and mixed-use assets in Indonesia and three nursing homes in Singapore, with a total gross floor area of 353,569 square metres. Its Indonesia hospitals are strategically located within large catchment areas of potential patients and each has a "Centre of Excellence", while its nursing homes in Singapore meet the rising demand of such eldercare services given the ageing population of the city-state.

In line with its strategy to divest non-core assets for capital recycling to achieve better returns on investments, the Trust was able to capitalise on the opportunity to divest Sarang Hospital which accounted for less than 1% of First REIT's total rental income.

Following the effects of the COVID-19 pandemic in 2020, First REIT re-evaluated its strategy and with the support of its Unitholders and Sponsor, successfully executed a series of corporate exercises including the restructuring of its master lease agreements for its Indonesia properties to attain a more sustainable rental income stream, as well as recapitalising and refinancing to maintain financial flexibility. On the back of these strategic exercises, the Trust unveiled its First REIT 2.0 Growth Strategy in December 2021 with four growth pillars, one of which being to diversify its portfolio geographically into developed countries with a target to reduce its geographical concentration in Indonesia to less than 50% in the next three to five years.

In alignment with the growth strategy, the Trust announced the proposed acquisition of 12 nursing homes in Japan (the "**Proposed Acquisition**") at an agreed purchase price of JPY24.2 billion, from its sponsor, OUE Lippo Healthcare Limited. Since the completion of the Proposed Acquisition as announced on 1 March 2022, First REIT's portfolio has increased to 31 properties, with S$1,253.0 million in assets-under-management ("**AUM**").

ASSET QUALITY AND INTEGRITY

The Trust's healthcare assets form the cornerstone of First REIT's business. Besides being the 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 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, through its Manager, is able to forge stronger bonds with its stakeholders in an increasingly competitive operating landscape.

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. A target property is required to fulfil all these requirements to be considered for acquisition.

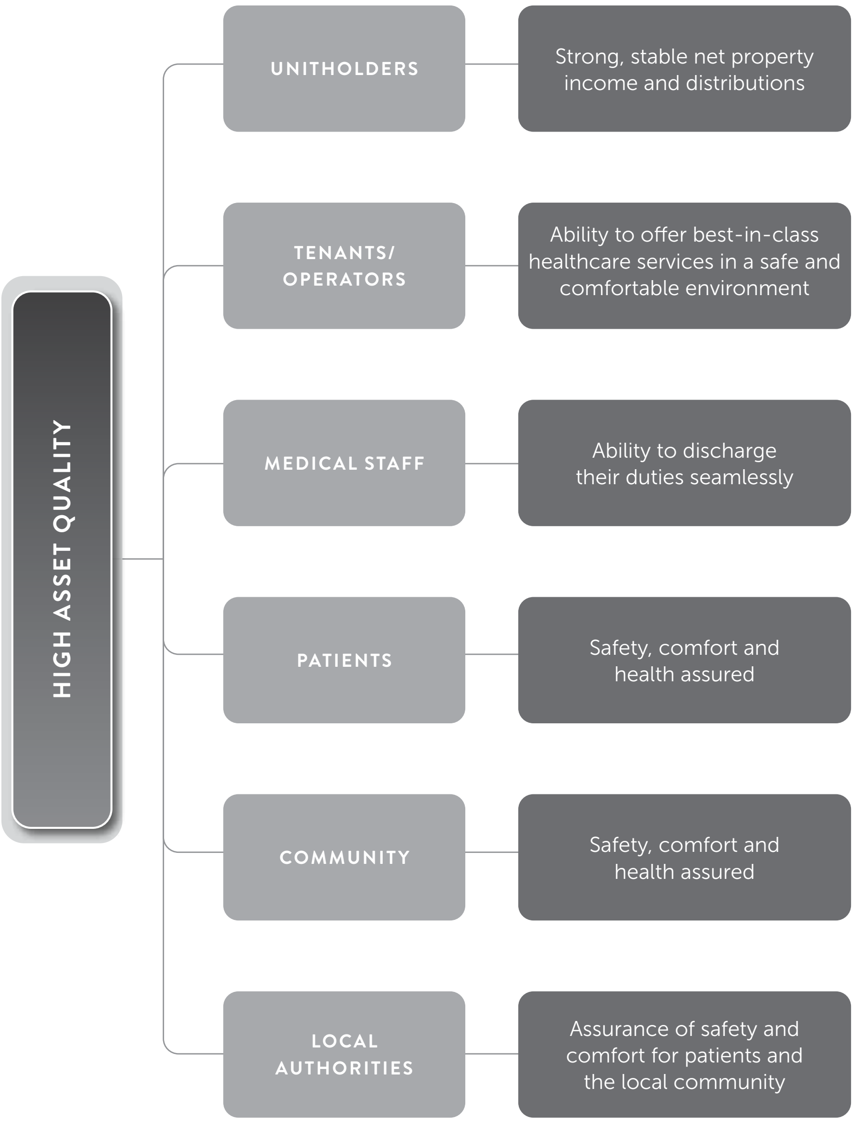
Building Audit

Even after assets are acquired and as part of its active asset management strategy, 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 various operating licences and permits. Following each audit, the Manager will then liaise with the tenants on addressing the audit findings so that rectification works are performed in a timely manner. Consequentially, the quality standards of First REIT's properties are maintained over time.

Asset Enhancement Initiatives

For its mature assets, the Trust will evaluate and carry out asset enhancement initiatives in partnership with its tenants on an ad-hoc basis, to not only improve the quality of the assets, but also increase net property income, and portfolio valuation, which ultimately lead to improved distributable income to our Unitholders.

Meeting Diverse Stakeholder Needs



FINANCIAL PERFORMANCE

To manage the unprecedented impact brought on by the widespread COVID-19 pandemic, First REIT launched a series of corporate actions to restructure its master leases and recapitalise its capital structure to reposition the Trust for a sustainable long-term growth. These resulted in a transformative year for the Trust, underpinning an improved performance in FY2021 and sustainable growth beyond.

The restructured master lease agreements ("**Restructured MLAs**") which took effect from 1 January 2021, transitioned into the second year from 1 October 2021, raising rental income by either a minimum of 4.5% in the new lease year or the performance-based rent of 8.0% of the hospital's gross operating revenue of the preceding year, depending on which is higher. The terms from the Restructured MLAs will ensure stable and sustainable annual rental increment for the Trust.

On the back of the accounting treatment under FRS116, First REIT saw rental and other income for FY2021 growing 28.5% to S$102.3 million compared to S$79.6 million in FY2020, with a corresponding increase in net property and other income of 29.3% to S$100.2 million from S$77.5 million in FY2020. The growth was offset by the divestment of Sarang Hospital in South Korea in August, as well as the extension of a one month and a half month rental relief to its Indonesia malls and hotels respectively, in the third quarter of 2021. Distributable income for the year improved 26.1% to S$42.1 million from S$33.4 million in FY2020.

Following the completion of all these strategic actions, First REIT embarked on its next lap of growth plan with the unveiling of the First REIT 2.0 Growth Strategy in December 2021.

First REIT 2.0 Growth Strategy

RESTRUCTURED | REFRESHED | READY TO GROW

DIVERSIFY INTO DEVELOPED MARKETS

Reduce geographical and tenant concentration risk; target to reduce Indonesia assets to <50% of portfolio in 3-5 years

RESHAPE PORTFOLIO FOR CAPITAL EFFICIENT GROWTH

Recycle capital from non-core, non-healthcare assets

STRENGTHEN CAPITAL STRUCTURE TO REMAIN RESILIENT

Diversify funding sources and continue to optimise financial position

PIVOTING TO MEGATRENDS

Environmental, Social and Governance ("**ESG**"), ageing population demographics and other growth drivers

FIRST STEP

A TRANSFORMATIONAL ACQUISITION OF FIRST JAPAN ASSETS, FUNDED BY DPU-ACCRETIVE PLACEMENT

KEY BENEFITS

- Strategic entry into attractive Japan nursing home market with strong demand drivers
- Enlarged and diversified portfolio positioned for long-term growth
- Acquisition is DPU-accretive to Unitholders on pro forma basis

AGREED PURCHASE PRICE JPY24.2 BILLION

PROPOSED SETTLEMENT IN RESPECT OF TERMINATED DEVELOPMENT WORKS AGREEMENT

KEY BENEFITS

- Provides finality to the Development Works Agreement
- Allows First REIT to receive the Aggregate Settlement Amount in accordance with the rights specified within the Development Works Agreement

AGREED SETTLEMENT AMOUNT S$30.6 MILLION

PANDEMIC RELATED SUPPORT

During the year and to date, the ongoing COVID-19 pandemic continued to feature as one of the Trust's prime concerns. New variants of the virus that emerged in 2021, including the Delta and the Omicron variants, posed new challenges to lives, communities and businesses. Being in the healthcare industry, the Trust's assets are directly impacted by the related disruptions but also involved in the fight against the pandemic. Apart from following government-issued health protocols and social distancing restrictions in Indonesia and Singapore, the Manager and our tenants/operators have also stepped up internal measures at each property to protect the health and safety of our staff, patients, visitors and the community that we operate in.

At the Manager Level

The key priorities for the Manager is to ensure business continuity and the safety of our staff through the different phases of social distancing restrictions enforced by the government. Measures implemented by the Manager include:

- Putting in place adequate systems to ensure effective and convenient Work-From-Home arrangements
- Regular engagements and internal communications with staff to keep updated on work arrangement plans as well as the latest pandemic developments in Singapore and Indonesia
- Cleaning and disinfection services carried out for all common areas at the office
- Social distancing, 'split zones' layout with acrylic panels installed 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 are required to adhere to mandatory virus prevention rules such as the wearing of masks, using hand sanitisers, and keeping one metre apart from each other
- All staff are required to conduct weekly ART tests

At the Trust Level

All our hospitals in Indonesia and nursing homes in Singapore remained operational during the pandemic. Due to a surge in COVID-19 cases as a result of the Delta variant from July to August 2021 in Indonesia, the government had imposed emergency public activity restrictions for a period of two months.

During that period, the Trust's two shopping malls – Lippo Plaza Kupang and Lippo Plaza Buton remained operational only for essential services and at shorter operating hours. Its two hotels – Aryaduta Lippo Village and Hotel Aryaduta Manado remained operational while the Aryaduta Country Club remained temporarily closed until further notice. To provide relief to our tenants from the impact, the Trust extended a one month and a half month rental relief to the malls and hotels respectively in the third quarter of 2021.

As the owner of these healthcare property assets, First REIT plays a critical role during the pandemic. Apart from protecting building users such as patients and their families as well as visitors to our properties, the health and safety of medical staff working at these healthcare properties are also crucial as they are the front-liners that are serving the community at large, in our fight against this infectious virus.

Through the healthcare operators, First REIT's properties have implemented health and safety measures in compliance with regulatory requirements and have also constantly reviewed internal guidelines to uphold the stringent health protocols.

The list of health and safety measures which was implemented at the properties since the onset of the COVID-19 pandemic include:

- Limited entry for building users – hospitals limit the entrance to the main lobby, emergency department lobby and employee entrance to prevent overcrowding and for more effective contact tracing
- Restricted visitation hours – in accordance to government guidelines
- 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 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 Ministry of Health PPE protocols
- Social distancing – split zones, split team operations; staff to adhere to the one metre 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 each hospital where patients suspected of having COVID-19 will be sent for further observation

Joining the National Fight against COVID-19

The Trust's Indonesia hospital operator, PT Siloam International Hospitals Tbk ("**Siloam**"), has been actively involved in assisting the government in its fight to curb the spread of COVID-19, including its drive to inoculate at least two thirds of its population. Initiatives undertaken by Siloam include the provision of swab test services at all its 40 hospitals including rapid tests or antibody tests, as well as extending free online consultation with the general practitioners at Siloam after test results are obtained. To aid in the government's vaccination programme, Siloam provided medical assistants to help administer the vaccine, and teamed up with Lippo Malls Indonesia, who provided some of its malls as vaccination centres.

EMPLOYEE ATTRACTION AND RETENTION

The Manager believes that cultivating a strong and talented team of employees is integral to building a sustainable business and for effective management of the Trust. It adheres to fair and progressive employment practices to foster a comfortable and positive working environment, as well as to attract and retain talented, skilled and passionate people. To fulfil its value proposition to its employees and to create a satisfying job experience, the Manager offers a combination of factors including competitive remuneration, training and development, career progression, along with promoting a positive and conducive work culture and environment.

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 merits and annual performance appraisals, which allow for open discussions between the employees and their supervisors to review job performance, receive feedback and communicate openly on their expectations. The Manager also 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. These 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 encouraged to participate in learning and development programmes. Regular dialogues and annual appraisals are arranged to communicate and discuss the strengths and gaps in each employee's job performance and identify training needs to meet the different aspects of the job requirements. 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 FY2021, the Manager facilitated an average of 20.4 hours of training per employee.

Career Progression

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

Work Culture and Environment

Creating an open, positive and cohesive work environment with a culture of learning, inclusion and mutual respect is key to retaining employees for the long-term. Through regular feedback sessions, the Manager is able to understand employees' concerns and identify areas for improvement. High employee engagement improves employee motivation and further translates to high level of performance for the Trust.

Employee Health and Wellness

The Manager values the well-being of every employee and creates a healthy environment with a strong sense of camaraderie through its recreational and team-bonding activities. 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 since the start of the COVID-19 pandemic. COVID-19 care packs that included hand sanitisers, vitamin C supplements, masks, disinfectant spray for desk cleaning, were allotted and delivered to every employee.

Key Team Statistics

Number of employees who have been with the Manager for more than 7 years ≥ 40%
Average tenure of the employee ≥ 7.2 years

FY2021 Target	Performance for FY2021	FY2022 Target
Maintain an average 20 training hours for employees	Achieved an average of 20.4 training hours per employee	Maintain an average 20 training hours for 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 subject to prevailing pandemic regulations

COMMUNITY SUPPORT

While hospitals and nursing homes are in the business of providing medical care and support to those in need of such services, they are also an important agent of sustainable development for the communities within which they are located. Indonesia has 1.04 hospital beds per 1,000 people[1], the lowest amongst the ASEAN countries which have an average of 4.5 hospital beds per 1,000 people. However, access to healthcare has improved over the years due to various drivers such as Indonesia's universal healthcare programme, the Jaminan Kesehatan Nasional ("**JKN**"), introduced in 2014, as well as the growth of Indonesia's middle-class especially in second-tier cities such as Surabaya and Bandung. The Trust's 15 hospital facilities in Indonesia play a vital role in driving this healthcare 'revolution' and bringing quality, affordable healthcare to a wide catchment of people across socio-economic backgrounds.

Contributing to the United Nations goal of 'Good Health and Well-being'

'Good Health and Well-being' is one of the 17 Sustainable Development Goals established by the United Nations as part of the 2030 Agenda for Sustainable Development. It aims to ensure healthy lives and promote well-being for all ages. Amongst all, the key pillars of this goal include a commitment to end major epidemics, achieve universal healthcare coverage, provide access to safe and effective medicines and vaccines, and research and development. Through serving healthcare providers, First REIT contributes to this development goal, as target groups identified are able to receive treatment and healthcare.

ELIGIBLE ASSETS

- Hospitals offering essential healthcare services to the general pupulation in Indonesia or other countries with average number of hospital beds per 1,000 people below the East Asia & Pacific (excluding high income) average of 3.7
- Nursing homes offering healthcare services to a target population of the elderly and/or people in need of medical care and support
- Healthcare properties that have a direct social impact on its target population defined as people who live near the property in need of medical care and support

Social Finance Instruments and Framework

First REIT initiated a Social Finance Framework ("**SFF**") in March 2022 following months of research and preparation, laying the foundation for a new mode of financing tied to attaining sustainable social goals. The SFF creates a platform for the issuance of Social Finance Instruments ("**SFI**"), which are bonds and loans granted on the attainment of specific social benefit outcomes and the fulfilment of UNSDG, specifically the goal of 'Good Health and Well-being'.

The SFF is aligned with the four core components of the Social Bond Principles (2021) as published by the International Capital Market Association and the Social Loan Principles (2021) and the Loan Market Association. Guidance is provided under the SFF on use of proceeds, process for project evaluation and selection, management of proceeds, reporting and external review.

What can the SFI proceeds be used for?

The proceeds are to be used exclusively to finance and/or refinance assets that meet social eligibility criteria.

The Trust has established a Social Finance Working Group ("**SFWG**"), chaired by the Chief Financial Officer, which implements the evaluation and selection processes to ensure compliance with the criteria in the SFF. The SFWG will closely manage the eligible portfolio of assets by ensuring the meeting of social indicator levels, such that they do not pose significant environmental and social harm and reviewing the SFF on an annual basis. It will also manage reporting for the lenders and bond investors, as well as monitor best practices in disclosure within the sustainable capital markets for application.

[1] World Bank data https://data.worldbank.org/indicator/SH.MED.BEDS.ZS?locations=ID

What social indicators will the SFI focus on?

Here are some of the potential social indicators which will be used as measurement metrics to meet the requirements of the SFI:

Hospitals offering essential healthcare services in Indonesia	
Social Impact Indicators	**Description**
Number of hospital beds within each eligible asset	Provides the direct impact of the eligible assets' social impact in terms of bed capacity
Number of hospital beds used for BPJS patients within each eligible asset	Provides an indication of the number of beds that are utilised by *Badan Penyelengara Jaminan Sosial* ("**BPJS**") patients for inpatient treatment
Total patients (BPJS and Private) within each eligible asset	Provides an indication of the total number of patients that come to the specific hospital seeking medical treatment and provides an estimation of the hospital's market catchment and by extension, its social impact to the surrounding region
Market catchment for each eligible asset	Allows an estimation of the eligible asset's market catchment and by extension, its social impact to the surrounding region by comparing against total BPJS patients and total patients (BPJS and Private)

Eligible assets which are not hospital assets in Indonesia
Social Impact Indicators
• Number of beds • Type of services offered • Territorial impact data e.g. number of inhabitants living in the demarcated catchment area around the eligible asset • Quantitative or qualitative description of the number of persons or beneficiaries positively impacted by the services provided by the eligible asset

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 the Monetary Authority of Singapore ("**MAS**"). It also observes principles, guidelines, and recommendations of the Code of Corporate Governance 2018. In addition, with properties across multiple countries, the Trust is also subject to the regulations of the respective host countries. Failure to comply with these regulations could pose a threat to business continuity and have adverse reputational, operational, and financial impacts.

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

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

In FY2021, there were no recorded incidents of fraud and corruption, as well as no incidents of non-compliance or regulatory breaches. Moving forward, the Manager will continue to sustain its 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, and 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 trend lines, 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.

FY2021 Target	Performance for FY2021	FY2022 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

SUSTAINABILITY **REPORT**

ETHICS AND BUSINESS CONDUCT

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

The Manager's Code of Conduct policy defines 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 and best practices such as:

CONFLICT OF INTEREST

- Provides conditions and procedures for employees' use of corporate opportunities and disclosure of confidential information for personal gains.
- The Manager will not manage any other real estate investment trust which invests in the same type of properties as First REIT.
- All staff will be employed by the Manager.
- All resolutions in writing of the Directors in relation to matters concerning First REIT must be approved by a majority of the Board, including at least one Independent Director.

COMPLIANCE WITH REGULATIONS

- The Manager is compliant with all relevant laws and regulations such as the Code of Corporate Governance, SGX-ST Listing Manual and those of the MAS.

RELATED PARTY TRANSACTIONS POLICY

- 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.

PERSONAL DATA PROTECTION POLICY

- 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.
- 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.

ANTI-MONEY LAUNDERING MANUAL

- Provides the principles and procedures to deter and deal with incidents of money laundering and other suspicious activities.

ANTI-BRIBERY/ ANTI-CORRUPTION

- Provides guidelines on acceptance and acknowledgement of gifts received by employees from business partners.

WHISTLE BLOWING POLICY

- Procedures are put in place to provide employees of the Manager with secure, well-defined and accessible channels to report on suspected fraud, corruption, dishonest practices or other similar matters relating to First REIT or the Manager, and for the independent investigation of any reports and appropriate follow up actions (the "**Concerns**").
- All Concerns will be kept confidential in the event of a report.

POLICY ON DEALING IN SECURITIES

- Provides guidelines for employees holding units of the Trust which also include unit-holding disclosures.

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.

FY2021 Target	Zero cases of corruption and fraud
Performance for FY2021	Achieved
FY2022 Target	Zero cases of corruption and fraud

ENERGY AND WATER CONSERVATION

New energy-efficient and cost-saving refrigerants purchased by Siloam Hospitals

As the momentum for fighting climate change picks up, water and energy consumption are major aspects of the Trust's and the Manager's operations where meaningful change can be made to reduce the overall carbon footprint and environmental impact.

Being in the healthcare business which operates round-the-clock, the Trust's properties expend substantial amount of energy and water on a daily basis. Air-conditioning is essential in the healthcare facilities and hospitals not just for the patients' comfort but also for surgical processes and preservation of chemicals, fluids, blood, vaccines and medicine. However, the cooling systems consume substantial amount of energy and emit greenhouse gases as well. To mitigate this issue, Siloam has started replacing its old refrigerants with more eco-friendly versions that are not only more energy-efficient but also cost-efficient. As at end of FY2021, nine out of the Trust's 15 hospitals in Indonesia have purchased new eco-friendly refrigerants. In FY2022, Siloam plans to install flowmeters to each hospital to track gas refrigerant flow more closely.

The Trust continued to push for a complete transition in its Indonesian hospitals towards using light emitting diodes ("**LED**") bulbs to replace conventional fluorescent lights as an energy-saving initiative. It has completed retrofitting all of its Indonesia hospital properties with LED light bulbs in 2021.

Siloam Hospitals has implemented a new flushing method in toilets to achieve flushing efficiency. This method involves putting water bottles inside the toilet tank to reduce the amount of water needed to fill the tank, as the water inside the water bottle offsets the water volume needed inside the tank. This method has been implemented at Siloam Hospitals TB Simatupang and Siloam Hospitals Manado and will be gradually implemented at the rest of the Siloam hospitals.

In addition, Siloam Hospitals has conducted annual training on environmental issues including water conservation in its annual refresher programs that is mandatory for all employees. Every hospital unit is also required to sign the Siloam Environmental Policy as part of their commitment to manage, conserve and report water usage in their everyday operations.

The Manager continued to observe the reduction of its carbon footprint and resource usage in energy and water during 2021. It continued to upkeep its practice of switching off all office lights when staff are out for lunch or meetings, and to turn all computers to be on sleep mode. The office temperature is being set to ambient mode by default.

FY2021 Target	Performance for FY2021	FY2022 Target
Incorporate sustainability into vendor assessment	Achieved	Incorporate sustainability into vendor assessment
To start switching refrigerants in the Trust's hospitals in Indonesia to more eco-friendly and energy-efficient versions	Siloam has started replacing its old refrigerants and installed a more eco-friendly, energy-efficient and cheaper type of refrigerant to some hospitals. Currently, nine out of 15 of the Trust's Indonesia hospitals have purchased this refrigerant. Among the nine, two have installed the new refrigerant.	The remaining seven hospitals that have purchased the new refrigerants will undergo trial usage in 2022
To start the installation of flowmeters at the Trust's hospitals in Indonesia to monitor energy usage	None of the Indonesia hospitals had flowmeters installed, with installation planned for 2022.	All of the Trust's 15 hospitals in Indonesia to be installed with flowmeters
97.5% of all properties within the Trust's portfolio to use LED light bulbs	100.0% of the Trust's hospitals in Indonesia have switched to using LED lights in FY2021. Out of the Trust's portfolio, 63.9% of the properties are using LED lights in FY2021.	To increase the percentage of the Trust's portfolio switching to using LED lighting by 5%

WASTE AND WASTEWATER MANAGEMENT

Waste management and disposal in the context of First REIT's business as a manager of healthcare properties is a highly complex challenge and requires a more granular understanding of the processes involved. In particular, at the Trust level, numerous categories of waste are generated from the operations of hospitals and healthcare facilities that require a segmented approach to managing waste. Alongside the need to manage waste disposal and waste levels is the need to manage wastewater or effluent discharge from healthcare operations.

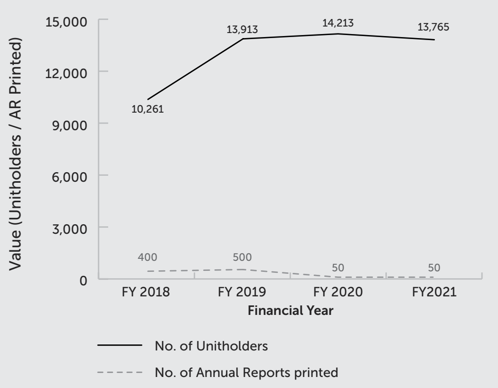
Failure to adequately manage levels and disposal of waste or discharge of wastewater will lead to various consequences including environmental contamination, destruction of bio-diversity, spread of diseases and regulatory penalties. Being in the hospital and healthcare property management business, the Trust has an interest to implement sound waste and wastewater management measures to avoid these repercussions.

Waste Management

The varied categories of waste generated by the Trust and the Manager can be broadly divided into general waste and hazardous waste.

Type of Waste	General Waste	Hazardous Waste
Examples of Waste	This refers to waste that does not pose any physical, chemical, biological or radioactive risks. This forms a portion of the waste from the hospitals and healthcare facilities under the Trust. All waste generated by the Manager would fall under this category.	• Infectious waste • Pathological waste • Sharps waste • Chemical waste • Pharmaceutical waste • Cytotoxic waste • Radioactive waste
Sources of Waste	• General activities in the Manager's office • Administrative and general non-surgical, non-treatment related operational activities in the hospitals and healthcare facilities	Only the hospitals and healthcare facilities produce hazardous waste and most originate from surgical or treatment activities.
Potential Impact	Excessive general waste creates an unpleasant environment for patients, staff and visitors to the hospitals and healthcare facilities, as well as for the employees working in the offices.	Hazardous waste presents both health and environmental impact on the immediate surroundings. Varied health risks can arise from exposure to hazardous medical waste in the form of viral or bacterial infection, sharps-related injuries, toxic exposure to pharmaceutical or chemical substances, and radioactive or thermal burns. Waste or wastewater can channel pathogens, chemicals and toxins into land and water bodies, as well as water resources, causing contamination, poisoning of wild life and potentially long-term health problems in humans. Second degree environmental pollution of the air is also generated through the third-party incineration of medical waste.

Type of Waste	General Waste	Hazardous Waste
Waste Management Measures	The Trust and the Manager have already established systems and procedures for general waste management as well as hazardous waste management. At the Trust's Indonesia properties, waste management and disposal is handled by third-party service providers. Total general waste handled in the Trust's Indonesia hospitals over the last three years was as follows: - 2019: 1,800,000 kgs - 2020: 2,300,000 kgs - 2021: 2,395,000 kgs To reduce material wastage, the Trust's Indonesia hospitals continued to operate paperless prescription systems in which the prescription letters are digitally sent to the pharmacies post-consultation. The radiology departments implement filmless radiology consultations and store patient diagnosis results in digital formats. The Manager has adopted e-communications for its Annual Report since 2018, sending physical copies of the report only to Unitholders who request for it. The Annual Report is also printed on paper with high recycled content. In addition, staff are advised to reduce unnecessary printing of documents, ensure double-sided printing and to recycle the use of paper with an empty page. **Reduction in Printed Copies of Annual Report**	Disposal of hazardous waste at the Trust's Indonesia properties is handled by third-party service providers. Total hazardous waste handled over the last three years was as follows: - 2019: 752,000 kgs - 2020: 806,000 kgs - 2021: 732,000 kgs Since 2018, in collaboration with the Ministry of Health and the Environment, Siloam has also implemented a centralised, electronic tracking system to track the disposal of B3 or hazardous waste more closely.



Waste Recycling

Recycling is practised at both the Trust and the Manager level. Recycling is an essential component of the waste management system at the Trust's hospitals and nursing homes. Among the waste recycled are jerry cans, syringes, infusion soft bags, hazardous packaging and plabots.

Due to the hazardous nature of a significant portion of medical waste from the hospitals and nursing homes, many types of waste cannot be recycled. At the Manager, double-sided printing is practised to reduce paper usage and papers that are only printed on one-side are being re-used.

COVID-19 related Waste

As the COVID-19 pandemic continues to evolve and impose new challenges on hospital operations, a significant amount of waste, both general and hazardous, have been generated by COVID-19 related requirements on hospital operations. Examples of COVID-19 related waste include PPE, masks, gloves, syringes, catheters and packaging, which are used in activities such as treatment, medical diagnosis and general safety and prevention measures. Prevention of infection is a key consideration and measures have been taken to dispose COVID-19 related waste safely. At the Trust's Indonesia hospitals, waste from COVID-19 patients is separated from normal medical waste, wrapped in yellow plastic packages, sprayed with disinfectant, and delivered for final treatment.

Wastewater Management

Wastewater discharge needs to be carefully handled due to the multi-fold impact it can inflict on the environment. On one hand, wastewater can contaminate water bodies, poison the bio-ecosystem and cause long-term health issues. It also adds to the water scarcity issue, particularly in Indonesia, in that clean water resources are diminished due to contamination by wastewater.

Being in the medical care business, First REIT's hospitals and healthcare facilities produce wastewater that is complex in its constituents. Its Indonesia-based hospitals produced approximately 445,000 cbm of wastewater in 2021 and approximately 523,000 cbm of wastewater in 2020. It implements treatment of wastewater in the wastewater treatment plants available in all of its hospitals prior to discharge into the local canals to avoid contamination. Training on processing wastewater is provided to the sanitarian team under the facility management division and wastewater quality is being monitored in accordance with Indonesia's regulation on wastewater quality standards[1]. In addition, it is also exploring other technologies to improve its wastewater control systems.

Performance for FY2020	Performance for FY2021	FY2022 Target
Total volume of general waste produced at the Trust's Indonesia hospitals was 2,300,000 kgs	Total volume of general waste produced at the Trust's Indonesia hospitals was 2,395,000 kgs	To decrease the amount of general waste produced at the Trust's Indonesia hospitals by 5%
Total volume of hazardous waste produced at the Trust's Indonesia hospitals was 806,000 kg	Total volume of hazardous waste produced at the Trust's Indonesia hospitals was 732,000 kgs	To decrease the amount of hazardous waste produced at the Trust's Indonesia hospitals by 5%
Total volume of wastewater produced at the Trust's Indonesia hospitals was 523,000 cbm	Total volume of wastewater produced at the Trust's Indonesia hospitals was 445,000 cbm	To decrease the amount of wastewater produced at the Trust's Indonesia hospitals by 5% All hospital units under Siloam Hospitals are committed to the environmental policy which include the monitoring, management, reporting and treatment of wastewater
Reduced the number of print copies of the FY2020 Annual Report to 50 copies, for internal use	50 printed Annual Report copies for internal use	To maintain the number of print copies of annual reports or any relevant printed investment circular to no more than 50 copies

1 Decree of the Minister of Environment No. 5/2014 concerning Wastewater Quality Standards

USE OF ECO-FRIENDLY EQUIPMENT AND MATERIALS

Hospitals and healthcare facilities, by nature of their operations, create potentially large carbon footprints and other environmental risks from the release of harmful chemicals, to infectious pathological waste to the emission of ozone-layer depleting greenhouse gases. While the current treatment and surgical procedures are constrained by the state of medical technology, these facilities can create significant positive impact from the mere choice of equipment and materials used in the operations.

The use of more eco-friendly equipment or the act of recycling or repurposing materials to create resource circularity, when applied on a group level, can generate considerable environmental benefit and in addition to that, potential savings and reputational gain. Both the Manager and Trust have a responsibility to reduce the environmental footprint through making the right choices for equipment, tools and materials used in operations.

Equipment/ Material	Environmental Impact	Action Taken	FY2022 Target
FIRE EXTINGUISHERS	The older versions of fire extinguishers used in Siloam hospitals tend to produce CO_2 or dry chemicals. Together with many hospital procedures and products, they contribute aerosols to the air, which are suspended particles that can host chemicals that destroy the ozone layer. Aerosol concentration in the air also increases risk of airborne diseases within the facilities.	From 2019 to 2021, Siloam purchased and replaced a total of 188 clean agent Light Fire Extinguishers (APAR Clean Agent) which are more environmentally friendly. Of the 188, 121 were purchased in 2021.	Siloam hospitals is currently assessing various opportunities and technologies to replace other aerosol-producing devices and procedures in the hospitals.
LIGHTING	Lighting is an important aspect of hospital/healthcare operations because it is needed 24 hours a day and 365 days a year. Different types of lighting are optimal for various hospital sections such as the wards, treatment areas and observation areas. Appropriate choice of lighting not only facilitates daily activities, they also aid in improving patient care, comfort and mood, and could offer energy-savings.	The hospital operators have implemented a switch to LED lamps from incandescent and fluorescent lights across most of its properties. 100.0% of the hospitals in Indonesia have switched to using LED lights in FY2021. Out of the Trust's portfolio, 63.9%[1] of the properties are using LED lights in FY2021.	Increase by 5%
MERCURY DEVICES	Mercury is used in many hospitals and healthcare devices such as thermometers, blood pressure devices, gastrointestinal and other products. It can produce harmful environmental impact when inappropriately disposed or cause contamination from accident-linked spillage. Institutional pressure[2] and governmental regulations have helped drive the phasing out of mercury and many hospitals today are mercury-free.	Siloam has invested in tensimeters to slowly phase out thermometers and blood pressure measurement equipment that use mercury. In 2021, it purchased 103 needle and digital blood pressure monitors and has purchased a total of 380 since 2019.	Siloam Hospitals has made it mandatory to switch out of all mercury-based equipment to needle and digital blood pressure monitors and is in the process of doing so.
COOLING REFRIGERANTS	Thermal regulation is a vital aspect of hospital operations as it preserves food, medicines, vaccines and blood, and improves mental functions and sleep. However, cooling refrigerants can produce harmful CO_2 emissions. Hospitals and healthcare facilities have a choice to use more eco-friendly air conditioners, chillers and refrigerators or adopting new cooling strategies such as redesigning room layout or systems.	Siloam has started replacing its old refrigerants and installed a more eco-friendly, energy-efficient and cheaper type of refrigerant to some hospitals. Currently, nine out of 15 of the Trust's Indonesia hospitals have purchased this refrigerant. Among the nine, two have installed the new refrigerant.	The remaining seven hospitals will undergo trial usage of the refrigerants in 2022.

[1] Measured by GFA and portfolio includes nursing homes in Japan
[2] The World Health Organization and United Nations Environmental Programme (UNEP) have issued guidelines for the countries' health care sector to become mercury free, and the Minamata Convention on Mercury on 22 September 2017 outlined key obligations for countries joining the pact to follow

GRI Standard	Disclosure Title	Page Reference & Remarks
GENERAL DISCLOSURE		
ORGANISATIONAL PROFILE		
Disclosure 102-1	Name of the organisation	Annual Report – Corporate Profile
Disclosure 102-2	Activities, brands, products and services	Annual Report – Corporate Profile
Disclosure 102-3	Location of headquarters	Annual Report – Corporate Information
Disclosure 102-4	Location of operations	Annual Report – Portfolio Overview
Disclosure 102-5	Ownership and legal form	Annual Report – Corporate Information
Disclosure 102-6	Markets served	Annual Report – At A Glance and Portfolio Overview
Disclosure 102-7	Scale of the organisation	Sustainability Report – Employee Attraction & Retention
Disclosure 102-8	Information on employees and other workers	Sustainability Report – Employee Attraction & Retention
Disclosure 102-9	Supply chain	Annual Report – At A Glance and Corporate Profile
Disclosure 102-10	Significant changes to the organisation and its supply chain	Annual Report – Letter to Unitholders, Significant events in FY2021 and Investor Relations
Disclosure 102-11	Precautionary principle or approach	Sustainability Report – Enterprise Risk Management and Environmental Risk Management
Disclosure 102-12	External initiatives	Annual Report – Governance Sustainability Report – About this Report
Disclosure 102-13	Membership of associations	Sustainability Report – Stakeholders' Engagement
STRATEGY		
Disclosure 102-14	Statement from senior decision maker	Sustainability Report – Board's Statement
Disclosure 102-15	Key impacts, risks, and opportunities	Sustainability Report – Board's Statement, Enterprise Risk Management and Environmental Risk Management
ETHICS AND INTEGRITY		
Disclosure 102-16	Values, principles, standards, and norms of behaviour	Annual Report – Corporate Governance report Sustainability Report – Regulatory Compliance & Ethics and Business Conduct
Disclosure 102-17	Mechanisms for advice and concerns about ethics	Annual Report - Corporate Governance report - Whistle Blowing Policy Sustainability Report – Regulatory Compliance & Ethics and Business Conduct
GOVERNANCE		
Disclosure 102-18	Governance structure	Annual Report - Corporate Governance report Sustainability Report – The Sustainability Team at First REIT and Governance under Environmental Risk Management
Disclosure 102-19	Delegating authority	Sustainability Report – The Sustainability Team at First REIT and Governance under Environmental Risk Management
Disclosure 102-20	Executive-level responsibility for economic, environmental, and social topics	Sustainability Report – The Sustainability Team at First REIT
Disclosure 102-21	Consulting stakeholders on economic, environmental and social topics	Sustainability Report – Stakeholder Engagement
Disclosure 102-22	Composition of the highest governance body and its committee	Annual Report – Corporate Governance report
Disclosure 102-23	Chair of the highest governance body	Annual Report – Corporate Governance report

GRI Standard	Disclosure Title	Page Reference & Remarks
Disclosure 102-24	Nominating and selecting the highest governance body	Annual Report – Corporate Governance report
Disclosure 102-25	Conflicts of interest	Annual Report – Corporate Governance report Sustainability Report - Ethics and Business Conduct
Disclosure 102-26	Role of highest governance body in setting purposes, values, and strategy	Annual Report – Corporate Governance report
Disclosure 102-27	Collective knowledge of highest governance body	Annual Report – Corporate Governance report
Disclosure 102-28	Evaluating the highest governance body's performance	Annual Report – Corporate Governance report
Disclosure 102-29	Identifying and managing economic, environmental, and social impacts	Sustainability Report – Table of Material Topics and Environmental Risk Management
Disclosure 102-30	Effectiveness of risk management process	Sustainability Report – Regulatory Compliance (Enterprise Risk Management)
Disclosure 102-31	Review of economic, environmental, and social topics	Sustainability Report – Table of Material Topics
Disclosure 102-32	Highest governance body's role in sustainability reporting	Sustainability Report – Managing Sustainability at First REIT
Disclosure 102-33	Communicating critical concerns	Sustainability Report – Stakeholder Engagement
Disclosure 102-34	Nature and total number of critical concerns	Sustainability Report – Materiality Assessment
Disclosure 102-35	Remuneration policies	Annual Report – Corporate Governance report Sustainability Report – Employee Attraction and Retention
Disclosure 102-36	Process for determining remuneration	Annual Report – Corporate Governance report Sustainability Report – Employee Attraction and Retention
Disclosure 102-37	Stakeholders' involvement in remuneration	Annual Report – Corporate Governance report Sustainability Report – Employee Attraction and Retention
Disclosure 102-38	Annual total compensation ratio	We choose not to disclose as we reward based on meritocracy
Disclosure 102-39	Percentage increase in annual total compensation ratio	We choose not to disclose as we reward based on meritocracy
STAKEHOLDER ENGAGEMENT		
Disclosure 102-40	List of stakeholder groups	Sustainability Report – Stakeholder Engagement
Disclosure 102-41	Collective bargaining agreements	None of our employees have joined a trade union
Disclosure 102-42	Identifying and selecting stakeholders	Sustainability Report – Stakeholder Engagement
Disclosure 102-43	Approach to stakeholder engagement	Sustainability Report – Stakeholder Engagement
Disclosure 102-44	Key topics and concerns raised	Sustainability Report – Stakeholder Engagement
REPORTING PRACTICE		
Disclosure 102-45	Entities included in the consolidated financial statements	Annual Report - Financial Highlights
Disclosure 102-46	Defining report content and topic boundaries	Sustainability Report – About This Report
Disclosure 102-47	List of material topics	Sustainability Report – Table of Material Topics
Disclosure 102-48	Restatements of information	None
Disclosure 102-49	Changes in reporting	None

GRI Standard	Disclosure Title	Page Reference & Remarks
Disclosure 102-50	Reporting period	Sustainability Report – About This Report
Disclosure 102-51	Date of most recent report	Sustainability Report 2021
Disclosure 102-52	Reporting cycle	Annual
Disclosure 102-53	Contact point for questions regarding the report	Sustainability Report – About This Report
Disclosure 102-54	Claims of reporting in accordance with the GRI Standards	Sustainability Report – About This Report
Disclosure 102-55	GRI content index	Sustainability Report – GRI Content Index
Disclosure 102-56	External assurance	Not sought
MANAGEMENT APPROACH		
Disclosure 103-1	Explanation of the material topic and its Boundary	• Direct and Indirect Economic Impact • Asset Quality & Integrity • Financial Perfomance • Pandemic-related Support • Employee Attraction and Retention • Community Support • Regulatory Compliance • Ethics and Business Conduct • Energy and Water Conservation • Waste & Wastewater Management • Use of Eco-friendly Equipment and Materials
Disclosure 103-2	The management approach and its components	
Disclosure 103-3	Evaluation of the management approach	
ECONOMIC		
ECONOMIC PERFORMANCE		
Disclosure 201-1	Direct economic value generated and distributed	Annual Report – Financial Highlights
Disclosure 201-2	Financial implications and other risks and opportunities due to climate change	Environmental Risk Management
Disclosure 201-3	Defined benefit plan obligations and other retirement plans	There is no pension scheme and employees under retirement plan
Disclosure 201-4	Financial assistance received from government	None
MARKET PRESENCE		
Disclosure 202-1	Ratios of standard entry level wage by gender compared to local minimum wage	We choose not to disclose as we reward based on meritocracy
Disclosure 202-2	Proportion of senior management hired from the local community	We choose not to disclose as we reward based on meritocracy
INDIRECT ECONOMIC IMPACTS		
Disclosure 203-1	Infrastructure investments and services supported	Sustainability Report – Direct and Indirect Economic Impact, and Community Support
Disclosure 203-2	Significant indirect economic impacts	This is not applicable to the Trust
PROCUREMENT PRACTICES		
Disclosure 204-1	Proportion of spending on local suppliers	This is not applicable to the Trust due to the nature of our business
ANTI-CORRUPTION		
Disclosure 205-1	Operations assessed for risks related to corruption	Annual Report – Anti-Corruption and Anti-Bribery Sustainability Report - Ethics and Business Conduct
Disclosure 205-2	Communication and training about anti-corruption policies and procedures	Annual Report – Anti-Corruption and Anti-Bribery Sustainability Report - Ethics and Business Conduct

GRI Standard	Disclosure Title	Page Reference & Remarks
Disclosure 205-3	Confirmed incidents of corruption and actions taken	Annual Report – Anti-Corruption and Anti-Bribery Sustainability Report - Ethics and Business Conduct
ANTI-COMPETITIVE BEHAVIOR		
Disclosure 206-1	Legal actions for anti-competitive behavior, anti-trust, and monopoly practices	No occurrence during our period of review.
TAX		
Disclosure 207-1	Approach to tax	Annual Report – Notes to Financial Statements
Disclosure 207-2	Tax governance, control, and risk management	Annual Report – Notes to Financial Statements
Disclosure 207-3	Stakeholder engagement and management of concerns related to tax	Annual Report – Notes to Financial Statements
Disclosure 207-4	Country-by-country reporting	Annual Report – Notes to Financial Statements
ENVIRONMENTAL		
MATERIALS		
Disclosure 301-1	Materials used by weight or volume	Sustainability Report – Use of Eco-friendly Equipment and Materials
Disclosure 301-2	Recycled input materials used	Sustainability Report – Waste & Wastewater Management
Disclosure 301-3	Reclaimed products and their packaging materials	None
ENERGY		
Disclosure 302-1	Energy consumption within the organisation	Sustainability Report – Energy and Water Conservation, Use of Eco-friendly Equipment and Materials
Disclosure 302-2	Energy consumption outside of the organisation	Energy usage outside the organisation is not significant hence we did not track
Disclosure 302-3	Energy intensity	Sustainability Report – Energy and Water Conservation
Disclosure 302-4	Reduction of energy consumption	Sustainability Report – Energy and Water Conservation, Use of Eco-friendly Equipment and Materials
Disclosure 302-5	Reductions in energy requirements of products and services	Sustainability Report – Energy and Water Conservation, Use of Eco-friendly Equipment and Materials
WATER AND EFFLUENTS		
Disclosure 303-1	Interactions with water as a shared resource	Sustainability Report – Energy and Water Conservation
Disclosure 303-2	Management of water discharge-related impacts	Sustainability Report – Waste & Wastewater Management
Disclosure 303-3	Water withdrawal	Not applicable
Disclosure 303-4	Water discharge	Sustainability Report – Waste & Wastewater Management
Disclosure 303-5	Water consumption	Sustainability Report – Energy and Water Conservation

GRI Standard	Disclosure Title	Page Reference & Remarks
BIODIVERSITY		
Disclosure 304-1	Operational sites owned, leased, managed in, or adjacent to, protected areas and areas of high biodiversity value outside protected areas	Not applicable
Disclosure 304-2	Significant impacts of activities, products, and services on biodiversity	Strategy under Environmental Risk Management
Disclosure 304-3	Habitats protected or restored	Not applicable
Disclosure 304-4	IUCN Red List species and national conservation list species with habitats in areas affected by operations	Not applicable
WASTE		
Disclosure 306-1	Waste generation and significant waste-related impacts	Sustainability Report - Waste & Wastewater Management and Environmental Risk Management
Disclosure 306-2	Management of significant waste-related impacts	Sustainability Report – Waste & Wastewater Management
Disclosure 306-3	Waste generated	Sustainability Report – Waste & Wastewater Management
Disclosure 306-4	Waste diverted from disposal	None
Disclosure 306-5	Waste directed to disposal	None
ENVIRONMENTAL COMPLIANCE		
Disclosure 307-1	Non-compliance with environmental laws and regulations	No occurrence during our period of review
SUPPLIER ENVIRONMENTAL ASSESSMENT		
Disclosure 308-1	New suppliers that were screened using environmental criteria	None
Disclosure 308-2	Negative environmental impacts in the supply chain and actions taken	None
SOCIAL		
EMPLOYMENT		
Disclosure 401-1	New employee hires and employee turnover	Sustainability Report – Employee Attraction and Retention
Disclosure 401-2	Benefits provided to full-time employees that are not provided to temporary or part-time employees	Sustainability Report – Employee Attraction and Retention
Disclosure 401-3	Parental leave	Sustainability Report – Employee Attraction and Retention
LABOUR /MANAGEMENT RELATIONS		
Disclosure 402-1	Minimum notice periods regarding operational changes	No occurrence during our period of review
OCCUPATIONAL HEALTH AND SAFETY		
Disclosure 403-1	Occupational health and safety management system	Sustainability Report – Employee Attraction and Retention
Disclosure 403-2	Hazard identification, risk assessment, and incident investigation	This is not applicable to the Trust due to the nature of our business
Disclosure 403-3	Occupational health services	Sustainability Report – Employee Attraction and Retention

GRI Standard	Disclosure Title	Page Reference & Remarks
Disclosure 403-4	Worker participation, consultation, and communication on occupational health and safety	This is not applicable to the Trust due to the nature of our business
Disclosure 403-5	Worker training on occupational health and safety	This is not applicable to the Trust due to the nature of our business
Disclosure 403-6	Promotion of worker health	Sustainability Report – Employee Attraction and Retention
Disclosure 403-7	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
Disclosure 403-8	Workers covered by an occupational health and safety management system	This is not applicable to the Trust due to the nature of our business
Disclosure 403-9	Work-related injuries	No occurrence during our period of review
Disclosure 403-10	Work-related ill health	This is not applicable to the Trust due to the nature of our business
TRAINING AND EDUCATION		
Disclosure 404-1	Average hours of training per year per employee	Sustainability Report – Employee Attraction and Retention
Disclosure 404-2	Programs for upgrading employee skills and transition assistance programs	Sustainability Report – Employee Attraction and Retention
Disclosure 404-3	Percentage of employees receiving regular performance and career development reviews	Sustainability Report – Employee Attraction and Retention
DIVERSITY AND EQUAL OPPORTUNITY		
Disclosure 405-1	Diversity of governance bodies and employees	Annual Report – Corporate Governance report
Disclosure 405-2	Ratio of basic salary and remuneration of women to men	We choose not to disclose as we reward based on meritocracy
NON-DISCRIMINATION		
Disclosure 406-1	Incidents of discrimination and corrective actions taken	No occurrence during our period of review
FREEDOM OF ASSOCIATION AND COLLECTIVE BARGAINING		
Disclosure 407-1	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
CHILD LABOUR		
Disclosure 408-1	Operations and suppliers at significant risk for incidents of child labour	We have not identified this risk in our course of normal operations
FORCED OR COMPULSORY LABOUR		
Disclosure 409-1	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
SECURITY PRACTICES		
Disclosure 410-1	Security personnel trained in human rights policies or procedures	The security services at our properties are outsourced by property managers
RIGHTS OF INDIGENOUS PEOPLES		
Disclosure 411-1	Incidents of violations involving rights of indigenous peoples	No occurrence during our period of review

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

ENVIRONMENTAL RISK **MANAGEMENT**

INTRODUCTION

In December 2020, the Monetary Authority of Singapore ("**MAS**") issued the Guidelines on Environmental Risk Management ("**ERM**") for banks, insurers and asset managers under its Green Finance Action Plan developed in 2019. Under the category of asset managers, real estate investment trust ("**REIT**") companies are among other asset management companies required to implement and disclose their ERM framework and practices.

Through driving the implementation of ERM systems, MAS aims to enhance the resilience of REITs to potential risks and impacts derived from environmental factors. These risks carry potential financial costs which will impact the bottom line for REITs and should be taken into account for the REIT's financial or business performance. In addition, they can be integrated with the existing risk management system and assessed accordingly.

The key objectives of the ERM framework can be summarised as follows:

- Establish an intuitive and effective framework accounting for and managing environmental risk at First REIT (or the "**Trust**")
- Develop a deeper understanding of the relationship between the Trust's business and the relevant environmental risks
- Account for the Trust's impact on the environment as accurately as possible
- Account for the environmental risks and impact faced by the Trust as accurately as possible
- Kickstart the formation of an ERM committee and define its set of roles and responsibilities
- Develop a disclosure and reporting format for environmental risks

The ERM guidelines apply to the extent that the asset manager has discretionary authority over the investments and in the case of First REIT, environmental risks need to be assessed down to the individual healthcare assets. Given this is the first time financial institutions and asset managers are required to establish ERM frameworks and disclosure formats in Singapore, these frameworks and their underlying methodologies are expected to evolve on an ongoing basis.

BACKGROUND

The ERM guidelines from MAS have their origins in the Paris Agreement of 2015, under which the parties to the United Nations Framework Convention on Climate Change ("**UNFCCC**") agreed to adopt a universal and legally binding agreement on post-2020 climate action. A target was set within the agreement to limit global warming significantly to below 2.0° Celsius, and to pursue efforts to limit global warming to 1.5° Celsius above pre-industrial levels. According to the Intergovernmental Panel on Climate Change ("**IPCC**"), carbon emissions, if allowed to continue at historical rates, would likely lead to global warming of 1.5° Celsius between 2030 and 2052, as well as a significant decline in biodiversity worldwide.

Singapore, being a small, low-lying city-state, is vulnerable to the impact of environmental change and therefore supports international efforts on tackling environmental change. In line with this, it ratified the Paris Agreement in September 2016 and in 2017. MAS, along with other central banks and supervisors, volunteered to establish a "Network of Central Banks and Supervisors for Greening the Financial System" to mobilise mainstream finance in support of transitioning towards a more sustainable economy.

FORMAT

We adopt some of the recommendations of the Task Force on Climate-Related Financial Disclosures ("**TCFD**") on the format of disclosure as it provides a robust methodology on identifying, assessing and managing environmental risks and opportunities. The disclosures will cover aspects of the TCFD's four pillars of governance, strategy, risk management, metrics and targets.

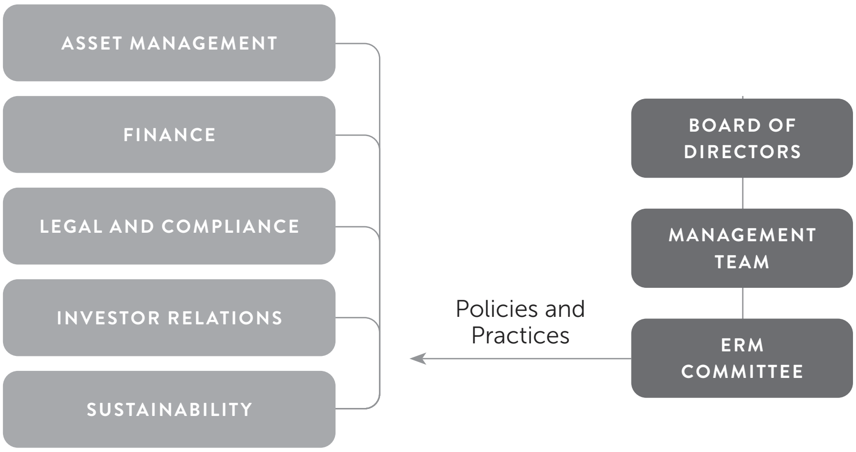
ENVIRONMENTAL RISK **MANAGEMENT**

GOVERNANCE

ERM Governance Structure

At First REIT, ERM is managed by an ERM Committee which is the key driver of environmental risk management policies and practices throughout the company. The ERM Committee is made up of representatives from various departments of the Manager including Asset Management, Investor Relations and Compliance. It is guided by the management team and board of directors who provide oversight of the practices and professional insight and expertise on various issues. The ERM Committee identifies and assesses key environmental risks associated with the business operations and formulates countermeasures for mitigating and handling these risks. The ERM Committee also prepares periodic reports for the management team and board of directors, containing actionable insights.

First REIT's ERM Governance Structure



Role of Board of Directors

The board of directors maintains effective oversight of the ERM implementation and disclosure. Its responsibilities are as follows:

- Approving the ERM framework and policies that would manage the portfolio's environmental risks, taking into consideration the First REIT's fiduciary role and other legal obligations in relation to its unitholders.
- Setting clear roles and responsibilities of the board and senior management covering personnel and functions.
- Integrating environmental risks into the investment risk management framework for portfolio management.
- Ensuring directors have adequate understanding of environmental risk, and senior management is equipped to deal with environmental risks.

The board of directors attends a general board meeting four times a year and any issues pertaining to the environmental risks will be discussed at this meeting. Urgent environmental matters requiring immediate attention will be flagged to the board directly and the board will discuss and provide a timely response to mitigate the situation. With the launch of the ERM framework, environmental risks will be considered in the decision-making process for business strategies, acquisitions and divestments, budget, capital expenditure etc. They will also set appropriate goals and targets for mitigating environmental risks.

Role of Management Team

The management team provides guidance to the ERM Committee in the development and implementation of the ERM framework and policies and maintains effective oversight. Its responsibilities are as follows:

- Regularly reviewing the effectiveness of the framework, policies, tools, metrics and performing scenario analysis.
- Establishing an internal escalation process for managing and addressing incidence of environmental risks.
- Ensuring adequate resources with appropriate expertise (through capacity building and training) are available for managing risks.
- Updating the board of directors on material environmental risk issues in a timely manner.

The ERM Committee works closely with the management team in policy implementation and maintains a close information loop with the management team, frequently providing updates on risk incidence. The management team keeps abreast of latest environmental issues and trending topics through various information platforms. Based on their knowledge of the business operations and landscape, they help the ERM Committee anticipate new and relevant environmental risks.

Training and Capacity building

To help members of the board of directors, the management and the ERM Committee raise their level of competence and knowledge about ERM, the Trust is currently assessing available training courses in the market for their relevance and usefulness in aiding the ERM process.

In addition to the formal training courses, the management team and ERM Committee will consider participating in relevant discussion forums, multi-stakeholder events, webinars, and workshops, to expand their knowledge. Going forward, the Trust also plans to conduct fundamental internal training and sharing of knowledge for all employees under the Trust and the Manager, on the basis that detecting, monitoring and reporting environmental risks should be performed across the organisation and in a rigorous and timely manner.

STRATEGY

Environmental Risk Management Model

There are two types of environmental risks defined in our ERM model. The first is **physical risk**, which refers to the risk of physical damage to properties or physical disruption to its business processes. Physical risks can be further divided into acute physical risks and chronic physical risks. The former refers to risks that pose immediate effects, such as natural disasters and accidents, while the latter refers to those that have longer term effects, such as climate change and environmental degradation.

The second type of environmental risk is **transition risk**. This refers to economic costs incurred, owing to the efforts made towards achieving a certain environment goal. There are many types of driver categories for transition risk. These driver categories include new government policies, compliance costs, adoption of environmentally friendly technologies, shift in market trends, reputational damage and insurance loading.

Methodology

First REIT employed a variety of means to identify the environmental risks faced by the Trust. Preliminary knowledge about potential environmental risks related to healthcare operations are gathered from general research and initial consultation with the operators of the Trust's hospitals and healthcare facilities. Uniquely, the impact from environmental risks that hospitals and healthcare facilities face are second-degree or indirect, as opposed to first-degree impacts such as direct physical impact. Healthcare and healthcare-related assets are also unique in the impact they could exert on the environment due to the complex and sometimes resource-heavy requirements of healthcare or medical operations.

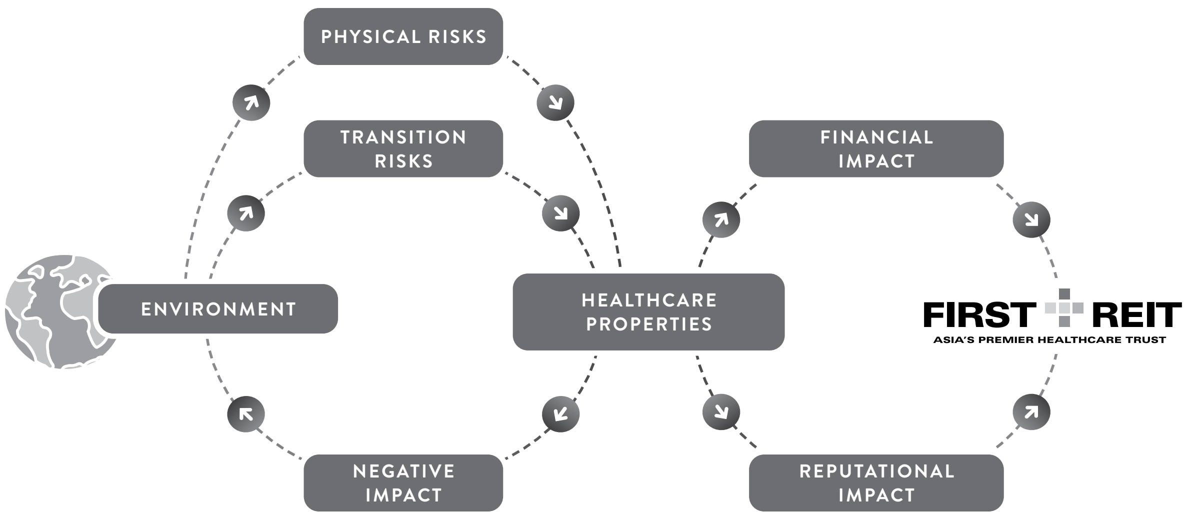
Following the initial round of identifying environmental risks, a list of risk 'centres' or origins was developed as a means to steer the thought process about potential environmental risks. These risk 'centres' include elements of physical risk, such as buildings, land, waste, emissions, water resources, as well as transition risk related factors such as government policies, ESG benchmarks (local and global), medical technology and industry practices.

Following the development of a base set of risks, the risks are then corroborated and shortlisted through a stakeholder engagement process. The process involves meetings and data requests with the operators of the Trust's hospitals and healthcare facilities, with the aim to learn about the extent, scope, boundaries, time horizon, and measurability of the risks.

Risk Monitoring and Reporting System

On an ongoing basis in the future, First REIT will work towards implementing a portfolio-wide risk monitoring and reporting framework that will engage employees, suppliers and business partners in the identification and reporting of new and emerging environmental risks. Similar to a whistle-blowing system, this system relies on information sharing to enhance coverage of risks and encourages all stakeholders to be more aware and vigilant of emerging risks. The Trust is setting up a system that allows stakeholders to communicate with the Manager on a quarterly basis on ESG-related matters.

The diagram below shows the **ERM model**, which illustrates the relationships between environmental risks and First REIT's properties and the consequential impacts on the Trust.



ENVIRONMENTAL RISK **MANAGEMENT**

Key Environmental Risks

Using the methodology described above, six key environmental risks associated with First REIT's business and operations have been identified.

AEROSOL

Definition	Relevance	Impact
Aerosols are minute particles suspended in the air.	Healthcare facilities and hospitals are significant producers of aerosols as they have various aerosol generating sources. • **Devices** such as fire extinguishers, medical dispensers • **Medical procedures** such as tracheal intubation and extubation, manual ventilation, tracheotomy or tracheostomy procedures, bronchoscopy, dental procedures, non-invasive ventilation, ENT airway procedures and gastro-intestinal endoscopy and other surgery and post mortem procedures involving high speed devices • **Hospital staff, patients and visitors** who produce water droplets in the air through talking, breathing, sneezing and coughing	Aerosols damage the ozone layer, which may accelerate climate change. Airborne particles can transmit infectious diseases, such as COVID-19 and SARS-CoV-2

LIGHTING

Definition	Relevance	Impact
Lighting is the deliberate use of light to achieve practical or aesthetic effects and are an essential component in healthcare operations.	Lighting allows treatments and healthcare procedures to be carried out. It also contributes to patient care and comfort. Lighting requirements differ across wards, treatment areas, examination rooms, operating theatres and waiting rooms. Three key parameters considered are illuminance, ability to show object colours realistically or naturally and colour temperature. Cost and sustainability are also important considerations. Hospitals require lighting 24 hours per day 365 days per year, therefore it is important to consider cost factors. Based on data from the US Department of Energy (DOE), hospitals on average use 2.5 times the amount of energy used by commercial buildings[1]. LED lighting has emerged as an optimal lighting source, replacing many incandescent and fluorescent light fixtures previously used for healthcare facilities and hospitals.	Improper lighting can impair the execution of treatments and healthcare procedures. It can also be detrimental to patient care and comfort. Certain studies have suggested that improper lighting can worsen depression amongst patients, increase length of stay in hospitals and inflict pain. The transition to LED lighting is a form of transition risk.

[1] US Office of Energy Efficiency and Renewable Energy, 'Researching Energy Use in Hospitals' https://www.energy.gov/eere/researching-energy-use-hospitals

MERCURY

Definition	Relevance	Impact
Mercury is a toxic heavy metal and if discarded as a waste and makes its way into the environment and remain in it for a long period of time. It would methylize and accumulate in the food supply, creating a source of acute and chronic poisoning and negatively impacting human and environmental health.	In hospitals, mercury is usually found in thermometers, blood pressure devices, gastrointestinal and other medical devices. The liquid metal may also be found in fixatives, preservatives, lab chemicals, cleaners, thermostats, pressure gauges and switches. While hospitals are not the biggest source of mercury pollution, they still stand as a significant source. Mercury spills in healthcare facilities and hospitals can affect both patients and staff. At room temperature, liquid elemental mercury from spills and device breakages can evaporate to its gaseous form, exposing workers or patients in the area to potentially high toxic levels of mercury. Mercury pollution is a global cause of concern. The World Health Organization and United Nations Environmental Programme (UNEP) have issued guidelines for the countries' healthcare sector to become mercury free. UNEP has formed partnerships between governments and other stakeholders to reducing mercury risks. In particular, the Minamata Convention on Mercury on 22 September 2017 outlined key obligations for countries joining the pact to follow. Today, many hospitals are mercury free.[1] There is also regulatory pressure to reduce mercury usage. Indonesia issued the Presidential Decree No. 21 of 2009 concerning the National Action Plan for Mercury Reduction and Elimination. Singapore is part of the Minamata Convention and under the Environmental Protection and Management Act, prohibits the manufacturing, import and export of certain devices with mercury (effective since 1 Jan 2020).	Within the hospital environment, spills and leakages due to breakages of devices can cause poisoning among workers and patients as mercury evaporates into a gaseous state. Outside the hospital, improper disposal of mercury can lead to environmental damage. Disposal of mercury requires specialised services instead of 'double-bagging' it and incinerating it.

[1] The World Health Organization and United Nations Environmental Programme (UNEP) have issued guidelines for the countries' health care sector to become mercury free, and the Minamata Convention on Mercury on 22 September 2017 outlined key obligations for countries joining the pact to follow

REFRIGERANTS

Definition	Relevance	Impact
Refrigerants are working fluids used in cooling systems and refrigerators.	All hospitals have cooling systems to regulate temperature. This is important because it assists in patient care and comfort. Hospitals also have refrigerators to preserve food, medicines, vaccines and blood. Many more eco-friendly alternatives to refrigerants have been developed over the years. Hospitals and healthcare facilities can also enhance ventilation and cooling through building design, interior layout design, improving energy management systems, as well as expanding onsite and offsite use of renewable power.	The leakage of refrigerants, especially in gas form, can cause ozone depletion, which may accelerate climate change. In addition, refrigeration consumes a vast amount of energy, which raises emissions of greenhouse gases leading to global warming. Globally, roughly 365 metric tonnes ("Mt") CO_2 emissions (+/- 90 Mt) annually comes from hospital cooling. This is equivalent to over 75 million cars on the road or running 110 coal power plants for an entire year. If unabated, annual hospital cooling emissions could quadruple by 2040.

WASTE POLLUTION AND CONTAMINATION

Definition	Relevance	Impact
Healthcare and healthcare-related activities produce significant amounts of waste, with a substantial portion being waste of complex and harmful nature. Types of waste categories from hospitals and healthcare facilities include: - Infectious waste - Pathological waste - Sharps waste - Chemical waste - Pharmaceutical waste - Cytotoxic waste - Radioactive waste - Non-hazardous or general waste	Of the total amount of waste generated by healthcare activities, about 85% is general, non-hazardous waste comparable to domestic waste. The remaining 15% is considered hazardous material that may be infectious, chemical or radioactive. High-income countries generate on average up to 0.5 kg of hazardous waste per hospital bed per day while low-income countries generate on average 0.2 kg. Due to the lack of waste separation in low-income countries, the real quantity of hazardous waste much higher. Broadly, Law No. 32 Year 2009 on Protection and Management of Environment and Government Regulation No. 47 Year 2012 on Social and Environmental Responsibility of Limited Liability Companies cover the responsibilities of companies in waste management in Indonesia.	A variety of health issues can arise from hospital or healthcare facility waste such as infections from pathological or infectious waste, sharps-inflicted injuries, toxic exposure to pharmaceutical products, substance contamination from handling of medical wastes, chemical burns, thermal injuries and radiation burns. Treatment and disposal of healthcare waste will impact the immediate hospital or healthcare facility environment or the larger external environment. Such effects include the contamination of water bodies and water resources, chemical contamination of the environment, air pollution and creation of dioxins and furans (human carcinogens) from inadequate incineration, release of toxic metals from incineration of toxic metals.

WASTEWATER

Definition	Relevance	Impact
Wastewater from healthcare facilities and hospitals contain a wide range of contaminants and are one of the most toxic categories of municipal wastewaters. These contaminants can enter into natural environments, such as aquatic and terrestrial ones, threatening human health and aquatic life.	Healthcare activities discharge a significant amount of wastewater, which contain pollutants and harmful substances such as pharmaceuticals, heavy metals, residual of chemical compounds used in laboratories, disinfectants, radioisotopes, and a variety of pathogenic microorganisms. Indonesia has introduced concrete regulations on wastewater management such as Government Regulation No. 47 Year 2012 on Social and Environmental Responsibility of Limited Liability Companies and Environment Minister Regulation No. 5 Year 2014 on Wastewater Quality Standards. In Singapore, under the Environmental Protection and Management Act, no trade effluents shall be discharged into any watercourse or land without a written permission approved by the Director-General and the trade effluents cannot contain certain substances such as radioactive substances, pesticide, insecticide, refuse, petroleum, etc. Various technological options are now available for treatment and safe disposal of hospital wastewater.	Wastewater can end up in surface and ground waters where they can contaminate the aquatic ecosystem and interfere with the food chain. They can also contaminate reservoirs and cause harm to humans exposed to contaminated drinking water. In addition, there is an emergence of multi-drug resistant microbial strains leading to the spread of antibiotic resistance. The COVID-19 pandemic adds complexity to the wastewater issue as the virus can accumulate in sewage systems, so medical wastewater must be treated properly, to reduce the environmental health risks from untreated wastewater.

ENVIRONMENTAL RISK **MANAGEMENT**

RISK MANAGEMENT AND MEASUREMENT

Under First REIT's ERM system, various physical and transition risks are modelled around the six categories of risks, namely aerosols, lighting, mercury, refrigerants, waste and wastewater. For every risk, possible scenarios are modelled and assessed on their probability of occurrence and impact. In every scenario, a transmission chain of effects from occurrence of risk to eventual impact is being modelled. The impact can be physical, operational, financial or reputational or a combination of any of these.

To close the loop on the ERM framework, we need to interpolate the costs from potential impacts to the Trust under the respective risk scenarios. Costs can be measured quantitatively or qualitatively. Certain costs which are not easily observable or measurable can be measured by second degree metrics (e.g. using man-hour costs in repair) as a proxy for cost of damage of equipment or other property.

Aerosol

Within the hospitals and healthcare facilities, aerosols can be produced from various hospital dispensers or procedures. Most of its effects are not immediate or highly visible. Over the long-term, overproduction of aerosols can lead to ozone depletion or increase probability of fire hazards or airborne infection health hazards. Such events will cause operational disruption, property damage, rectification costs, reputational loss and loss of business. A more likely and immediate scenario would involve the hospitals facing pressure to switch out of their aerosol dispensers such as fire extinguishers due to competing hospitals already making earlier transitions.

RISK	Industry pressure to switch to more eco-friendly devices that do not produce aerosols
SCENARIO	Hospitals switch out of older fire extinguishers to newer eco-friendly fire extinguishers transition

TRANSMISSION EFFECT 1	TRANSMISSION EFFECT 2	TRANSMISSION EFFECT 3	TRANSMISSION EFFECT 4
Competing hospitals transition to fire extinguishers that produce less aerosols	Competing hospitals win accolades and positive brand reputation for switching to fire extinguishers that produce less aerosols	Hospitals driven to make transition to fire extinguishers that produce less aerosols or risk losing out in ESG-related credibility	Hospitals make investment to transition to fire extinguishers that produce less aerosols

MEASUREMENT OF COST OF RISK	• Total and unit investment cost of switching to eco-friendlier versions (Volume X Unit Cost) • Unit cost

Other kinds of risks assessed:
- Fire hazards from over-concentration of aerosols
- Airborne infections

Lighting

The impact of lighting choices on hospitals and healthcare facilities can be both immediate and longer term. Older versions of lighting such as fluorescent and incandescent light can lead to unfavourable comparisons by patients, negative word-of-mouth, reputational impact and business attrition. Newer lighting technologies are also potentially more energy-efficient. The scenario presented here involves the transition risk of the current market trend of transitioning to LED lighting at hospitals and the consequence of not making the transition.

RISK

Market trends of transitioning to LED lighting, especially among competitors

SCENARIO

Patients switch to other hospitals and healthcare facilities as the Trust's properties lag the market or competitors in adoption of better-quality lighting for better comfort

TRANSMISSION EFFECT 1	TRANSMISSION EFFECT 2	TRANSMISSION EFFECT 3	TRANSMISSION EFFECT 4
Patients or visitors complain about lighting conditions and comfort levels	Hospitals and facilities experience customer attrition related to the complaints	Negative 'word-of-mouth' emerges in social media from patient experience	Further business attrition that impacts rental revenue of the Trust

MEASUREMENT OF COST OF RISK

- Total and unit investment cost of switching to eco-friendlier versions (Volume X Unit Cost)
- Reputational loss measured by media and social media coverage
- Estimation of patient attrition and revenue loss

Other kinds of risks assessed:
- Fire hazards
- New lighting technologies

Mercury

Mercury as a pollutant and the continued use of mercury in healthcare operations pose a number of both physical and transition risks. Its physical risks originate from mercury spillage and mercury disposal while its transition risks originate from a growing resolve worldwide to phase out mercury, championed by governments and international organisations. The scenario featured here examines a case of mercury poisoning in the external environment from inappropriate disposal methods, leading to destruction of bio-ecosystems and wildlife.

RISK	Inappropriate mercury disposal causing environmental harm and repercussions on the hospitals and facilities
SCENARIO	Mercury poisoning causes destruction of bio-ecosystem in nearby land and water or at waste disposal venues such as landfills or incinerators

TRANSMISSION EFFECT 1	TRANSMISSION EFFECT 2	TRANSMISSION EFFECT 3	TRANSMISSION EFFECT 4	TRANSMISSION EFFECT 5	TRANSMISSION EFFECT 6
Inappropriate disposal of mercury results in mercury potentially infiltrating land and aquatic bio-ecosystems	Death of animals and plants from the contamination caused by mercury infiltration into natural habitats	Government penalises with regulatory action	News gets covered in media and social media, alerting environmental groups and activists	Environmental groups and activists lobby for boycott of hospital or the entire hospital group	Loss of reputation and business which affects rental revenue of the Trust

MEASUREMENT OF COST OF RISK	• Cost of lawsuits, compensation and regulatory fines • Cost of dealing with environmental groups, activism and boycotts • Reputational and business loss

Other kinds of risks assessed:
- Contamination of public water or land resources
- Long-term health effects from exposure to mercury contamination
- Mercury spillage or breakage of mercury-laden devices
- Industry pressure and market trends to reduce mercury
- Government regulations to reduce mercury

Refrigerants

Refrigerant technology has progressed over the years and creating technological trend-driven pressure for hospitals, of which cooling systems are essential, to upgrade their cooling systems. While there are currently no government regulations requiring hospitals to switch to more eco-friendly refrigerants, industry pressure to reduce CO_2 emissions as well as new technologies would drive hospitals to make this switch. The scenario illustrated here depicts the consequences of not investing in a transition out of existing refrigerants to more eco-friendly versions.

RISK

Technological trend-driven transition from normal refrigerants to more eco-friendly refrigerants

SCENARIO

Hospitals and healthcare facilities decide not to make the investment to change from normal refrigerants to more eco-friendly versions

TRANSMISSION EFFECT 1	TRANSMISSION EFFECT 2	TRANSMISSION EFFECT 3	TRANSMISSION EFFECT 4
Hospitals and facilities chose status quo on the use of refrigerants for cooling systems	Energy usage remains high and the CO_2 emissions remain high	Potential future imposition of carbon credit system leads to expenditure to buy carbon credits	Higher costs associated with a non-eco-friendly building cooling system over the long-term

MEASUREMENT OF COST OF RISK

- Total and unit investment cost of switching to new refrigerants (Volume X Unit Cost)
- Other ancillary costs such as installation or the addition of flowmeters
- Potential cost of carbon credits

Other kinds of risks assessed:

- Government regulatory specifications on cooling systems and refrigerants
- Industry-trend driven need to redesign layout to reduce cooling system needs

Waste

Given the complex nature of hospital and medical waste, there are numerous risk scenarios to model, from the effects of general non-hazardous waste to the impact of various categories of hazardous waste. Contamination by hazardous waste can occur within the premises of the healthcare facility or in external environments such as landfills, nearby farmlands, water bodies etc. Such contamination can cause public health issues, bio-ecosystem damage, and destruction of natural resources, leading to repercussions such as regulatory penalties, lawsuits, public boycotts, as well as reputational and business loss. The risk scenario assessed here depicts the consequences of an incident of contamination from infectious and pathological waste.

RISK	Generation of infectious and pathological waste from hospital/ healthcare facility operations
SCENARIO	Hospital staff and/or patients fall ill as a result of contamination from handling or coming into contact with infectious and pathological waste

TRANSMISSION EFFECT 1	TRANSMISSION EFFECT 2	TRANSMISSION EFFECT 3	TRANSMISSION EFFECT 4
Infected hospital staff and/or patients succumb to illness and death	Available hospital workforce reduces, which lowers capacity of patient intake	Hospital to expend resources to treat the affected people and investigate incident	Reputational and business loss from media reports about infection

MEASUREMENT OF COST OF RISK	• Cost of lawsuits, compensation and regulatory fines • Cost of dealing with environmental groups, activism and boycotts • Reputational and business loss • Cost of health measures such as medical treatment and disinfection (all estimable using standard hospital bills)

Other kinds of risks assessed:
- Inadequate management of general waste
- Bio-ecosystem destruction
- Contamination of natural resources
- Long-term health issues
- Government regulations to control waste

Wastewater

In a way similar to the effects of waste, wastewater or effluents from hospital operations can severely contaminate public water bodies and lead to public health issues, bio-ecosystem damage, and destruction of natural resources. Each of these scenarios has serious repercussions in the form of regulatory action, reputational impact and backlash from environmental groups and the public. The risk scenario illustrated here depicts the consequences of an incident of contamination of public water bodies leading to both health effects and a shortage of clean water.

RISK: Contamination of water bodies affecting humans and public health, caused by wastewater originating from hospital and healthcare facility operations

SCENARIO: A health crisis and a clean water supply crisis emerges from the contamination

TRANSMISSION EFFECT 1	TRANSMISSION EFFECT 2	TRANSMISSION EFFECT 3	TRANSMISSION EFFECT 4
Residents from communities living near the water body fall ill and clean water supply is also affected	Hospital to expend resources to treat the affected people and investigate incident	Hospital gets reprimanded or sanctioned by the relevant authorities	Reputational and business loss from media reports about infection, as well as potential law suits from local community

MEASUREMENT OF COST OF RISK
- Cost of lawsuits, compensation and regulatory fines
- Cost of dealing with environmental groups, activism and boycotts
- Reputational and business loss

Other kinds of risks assessed:
- Bio-ecosystem destruction
- Long-term health issues
- Government regulations to control wastewater

Greenhouse Gas Emission Disclosure

In terms of accounting for Greenhouse Gas ("**GHS**") emissions related to its properties, the Trust is currently in discussions with its healthcare operators and consultants on a measurement system and a suitable measurement standard.

CONTROL MEASURES

Aerosols

Risk	Obsolescence of fire extinguishers	Fire hazards	Airborne infections
Probability	Moderate	Low	Low to Moderate
Explanation	Market and industry trend probably a bigger driver than environmental damage	Aerosols not typically a cause of fires	Highly relevant given the current pandemic but difficult to trace the impact

The Indonesian hospital operator Siloam has already started replacing the existing fire extinguishers which produce CO_2 and are dry chemical-based with a more eco-friendly APAR (lightweight fire extinguisher) version. For hospitals owned by the Trust, a total of 188 units have been purchased since 2019. As aerosols are being produced from a variety of hospital devices and medical procedures, the hospitals owned by First REIT as well as the nursing homes under the Trust are assessing various opportunities and new technologies to replace aerosol-producing devices and procedures. Air purifiers and systems that can reduce aerosol content in the air will be assessed for procurement. The hospitals and healthcare facilities will also investigate and identify the largest sources of aerosol production in their respective operations and design ways to reduce aerosol production from these sources.

Lighting

Risk	Market trend of switching to LED	Fire hazards and other dangers of older lighting
Probability	High	Low
Explanation	Many healthcare facilities have already switched to LED	Actual incidence of fire caused by lighting has been very low

100% of the Trust's Indonesian hospitals have already completed the transition from fluorescent or incandescent lighting to LED lighting. Both the Trust and its other non-Indonesian tenants are aiming for an LED transition in the rest of the properties. This is in line with current market trends in healthcare facilities worldwide, especially in developed markets. There are both short term and long-term costs to not switching to LED lighting, and therefore the motivation to switch is very high. In the short term, poor patient and visitor experience from using old lighting, coupled with competitors offering better conditions, will lead to poor reviews and eventually loss of business. In the long-term, LED lighting helps reduce energy consumption and environmental impact and save costs. Moving forward, the Trust together with the underlying tenants/operators, will continue to explore other energy-saving lighting technologies and devices in the market and evaluate their applicability to its properties. It will also consider 'hygiene' measures such as conducting an annual review of room lighting conditions and implementing regular replacements to safeguard health by enabling tenants and employees to perform their work comfortably and efficiently, as well as for safety and sustainability purposes.

Mercury

Risk	Mercury spillage	Bio-ecosystem destruction	Contamination of natural resources	Long-term health issues	Industry pressure and market trends to reduce mercury	Government regulations to reduce mercury
Probability	Moderate	Low	Moderate	Low	High	High
Explanation	Breakage of thermometers is common	Actual incidence of serious damage is uncommon	Many farm lands in Indonesia at risk and scarcity of drinkable water is an issue	Health issues detectable only over long-term	The UN and other organisations are already pushing for mercury reduction	Regulations already existing in Indonesia and Singapore

Environmental damage caused by mercury leakage or contamination can be highly disastrous and severe, though most of the time, the likelihood of a disaster happening is low. The current movement to reduce to mercury usage is driven more by market trends and regulatory pressure. Since 2019, Siloam Hospitals has started replacing mercury-based blood pressure monitor with needle or digital based versions and as at end of 2021, 380 monitors have been replaced with the newer versions.

To reduce incidence of mercury-related mishaps such as spillage or inappropriate disposal of mercury, the operators of the Trust's properties will assess their current handling and disposal procedures for mercury-based items. Following their assessment, possible measures to implement could include refining standard operating procedures for mercury handling, improvement of disposal procedures, establishing a list of prohibited sites for mercury disposal and tightening criteria for appointment of disposal vendor. Over the longer term, the operators will make plans to phase out mercury usage and impose stringent mercury exclusion conditions for the procurement department.

Refrigerants

Risk	Market trend of transitioning out of old refrigerants	Market driven need to redesign layout to reduce cooling system needs
Probability	High	Low
Explanation	This is already being implemented at Siloam hospitals	Harder to implement at older hospitals, and easier to implement at new hospitals

Siloam Hospitals has started to replace the refrigerants in some of its hospitals to more eco-friendly versions and as at the end of 2021, nine out of 15 hospitals under First REIT have purchased the eco-friendly versions. In 2022, Siloam plans to install flowmeters in every hospital under the Group, which will help track energy usage related to the refrigerants. It will also continue to implement the replacement of refrigerants at all the remaining hospitals, set more stringent criteria for future procurement as well as continue to explore newer and more energy-efficient refrigerants. The Trust will also assess and consider similar transitions for its nursing homes in Singapore. Natural ventilation and cooling principles can become part of the key considerations for the design and layout of new hospitals and extensions or for the Trust's asset acquisition criteria.

ENVIRONMENTAL RISK **MANAGEMENT**

Waste

Risk	Inadequate management of general waste	Bio-ecosystem destruction	Contamination of natural resources	Immediate health issues with staff and patients	Long-term health issues	Government regulations to control waste
Probability	Low	Low	Moderate	Moderate	Low	High
Explanation	Mismanagement incidents are rare	Actual incidence of serious damage is uncommon	Many farm lands in Indonesia at risk and scarcity of drinkable water is an issue	Unintended exposure can happen occasionally	Health issues detectable only over long-term	Regulations already exist in Indonesia and Singapore

Waste management at Siloam Hospitals and the Singapore nursing homes are currently handled by third-party vendors. To enhance the overall standard of waste management, the Trust is in discussion with the hospital and nursing home operators on the implementation of more comprehensive waste management measures. These potential measures include installation of more specialised waste disposal facilities for hazardous waste, an internal fine system on waste production and disposal, stricter criteria for vendor selection, stricter hazardous waste handling protocol, and a list of prohibited sites for waste disposal and internal waste reduction campaigns.

Wastewater

Risk	Contamination of water bodies and health crisis	Bio-ecosystem destruction	Contamination of water resources	Government regulations to control wastewater
Probability	Low	Low	Moderate	High
Explanation	Such incidents are uncommon	Actual incidence of serious damage is uncommon	Safe drinking water in Indonesia is scarce	Regulations already existing in Indonesia and Singapore

All hospital units under Siloam Hospitals are committed to the monitoring, management, reporting and treatment of wastewater. Siloam Hospitals also implements treatment of wastewater in the wastewater treatment plants available in most of its hospitals prior to discharge into the local canals to avoid contamination. Training on processing wastewater is provided to the sanitarian team under the facility management division and wastewater quality is being monitored in accordance with Indonesia's regulation on wastewater quality standards.

The Trust is in discussion with the hospital and nursing home operators on the introduction of other wastewater management measures which could include the enforcement of stricter protocol on effluent discharge as well as more stringent criteria for selecting wastewater management vendors.

CORPORATE GOVERNANCE REPORT

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

This report sets out the Manager's corporate governance practices for the financial year ended 31 December 2021 ("**FY2021**"). The Manager is pleased to report that it has complied with the Code of Corporate Governance 2018 issued by the Monetary Authority of Singapore (the "**MAS**") ("**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 2001 ("**SFA**"), the Securities and Futures (Licencing 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[1] for so long as First REIT continues to be in existence.

The Manager is 40% directly held by OUE Lippo Healthcare Limited ("**OUELH**") and 60% directly held by OUE Limited ("**OUE**"). The Manager's association with OUELH 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.

1 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 and Remuneration Committee ("**NRC**", and together with the ARC, the "**Board Committees**") in discharging its responsibilities. The composition of the Board Committees is set out on pages 96 and 105, and the Corporate Information page of this Annual Report. The Board has delegated specific responsibilities to these Board Committees and their duties are described in this report. The compositions, duties, authorities and accountabilities of each Board Committee are set out in their respective written terms of reference. While these Board Committees have the authority to examine particular issues in their respective areas, the Board Committees report to the Board with their decisions and/or recommendations as the ultimate responsibility on all matters lies with the entire Board.

The Manager has adopted internal guidelines whereby certain key matters are specifically reserved for the Board's approval, such as business strategy and planning, acquisitions and disposal of properties, material financial commitments, loan facilities, distribution to Unitholders and maintaining a framework of prudent and effective controls, including a system of internal controls and an enterprise risk management ("**ERM**") framework. The Manager has also adopted a framework of delegated authorisation, as set out in its Limits of Authority ("**LOA**"). The LOA sets out the procedures and levels of authorisation required for specified transactions. It also sets out approval limits for operating and capital 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 quarterly business updates and the half-year and full-year results. The Board also reviews the risks to the assets of First REIT and acts judiciously upon any comments from the auditors of First REIT.

During the financial year under review, the Board had 6 meetings.

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 is set out on pages 38 to 74 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, Singapore Institute of Directors ("**SID**"), REIT Association of Singapore, and Singapore Business Federation. 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 were 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 FY2021, the Directors were briefed on the relevant regulatory and legislative changes including topics related to environment, social and governance (ESG), green financing and an update on geo-political and macroeconomic developments.

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.

The number of Board, ARC, NRC and general meetings held in FY2021 and the attendance by each of the Directors at these meetings are set out below:

Name of Directors	Board Meetings No. of meetings held in FY2021: 6 Attended	Audit and Risk Committee Meetings No. of meetings held in FY2021: 4 Attended	Nominating and Remuneration Committee Meetings No. of meetings held in FY2021: 1 Attended	General Meetings No. of meetings held in FY2021: 2 Attended[(1)]
Mr Christopher James Williams	6	NA	NA	2
Mr Tan Kok Mian Victor	6	NA	NA	2
Mr Chan Pengee Adrian	6	4	1	2
Mr Ferris Charles Bye	6	4	NA	2
Mr Tan Chuan Lye	6	4	1	2
Mr Martin Lechner	6	4	NA	2
Ms Minny Riady	6	NA	1	2

Note:
(1) The extraordinary general meeting held on 19 January 2021 and the annual general meeting held on 27 April 2021 were each convened and held by way of electronic means. These Directors were in attendance via electronic means.

Board Composition and Guidance
Principle 2

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

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

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

As the current Chairman of the Board, Mr Christopher James Williams, is a Non-Independent Non-Executive Director, Mr Chan Pengee Adrian has been appointed as Lead Independent Director. The Lead Independent Director provides leadership in situations where the Chairman of the Board is conflicted and is available to Unitholders where they have concerns and for which contact through the normal channels of communication with the Chairman of the Board or Management has failed to resolve or is inappropriate or inadequate. As the Lead Independent Director, Mr Chan Pengee Adrian 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.

No alternate Director had been appointed to the Board during FY2021.

The Board comprises business leaders and professionals with fund management, legal, business management and finance backgrounds. Key information on the Directors' particulars and background are set out on pages 10 and 14 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.

The Manager recognises and embraces the importance and benefits of having a diverse Board to enhance the quality of the Board's performance, and in supporting First REIT's strategic objectives and sustainable development. The Board has implemented a board diversity policy (the "**Board Diversity Policy**") which takes into account relevant measurable objectives such as skills, experience and knowledge, gender, age, ethnicity and other relevant factors. In recognition of the merits of gender diversity, the NRC has committed to ensuring female candidates are included for consideration when identifying suitable candidates for new appointment to the Board. In this regard, one out of the seven Directors is female. The current Board composition also reflects a diversity of skills, experience and knowledge, comprising business leaders and professionals from varied backgrounds, and other aspects of diversity such as age (53 to 68 years), nationality (3 Singaporeans and 4 foreigners) and gender (1 female), contributing to improved risk management and more robust decision making for the strategic future of First REIT. In particular, in view that First REIT's portfolio is located across the region, the Board comprises a significant proportion of Directors from a diverse geographical background to better serve the needs of First REIT. The NRC remains committed to implementing the Board Diversity Policy and any progress made towards the implementation of the board diversity policy will be reported to the Board on an annual basis and disclosed in future annual reports, as appropriate.

Under the Code, for First REIT, an "independent" director is one who is independent in conduct, character and judgement, and has no relationship with the Manager, its related corporations, its substantial shareholders, or its officers or substantial Unitholders that could interfere, or be reasonably perceived to interfere, with the exercise of the director's independent business judgement in the best interests of First REIT. In addition, under the Listing Manual and the SFLCB Regulations, an independent director is one who (i) is independent from any management and business relationship with the Manager and First REIT, (ii) is independent from any substantial shareholder of the Manager and any substantial Unitholder, (iii) is not a substantial shareholder of the Manager or a substantial Unitholder, (iv) has not served on the Board for a continuous period of nine years or longer and (v) is not employed or has been employed by the Manager or First REIT or any of their related corporations in the current or any of the past three financial years and does not have an immediate family member who is employed or has been employed by the Manager or First REIT or any of their related corporations in the current or any of the past three financial years and whose remuneration is or was determined by the Board. Based on a review of the relationships between the Directors, the Manager and First REIT in accordance with the requirements of the Code, the Listing Manual and the SFLCB Regulations, the Board considers Mr Chan Pengee Adrian, Mr Tan Chuan Lye, Mr Martin Lechner and Mr Ferris Charles Bye to be independent. Further details on the review of the Director's independence is found on page 98 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.

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 and key management personnel;

- determining annually, and as and when required, the independence of a Director;

- making recommendations to the Board on the process and objective performance criteria for assessing the performance and effectiveness of the Board as a whole, the Board Committees and the contribution of each Director to the effectiveness of the Board;

- reviewing the training and professional development of the Board and to ensure that new directors are aware of their duties and obligations as directors of the Manager;

- ensuring that the Manager is transparent in its remuneration policies, level and mix of remuneration, the procedure for setting remuneration and the relationships between remuneration, performance and value creation;

- reviewing and recommending to the Board the specific remuneration packages for each Director as well as for the key management personnel;

- recommending to the Board a framework of remuneration covering all aspects of remuneration including but not limited to Directors' fees, salaries, allowances, bonuses, options, unit-based incentives and awards and benefits-in-kind for each member of the Board and key management personnel; and

- reviewing the Manager's obligations to ensure that contracts of service of CEO and key management personnel contain fair and reasonable termination clauses which are not overly generous.

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 OUELH. 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. The NRC also takes into consideration whether a candidate had previously served on the board of companies with adverse track records or a history of irregularities, and assesses whether a candidate's resignation from the board of any such company would cast any doubt on his ability to act as a Director of the Manager. In addition, as part of the regulatory requirements, the MAS must approve any change of CEO or the appointment of any Director. Directors of the Manager are not subject to periodic retirement by rotation.

Additionally, in the recruitment of Directors, the NRC is mindful of the importance of ensuring that the Board is well balanced and diverse. As part of its Board Diversity Policy, the Board continues to be open and vigilant in identifying the appropriate female candidate(s) who may possess the competency level and skill sets necessary to bring greater value to First REIT and its various stakeholder constituencies. Whenever it seeks to identify a new Director for appointment to the Board, the Board ensures that female candidates are included for consideration by the NRC. From there, the final selection will be made in a fair and undiscriminating manner.

The selection and nomination process involves the following:

(a) in carrying out its review, the NRC will take into account that the Board composition should reflect balance in matters such as skill representation, tenure, experience, age spread and diversity;

(b) the NRC will identify suitable candidates for appointment to the Board having regard to the skills required and the skills represented on the Board;

(c) external consultants may be used from time to time to access a wide base of potential non-executive Directors. Those considered will be assessed against a range of criteria, including the nominee's track record, background, experience, professional skills, financial literacy, core competencies and personal qualities. The NRC and the Board will also consider whether a candidate's skills and experience will complement the existing Board and whether the candidate has sufficient time available to commit to his responsibilities as a Director; and

(d) the NRC will make recommendations to the Board on candidates it considers appropriate for appointment.

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

Directors' Time Commitment

In determining whether a Director has been adequately carrying out his/her duties as a director of the Manager, the NRC takes into account the assessments of the individual Director's effectiveness and his/her actual conduct on the Board. Further, the NRC believes that setting a maximum limit on the number of directorships a Director can hold is arbitrary, given that time requirements for each board may vary, and thus should not be prescriptive. Instead, a qualitative and holistic approach is taken. The number of directorships each Director holds should be considered on a case-by-case basis, as a person's available time and attention may be affected by many different factors, such as his/her individual capacity, whether he/she is in full-time employment, the nature of his/her other responsibilities and his/her near term plan regarding some of the other appointments. A Director with multiple directorships is expected to ensure that he/she can devote sufficient time and attention to the affairs of the Manager. Notwithstanding that the Directors have multiple listed company board representations and/or other principal commitments, the NRC has assessed each individual Director on his 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 FY2021. The Board and NRC are satisfied that all Directors have discharged their duties adequately for FY2021.

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 FY2021	(ii) had been independent from any business relationship with the Manager and First REIT during FY2021	(iii) had been independent from every substantial shareholder of the Manager and every substantial Unitholder of First REIT during FY2021	(iv) had not been a substantial shareholder of the Manager or a substantial Unitholder of First REIT during FY2021	(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 FY2021
Mr Christopher James Williams[(1)]	✓	–	–	✓	✓
Mr Tan Kok Mian Victor[(2)]	–	✓	–	✓	✓
Mr Chan Pengee Adrian[(3)]	✓	–	✓	✓	✓
Mr Ferris Charles Bye	✓	✓	✓	✓	✓
Mr Tan Chuan Lye	✓	✓	✓	✓	✓
Mr Martin Lechner	✓	✓	✓	✓	✓
Ms Minny Riady[(4)]	✓	–	–	✓	✓

Note(s):

(1) Mr Christopher James Williams is a director of OUE, which is a substantial shareholder of the Manager and a substantial Unitholder. As such, during FY2021, 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 2021, Mr Williams was able to act in the best interests of all the Unitholders as a whole. As at 31 December 2021, 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 FY2021, 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 2021, Mr Tan was able to act in the best interests of all the Unitholders as a whole. As at 31 December 2021, Mr Tan was able to act in the best interests of all the Unitholders as a whole.

(3) Mr Chan Pengee Adrian is Head of the Corporate Department and senior partner of Lee & Lee which is one of the Singapore law firms providing legal services to OUE group. OUE group wholly-owns the Manager. As such, during FY2021, pursuant to the SFLCB Regulations, Mr Chan is deemed to have a business relationship with the Manager. Nonetheless, the Board has in its review taken into consideration:

- Mr Chan having declared that he does not hold a substantial partnership interest (less than 5%) in Lee & Lee and the legal fees which Lee & Lee receives from OUE group are insubstantial in relation to Lee & Lee's overall revenue.
- Mr Chan does not personally represent First REIT in relation to any legal work by Lee & Lee for First REIT.
- Mr Chan is not involved in the selection and appointment of legal counsels for First REIT.

Based on the above, the Board is of the view that Lee & Lee's business relationship with OUE group should not interfere with Mr Chan's ability to exercise independent judgement and Mr Chan should be treated as an Independent Director. The Board is satisfied that, as at 31 December 2021, Mr Chan was able to act in the best interests of all the Unitholders as a whole. As at 31 December 2021, Mr Chan was able to act in the best interests of all the Unitholders as a whole.

(4) Ms Minny Riady is the sister of Mr James Tjahaja Riady and Dr Stephen Riady who are substantial shareholders of the Manager and substantial Unitholders. As such, during FY2021, 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 2021, Ms Riady was able to act in the best interests of all the Unitholders as a whole. As at 31 December 2021, Ms Riady was able to act in the best interests of all the Unitholders as a whole.

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

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 evaluation categories covered in the questionnaire include Board composition and competency, Board information, Board process, Board accountability, performance benchmarking, Management communications, standard of conduct, risk management and internal controls. The results of this assessment is collated by the Company Secretary and discussed by the NRC and the Board. Based on feedback from the Directors in the questionnaire, recommendations are implemented to further enhance the effectiveness of the Board, where appropriate. The Board believes that the collective performance of the Board and that of individual Board members are reflected in the proper guidance, diligence oversight and leadership which the Board provides to Management as well as the long-term performance of First REIT. The Board is also able to assess the Board Committees through their regular reports to the Board on their activities. Pursuant to the Board evaluation process, the Board is satisfied that it has achieved its performance objectives for FY2021.

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 evaluation categories covered in the individual assessment include independence and integrity, preparedness, participation, commitment and competence. The Board is cognisant that individual director evaluations are an important complement to the evaluation of a board's overall performance and the results of the Individual Director self-assessment are also compiled by the Company Secretary and discussed by the NRC.

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 FY2021.

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 practises, 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.

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

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

a) identify the critical roles, recognise capabilities of the critical roles and select the talent pool;

b) develop and implement succession and knowledge transfer plans; and

c) evaluate effectiveness.

Remuneration of Non-Executive Directors

The remuneration for each Non-Executive Director takes into account the relevant Director's contribution and responsibilities, including effort, attendance and time spent at Board and Board Committee meetings and the industry practises and norms on remuneration including guidelines set out in the Statement of Good Practise 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 FY2021:

1) base fee for membership of the Board;

2) fee for chairing the Board;

3) fee for acting as Lead Independent Director;

4) base fee for membership of the Board Committee; and

5) fee for chairing the respective Board Committees.

Disclosure of remuneration of the Directors for FY2021

A breakdown of the Director fees payable to each Director for FY2021 is shown below:

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

Notes:

(1) The framework for determining the Directors' Fees in FY2021 is as follows: (i) S$50,000 for acting as the Chairman of the Board; (ii) S$50,000 for acting as a member of the Board; (iii) S$20,000 for acting as the Lead Independent Director; (iv) S$37,500 for acting as the Chairman of the ARC; (v) S$18,750 for acting as a member of the ARC; (vi) S$25,000 for acting as the Chairman of the NRC; and (vii) S$12,500 for acting as a member of the NRC.

(2) The fees payable to Mr Christopher James Williams comprise (i) S$50,000 for acting as the Chairman of the Board and (ii) S$50,000 being member of the Board.

(3) No director fee was payable to Mr Tan Kok Mian Victor in respect of his position as Executive Director in FY2021.

(4) The fees payable to Mr Chan Pengee Adrian comprise (i) S$50,000 for acting as a member of the Board, (ii) S$20,000 for acting as the Lead Independent Director, (iii) S$18,750 for acting as a member of the ARC, (iv) S$12,500 for acting as a member of the NRC and (v) S$25,000 for acting as the Chairman of the NRC.

(5) The fees payable to Mr Tan Chuan Lye comprise: (i) S$50,000 for acting as a member of the Board, (ii) S$18,750 for acting as a member of the ARC and (iii) S$12,500 for acting as a member of the NRC.

(6) The fees payable to Mr Martin Lechner comprise: (i) S$50,000 for acting as a member of the Board and (ii) S18,750 for acting as a member of the ARC.

(7) The fees payable to Mr Ferris Charles Bye comprise: (i) S$37,500 for acting as the Chairman of the ARC, (ii) S$18,750 for acting as a member of the ARC and (iii) S$50,000 for acting as a member of the Board.

(8) The fees payable to Ms Minny Riady comprise: (i) S$50,000 for acting as a member of the Board and (ii) S$12,500 for acting as a member of the NRC.

The NRC had recommended to the Board a total amount of S$545,000 as Directors' fees for FY2021, to be paid in arrears. This recommendation had been endorsed by the Board and will be tabled for approval at the Manager's forthcoming general meeting for shareholders' approval.

Remuneration of Executive Director/CEO – Key Management Personnel

The Manager advocates a performance-based remuneration package for the CEO. The CEO has a service agreement with the Manager and his remuneration and terms of appointment were negotiated and recommended by the NRC and is endorsed by the Board. The remuneration of the CEO comprises a fixed salary and a performance bonus which is tied to 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 practises 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.

Remuneration of Key-Executive Officers

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

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

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

There is no existing service agreement entered into by the Directors or key management personnel with the Manager that provides for termination, retirement or post-employment benefits. During FY2021, 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 FY2021. 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 FY2021. "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 healthcare industry. The Board reviews management reports and feasibility studies on individual development projects prior to approving major transactions. Management meets regularly to review the operations of the Manager and First REIT and discuss any disclosure issues.

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

Internal Controls

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

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

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 2021 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 FY2021, 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 FY2021, 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 the Manager's current auditing firm, KPMG LLP, in the past three financial years and none of the ARC members hold any financial interest in KPMG LLP.

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

The ARC is guided by its terms of reference which have been updated to be in line with the Code 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 FY2021 is set out on page 94 of this Annual Report.

In FY2021, the ARC:

(i) held 4 meetings during the year;

(ii) reviewed and approved the Internal and External Audit Plans, including the nature and scope of work before commencement of these audits;

(iii) reviewed and approved the Enterprise Risk Assessment Report;

(iv) met with the internal and external auditors without the presence of Management, to discuss their findings as set out in their respective reports to the ARC. Both the internal and external auditors had confirmed that no restrictions were placed on the scope of audits;

(v) reviewed and recommended to the Board, the half and full-year financial statements and audit report;

(vi) reviewed all services provided by the external auditors and were satisfied that the provision of such services did not affect their independence. The external auditors had also affirmed their independence in their report to the ARC;

(vii) reviewed Related Party Transactions on a quarterly basis;

(viii) reviewed and determined the adequacy and effectiveness of the risk management and internal control systems, including financial, operational, compliance and information technology controls and made the requisite recommendations to the Board; and

(ix) received the Manager's compliance report for FY2021.

In the review of the financial statements for FY2021, 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:

Key Audit Matters	How the ARC reviewed these matters and what decisions were made
Valuation of investment properties	The ARC had considered the methodologies and key assumptions applied by the external valuers in arriving at the valuation of the investment properties. 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. 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. 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 FY2021. Please refer to page 117 and 118 of this Annual Report.

The aggregate amount of fees paid/payable to external auditors was S$673,000 which was entirely for audit service fee. There was no non-audit service fee paid to the external auditors.

KPMG LLP audited First REIT and its subsidiaries for the purpose of First REIT group financial statements. Member firms of RSM International audited the foreign subsidiaries for local statutory financial statement purposes. First REIT is in compliance with Rules 712 and Rule 715 of the Listing Manual.

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 FY2021, the ARC has reviewed the adequacy and effectiveness of the internal auditors and was satisfied that the internal auditors are adequately resourced, qualified and effective in performing their function, have appropriate standing within First REIT and have maintained their independence from the activities that they audit.

The internal auditors' activities are guided by the International Standards for the Professional Practice of Internal Auditing set by the Institute of Internal Auditors (the "**IIA**"). For FY2021, 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 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. Information on First REIT, including the Manager's investor relations policy, is available on its corporate website. Unitholders are encouraged to communicate their views on matters pertaining to First REIT and can email their questions to ir@first-reit.com or contact the Manager at +65 6435 0168, details of which are listed on First REIT's corporate website.

As part of the Manager's investor relations policy, the Manager maintains an active dialogue with Unitholders and also conducts regular briefings for other stakeholders such as analysts 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 36 to 37 of this Annual Report for further information on stakeholder engagement initiatives.

In view of the COVID-19 pandemic, the forthcoming AGM will be held on 25 April 2022 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, or "live" at, the AGM, addressing of substantial and relevant questions before, and 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 1 April 2022. The description below sets out First REIT's usual practise 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. Save as disclosed on page 94 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 First 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 practise 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 two proxies to attend, participate and vote in general meetings on his/her behalf. Corporations providing nominee and custodial services can each appoint more than two proxies to attend, participate and vote in general meetings on behalf of Unitholders who hold Units through such corporations.

All resolutions at general meetings are voted on by way of poll. This allows all Unitholders present or represented at the meetings to vote on a one-Unit-one-vote basis. As encouraged by SGX-ST and in support of the greater transparency of voting in general meetings and good corporate governance, the Manager has employed electronic polling since the 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. Further, Unitholders such as nominee companies which provide custodial services for securities are not constrained by the two proxy limitation and are able to appoint more than two proxies to attend, speak and vote at general meetings. This will enable indirect investors, including CPF investors, to be appointed as proxies to participate at general meetings. The Manager is accordingly of the view that despite this deviation from Provision 11.4 of the Code, its practise is still consistent with the intent of Principle 11 as a whole.

First REIT targets to provide sustainable distribution payout. Please refer to page 165 of this Annual Report for more details on the distribution policy and page 123 of this Annual Report for First REIT's "Statements of Distribution" for FY2021.

ADDITIONAL INFORMATION

Dealing in First REIT Units

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

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

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

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

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

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

Dealing with Conflict of Interest

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

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

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

Anti-Bribery/Anti-Corruption Policy

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

Protection of Creditors' Rights

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

Whistle Blowing Policy

The 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 practises 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.

Interested Person Transaction

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

In addition, the following procedures will be undertaken:

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

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

Role of the Audit and Risk Committee for Interested Person Transactions

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

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

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

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

Update on Restructured Master Lease Agreements

The restructured master lease agreements ("**MLAs**") for the 11 hospitals that First REIT has leased to either PT Lippo Karawaci Tbk **("Lippo Karawaci**") or Lippo Karawaci and certain subsidiaries of PT Siloam International Hospitals Tbk ("**Siloam**"), and the three hospitals leased to MPU (together, the "**Affected Properties**") have taken effect from 1 January 2021.

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 each of the restructured MLAs for the Affected Properties is 31 December 2035, subject to an option to renew for a further 15-year renewal term upon the mutual agreement of both the relevant master lessor and the relevant master lessee in respect of the relevant Affected Property. The remaining tenure of each of the restructured MLAs for the Affected Properties as at 1 January 2022 is 14 years, subject to the option to renew.

There were no material delays in the receipt of the rental payments by the master lessees of the Affected Properties in FY2021. There were no drawdowns on the bank guarantees in respect of the Affected Properties in FY2021.

The financial institutions providing the bank guarantees for the restructured MLAs for the Affected Properties are PT Bank CIMB Niaga Tbk[1] and PT Bank BNP Paribas Indonesia[2][3].

Notes

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

(2) The ratings for PT Bank BNP Paribas Indonesia conducted by Pefindo can be found here:
https://pefindo.com/fileman/file?file=PressRelease/2021-12-23-BBPI.pdf

(3) The ratings for BNP Paribas group can be found here:
https://invest.bnpparibas.com/en/debt-ratings

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 FY2021, the breakdown of the management fees paid was as follows:

	Group		Trust	
	2021	**2020**	**2021**	**2020**
	S$'000	**S$'000**	**S$'000**	**S$'000**
Base fees	4,145	5,552	4,101	5,508
Performance fees	4,965	3,858	4,965	3,858
	9,110	9,410	9,066	9,366

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 2021, First REIT's existing portfolio comprises nineteen properties, including sixteen properties located in Indonesia and three properties located in Singapore and has a combined gross floor area of approximately 353,569 square metres and a valuation of S$0.96 billion.

2. *Performance fee*

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

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

3. *Acquisition and divestment fees*

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

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

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

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

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

REPORT OF THE TRUSTEE

Perpetual (Asia) Limited (the "Trustee") is under a duty to take into custody and hold the assets of First Real Estate Investment Trust (the "Trust") and its subsidiaries (the "Group") in trust for the holders ("Unitholders") of units in the Trust (the "Units"). In accordance with the Securities and Futures Act (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, Seventh Supplemental Deed dated 7 April 2020 and Eight Supplemental Deed dated 25 February 2022) (the "Trust Deed") between the Manager and the Trustee in each annual financial reporting year and report thereon to unitholders in an annual report.

To the best knowledge of the Trustee, the Manager has, in all material respects, managed the Trust during the financial reporting year covered by these financial statements, set out on pages 121 to 180, 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

25 February 2022

STATEMENT BY THE MANAGER

In the opinion of the directors of First REIT Management Limited (the "Manager"), the accompanying financial statements of First Real Estate Investment Trust (the "Trust") and its subsidiaries (the "Group") set out on pages 121 to 180 comprising the statements of financial position, statements of total return, statements of distribution, statements of movements in unitholders' funds, statements of portfolio of the Group and the Trust, the consolidated statement of cash flows of the Group and notes to the financial statements, are drawn up so as to present fairly, in all material respects, the financial position and portfolio of the Group and of the Trust as at 31 December 2021, the total return, distributions, movements in unitholders' funds and cash flows of the Group and the total return, distributions, movements in unitholders' funds of the Trust for the year ended 31 December 2021, in accordance with the provisions of the Trust Deed and the recommendations of Statement of Recommended Accounting Practice 7 "*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

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

25 February 2022

INDEPENDENT AUDITORS' REPORT

Unitholders of First Real Estate Investment Trust
(Constituted under a Trust Deed dated 19 October 2006 (as amended) in the Republic of Singapore)

Report on the audit of the financial statements

Opinion

We have audited the financial statements of First Real Estate Investment Trust (the "Trust") and its subsidiaries (the "Group"), which comprise the statements of financial position and statements of portfolio of the Group and of the Trust as at 31 December 2021, and the statement of total return, statement of distribution, statement of movements in unitholders' funds and consolidated statement of cash flows of the Group and the statement of total return, statement of distribution and statement of movements in unitholders' funds of the Trust for the year then ended, and notes to the financial statements, including significant accounting policies, set out on pages 121 to 180.

In our opinion, the accompanying consolidated financial statements of the Group and the statement of financial position, statement of portfolio, statement of total return, statement of distribution and statement of movements in unitholders' funds of the Trust present fairly, in all material respects, the financial position and the portfolio holdings of the Group and of the Trust as at 31 December 2021 and the total return, distributable income, movements in unitholders' funds and cash flows of the Group and the total return, distributable income and movements in unitholders' funds of the Trust for the year ended on that date 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.

Basis for opinion

We conducted our audit in accordance with Singapore Standards on Auditing ("SSAs"). Our responsibilities under those standards are further described in the *'Auditors' responsibilities for the audit of the financial statements'* section of our report. We are independent of the Group in accordance with the Accounting and Corporate Regulatory Authority *Code of Professional Conduct and Ethics for Public Accountants and Accounting Entities* ("ACRA Code") together with the ethical requirements that are relevant to our audit of the financial statements in Singapore, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the ACRA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other matters

The financial statements of the Group and the Trust for the year ended 31 December 2020 were audited by another auditor who expressed an unmodified opinion on those financial statements on 24 March 2021.

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in the audit of the financial statements of the current year. These matters were addressed in the context of the audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Valuation of investment properties
(Refer to note 4 to the financial statements)

Risks

The Group has a portfolio of investment properties mainly in Singapore and Indonesia with a carrying value of $962.4 million as at 31 December 2021. Investment properties represent the most significant asset item on the statement of financial position. The Group's accounting policy is to state the investment properties at their fair values, which are based on independent external valuations.

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

The valuation reports obtained from the external valuers for certain properties in December 2021 also highlighted that the real estate market had been impacted by the uncertainty caused by COVID-19 and thus, less certainty and a higher degree of caution should be attached to their valuations than would normally be the case.

Our response

We evaluated the competency and objectivity of the external valuers and made enquiries of the valuers to understand their valuation approach and basis of valuation.

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

For the underlying assumptions, we tested the integrity of the projected cash flows used in the valuations to supporting leases and other documents. When a growth rate is assumed in the projected cash flows, we assessed the reasonableness by comparing against historical trend and available industry data. We also assessed the price per square metre, discount rates, terminal capitalisation rates and capitalisation rates, against historical trends and available industry data, taking into consideration comparability and market factors, as well as understand how the implications of the COVID-19 pandemic were considered in the valuations.

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

Our findings

We are satisfied with the competency and objectivity of the external valuers. The valuers are members of professional bodies for valuers and have considered their own independence in carrying out their work.

The valuation methods and key assumptions used by the valuers were comparable to the methods and key assumptions used for similar property types by other valuers and within the range of available industry data. Where the assumptions were outside the expected range, the additional factors considered by the valuers were consistent with other corroborative evidence.

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

Other information

First REIT Management Limited, the Manager of the Trust ("the Manager"), is responsible for the other information contained in the annual report. Other information is defined as all information in the annual report other than the financial statements and our auditors' report thereon.

We have obtained the Report of the Trustee and Statement by the Manager prior to the date of this auditors' report. All other information in the annual report ("the Reports") are expected to be made available to us after that date.

Our opinion on the financial statements does not cover the other information and we do not and will 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 identified above 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 on the other information that we obtained prior to the date of this auditors' report, 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.

When we read the Reports and, if we conclude that there is a material misstatement therein, we are required to communicate the matter to the Manager and take appropriate actions in accordance with SSAs.

Responsibilities of Manager for the financial statements

The Manager is responsible for the preparation and fair presentation of these financial statements in accordance with the recommendations of RAP 7 issued by the Institute of Singapore Chartered Accountants, and for such internal control as the Manager determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Manager is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Manager either intends to terminate the Group or to cease operations of the Group, or has no realistic alternative but to do so.

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

Auditors' responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SSAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls.

- Obtain an understanding of internal controls relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal controls.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Manager.

- Conclude on the appropriateness of the Manager's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

We communicate with the Manager regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal controls that we identify during our audit.

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

From the matters communicated with the Manager, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditors' report unless the law or regulations preclude public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partner on the audit resulting in this independent auditors' report is Eng Chin Chin.

KPMG LLP
Public Accountants and
Chartered Accountants

Singapore
25 February 2022

STATEMENTS OF FINANCIAL POSITION

AS AT 31 DECEMBER 2021

		Group		Trust	
	Note	2021 $'000	2020 $'000	2021 $'000	2020 $'000
Assets					
Plant and equipment		28	41	—	—
Investment properties	4	962,447	939,670	33,200	33,800
Investments in subsidiaries	5	—	—	669,173	661,867
Loan to a subsidiary	6	—	—	25,465	30,288
Non-current assets		962,475	939,711	727,838	725,955
Trade and other receivables	7	32,488	45,028	12,772	10,388
Loan to a subsidiary	6	—	—	4,191	4,191
Other assets	8	3,369	877	3,120	40
Cash and cash equivalents	9	51,203	19,292	35,137	10,738
Current assets		87,060	65,197	55,220	25,357
Total assets		1,049,535	1,004,908	783,058	751,312
Liabilities					
Deferred tax liabilities	10	20,601	19,968	—	—
Borrowings	11	249,953	293,660	249,953	293,660
Derivative financial instruments	12	—	3,866	—	3,866
Non-current liabilities		270,554	317,494	249,953	297,526
Income tax payable		1,198	676	—	—
Trade and other payables	13	18,888	17,316	29,002	25,437
Borrowings	11	99,258	195,345	99,258	195,345
Other liabilities	14	7,144	10,107	2,103	2,062
Derivative financial instruments	12	673	—	673	—
Current liabilities		127,161	223,444	131,036	222,844
Total liabilities		397,715	540,938	380,989	520,370
Represented by:					
Net assets attributable to unitholders		591,145	403,092	341,394	170,064
Perpetual securities holders	15	60,675	60,878	60,675	60,878
Total net assets		651,820	463,970	402,069	230,942
Units in issue ('000)	16	1,613,028	807,206	1,613,028	807,206
Net asset value per unit in cents attributable to unitholders	16	36.65	49.94	21.16	21.07

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

STATEMENTS OF TOTAL RETURN

YEAR ENDED 31 DECEMBER 2021

	Note	Group 2021 $'000	Group 2020 $'000	Trust 2021 $'000	Trust 2020 $'000
Rental and other income	17	102,346	79,619	39,787	33,197
Property operating expenses	18	(2,130)	(2,154)	(233)	(46)
Net property and other income		100,216	77,465	39,554	33,151
Interest income		146	1,436	1,238	1,262
Manager's management fees	19	(9,110)	(9,410)	(9,066)	(9,366)
Trustee fees		(311)	(416)	(311)	(416)
Finance costs	20	(17,035)	(17,826)	(17,035)	(17,826)
Other expenses	21	(2,244)	(5,705)	(2,229)	(5,687)
Net income		71,662	45,544	12,151	1,118
Net fair value losses on investment properties	4	(4,520)	(401,387)	(764)	(912)
Gain on disposal of an investment property		1,607	—	—	—
Gain on disposal of a subsidiary		1,106	—	—	—
Reversal of impairment losses on other receivables from subsidiaries		—	—	567	—
Reversal of/(recognised) impairment losses on investments in subsidiaries	5	—	—	34,779	(75,457)
Net fair value gains/(losses) of derivative financial instruments		3,193	(2,391)	3,193	(2,391)
Net foreign exchange gains		2,762	2	169	325
Total return/(loss) for the year before income tax		75,810	(358,232)	50,095	(77,317)
Income tax (expenses)/benefit	22	(12,697)	5,822	—	(1,467)
Total return/(loss) for the year after income tax		63,113	(352,410)	50,095	(78,784)
Other comprehensive income:					
Items that may be reclassified subsequently to profit or loss:					
Exchange differences on translating foreign operations, net of tax		3,705	(164)	—	—
Total comprehensive income/(loss) for the year		66,818	(352,574)	50,095	(78,784)
Total return/(loss) attributable to:					
Unitholders of the Trust		59,908	(355,827)	46,890	(82,201)
Perpetual securities holders		3,205	3,417	3,205	3,417
		63,113	(352,410)	50,095	(78,784)
Total comprehensive income/(loss) attributable to:					
Unitholders of the Trust		63,613	(355,991)	46,890	(82,201)
Perpetual securities holders		3,205	3,417	3,205	3,417
		66,818	(352,574)	50,095	(78,784)
Earnings per unit in cents					
Basic and diluted	23	4.00	(41.78)[1]		

(1) The earnings per unit in cents is calculated after taking into consideration the rights issue units.

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

STATEMENTS OF DISTRIBUTION

YEAR ENDED 31 DECEMBER 2021

	Note	Group 2021 $'000	Group 2020 $'000	Trust 2021 $'000	Trust 2020 $'000
Amount available for distribution to unitholders at beginning of the year		6,840	17,169	6,840	17,169
Total return/(loss) for the year after income tax		63,113	(352,410)	50,095	(78,784)
Adjustments for tax purposes (Note A)		(21,053)	385,854	(8,035)	112,228
Amount available for distribution to unitholders		48,900	50,613	48,900	50,613
Total distribution paid to unitholders	24	(38,168)	(43,773)	(38,168)	(43,773)
Amount available for distribution to unitholders at end of the year		10,732	6,840	10,732	6,840
Distribution per unit (cents)		2.61	4.15	2.61	4.15

Note A - Adjustments for tax purposes:

	Group 2021 $'000	Group 2020 $'000	Trust 2021 $'000	Trust 2020 $'000
Manager's management fees settled in units	4,465	4,679	4,465	4,679
Change in fair values on investment properties, net of deferred tax	4,991	383,119	764	2,379
Adjustment on rental straight-lining	(22,703)	—	(74)	—
Net fair value (gains)/losses of derivative financial instruments	(3,193)	2,391	(3,193)	2,391
(Reversal of)/Impairment losses on investments in subsidiaries	—	—	(34,779)	75,457
Capital repayment from subsidiaries:	—	—	32,296	21,618
- Redemption of preference shares	—	—	27,473	17,245
- Repayment of shareholder loans	—	—	4,823	4,373
Amount reserved for distribution to perpetual securities holders	(3,205)	(3,417)	(3,205)	(3,417)
Foreign exchange adjustment (gains)/losses	(168)	(325)	143	(325)
Gain on disposal of an investment property and a subsidiary	(2,713)	—	—	—
Adjustments of dividend income from subsidiaries	—	—	(5,116)	8,770
Other non-tax deductible items and adjustments	1,473	(593)	664	676
	(21,053)	385,854	(8,035)	112,228

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

STATEMENTS OF MOVEMENTS IN UNITHOLDERS' FUNDS

YEAR ENDED 31 DECEMBER 2021

	Unitholders' funds					
	Issued equity $'000	**Retained earnings $'000**	**Foreign exchange reserve $'000**	**Subtotal $'000**	**Perpetual securities $'000**	**Total $'000**
Group						
Operations						
At 1 January 2021	353,466	48,510	1,116	403,092	60,878	463,970
Total return for the year	—	63,113	—	63,113	—	63,113
Less: Amount reserved for distribution to perpetual securities holders	—	(3,205)	—	(3,205)	3,205	—
Net increase in net assets resulting from operations	—	59,908	—	59,908	3,205	63,113
Transactions with unitholders and perpetual securities holders						
Proceeds from rights issue, net of related costs	157,702	—	—	157,702	—	157,702
Manager's management fees settled in units	4,906	—	—	4,906	—	4,906
Change in net assets resulting from creation of units	162,608	—	—	162,608	—	162,608
Distributions to unitholders	(34,624)	(3,544)	—	(38,168)	—	(38,168)
Distributions to perpetual securities holders	—	—	—	—	(3,408)	(3,408)
Net increase/(decrease) in net assets resulting from transactions with unitholders and perpetual securities holders	127,984	(3,544)	—	124,440	(3,408)	121,032
Foreign exchange reserve						
Exchange differences on translating foreign operations, net of tax	—	—	3,705	3,705	—	3,705
At 31 December 2021	481,450	104,874	4,821	591,145	60,675	651,820

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

STATEMENTS OF MOVEMENTS IN UNITHOLDERS' FUNDS

YEAR ENDED 31 DECEMBER 2021

	Unitholders' funds					
	Issued equity $'000	**Retained earnings $'000**	**Foreign exchange reserve $'000**	**Subtotal $'000**	**Perpetual securities $'000**	**Total $'000**
Group						
Operations						
At 1 January 2020	368,318	425,238	1,280	794,836	60,878	855,714
Total loss for the year	—	(352,410)	—	(352,410)	—	(352,410)
Less: Amount reserved for distribution to perpetual securities holders	—	(3,417)	—	(3,417)	3,417	—
Net (decrease)/increase in net assets resulting from operations	—	(355,827)	—	(355,827)	3,417	(352,410)
Transactions with unitholders and perpetual securities holders						
Manager's management fees settled in units	8,020	—	—	8,020	—	8,020
Change in net assets resulting from creation of units	8,020	—	—	8,020	—	8,020
Distributions to unitholders	(22,872)	(20,901)	—	(43,773)	—	(43,773)
Distributions to perpetual securities holders	—	—	—	—	(3,417)	(3,417)
Net decrease in net assets resulting from transactions with unitholders and perpetual securities holders	(14,852)	(20,901)	—	(35,753)	(3,417)	(39,170)
Foreign exchange reserve						
Exchange differences on translating foreign operations, net of tax	—	—	(164)	(164)	—	(164)
At 31 December 2020	353,466	48,510	1,116	403,092	60,878	463,970

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

STATEMENTS OF MOVEMENTS IN UNITHOLDERS' FUNDS

YEAR ENDED 31 DECEMBER 2021

	Unitholders' funds				
	Issued equity $'000	**Accumulated losses $'000**	**Subtotal $'000**	**Perpetual securities $'000**	**Total $'000**
Trust					
Operations					
At 1 January 2021	353,466	(183,402)	170,064	60,878	230,942
Total return for the year	—	50,095	50,095	—	50,095
Less: Amount reserved for distribution to perpetual securities holders	—	(3,205)	(3,205)	3,205	—
Net increase in net assets resulting from operations	—	46,890	46,890	3,205	50,095
Transactions with unitholders and perpetual securities holders					
Proceeds from rights issue, net of related costs	157,702	—	157,702	—	157,702
Manager's management fees settled in units	4,906	—	4,906	—	4,906
Change in net assets resulting from creation of units	162,608	—	162,608	—	162,608
Distributions to unitholders	(34,624)	(3,544)	(38,168)	—	(38,168)
Distributions to perpetual securities holders	—	—	—	(3,408)	(3,408)
Net increase/(decrease) in net assets resulting from transactions with unitholders and perpetual securities holders	127,984	(3,544)	124,440	(3,408)	121,032
At 31 December 2021	481,450	(140,056)	341,394	60,675	402,069

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

STATEMENTS OF MOVEMENTS IN UNITHOLDERS' FUNDS

YEAR ENDED 31 DECEMBER 2021

	Unitholders' funds				
	Issued equity $'000	**Accumulated losses $'000**	**Subtotal $'000**	**Perpetual securities $'000**	**Total $'000**
Trust					
Operations					
At 1 January 2020	368,318	(80,300)	288,018	60,878	348,896
Total loss for the year	–	(78,784)	(78,784)	–	(78,784)
Less: Amount reserved for distribution to perpetual securities holders	–	(3,417)	(3,417)	3,417	–
Net (decrease)/increase in net assets resulting from operations	–	(82,201)	(82,201)	3,417	(78,784)
Transactions with unitholders and perpetual securities holders					
Manager's management fees settled in units	8,020	–	8,020	–	8,020
Change in net assets resulting from creation of units	8,020	–	8,020	–	8,020
Distributions to unitholders	(22,872)	(20,901)	(43,773)	–	(43,773)
Distributions to perpetual securities holders	–	–	–	(3,417)	(3,417)
Net decrease in net assets resulting from transactions with unitholders and perpetual securities holders	(14,852)	(20,901)	(35,753)	(3,417)	(39,170)
At 31 December 2020	353,466	(183,402)	170,064	60,878	230,942

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

CONSOLIDATED STATEMENT OF CASH FLOWS

YEAR ENDED 31 DECEMBER 2021

	Note	Group 2021 $'000	Group 2020 $'000
Cash flows from operating activities			
Total return/(loss) for the year after income tax		63,113	(352,410)
Adjustments for:			
Interest income		(146)	(1,436)
Interest expense		11,819	14,713
Depreciation expenses		13	14
Net foreign exchange adjustment gains		—	(325)
Amortisation of transaction costs		5,216	3,113
Impairment losses on trade receivables		632	—
Losses on disposal of quoted shares		3	6
Net fair value losses on investment properties		4,520	401,387
Adjustment on rental straight-lining		(22,703)	—
Net fair value (gains)/losses of derivative financial instruments		(3,193)	2,391
Gains on disposal of a subsidiary		(1,106)	—
Gains on disposal of an investment property		(1,607)	—
Manager's management fees settled in units		4,465	2,750
Income tax expenses/(benefit)		12,697	(5,822)
Operating cash flows before changes in working capital		73,723	64,381
Trade and other receivables		5,539	3,770
Other non-financial assets		(2,492)	2,144
Trade and other payables		(3,182)	6,762
Other non-financial liabilities		(2,963)	(12,936)
Net cash flows from operating activities		70,625	64,121
Income taxes paid		(4,421)	(13,721)
Net cash flows from operating activities		66,204	50,400
Cash flows from investing activities			
Additions to investment properties		(662)	(425)
Proceeds from disposal of a subsidiary, net of cash		40	—
Proceeds from disposal of an investment property		6,114	—
Interest received		126	1,451
Investments in quoted shares		(570)	(268)
Disposals of quoted shares		567	262
Net cash flows from investing activities		5,615	1,020
Cash flows from financing activities			
Proceeds from right issue, net of related costs		157,702	—
Distribution to unitholders		(38,168)	(43,773)
Proceeds from borrowings		252,374	—
Repayment of borrowings		(393,152)	—
Payment of transaction costs related to borrowings		(4,779)	—
Interest paid		(10,646)	(17,918)
Distribution to perpetual securities holders		(3,408)	(3,417)
Net cash flows used in financing activities		(40,077)	(65,108)
Net increase/(decrease) in cash and cash equivalents		31,742	(13,688)
Cash and cash equivalents at beginning of the year		19,292	32,980
Effect of exchange rate fluctuations on cash held		169	—
Cash and cash equivalents at 31 December	9	51,203	19,292

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

STATEMENTS OF PORTFOLIO

AS AT 31 DECEMBER 2021

	Carrying value as at 31/12/2021 $'000	Percentage of net assets attributable to unitholders as at 31/12/2021 %	Carrying value as at 31/12/2020 $'000	Percentage of net assets attributable to unitholders as at 31/12/2020 %
Group				
Investment properties in Singapore	33,200	5.62	33,800	8.39
Investment properties in Indonesia	929,247	157.19	901,771	223.70
Investment property in South Korea	—	—	4,099	1.02
Portfolio of investment properties at valuation – total	962,447	162.81	939,670	233.11
Other net liabilities	(310,627)	(52.55)	(475,700)	(118.01)
Net assets attributable to holders	651,820	110.26	463,970	115.10
Perpetual securities holders	(60,675)	(10.26)	(60,878)	(15.10)
Net assets attributable to unitholders	591,145	100.00	403,092	100.00
Trust				
Investment properties in Singapore	33,200	9.72	33,800	19.87
Portfolio of investment properties at valuation – total	33,200	9.72	33,800	19.87
Investments in subsidiaries	669,173	196.01	661,867	389.19
Other net liabilities	(300,304)	(87.96)	(464,725)	(273.26)
Net assets attributable to holders	402,069	117.77	230,942	135.80
Perpetual securities holders	(60,675)	(17.77)	(60,878)	(35.80)
Net assets attributable to unitholders	341,394	100.00	170,064	100.00

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

STATEMENTS OF PORTFOLIO

AS AT 31 DECEMBER 2021

By Geographical Area

Description of property / Location / Acquisition date / Type of property / Land title type / Term of lease[a] / Remaining term of lease[b]	Gross floor area in square meters	Carrying value as at 31/12/2021 $'000	Percentage of net assets attributable to unitholders as at 31/12/2021 %	Carrying value as at 31/12/2020 $'000	Percentage of net assets attributable to unitholders as at 31/12/2020 %
Singapore					
Pacific Healthcare Nursing Home @ Bukit Merah 6 Lengkok Bahru, Singapore 159051 11 April 2007, Nursing Home 30 years leasehold from 2002 10+10 years/ 6 years	3,593	8,800	1.49	9,100	2.26
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/ 6 years	3,563	9,200	1.56	9,400	2.33
The Lentor Residence 51 Lentor Avenue, Singapore 786876 8 June 2007, Nursing Home 99 years leasehold from 1938 10+10 years/ 16 years	4,005	15,200	2.57	15,300	3.80
Portfolio of investment properties held by the Trust at valuation – Sub-total		33,200	5.62	33,800	8.39
Indonesia					
Siloam Hospitals Lippo Village Jalan Siloam No. 6 Lippo Karawaci 1600, Tangerang, Banten, Indonesia 11 December 2006, Hospital Hak Guna Bangunan ("HGB") 15+15 years/ 29 years	32,696	172,782	29.23	164,008	40.69
Siloam Hospitals Kebon Jeruk Jalan Raya Perjuangan Kav. 8 Kebon Jeruk, West Jakarta 11530, Indonesia 11 December 2006, Hospital HGB 15+15 years/ 29 years	20,268	77,784	13.16	73,800	18.31
Siloam Hospitals Surabaya Jalan Raya Gubeng No. 70, Gubeng Surabaya, East Java, 60281, Indonesia 11 December 2006, Hospital HGB 15+15 years/ 29 years	9,065	40,868	6.91	40,266	9.99

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

STATEMENTS OF PORTFOLIO

AS AT 31 DECEMBER 2021

By Geographical Area

Description of property / Location / Acquisition date / Type of property / Land title type / Term of lease[a] / Remaining term of lease[b]	Gross floor area in square meters	Carrying value as at 31/12/2021 $'000	Percentage of net assets attributable to unitholders as at 31/12/2021 %	Carrying value as at 31/12/2020 $'000	Percentage of net assets attributable to unitholders as at 31/12/2020 %
Indonesia (cont'd)					
Imperial Aryaduta Hotel & Country Club Jalan Boulevard Jendral Sudirman, Kav. 401, Lippo Village 1300, Tangerang, Banten, Indonesia 11 December 2006, Hotel & Country Club HGB 1 year 21 days + 1 year/2 years	17,926	32,240	5.45	41,400	10.27
Mochtar Riady Comprehensive Cancer Centre Jalan Garnisun Dalam No. 2-3, Semanggi, Central Jakarta 12930, Indonesia 30 December 2010, Hospital HGB 15+15 years/ 29 years	37,933	133,650	22.61	126,859	31.47
Siloam Hospitals Lippo Cikarang Jalan Mohammad Husni Thamrin Kav. 105, Lippo Cikarang, Bekasi, Indonesia 17550 31 December 2010, Hospital HGB 15+15 years/ 19 years	13,256	49,800	8.42	49,800	12.35
Siloam Hospitals Manado & Hotel Aryaduta Manado Jalan Sam Ratulangi No. 22, Komplek Boulevard Center and Jalan Piere Tendean No. 1, Manado, North Sulawesi Indonesia 95111	36,051	79,617	13.47	77,460	19.22
Siloam Hospitals Manado 30 November 2012, Hospital HGB 15+15 years/ 29 years					
Hotel Aryaduta Manado 30 November 2012, Hotel HGB 15+15 years/ 21 years					

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

STATEMENTS OF PORTFOLIO

AS AT 31 DECEMBER 2021

By Geographical Area

Description of property / Location / Acquisition date / Type of property / Land title type / Term of lease[a] / Remaining term of lease[b]	Gross floor area in square meters	Carrying value as at 31/12/2021 $'000	Percentage of net assets attributable to unitholders as at 31/12/2021 %	Carrying value as at 31/12/2020 $'000	Percentage of net assets attributable to unitholders as at 31/12/2020 %
Indonesia (cont'd)					
Siloam Hospitals Makassar Jalan Metro Tanjung Bunga Kav 3-5, Makassar City, South Sulawesi, Indonesia 30 November 2012, Hospital HGB 15+15 years/ 29 years	14,307	69,563	11.77	66,024	16.38
Siloam Hospitals Bali Jalan Sunset Road No. 818, Kuta, Badung, Bali, Indonesia 13 May 2013, Hospital HGB 15+15 years/ 29 years	20,958	66,382	11.23	63,006	15.63
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/ 29 years	18,605	44,178	7.47	41,931	10.40
Siloam Hospitals Purwakarta Jalan Raya Bungursari No. 1, Purwakarta, West Java, Indonesia 28 May 2014, Hospital HGB 15+15 years/ 29 years	8,254	24,038	4.07	22,910	5.68
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/ 29 years	15,709	25,527	4.32	24,687	6.12
Siloam Hospitals Kupang & Lippo Plaza Kupang Jalan Veteran, No. 4, Arena Pameran Fatululi, Kupang, East Nusa Tenggara, Indonesia	55,368	53,977	9.13	53,459	13.26

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

STATEMENTS OF PORTFOLIO

AS AT 31 DECEMBER 2021

By Geographical Area

Description of property / Location / Acquisition date / Type of property / Land title type / Term of lease[(a)] / Remaining term of lease[(b)]	Gross floor area in square meters	Carrying value as at 31/12/2021 $'000	Percentage of net assets attributable to unitholders as at 31/12/2021 %	Carrying value as at 31/12/2020 $'000	Percentage of net assets attributable to unitholders as at 31/12/2020 %
Indonesia (cont'd)					
Siloam Hospitals Kupang 14 December 2015, Hospital Build, Operate and Transfer ("BOT") scheme 15+15 years/ 29 years					
Lippo Plaza Kupang 14 December 2015, Mall BOT scheme 15+15 years/ 24 years					
Siloam Hospitals Labuan Bajo Jalan Gabriel Gampur, Labuan Bajo, East Nusa Tenggara, Indonesia 30 December 2016, Hospital HGB 15+15 years/ 29 years	7,604	12,002	2.03	11,178	2.77
Siloam Hospitals Buton & Lippo Plaza Buton Jalan Sultan Hasanuddin No. 50, 52, 54 and 58 Bau Bau, Sulawesi Tenggara, Indonesia	21,934	25,688	4.34	24,909	6.18
Siloam Hospitals Buton 10 October 2017, Hospital Build, Operate and Transfer ("BOT") scheme 15+15 years/ 29 years					
Lippo Plaza Buton 10 October 2017, Mall BOT Scheme 15+15 years/ 26 years					
Siloam Hospitals Yogyakarta Jalan Laksda Adi Sucipto No. 32-34 Yogyakarta, Indonesia 22 December 2017, Hospital HGB 15+15 years/ 29 years	12,474	21,151	3.58	20,074	4.98

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

STATEMENTS OF PORTFOLIO

AS AT 31 DECEMBER 2021

By Geographical Area

Description of property / Location / Acquisition date / Type of property / Land title type / Term of lease[(a)] / Remaining term of lease[(b)]	Gross floor area in square meters	Carrying value as at 31/12/2021 $'000	Percentage of net assets attributable to unitholders as at 31/12/2021 %	Carrying value as at 31/12/2020 $'000	Percentage of net assets attributable to unitholders as at 31/12/2020 %
South Korea					
Sarang Hospital No. 9 Bongsannam 3rd Street, Yeosu City, Jeonranam-Do, South Korea 5 August 2011, Hospital Freehold 10+10 years/ Nil[(1)]	4,982	–	–	4,099	1.02
Portfolio of investment properties held by the Group at valuation – Total		962,447	162.81	939,670	233.11

Note 1: Sarang Hospital was disposed in August 2021.

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 2021 on the basis that the underlying HGB Titles of each of the properties can be extended and renewed, except for Siloam Sriwijaya which is held on a strata title basis under BOT scheme, and Siloam Hospitals Kupang & Lippo Plaza Kupang and Siloam Hospitals Buton & Lippo Plaza Buton which are under BOT schemes.

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.

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

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

These notes form an integral part of the financial statements.

The financial statements were authorised for issue by the Manager on 25 February 2022.

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 a first supplemental deed dated 6 September 2007, a second supplemental deed dated 19 April 2010, a third supplemental deed dated 26 April 2011, a fourth supplemental deed dated 1 April 2013, a first amending and restating deed dated 23 March 2016, a supplemental deed of retirement and appointment of trustee dated 1 November 2017, a fifth supplemental deed dated 22 May 2018, a sixth supplemental deed dated 30 April 2019, a seventh supplemental deed dated 7 April 2020 and an eight supplemental deed dated 25 February 2022) (the "Trust Deed") between First REIT Management Limited (the "Manager") and Perpetual (Asia) Limited (the "Trustee"), governed by the laws of Singapore.

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

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

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

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

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

Manager's fees

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

(i) A base fee of 0.4% (2020: 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% (2020: 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% (2020: 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% (2020: 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).

1 General (continued)

Trustee fees

Under the Trust Deed, the Trustee is entitled to an annual fee not exceeding 0.1% (2020: 0.1%) of the value of the Deposited Property (as defined in the Trust Deed).

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

2 Basis of preparation

2.1 Going concern

The Group has net current liabilities of $40,101,000 as at 31 December 2021.

Notwithstanding the above, the Manager have prepared the financial statements on a going concern basis, having assessed the sources of liquidity and funding available to the Group. These include the ability to obtain refinancing for the $100.0 million borrowings due in May 2022 and available funds from operations to the Group as at 31 December 2021. As of the date of this report, the Manager has commenced refinancing plans and is confident that the refinancing will be successfully completed and the Group can continue as a going concern for the foreseeable future.

2.2 Statement of compliance

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

The changes to significant accounting policies are described in note 2.6.

2.3 Basis of measurement

The financial statements have been prepared on the historical cost basis except as otherwise described in the notes below.

2.4 Functional and presentation currency

These financial statements are presented in Singapore dollars, which is the Trust's functional currency. All financial information presented in Singapore dollars has been rounded to the nearest thousand, unless otherwise stated.

2.5 Use of estimates and judgments

The preparation of the financial statements in conformity with RAP 7 requires the Manager to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised and in any future periods affected.

Information about assumptions and estimation uncertainties that have a significant risk of resulting in a material adjustment to the carrying amounts of assets and liabilities within the next financial year are included in the following note:

- Note 4 – valuation of investment properties
- Note 5 – determination of recoverable amounts of investment in subsidiaries

2 Basis of preparation (continued)

2.5 Use of estimates and judgments (continued)

Measurement of fair values

A number of the Group's accounting policies and disclosures require the measurement of fair values, for both financial and non-financial assets and liabilities.

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

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

When measuring the fair value of an asset or a liability, the Group uses observable market data as far as possible. Fair values are categorised into different levels in a fair value hierarchy based on the inputs used in the valuation techniques as follows:

Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2: inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).

Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

If the inputs used to measure the fair value of an asset or a liability fall into different levels of the fair value hierarchy, then the fair value measurement is categorised in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement (with Level 3 being the lowest).

The Group recognises transfers between levels of the fair value hierarchy as of the end of the reporting period during which the change has occurred.

Further information about the assumptions made in measuring fair values is included in note 4 – investment properties.

2.6 Changes in accounting policies

New standards and amendments

The Group has applied the following FRS, amendments to and interpretations of FRS for the first time for the annual period beginning on 1 January 2021:

- *COVID-19-Related Rent Concessions (Amendments to FRS 116)*
- *Interest Rate Benchmark Reform – Phase 2 (Amendments to FRS 109, FRS 39 and FRS 107, FRS 104 and FRS 116)*

The application of these FRS, amendments to and interpretations of FRS does not have a material effect on the financial statements.

3 Significant accounting policies

The accounting policies set out below have been applied consistently to all periods presented in these financial statements, except as explained in note 2.6, which addresses changes in accounting policies.

3.1 Foreign currency

(i) Foreign currency transactions

Transactions in foreign currencies are translated to the respective functional currencies of Group entities at exchange rates at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies at the reporting date are translated to the functional currency at the exchange rate at that date. The foreign currency gain or loss on monetary items is the difference between amortised cost in the functional currency at the beginning of the year, adjusted for effective interest and payments during the year, and the amortised cost in foreign currency translated at the exchange rate at the end of the year.

Non-monetary assets and liabilities denominated in foreign currencies that are measured at fair value are translated to the functional currency at the exchange rate at the date that the fair value was determined. Non-monetary items in a foreign currency that are measured in terms of historical cost are translated using the exchange rate at the date of the transaction. Foreign currency differences arising on translation are generally recognised in profit or loss.

(ii) Foreign operations

The assets and liabilities of foreign operations, including goodwill and fair value adjustments arising on acquisition, are translated to Singapore dollars at exchange rates at the reporting date. The income and expenses of foreign operations are translated to Singapore dollars at exchange rates at the dates of the transactions.

Foreign currency differences are recognised in unitholders' funds, and presented in the foreign currency translation reserve (translation reserve) in unitholders' funds. When a foreign operation is disposed of such that control, significant influence or joint control is lost, the cumulative amount in the translation reserve related to that foreign operation is reclassified to profit or loss as part of the gain or loss on disposal. When the Group disposes of only part of its interest in a subsidiary that includes a foreign operation while retaining control, the relevant proportion of the cumulative amount is reattributed to non-controlling interests.

When the settlement of a monetary item receivable from or payable to a foreign operation is neither planned nor likely to occur in the foreseeable future, foreign exchange gains and losses arising from such a monetary item that are considered to form part of a net investment in a foreign operation are recognised in unitholders' funds, and are presented in the translation reserve in unitholders' funds.

3.2 Financial instruments

(i) Recognition and initial measurement

Non-derivative financial assets and financial liabilities

Trade receivables are initially recognised when they are originated. All other financial assets and financial liabilities are initially recognised when the Group becomes a party to the contractual provisions of the instrument.

A financial asset (unless it is a trade receivable without a significant financing component) or financial liability is initially measured at fair value plus or minus, for an item not at fair value through profit or loss ("FVTPL"), transaction costs that are directly attributable to its acquisition or issue. A trade receivable without a significant financing component is initially measured at the transaction price.

3 Significant accounting policies (continued)

3.2 Financial instruments (continued)

(ii) Classification, subsequent measurement and gains and losses

Non-derivative financial assets

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

Financial assets are not reclassified subsequent to their initial recognition unless the Group changes its business model for managing financial assets, in which case all affected financial assets are reclassified on the first day of the first reporting period following the change in the business model.

Financial assets at amortised cost

A financial asset is measured at amortised cost if it meets both of the following conditions and is not designated as at FVTPL:

- it is held within a business model whose objective is to hold assets to collect contractual cash flows; and
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

These assets are subsequently measured at amortised cost using the effective interest method. The amortised cost is reduced by impairment losses. Interest income, foreign exchange gains and losses and impairment are recognised in profit or loss. Any gain or loss on derecognition is recognised in profit or loss.

Financial assets at FVTPL

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

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

Financial assets: Business model assessment

The Group makes an assessment of the objective of the business model in which a financial asset is held at a portfolio level because this best reflects the way the business is managed and information is provided to the Manager. The information considered includes:

- the stated policies and objectives for the portfolio and the operation of those policies in practice. These include whether management's strategy focuses on earning contractual interest income, maintaining a particular interest rate profile, matching the duration of the financial assets to the duration of any related liabilities or expected cash outflows or realising cash flows through the sale of the assets;
- how the performance of the portfolio is evaluated and reported to the Manager;
- the risks that affect the performance of the business model (and the financial assets held within that business model) and how those risks are managed;
- how the Manager of the business are compensated – e.g. whether compensation is based on the fair value of the assets managed or the contractual cash flows collected; and
- the frequency, volume and timing of sales of financial assets in prior periods, the reasons for such sales and expectations about future sales activity.

3 Significant accounting policies (continued)

3.2 Financial instruments (continued)

(ii) Classification, subsequent measurement and gains and losses (continued)

Non-derivative financial assets: Assessment whether contractual cash flows are solely payments of principal and interest

For the purposes of this assessment, 'principal' is defined as the fair value of the financial asset on initial recognition. 'Interest' is defined as consideration for the time value of money and for the credit risk associated with the principal amount outstanding during a particular period of time and for other basic lending risks and costs (e.g. liquidity risk and administrative costs), as well as a profit margin.

In assessing whether the contractual cash flows are solely payments of principal and interest, the Group considers the contractual terms of the instrument. This includes assessing whether the financial asset contains a contractual term that could change the timing or amount of contractual cash flows such that it would not meet this condition. In making this assessment, the Group considers:

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

A prepayment feature is consistent with the solely payments of principal and interest criterion if the prepayment amount substantially represents unpaid amounts of principal and interest on the principal amount outstanding, which may include reasonable additional compensation for early termination of the contract. Additionally, for a financial asset acquired at a significant discount or premium to its contractual par amount, a feature that permits or requires prepayment at an amount that substantially represents the contractual par amount plus accrued (but unpaid) contractual interest (which may also include reasonable additional compensation for early termination) is treated as consistent with this criterion if the fair value of the prepayment feature is insignificant at initial recognition.

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

Financial liabilities are classified as measured at amortised cost.

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

(iii) Derecognition

Financial assets

The Group derecognises a financial asset when:

- the contractual rights to the cash flows from the financial asset expire; or
- it transfers the rights to receive the contractual cash flows in a transaction in which either
  - substantially all of the risks and rewards of ownership of the financial asset are transferred; or
  - the Group neither transfers nor retains substantially all of the risks and rewards of ownership and it does not retain control of the financial asset.

Transferred assets are not derecognised when the Group enters into transactions whereby it transfers assets recognised in its statement of financial position, but retains either all or substantially all of the risks and rewards of the transferred assets.

3 Significant accounting policies (continued)

3.2 Financial instruments (continued)

(iii) Derecognition (continued)

Financial liabilities

The Group derecognises a financial liability when its contractual obligations are discharged or cancelled, or expire. The Group also derecognises a financial liability when its terms are modified and the cash flows of the modified liability are substantially different, in which case a new financial liability based on the modified terms is recognised at fair value.

On derecognition of a financial liability, the difference between the carrying amount extinguished and the consideration paid (including any non-cash assets transferred or liabilities assumed) is recognised in profit or loss.

(iv) Offsetting

Financial assets and financial liabilities are offset and the net amount presented in the statement of financial position when, and only when, the Group currently has a legally enforceable right to set off the amounts and it intends either to settle them on a net basis or to realise the asset and settle the liability simultaneously.

(v) Cash and cash equivalents

Cash and cash equivalents comprise cash balances and short-term deposits with maturities of three months or less from the date of acquisition that are subject to an insignificant risk of changes in their fair value, and are used by the Group in the management of its short-term commitments.

(vi) Derivative financial instruments

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

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

3.3 Plant and equipment

(i) Recognition and measurement

Items of plant and equipment are measured at cost, less accumulated depreciation and accumulated impairment losses.

When parts of an item of plant and equipment have different useful lives, they are accounted for as separate items (major components) of plant and equipment.

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

(ii) Depreciation

Depreciation is based on the cost of an asset less its residual value. Significant components of individual assets are assessed and if a component has a useful life that is different from the remainder of that asset, that component is depreciated separately.

3 Significant accounting policies (continued)

3.3 Plant and equipment (continued)

(ii) Depreciation (continued)

Depreciation is recognised as an expense in profit or loss on a straight-line basis over the estimated useful lives of each component of an item of plant and equipment.

Depreciation is recognised from the date that the plant and equipment are installed and are ready for use.

The estimated useful lives for the current and comparative years are as follows:

- Office equipment 20%

Depreciation methods, useful lives and residual values are reviewed at the end of each reporting period and adjusted if appropriate.

3.4 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.

3.5 Basis of consolidation

(i) Business combinations

The Group accounts for business combinations using the acquisition method when the acquired set of activities and assets meets the definition of a business and control is transferred to the Group. In determining whether a particular set of activities and assets is a business, the Group assesses whether the set of assets and activities acquired includes, at a minimum, an input and substantive process and whether the acquired set has the ability to produce outputs.

The Group has an option to apply a 'concentration test' that permits a simplified assessment of whether an acquired set of activities and assets is not a business. The optional concentration test is met if substantially all of the fair value of the gross assets acquired is concentrated in a single identifiable asset or group of similar identifiable assets.

The Group measures goodwill at the date of acquisition as:

- the fair value of the consideration transferred; plus
- the recognised amount of any non-controlling interests ("NCI") in the acquiree; plus
- if the business combination is achieved in stages, the fair value of the pre-existing equity interest in the acquiree,

over the net recognised amount (generally fair value) of the identifiable assets acquired and liabilities assumed. Any goodwill that arises is tested annually for impairment.

When the excess in negative, a bargain purchase gain is recognised immediately in profit or loss.

3 Significant accounting policies (continued)

3.5 Basis of consolidation (continued)

(i) Business combinations (continued)

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

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

NCI that are present ownership interests and entitle their holders to a proportionate share of the acquiree's net assets in the event of liquidation are measured either at fair value or at the NCI's proportionate share of the recognised amounts of the acquiree's identifiable net assets, at the date of acquisition. The measurement basis taken is elected on a transaction-by-transaction basis. All other NCI are measured at acquisition-date fair value, unless another measurement basis is required by FRSs.

Costs related to the acquisition, other than those associated with the issue of debt or equity investments, that the Group incurs in connection with a business combination are expensed as incurred.

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

(ii) Subsidiaries

Subsidiaries are entities controlled by the Group. The Group controls an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases.

The accounting policies of subsidiaries have been changed when necessary to align them with the policies adopted by the Group. Losses applicable to the NCI in a subsidiary are allocated to the NCI even if doing so causes the NCI to have a deficit balance.

(iii) Loss of control

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

(iv) Joint operations

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

(v) Transactions eliminated on consolidation

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

3 Significant accounting policies (continued)

3.5 Basis of consolidation (continued)

(vi) Subsidiaries in the separate financial statements

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

3.6 Investment properties

Investment properties are properties held either to earn rental income or for capital appreciation or both, but not for sale in the ordinary course of business, use in the production or supply of goods or services or for administrative purposes. Investment properties are measured at cost on initial recognition and subsequently at fair value with any change therein recognised in profit or loss.

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

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

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

3.7 Unitholders' funds

Unitholders' funds are classified as equity.

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

3.8 Perpetual securities

The perpetual securities do not have a maturity date and distribution payment is optional at the discretion of the Trust. As the Trust does not have a contractual obligation to repay the principal nor make any distributions, the perpetual securities are classified as equity.

Any distributions made are directly debited from equity. Incremental costs directly attributable to the issue of the perpetual securities are deducted against the proceeds from the issue.

3.9 Leases

At inception of a contract, the Group assesses whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

As a lessor

At inception or on modification of a contract that contains a lease component, the Group allocates the consideration in the contract to each lease component on the basis of their relative stand-alone prices.

When the Group acts as a lessor, it determines at lease inception whether each lease is a finance lease or an operating lease.

3 Significant accounting policies (continued)

3.9 Leases (continued)

To classify each lease, the Group makes an overall assessment of whether the lease transfers substantially all of the risks and rewards incidental to ownership of the underlying asset. If this is the case, then the lease is a finance lease; if not, then it is an operating lease. As part of this assessment, the Group considers certain indicators such as whether the lease is for the major part of the economic life of the asset.

The Group recognises lease payments received from investment property under operating leases as income on a straight- line basis over the lease term as part of 'revenue'.

3.10 Impairment

(i) Non-derivative financial assets

The Group recognises loss allowances for expected credit losses ("ECLs") on financial assets measured at amortised costs.

Loss allowances of the Group are measured on either of the following bases:

- 12-month ECLs: these are ECLs that result from default events that are possible within the 12 months after the reporting date (or for a shorter period if the expected life of the instrument is less than 12 months); or
- Lifetime ECLs: these are ECLs that result from all possible default events over the expected life of a financial instrument or contract asset.

Simplified approach

The Group applies the simplified approach to provide for ECLs for all trade receivables. The simplified approach requires the loss allowance to be measured at an amount equal to lifetime ECLs.

General approach

The Group applies the general approach to provide for ECLs on all other financial instruments. Under the general approach, the loss allowance is measured at an amount equal to 12-month ECLs at initial recognition.

At each reporting date, the Group assesses whether the credit risk of a financial instrument has increased significantly since initial recognition. When credit risk has increased significantly since initial recognition, loss allowance is measured at an amount equal to lifetime ECLs.

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECLs, the Group considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Group's historical experience and informed credit assessment and includes forward-looking information.

If credit risk has not increased significantly since initial recognition or if the credit quality of the financial instruments improves such that there is no longer a significant increase in credit risk since initial recognition, loss allowance is measured at an amount equal to 12-month ECLs.

The Group considers a financial asset to be in default when:

- the debtor is unlikely to pay its credit obligations to Group in full, without recourse by the Group to actions such as realising security (if any is held); or
- the financial asset is more than 90 days past due.

The maximum period considered when estimating ECLs is the maximum contractual period over which the Group is exposed to credit risk.

3 Significant accounting policies (continued)

3.10 Impairment (continued)

(i) Non-derivative financial assets (continued)

Measurement of ECLs

ECLs are probability-weighted estimates of credit losses. Credit losses are measured at the present value of all cash shortfalls (i.e. the difference between the cash flows due to the entity in accordance with the contract and the cash flows that the Group expects to receive). ECLs are discounted at the effective interest rate of the financial asset.

Credit-impaired financial assets

At each reporting date, the Group assesses whether financial assets carried at amortised cost are credit-impaired. A financial asset is 'credit-impaired' when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.

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

- significant financial difficulty of the debtor;
- a breach of contract such as a default or being more than 90 days past due;
- the restructuring of a loan or advance by the Group on terms that the Group would not consider otherwise;
- it is probable that the debtor will enter bankruptcy or other financial reorganisation; or
- the disappearance of an active market for a security because of financial difficulties.

Presentation of allowance for ECLs in the statement of financial position

Loss allowances for financial assets measured at amortised cost are deducted from the gross carrying amount of these assets.

Write-off

The gross carrying amount of a financial asset is written off (either partially or in full) to the extent that there is no realistic prospect of recovery. This is generally the case when the Group determines that the debtor does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subject to the write-off. However, financial assets that are written off could still be subject to enforcement activities in order to comply with the Group's procedures for recovery of amounts due.

(ii) Non-financial assets

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

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

3 Significant accounting policies (continued)

3.10 Impairment (continued)

(ii) Non-financial assets (continued)

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

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

3.11 Government grants

Grants that compensate the Group for expenses incurred are recognised in profit or loss net of the related expenses on a systematic basis in the same periods in which the expenses are recognised, unless the conditions for receiving the grant are met after the related expenses have been recognised. In this case, the grant is recognised when it becomes receivables.

3.12 Rental and dividend income

(i) Rental income from operating leases

Rental income receivable under operating leases is recognised as 'revenue' on a straight-line basis over the term of the lease, except where an alternative basis is more representative of the pattern of benefits to be derived from the leased assets. Lease incentives granted are recognised as an integral part of the total rental to be received.

(ii) Dividend income

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

3.13 Interest income and finance costs

Interest income is recognised using the effective interest method.

The Group's finance costs include:

- interest expense; and
- amortisation of transaction cost.

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

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

In calculating interest income and expense, the effective interest rate is applied to the gross carrying amount of the asset (when the asset is not credit-impaired) or to the amortised cost of the liability. However, for financial assets that have become credit-impaired subsequent to initial recognition, interest income is calculated by applying the effective interest rate to the amortised cost of the financial asset. If the asset is no longer credit-impaired, then the calculation of interest income reverts to the gross basis.

3 Significant accounting policies (continued)

3.13 Interest income and finance costs (continued)

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

3.14 Tax

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

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

Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous years. The amount of current tax payable or receivable is the best estimate of the tax amount expected to be paid or received that reflects uncertainty related to income taxes, if any. Current tax also includes any tax arising from dividends.

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

Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is not recognised for:

- temporary differences on the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit; and

- temporary differences relating to investments in subsidiaries to the extent that the Group is able to control the timing of the reversal of the temporary differences and it is probable that they will not reverse in the foreseeable future.

The measurement of deferred taxes reflects the tax consequences that would follow the manner in which the Group expects, at the reporting date, to recover or settle the carrying amount of its assets and liabilities. For investment properties that are measured at fair value, the carrying amount of the investment property is presumed to be recovered through sale, and the Group has not rebutted this presumption. Deferred tax is measured at the tax rates that are expected to be applied to temporary differences when they reverse, based on tax rates and tax laws that have been enacted or substantively enacted by the reporting date, and reflects uncertainty related to income taxes, if any.

Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realised simultaneously.

Deferred tax assets are recognised for unused tax losses, unused tax credits and deductible temporary differences to the extent that it is probable that future taxable profits will be available against which they can be used. Future taxable profits are determined based on the reversal of relevant taxable temporary differences. If the amount of taxable temporary differences is insufficient to recognise a deferred tax asset in full, then future taxable profits, adjusted for reversals of existing temporary differences, are considered, based on the business plans for individual subsidiaries in the Group. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised; such reductions are reversed when the probability of future taxable profits improves.

The Inland Revenue Authority of Singapore ("IRAS") has issued the Tax Transparency Ruling and Foreign-Sourced Income Tax Exemption Ruling to the Trust.

3 Significant accounting policies (continued)

3.14 Tax (continued)

Tax Transparency Ruling

Pursuant to the Tax Transparency Ruling issued by the IRAS, tax transparency treatment has been granted to the Trust in respect of certain taxable income ("Specified Taxable Income"). Subject to meeting the terms and conditions of the Tax Transparency Ruling, which includes a distribution of at least 90% of the Specified Taxable Income of the Trust, the Trust is not subject to tax on the Specified Taxable Income distributed to the Unitholders in the same year in which the Specified Taxable Income was derived. Instead, the Trustee and the Manager would undertake to deduct income tax at the prevailing corporate tax rate (currently at 17%) from distributions made to Unitholders out of such Specified Taxable Income, except:

(i) Where the beneficial owners are Qualifying Unitholders, the Trustee and the Manager will make the distributions to such Unitholders without deducting income tax; or

(ii) Where the beneficial owners are Qualifying Foreign Non-individual Unitholders, the Trustee and the Manager will deduct Singapore income tax at the reduced rate of 10% for distributions made up to 31 December 2025, unless the concession is extended.

(iii) Where the beneficial owners are Qualifying Foreign Non-Resident Fund, the Trustee and the Manager will deduct Singapore income tax at the reduced rate of 10% for distributions for the period from 1 July 2019 to 31 December 2025, unless the concession is extended.

A "Qualifying Unitholder" is a Unitholder who is:

- an individual;
- a company incorporated and tax resident in Singapore;
- a Singapore branch of a company incorporated outside Singapore;
- a body of persons (excluding partnerships) incorporated or registered in Singapore, including:
  - (i) a charity registered under the Charities Act (Cap. 37) or established by any written law;
  - (ii) a town council;
  - (iii) a statutory board;
  - (iv) a co-operative society registered under the Co-operative Societies Act (Cap. 62); or
  - (v) a trade union registered under the Trade Unions Act (Cap. 333);
- an international organisation that is exempt from tax on such distributions by reason of an order made under the International Organisations (Immunities and Privileges) Act (Cap. 145); or
- a real estate investment trust exchange-traded fund which has been accorded the tax transparency treatment.

A Qualifying Foreign Non-Individual Unitholder is a person other than an individual who is not resident in Singapore income tax purposes and who:

- does not have a permanent establishment in Singapore; or
- carries an operation in Singapore through a permanent establishment in Singapore, where the funds used by that person to acquire units of the Trust are not obtained from that operation.

3 Significant accounting policies (continued)

3.14 Tax (continued)

Tax Transparency Ruling (continued)

A Qualifying Non-resident Fund is a non-resident fund that qualifies for tax exemption under Section 13CA, 13X or 13Y of the Income Tax Act (Cap.134) and who:

- does not have a permanent establishment in Singapore (other than a fund manager in Singapore); or
- carries an operation in Singapore through a permanent establishment in Singapore (other than a fund manager in Singapore), where e the funds used by that qualifying fund to acquire units of the Trust are not obtained from that operation.

The Tax Transparency Ruling does not apply to gains or profits from the disposal of any properties such as immovable properties and shares that are determined by the IRAS to be revenue gains chargeable to tax and income derived by the Trust but not distributed to the Unitholders in the same year in which the income is derived. Tax on such gains or profits will be subject to tax in accordance with Section 10(1)(a) of the Income Tax Act (Cap. 134). Distribution made out of the after-tax amount will not be subject to any further tax. Where the disposal gains are regarded as capital in nature, they will not be subject to tax and the Trustee and the Manager may distribute the capital gains without tax being deducted at source.

Any distributions made by the Trust to the Unitholders out of tax-exempt income and taxed income would be exempt from Singapore income tax in the hands of all Unitholders, regardless of their corporate or residence status.

3.15 New standards and interpretations not adopted

A number of new standards, interpretations and amendments to standards are effective for annual periods beginning after 1 January 2021 and earlier application is permitted; however, the Group has not early adopted the new or amended standards and interpretations in preparing these financial statements.

The application of these new FRSs, interpretations and amendments to FRSs are not expected to have a significant impact on the financial statements of the Group and the Trust.

4 Investment properties

	Group		Trust	
	2021	**2020**	**2021**	**2020**
	$'000	**$'000**	**$'000**	**$'000**
At 1 January	939,670	1,340,780	33,800	34,500
Additions	939	425	90	212
Disposal	(4,219)	–	–	–
Adjustment on rental straight-lining (note 17)	22,703	–	74	–
Fair value losses recognised in profit or loss	(4,520)	(401,387)	(764)	(912)
Effects of movement in exchange rates	7,874	(148)	–	–
At 31 December	962,447	939,670	33,200	33,800

On 28 November 2020, the Trustee had entered into a memorandum of understanding with the tenants, PT Lippo Karawaci Tbk ("LPKR") and PT Metropolis Propertindo Utama ("MPU"), to restructure the master-lease agreements ("MLAs") for fourteen (14) hospital properties in Indonesia. The restructured MLAs were completed during 2021 and took effect from 1 January 2021. The valuation of these fourteen (14) hospital properties in 2020 took into consideration the terms of the restructured MLAs and resulted in fair value losses. The rental income from these hospital properties is denominated in Indonesia Rupiah ("IDR") with effect from 1 January 2021.

4 Investment properties (continued)

On 19 July 2021, the Group entered into conditional sale and purchase agreement in relation to the disposal of Sarang Hospital in South Korea for a consideration of US$4,493,000 (approximately $6,114,000). The disposal was completed in August 2021.

As at 31 December 2021, investment properties of the Group with carrying amounts of $941,296,000 (2020: $875,231,000) were pledged as security for related borrowings (see note 11).

Measurement of fair value

Fair value hierarchy

The fair value of investment properties were determined by external independent valuers, having appropriate recognised professional qualifications and recent experience in the location and category of property being valued. The independent valuers provide the fair value of the Group's investment property portfolio every year.

The fair values were derived based on the discounted cash flow, capitalisation and direct comparison methods. The valuation methods involve certain estimates including those relating to discount rate, terminal capitalisation rate, capitalisation rate and price per square metre. The specific risks inherent in each of the properties are taken into consideration in arriving at the valuations. The valuation technique(s) considered by valuers for each property is in line with market practices generally adopted in the jurisdiction in which the property is located.

The fair value measurement of all of the investment properties has been categorised as a Level 3 fair value based on the inputs to the valuation techniques used.

Valuation techniques and inputs used in Level 3 fair value measurements

In 2021, the valuations were undertaken by the following independent professional valuers:

1. Four (4) Indonesia properties – Kantor Jasa Penilai Publik ("KJPP") Willson dan Rekan in association with Knight Frank (2020: One (1))

2. Twelve (12) Indonesia properties – Cushman & Wakefield VHS Pte. Ltd. in conjunction with KJPP Firman, Suryantoro, Sugeng, Suzy, Hartomo & Rekan (2020: Fifteen (15))

3. Three (3) Singapore properties – Cushman & Wakefield VHS Pte. Ltd. (2020: Savills Valuation and Professional Services (S) Pte. Ltd.)

As at 31 December 2021, the valuation reports of all the Group's properties in Singapore and a property in Indonesia included a "material valuation uncertainty" due to the disruption to the market at that date caused by the COVID-19 outbreak. The external valuers have stated in their valuation reports that given the unprecedented set of circumstances on which to base a judgement, less certainty, and a higher degree of caution, should be attached to the valuations than would normally be the case. Due to the unknown future impact that COVID-19 pandemic might have on the real estate market, the external valuers have also recommended to keep the valuation of these properties under frequent review.

4 Investment properties (continued)

Measurement of fair value (continued)

Valuation techniques and inputs used in Level 3 fair value measurements (continued)

The following table shows the valuation techniques used in measuring the fair value of investment properties, as well as the significant unobservable inputs used.

Valuation techniques	Significant unobservable inputs – Singapore	Significant unobservable inputs – Indonesia	Inter-relationship between key unobservable inputs and fair value measurement
Direct comparison method: The direct comparison method involves the analysis of comparable sales of similar properties and adjusting the sales price to those reflective of the investment properties under development.	Not applicable	Price per square metre ("psm"): $593 (2020: Not applicable)	The estimated fair value would increase (decrease) if price psm was higher (lower).
Income capitalisation method: The income capitalisation method capitalises an income stream into a present value using single-year capitalisation rates.	Capitalisation rates ranging from: 6.75% to 7.00% (2020: 6.75% to 7.00%)	Not applicable	The higher the capitalisation rate, the lower the fair value.
Discounted cash flow method: The discounted cash flow method involves the estimation and projection of an income stream over a period and discounting the income stream with an internal rate of return to arrive at the market value.	Growth rate: 2.00% (2020: 2.00%)	Growth rate: Affected properties[1]: Note A Non-affected properties[2]: Note B	The higher the growth rate in rental income, the higher the fair value.
	Discount rate: 8.75% (2020: 8.75%)	Discount rate: Affected properties: 11.84% to 11.90% (2020: 11.70%) Non-affected properties: 9.34% to 9.60% (2020: 9.50% to 9.56%)	The higher the discount rate, the lower the fair value.
	Terminal capitalisation rate[3]: Not applicable (2020: 7.25% to 7.00%)	Terminal capitalisation rate[4]: Affected properties: 9.00% to 9.25% (2020: 9.00% to 9.25%) Non-affected properties: 9.25% to 9.75% (2020: 9.25% to 9.98%)	The higher the terminal capitalisation rate, the lower the fair value.

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.

4 Investment properties (continued)

Measurement of fair value (continued)

Valuation techniques and inputs used in Level 3 fair value measurements (continued)

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).

3 The direct discounting analysis is applied in 2021 with the cashflow period projected until the end of the leasehold term of respective properties. No terminal capitalisation rate was applied for all properties located in Singapore as the land together with buildings are expected to be returned to the government upon the expiration of the term of the leasehold land.

4 No terminal capitalisation 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.

Note A – The growth rate for the base rents for the affected Indonesia properties were at 4.50% (2020: 4.50%) as agreed in the restructured master lease agreements. The performance-based rent is at 8.00% (2020: 8.00%) 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.

Note B – The growth rate for the base rents of the non-affected Indonesia properties were capped at 2.00% (2020: 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% (2020: 0.00% to 2.00%) of the tenant's gross revenue for the preceding calendar year, depending on the tenant's gross revenue growth.

5 Investments in subsidiaries

	Trust	
	2021	**2020**
	$'000	**$'000**
Movements during the year, at cost:		
At 1 January	661,867	754,569
Redemption of redeemable preference shares	(27,473)	(17,245)
Reversal/(Allowance) for impairment losses	34,779	(75,457)
At 31 December	669,173	661,867
Total cost comprising:		
Unquoted equity shares at cost	414,292	414,292
Redeemable preference shares at cost	303,695	331,168
Allowance for impairment losses	(48,814)	(83,593)
Total at cost	669,173	661,867

The redeemable preference shares are redeemable at the option of the Singapore subsidiaries.

Details of the subsidiaries are included in note 30.

5 Investments in subsidiaries (continued)

Allowance for impairment loss on investments in subsidiaries

At each reporting date, the Trust carried out impairment assessment of its investments in subsidiaries to assess whether there is any indication of impairment. The Trust evaluates, amongst other factors, the future profitability of the subsidiaries, including factors such as industry performance, operational and financing cash flows. The recoverable amounts were estimated by taking into consideration the net assets of the subsidiaries which comprised predominantly investment properties whose recoverable amounts were estimated using external valuation report.

The recoverable amount of the investments could change significantly as a result of the changes in market conditions and the assumptions used in determining the recoverable amount. Based on this assessment, the Trust reversed impairment loss of $34,779,000 (2020: recognised an impairment loss of $75,457,000) on its investments in subsidiaries.

6 Loan to a subsidiary

	Trust	
	2021	**2020**
	$'000	**$'000**
Loan to a subsidiary:		
Non-current portion	25,465	30,288
Current portion	4,191	4,191
Total	29,656	34,479

The non-current portion of the loan to a subsidiary is unsecured, interest-bearing ranging from 3.12% to 3.49% (2020: 3.12% to 3.49%) per annum and is repayable by quarterly instalments over 20 years from 30 December 2010.

The current-portion of the loan to a subsidiary is unsecured, interest-free and repayable on demand.

The exposure of the Trust to credit risk is disclosed in note 29.

7 Trade and other receivables

	Group		Trust	
	2021	**2020**	**2021**	**2020**
	$'000	**$'000**	**$'000**	**$'000**
Trade receivables:				
—Third parties	–	8,169	–	24
—Related parties	1,381	11,678	8	8
Less impairment allowance	–	(5,050)	–	–
Trade receivables – net	1,381	14,797	8	32
Other receivables:				
—Third parties	361	3,196	265	381
—Subsidiaries	–	–	11,581	10,542
—Related party (a)	30,746	27,035	918	–
Less impairment allowance	–	–	–	(567)
Other receivables – net	31,107	30,231	12,764	10,356
Total trade and other receivables	32,488	45,028	12,772	10,388

7 Trade and other receivables (continued)

(a) The amount comprises progress payments made to a related party, PT Saputra Karya ("PT SK"), interest income on progress payments, and professional fees, in relation to the development works of a new Siloam Hospitals Surabaya in prior years which was no longer progressing. In 2020, a termination notice was served to PT SK to terminate the development work agreement. Of the $30,746,000, $918,000 relates to project expenses incurred by the Trust on behalf of a wholly-owned subsidiary of the Trust, PT Tata Prima Indah ("PT TPI").

On 7 December 2021, PT TPI entered into a progress payments settlement agreement with LPKR and PT SK, where PT SK shall make payment to PT TPI of the amount of the progress payments of IDR281,250,090,000 (equivalent to $27.0 million) and the interest of IDR28,001,721,252 (equivalent to $2.7 million) by monthly instalments from January 2022 to June 2022.

In addition, PT TPI has on 7 December 2021 entered into a project expenses settlement agreement with PT SK and the Trustee to make payment to the Trust of the aggregate amount of the project expenses of $0.9 million incurred by the Trust on behalf of PT TPI.

On 28 January 2022, the Group has obtained approval from the independent unitholders of First REIT for both the progress payments and project expenses settlement agreements.

Of the $30,746,000 receivable from PT SK, $606,000 for the first instalment on progress payments settlement agreement and $918,000 on project expenses respectively have been subsequently received by the Group and the Trust during January 2022.

The exposure of the Group and the Trust to credit risk, market risk and impairment loss for trade and other receivables, are disclosed in note 29.

8 Other assets

	Group		Trust	
	2021 $'000	2020 $'000	2021 $'000	2020 $'000
Prepayments	3,120	42	3,120	40
Prepaid other taxes	249	835	–	–
	3,369	877	3,120	40

9 Cash and cash equivalents

	Group		Trust	
	2021 $'000	2020 $'000	2021 $'000	2020 $'000
Cash at banks	51,203	19,292	35,137	10,738

The rate of interest for the cash on interest-earning accounts is 0.20% to 0.33% (2020: 0.12% to 1.65%) per annum.

10 Deferred tax liabilities

Deferred tax liabilities are attributable to the following:

	Group		Trust	
	2021 $'000	2020 $'000	2021 $'000	2020 $'000
Investment properties	20,601	19,968	–	–

10 Deferred tax liabilities (continued)

Movement in deferred tax liabilities of the Group during the year are as follows:

	Investment properties	
	2021	**2020**
	$'000	**$'000**
At 1 January	19,968	38,236
Recognised in profit or loss (note 22)	471	(18,268)
Exchange differences	162	–
At 31 December	20,601	19,968

11 Borrowings

	Group and Trust	
	2021	**2020**
	$'000	**$'000**
Current		
Bank loan A (secured)	–	195,345
Bank loan B (secured)	99,258	–
	99,258	195,345
Non-current		
Bank loan A (secured)	–	194,972
Bank loan B (secured)	–	98,688
Bank loan C (secured)	249,953	–
	249,953	293,660
Total	349,211	489,005

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

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 $260 million to partly refinance Bank loan A. In March 2021, the Trust drew down Bank loan C amounting to $252,374,000 under this $260 million syndicated secured financing facility. Bank loan C and approximately $140 million of the proceeds from the rights issue (note 16 (a)) were used to repay Bank loan A. Bank loan C consists of a 2-year Singapore dollar term loan and a 2-year Singapore dollar revolving credit facility loan. The amounts under Bank loan C are due in March 2023.

The Trust has entered into interest rate swaps arrangements to manage the interest rate risk exposure arising from a portion of the bank loans with floating rates (note 12).

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

11 Borrowings (continued)

Terms and debt repayment schedule

Terms and conditions of outstanding borrowings are as follows:

	Currency	Nominal interest rate	Year of maturity	2021 $'000	2020 $'000
Group and Trust					
Secured bank loan A	SGD	1.63%—4.39% (2020: 1.62%—3.76%)	2021	–	371,916
Secured bank loan A	USD	1.64%—1.66% (2020: 1.67%—3.44%)	2021	–	18,401
Secured bank loan B	SGD	2.23%—2.38% (2020: 2.23%—2.38%)	2022	99,258	98,688
Secured bank loan C	SGD	2.65%—4.39% (2020: N/A)	2023	249,953	–
				349,211	489,005

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

1) Legal mortgage over all the properties of the Group except for Siloam Hospitals Yogyakarta (2020: 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 Yogyakarta (2020: 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 Yogyakarta (2020: 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. and Icon1 Holdings Pte. Ltd. (2020: Siloam Hospitals Surabaya and Siloam Hospitals Yogyakarta).

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. and Icon1 Holdings Pte. Ltd. (2020: 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 the Joint-operation company, PT Yogya Central Terpadu (2020: PT Tata Prima Indah and 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 directly and indirectly is at least at 8%.

9) OUE Limited's interest in First REIT Management Limited directly and indirectly is at least at 40%.

10) Compliance with certain financial covenants (note 29).

11 Borrowings (continued)

Terms and debt repayment schedule (continued)

Reconciliation of movements of liabilities to cash flows arising from financing activities

	Liabilities		
	Borrowings $'000	**Interest payable $'000**	**Total $'000**
Balance at 1 January 2021	489,005	1,280	490,285
Changes from financing cash flows			
Proceeds from borrowings	252,374	–	252,374
Payment of transaction costs related to borrowings	(4,779)	–	(4,779)
Repayment of borrowings	(393,152)	–	(393,152)
Interest paid	–	(10,646)	(10,646)
Total changes from financing cash flows	(145,557)	(10,646)	(156,203)
The effect of changes in foreign exchange rates	547	–	547
Other changes			
Liability-related			
Amortisation of transaction costs	5,216	–	5,216
Interest expense	–	11,819	11,819
Total liability-related other changes	5,216	11,819	17,035
Balance at 31 December 2021	349,211	2,453	351,664

	Liabilities		
	Borrowings $'000	**Interest payable $'000**	**Total $'000**
Balance at 1 January 2020	486,410	4,485	490,895
Changes from financing cash flows			
Interest paid	–	(17,918)	(17,918)
Total changes from financing cash flows	–	(17,918)	(17,918)
The effect of changes in foreign exchange rates	(518)	–	(518)
Other changes			
Liability-related			
Amortisation of transaction costs	3,113	–	3,113
Interest expense	–	14,713	14,713
Total liability-related other changes	3,113	14,713	17,826
Balance at 31 December 2020	489,005	1,280	490,285

12 Derivative financial instruments

	Notional amounts		Group and Trust	
	2021 $'000	2020 $'000	2021 $'000	2020 $'000
Current				
Derivative liabilities				
Interest rate swaps	196,831	–	673	–
Non-current				
Derivative liabilities				
Interest rate swaps	–	196,831	–	3,866

The Group uses interest rate swaps to manage its exposure to interest rate movements on floating rate interest-bearing bank loans by swapping the floating rates on the bank loans to fixed rates. The fair values of the derivatives are measured based on the quote from financial institutions (Level 2).

13 Trade and other payables

	Group		Trust	
	2021 $'000	2020 $'000	2021 $'000	2020 $'000
Trade payables:				
— Third parties	186	199	94	112
— Related party	8,218	8,345	8,218	8,345
	8,404	8,544	8,312	8,457
Other payables:				
— Third parties	10,462	8,750	6,150	5,140
— Subsidiaries	–	–	14,540	11,840
— Related party	22	22	–	–
	10,484	8,772	20,690	16,980
Total trade and other payables	18,888	17,316	29,002	25,437

The exposure of the Group and the Trust to liquidity risk is disclosed in note 29.

14 Other liabilities

	Group		Trust	
	2021 $'000	2020 $'000	2021 $'000	2020 $'000
Rental income received in advance from tenants	2,284	8,148	105	103
Security deposits	4,860	1,959	1,998	1,959
	7,144	10,107	2,103	2,062

15 Perpetual securities

In 2016, the Trust issued $60 million of subordinated perpetual securities at a fixed rate of 5.68% per annum, with the first distribution rate reset on 8 July 2021 and subsequent resets occurring every five years thereafter. The perpetual securities have no fixed redemption date and redemption is at the option of the Trust in accordance with the terms and conditions of the securities. The distribution will be payable semi-annually at the discretion of the Trust and will be non-cumulative. The distribution rate applicable to the perpetual securities in respect of the period from the first reset date (being 8 July 2021) to the immediately following reset date (being 8 July 2026) shall be 4.9817%, being the prevailing five-year swap offer rate of 1.0567% per annum with respect to the relevant reset date plus the initial spread of 3.925%, in accordance with the terms and conditions of the perpetual securities.

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.

These perpetual securities are classified as equity. An amount of $3,205,000 and $3,417,000 were reserved for distribution to perpetual securities holders for each of the reporting years ended 31 December 2021 and 31 December 2020 respectively. Management has taken the view that as there is no contractual obligation to repay the principal or to pay any distributions, the perpetual securities do not meet the definition for classification as a financial liability under FRS 32 *Financial Instruments: Disclosure and Presentation*. The perpetual securities are presented within equity, and the distributions treated as dividends.

16 Units in issue and net assets value attributable to unitholders

		Group and Trust	
		2021	**2020**
	Note	**'000**	**'000**
At 1 January		807,206	797,675
Issuance of new units for rights issue exercise	(a)	791,062	–
Issuance of new units as settlement of management fees	(b)	14,760	9,531
At 31 December		1,613,028	807,206

(a) A total of 791,062,000 (2020: nil) new units at an issue price of $0.20 per unit were issued in respect of the rights issue exercise.

The proceeds of the rights issue, which was completed on 24 February 2021, was mainly used for the purpose of (a) repaying part of the Bank loan A (note 11) and (b) payment of professional fees incurred by the Trust in connection to the loan refinancing exercise.

(b) A total of 14,760,000 (2020: 9,531,000) new units at an issue price range from $0.2358 to $1.0013 (2020: $0.4668 to $1.0013) 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, 3,303,000 (2020: 3,493,000) 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.

The Trust does not hold any treasury units and there is no subsidiary holding as at the end of the current financial period and as at the end of the corresponding period of the immediately preceding financial year.

16 Units in issue and net assets value attributable to unitholders (continued)

Under the Trust Deed, every unit carries the same voting rights. Each unit represents an equal and undivided beneficial interest in the assets of the Trust. Units have no conversion, retraction, redemption or pre-emptive rights. The rights and interests of unitholders are contained in the Trust Deed and include the right to:

- Receive income and other distributions attributable to the units held;
- Receive audited financial statements and the annual report of the Trust; and
- Participate in the termination of the Trust by receiving a share of all net cash proceeds derived from the realisation of the assets of the Trust less any liabilities, in accordance with their proportionate interests in the Trust.

No unitholder has a right to require that any assets of the Trust be transferred to him.

Further, unitholders cannot give directions to the Trustee or the Manager (whether at a meeting of unitholders duly convened and held in accordance with the provisions of the Trust Deed or otherwise) if it would require the Trustee or the Manager to do or omit doing anything which may result in:

- The Trust ceasing to comply with applicable laws and regulations; or
- The exercise of any discretion expressly conferred on the Trustee or the Manager by the Trust Deed or the determination of any matter which, under the Trust Deed, requires the agreement of either or both of the Trustee and the Manager.

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	
	2021 $'000	2020 $'000	2021 $'000	2020 $'000
Net assets value attributable to unitholders	591,145	403,092	341,394	170,064
Net assets value per unit in cents attributable to unitholders	36.65	49.94	21.16	21.07

17 Rental and other income

	Group		Trust	
	2021 $'000	2020 $'000	2021 $'000	2020 $'000
Rental income from investment properties	101,428	79,316	4,226	3,375
Government grant from rental relief framework	–	303	–	303
Other income	918	–	918	–
Dividend income from subsidiaries	–	–	34,643	29,519
	102,346	79,619	39,787	33,197

Included in rental income of the Group is variable rent of $714,000 (2020: $4,062,000) and adjustment on rental straight-lining of $22,703,000 (2020: $nil) (note 4).

In 2020, government grants were provided to property owners as rental relief which in turn provided the necessary rental relief to their eligible tenants of the prescribed properties under the rental relief framework in Singapore.

During the year, the Group has provided a total of $699,000 (2020: $38,547,000) COVID-19 pandemic relief measures as part of its tenants support measures via rental rebates to the affected tenants during the period.

18 Property operating expenses

	Group		Trust	
	2021	2020	2021	2020
	$'000	$'000	$'000	$'000
Property tax expense	202	–	202	–
Valuation expenses	320	242	31	35
Professional fees	747	860	–	–
Impairment allowance on trade and other receivables	632	842	–	–
Others	229	210	–	11
	2,130	2,154	233	46

19 Manager's management fees

	Group		Trust	
	2021	2020	2021	2020
	$'000	$'000	$'000	$'000
Base fees	4,145	5,552	4,101	5,508
Performance fees	4,965	3,858	4,965	3,858
	9,110	9,410	9,066	9,366

20 Finance costs

	Group and Trust	
	2021	2020
	$'000	$'000
Interest expense	11,819	14,713
Amortisation of transaction costs	5,216	3,113
	17,035	17,826

21 Other expenses

	Group		Trust	
	2021	2020	2021	2020
	$'000	$'000	$'000	$'000
Handling and processing fees	274	287	274	287
Professional fees	766	455	677	455
Project expenses	965	4,795	965	4,795
Others	239	168	313	150
	2,244	5,705	2,229	5,687

21 Other expenses (continued)

Included in the professional fees are the following:

	Group		Trust	
	2021 $'000	2020 $'000	2021 $'000	2020 $'000
Included in the professional fees are the following:				
Auditors of the Trust	537	250	397	136
Other auditors	136	214	–	–
Non-audit fees paid/payable to:				
Auditors of the Trust	–	88	–	88
Other auditors	–	12	–	12

22 Income tax expenses/(benefit)

	Group		Trust	
	2021 $'000	2020 $'000	2021 $'000	2020 $'000
Current tax expense				
Current year	7,551	7,855	–	–
Withholding tax	4,675	4,591	–	–
Deferred tax expense/(income)	471	(18,268)	–	1,467
Total income tax expenses/(benefit)	12,697	(5,882)	–	1,467

Reconciliation of effective tax rate

	Group		Trust	
	2021 $'000	2020 $'000	2021 $'000	2020 $'000
Total return/(loss) for the year the before income tax	75,810	(358,232)	50,095	(77,317)
Tax using Singapore tax rate of 17% (2020: 17%)	12,888	(60,899)	8,516	(13,144)
Effect of tax rates in foreign jurisdictions	(7,900)	46,370	–	–
Tax-exempt income	(461)	–	(11,898)	–
Non-deductible expenses	4,176	4,572	4,063	15,067
Foreign withholding tax	4,675	4,591	–	–
Tax transparency	(681)	(456)	(681)	(456)
	12,697	(5,822)	–	1,467

23 Earnings per unit

	Group 2021	Group 2020
Total return/(loss) attributable to unitholders ($'000)	59,908	(355,827)
Weighted average number of units during the year ('000)	1,499,382	802,634
Adjustment for effect of right issue[1] ('000)	–	49,090
Weighted average number of units during the year	1,499,382	851,724
Earnings per unit (in cents)		
Basic and diluted	4.00	(41.78)[1]

[1] The weighted average number of units in 2020 has been adjusted to reflect the bonus element in the new units pursuant to the issuance of rights units on 24 February 2021. Prior year comparative for earnings per unit was restated through retrospective application of a bonus factor to the weighted average number of units. The bonus factor is derived from the division of fair value per unit immediately before the exercise of rights by the theoretical ex-rights fair value.

There were no potential dilutive units for the years ended 31 December 2021 and 31 December 2020. As such, the total return/(loss) attributable to unitholders and the weighted average number of units used in the calculation of diluted earnings per unit are the same as those used in the calculation of basic earnings per unit.

24 Distributions to unitholders

	Group and Trust 2021 $'000	Group and Trust 2020 $'000
Distribution of 0.84 cents per unit for the period from 1 October 2020 to 31 December 2020 (2.15 cents per unit for the period from 1 October 2019 to 31 December 2019)	6,780	17,200
Distribution of 0.65 cents per unit for the period from 1 January 2021 to 31 March 2021 (1.86 cents per unit for the period from 1 January 2020 to 31 March 2020)	10,443	14,880
Distribution of 0.65 cents per unit for the period from 1 April 2021 to 30 June 2021 (0.44 cents per unit for the period from 1 April 2020 to 30 June 2020)	10,460	3,540
Distribution of 0.65 cents per unit for the period from 1 July 2021 to 30 September 2021 (1.01 cents per unit for the period from 1 July 2020 to 30 September 2020)	10,485	8,153
	38,168	43,773

On 10 February 2022, the Manager declared a distribution of 0.66 cents per unit, amounting to $10,732,000, in respect of the period from 1 October 2021 to 31 December 2021.

Current distribution policy:

The Trust's current distribution policy is to distribute at least 90.0% (2020: 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.

25 Financial ratios

	Group 2021	Group 2020	Trust 2021	Trust 2020
Expenses to average net assets attributable to unitholders ratio— excluding performance related fees [(1)]	0.79%	1.95%	2.56%	5.07%
Expenses to average net assets attributable to unitholders ratio— including performance related fees [(1)]	1.79%	2.59%	4.50%	6.76%
Portfolio turnover ratio [(2)]	2.78%	N/M	N/M	N/M
Total operating expenses ($'000) [(3)]	11,033	11,864	11,751	16,987
Total operating expenses to net asset value ratio [(3)]	(0.28%)	2.94%	3.44%	9.99%

(1) The annualised ratios are computed in accordance with the guidelines of the Investment Management Association of Singapore dated 25 May 2005. The expenses used in the computation relate to expenses excluding any property related expenses, interest expenses, foreign exchange losses, tax deducted at source and costs associated with the purchase of investments.

(2) Turnover ratio means the number of times per year that a dollar of assets is reinvested. It is calculated based on the lesser of purchases or sales of underlying investments of a scheme expressed as a percentage of daily average net asset value.

(3) The revised CIS Code dated 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 during financial year ended 31 December 2020.

26 Leases

Leases as lessor (FRS 116)

Operating lease

The Group and the Trust lease out its investment properties (note 4) under non-cancellable leases. The Group and the Trust have classified these leases as operating leases, because they do not transfer substantially all of the risks and rewards incidental to the ownership of the assets. Information about the operating leases of investment properties are set out in statements of portfolio.

The following table sets out a maturity analysis of lease payments, showing the undiscounted lease payments to be received after the reporting date.

	Group 2021 $'000	Group 2020 $'000	Trust 2021 $'000	Trust 2020 $'000
Less than one year	75,621	118,493	4,235	4,152
One to two years	76,280	88,016	4,312	4,235
Two to three years	79,270	88,101	4,414	4,320
Three to four years	82,236	88,187	4,495	4,406
Four to five years	81,179	88,275	4,584	4,495
More than five years	851,566	167,485	1,577	1,542
Total	1,246,152	638,557	23,617	23,150

27 Significant related party transactions

Other than disclosed elsewhere in the financial statements, the following significant transactions took place between the Group, the Trust and related parties at terms agreed between the parties during the financial year:

	Note	Group 2021 $'000	Group 2020 $'000	Trust 2021 $'000	Trust 2020 $'000
Property rental income		90,807	57,360	–	–
The Manager					
Management fees		(9,110)	(9,410)	(9,066)	(9,366)
The Trustee					
Trustee fees		(311)	(416)	(311)	(416)

28 Operating segments

Information about reportable segment profit or loss and assets

The Group is engaged in a single business of investing in investment properties in the healthcare and/or healthcare related sector. As at 31 December 2021, the Group had two reportable operating segments: Indonesia operations and Singapore operations (2020: three 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.

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 in note 3.4.

28 Operating segments (continued)

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

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 $'000	Singapore $'000	South Korea[1] $'000	Total $'000
2021				
Profit or loss reconciliation				
Rental and other income	96,631	5,144	571	102,346
Impairment allowance on trade receivables	–	–	(632)	(632)
Net property income and other income	95,646	4,689	(119)	100,216
Interest income	124	22	–	146
Manager's management fees				(9,110)
Trustee fees				(311)
Finance costs	–	(17,035)	–	(17,035)
Other expenses				(2,244)
Net income				71,662
Net fair value losses on investment properties	(3,756)	(764)	–	(4,520)
Gains on disposal of an investment property	–	–	1,607	1,607
Gains on disposal of a subsidiary	–	–	1,106	1,106
Net fair value losses of derivative financial instruments				3,193
Net foreign exchange gains				2,762
Total return before income tax				75,810
Income tax expense	(12,697)	–	–	(12,697)
Total return after income tax				63,113
Assets				
Segment assets including investment properties	975,284	74,251	–	1,049,535
Total assets				1,049,535

[1] Disposed in August 2021.

28 Operating segments (continued)

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

	Indonesia $'000	Singapore $'000	South Korea $'000	Total $'000
2020				
Profit or loss reconciliation				
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				(5,705)
Net income				45,544
Net fair value losses on investment properties	(396,641)	(912)	(3,834)	(401,387)
Net fair value losses of derivative financial instruments				(2,391)
Net foreign exchange gains				2
Total return before income tax				(358,232)
Income tax benefit/(expense)	6,961	(1,467)	328	5,822
Total return after income tax				(352,410)
Assets				
Segment assets including investment properties	953,431	45,102	6,375	1,004,908
Total assets				1,004,908

Income is attributed to countries on the basis of the location of the investment properties. The non-current assets comprises mainly of investment properties which are analysed by the geographical area in which the assets are located (see the statements of portfolio for the carrying value of these assets).

Income from the Group's top one and top two customers in Indonesia in aggregate amounted to $90,807,000 and $96,639,000 (2020: $65,413,000 and $75,128,000) respectively.

29 Financial instruments

Financial risk management

Overview

The Group has exposure to credit risk, liquidity risk and market risk arising from financial instruments.

This note presents information about the Group's exposure to each of the above risks, the Group's objectives, policies and processes for measuring and managing risk, and the Group's management of capital.

29 Financial instruments (continued)

Risk management framework

The Board of Directors of the Manager has overall responsibility for the establishment and oversight of the risk management framework of the Group. The Audit and Risk Committee of the Manager assists the Board of Directors and oversees how the Manager monitors compliance with the Group's risk management policies and procedures, and reviews the adequacy of the risk management framework in relation to the risks faced by the Group. The Audit and Risk Committee reports regularly to the Board of Directors on its activities.

Credit risk

Credit risk is the potential financial loss resulting from a failure of a tenant or counterparty to a financial instrument fails to meet its contractual obligations to the Group as and when they fall due.

The carrying amounts of financial assets in the statements of financial position represent the Group's and the Trust's maximum exposure to credit risk, before taking into account any collateral held. Security deposits are received, where appropriate, to reduce credit risk.

Trade and other receivables

The Manager has established credit limits for tenants, obtained security deposits and/or bank guarantees (where applicable) and monitors their balances on an on-going basis. Credit evaluations are performed by the Manager before lease agreements are entered into with tenants.

One of the tenants in Singapore has provided a bank guarantee in lieu of security deposits of $1,485,000 (2020: $1,456,000). The lessees, LPKR and its subsidiaries, have provided bank guarantees of $44,918,000 (2020: $50,330,000) in lieu of security deposits for rental income from the properties. These guarantees which expired in 2021 have been renewed up to October and December 2022 as appropriate.

Exposure to credit risk

The exposure to credit risk for trade receivables at the reporting date by geographic region was as follows:

	Group	
	2021	**2020**
	$'000	**$'000**
Indonesia	1,381	14,773
Singapore	–	24
	1,381	14,797

Expected credit loss assessment for trade receivables

The Group uses an allowance matrix to measure the lifetime ECL of trade receivables from individual tenants. At every reporting date, the historical observed default rates are updated and changes in the forward-looking estimates (including the impact of the COVID-19 pandemic) are analysed. The Group has only a few tenants and for which credit risk can be graded individually. Loss allowance will be recognised for receivables from tenants if there is a significant increase in credit risk since the initial recognition. The loss allowance for trade receivables as at 31 December 2021 is insignificant.

29 Financial instruments (continued)

Credit risk (continued)

Exposure to credit risk (continued)

The following table provides information about the exposure to credit risk and ECLs for trade receivables:

	Group			
	Gross carrying amount 2021 $'000	Impairment loss allowance 2021 $'000	Gross carrying amount 2020 $'000	Impairment loss allowance 2020[1] $'000
Past due less than 30 days	1,168	–	4,119	–
Past due 31 to 60 days	–	–	3,942	(162)
Past due 61 to 90 days	205	–	189	–
Past due over 90 days	8	–	11,597	(4,888)
	1,381	–	19,847	(5,050)

1 The loss allowance of $5,050,000 as at 31 December 2020 was due to the receivables from the tenant of Sarang Hospital, which was disposed in August 2021.

Non-trade amounts due from subsidiaries and loan to a subsidiary

The Trust holds non-trade receivables from its subsidiaries of $11,581,000 (2020: $10,542,000) and loan to a subsidiary of $29,656,000 (2020: $34,479,000). These balances are amounts lent to subsidiaries to satisfy their funding requirements. Impairment on these balances has been measured on the 12-month expected credit loss basis. The amount of the allowance on non-trade receivables from its subsidiaries was negligible (2020: $567,000) as at 31 December 2021.

Movement in allowance for impairment losses in respect of trade and other receivables during the year were as follows:

	Group		Trust	
	2021 $'000	2020 $'000	2021 $'000	2020 $'000
At 1 January	(5,050)	(4,324)	(567)	(567)
Impairment losses (recognised)/reversed	(632)	(842)	567	–
Utilised	5,682	–	–	–
Effect of movements in exchange rates	–	116	–	–
At 31 December	–	(5,050)	–	(567)

Derivatives

Derivative are entered into with bank and financial institution counterparties with sound credit rating.

At reporting date, there were no significant concentrations of credit risk. The maximum exposure to credit risk is represented by the carrying value of each financial asset on the statement of financial position.

Cash and cash equivalents

Cash and cash equivalents are held with bank and financial institution counterparties that have a sound credit rating.

Impairment on cash and cash equivalents has been measured on the 12-month expected loss basis and reflects the short maturities of the exposures. The Group considers that its cash and cash equivalents have low credit risk based on the external credit ratings of the counterparties. The amount of the allowance on cash and cash equivalents was negligible.

29 Financial instruments (continued)

Liquidity risk

Liquidity risk is the risk that the Group will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset.

As at 31 December 2021, the Group has $100.0 million borrowings due in May 2022. The Manager has assessed the sources of funding available to the Group which include the ability to obtain refinancing and available funds from operations to the Group as at 31 December 2021 and is confident that the refinancing will be successfully completed.

The Manager monitors its liquidity risk and maintains a level of cash and cash equivalents deemed adequate to finance the Group's operations and to mitigate the effects of fluctuations in cash flows. The Manager also monitors and observes the CIS Code issued by the MAS concerning limits on total borrowings.

The following are the contractual maturities of financial liabilities, including estimated interest payments and excluding the impact of netting agreements:

	Carrying amount $'000	Contractual cash outflows $'000	Within 1 year $'000	Within 2 to 5 years $'000
Group				
2021				
Non-derivative financial liabilities				
Borrowings	349,211	(365,283)	(107,109)	(258,174)
Trade and other payables	18,888	(18,888)	(18,888)	–
	368,099	(384,171)	(125,997)	(258,174)
Derivative financial liabilities				
Interest rate swaps (net-settled)	673	(673)	(673)	–
	368,772	(384,844)	(126,670)	(258,174)
2020				
Non-derivative financial liabilities				
Borrowings	489,005	(492,375)	(195,662)	(296,713)
Trade and other payables	17,316	(17,316)	(17,316)	–
	506,321	(509,691)	(212,978)	(296,713)
Derivative financial liabilities				
Interest rate swaps (net-settled)	3,866	(3,866)	–	(3,866)
	510,187	(513,557)	(212,978)	(300,579)

29 Financial instruments (continued)

Liquidity risk (continued)

	Carrying amount $'000	Contractual cash outflows $'000	Within 1 year $'000	Within 2 to 5 years $'000
Trust				
2021				
Non-derivative financial liabilities				
Borrowings	349,211	(365,283)	(107,109)	(258,174)
Trade and other payables	29,002	(29,002)	(29,002)	–
	378,213	(394,285)	(136,111)	(258,174)
Derivative financial liabilities				
Interest rate swaps (net-settled)	673	(673)	(673)	–
	378,886	(394,958)	(136,784)	(258,174)
2020				
Non-derivative financial liabilities				
Borrowings	489,005	(492,375)	(195,662)	(296,713)
Trade and other payables	25,437	(25,437)	(25,437)	–
	514,442	(517,812)	(221,099)	(296,713)
Derivative financial liabilities				
Interest rate swaps (net-settled)	3,866	(3,866)	–	(3,866)
	518,308	(521,678)	(221,099)	(300,579)

Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates, will affect the Group's total return or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return.

Currency risk

The Group operates predominantly in Indonesia and Singapore. Entities in the Group regularly transact in currencies other than their respective functional currencies ("foreign currencies"). Currency risk arises within entities in the Group when transactions are denominated in foreign currencies other than the functional currencies of respective entity such as the US dollar ("USD") and Singapore dollar ("SGD").

The Group's exposures to various foreign currencies are shown in SGD, translated using the spot rate as at 31 December as follows:

	Group		Trust
	Other payables $'000	Secured bank loan $'000	Secured bank loan $'000
2021			
SGD	263,790	–	–
2020			
USD	–	18,401	18,401

29 Financial instruments (continued)

Currency risk (continued)

Sensitivity analysis

A 5% strengthening of the functional currencies of the respective entity against the following currencies at the reporting date would have increased/(decreased) profit or loss by the amounts shown below. A similar weakening would have the equal but opposite effect. This analysis assumes that all other variables, in particular interest rate, remain constant.

	Profit or loss	
	2021	**2020**
	$'000	**$'000**
Group		
SGD	13,190	–
USD	–	920
Trust		
USD	–	920

Interest rate risk

The Manager's strategy to manage the risk of potential interest rate volatility may be through the use of interest rate hedging instruments and/or fixed rate borrowings. The Manager will regularly evaluate the feasibility of putting in place the appropriate level of interest rate hedges, after taking into account the prevailing market conditions.

Derivative financial instruments are used to manage exposures to interest rate risks arising from financing activities. Derivative financial instruments are not used for trading purposes. However, derivatives that do not qualify for hedge accounting are accounted for as trading instruments.

The Group's exposure to interest rate risk arises primarily from its variable-rate borrowings. The Group's policy is to obtain the most favourable interest rates available without increasing its interest risk exposure.

At the reporting date, the interest rate profile of the interest-bearing financial instruments was as follows:

	Group and Trust Nominal amount	
	2021	**2020**
	$'000	**$'000**
Variable rate instruments		
Effect of borrowings	(349,211)	(489,005)
Interest rate swaps	196,831	196,831
	(152,380)	(292,174)

Fair value sensitivity analysis for fixed rate instruments

The Group does not account for any fixed rate financial assets and liabilities at fair value through profit or loss. Therefore, a change in interest rates at the reporting date would not affect profit or loss.

29 Financial instruments (continued)

Interest rate risk (continued)

Sensitivity analysis for variable rate instruments

For variable instruments, a change of 100 basis points in interest rates at the reporting date would impact profit or loss (before any tax effects) by the amount shown below. This analysis assumes that all other variables remain constant.

	Profit or loss	
	100 bp increase	100 bp decrease
	$'000	$'000
Group and Trust		
31 December 2021		
Variable rate instruments	(1,524)	1,524
31 December 2020		
Variable rate instruments	(2,922)	2,922

Capital management

The Manager's principal objectives are to deliver regular and stable distributions to Unitholders and to achieve sustainable long-term growth in distributions and in the net asset value per unit, while maintaining an appropriate capital structure. Capital consists of all components of equity of the Group.

The Group's capital funding objectives are to maintain a strong statement of financial position, manage the cost of debt financing, and potential refinancing or repayment risks, secure diversified funding sources and implement appropriate hedging strategies to manage interest rate volatility and foreign exchange exposure, after taking into account prevailing market conditions.

The Trust and its subsidiaries are subject to the aggregate leverage limit as defined in the Property Funds Appendix of the CIS Code issued by the MAS. The CIS Code stipulates that the total borrowings and deferred payments (together the "Aggregate Leverage") of a property fund should not exceed 45.0% (2020: 45.0%) of its Deposited Property. The MAS had proposed for S-REITs to have a new minimum interest coverage ratio ("ICR") of 2.5 times before they are allowed to increase their leverage to beyond the prevailing 45% limit (up to 50%) with effective from 1 January 2022.

The Aggregate Leverage of the Group as at 31 December 2021 was 33.6% (2020: 49%) of its Deposited Property with an ICR of 5.4 times (2020: 3.6 times).

29 Financial instruments (continued)

Capital management (continued)

The Manager monitors the level, nature of debt and leverage ratios, along with the compliance with financial covenants on quarterly basis to ensure that sufficient resources exist. The Group aims to maintain a healthy debt-to-adjusted capital ratio as part of its long-term policy of ensuring that the Group maintains a good credit rating and lowers its weighted average cost of capital. Net debt is calculated as total debt less cash and cash equivalents. Adjusted capital comprises all components of equity.

	Group		Trust	
	2021	**2020**	**2021**	**2020**
	$'000	**$'000**	**$'000**	**$'000**
Net debt:				
All external borrowings	349,211	489,005	349,211	489,005
Less: cash and cash equivalents	(51,203)	(19,292)	(35,137)	(10,738)
Net debt	298,008	469,713	314,074	478,267
Adjusted capital:				
Issued equity	481,450	353,466	481,450	353,466
Retained earnings/ (Accumulated losses)	104,874	48,510	(140,056)	(183,402)
Foreign exchange reserve	4,821	1,116	–	–
Perpetual securities	60,675	60,878	60,675	60,878
Adjusted capital	651,820	463,970	402,069	230,942
Debt-to-adjusted capital ratio	45.72%	101.24%	78.11%	207.09%

The only externally imposed capital requirement is that for the Trust to maintain its listing on the SGX-ST, it must have a free float of at least 10% of the units in issue. The Manager monitors the non-free float through reports provided by the registrar on a quarterly basis to ensure that the Trust has complied with the SGX-ST's 10% limit throughout the reporting year.

29 Financial instruments (continued)

Accounting classifications and fair values

The carrying amounts and fair values of financial assets and financial liabilities, including their levels in the fair value hierarchy are as follows. It does not include fair value information for financial assets and financial liabilities not measured at fair value if the carrying amount is a reasonable approximation of fair value.

	Derivative financial instruments $'000	Financial assets at amortised cost $'000	Other financial liabilities $'000	Total carrying amount $'000	Level 1 $'000	Level 2 $'000	Level 3 $'000	Total $'000
Group								
31 December 2021								
Financial liabilities measured at fair value								
Derivative financial instruments – interest rate swaps	(673)	–	–	(673)	–	(673)	–	(673)
31 December 2020								
Financial liabilities measured at fair value								
Derivative financial instruments – interest rate swaps	(3,866)	–	–	(3,866)	–	(3,866)	–	(3,866)
Trust								
31 December 2021								
Financial liabilities measured at fair value								
Derivative financial instruments – interest rate swaps	(673)	–	–	(673)	–	(673)	–	(673)
31 December 2020								
Financial liabilities measured at fair value								
Derivative financial instruments – interest rate swaps	(3,866)	–	–	(3,866)	–	(3,866)	–	(3,866)

30 Listing of entities in the Group

The following are the Group's subsidiaries:

Name of company	Principal activities	Country of incorporation	% of paid-up capital held by The Trust 2021 %	The Trust 2020 %	Subsidiaries 2021 %	Subsidiaries 2020 %
Subsidiaries						
Rhuddlan Investments Pte. Ltd.	Investment holding	Singapore	100	100	–	–
Globalink Investments Pte. Ltd.	Investment holding	Singapore	100	100	–	–
Great Capital Pte. Ltd.	Investment holding	Singapore	100	100	–	–
Finura Investments Pte. Ltd.	Investment holding	Singapore	100	100	–	–
Sriwijaya Investment I Pte. Ltd.	Investment holding	Singapore	100	100	–	–
IAHCC Investment Pte. Ltd.	Investment holding	Singapore	100	100	–	–
Surabaya Hospitals Investment Pte. Ltd.	Investment holding	Singapore	100	100	–	–
SHKP Investment I Pte. Ltd.	Investment holding	Singapore	100	100	–	–
Icon1 Holdings Pte. Ltd.	Investment holding	Singapore	100	100	–	–
SHLB Investment I Pte. Ltd.	Investment holding	Singapore	100	100	–	–
SHButon Investment I Pte. Ltd.	Investment holding	Singapore	100	100	–	–
Raglan Investment Pte. Ltd.	Investment holding	Singapore	100	100	–	–
Gold Capital Pte. Ltd.	Investment holding	Singapore	100	100	–	–
Platinum Strategic Investments Pte. Ltd.	Investment holding	Singapore	100	100	–	–
GOT Pte. Ltd.	Investment holding	Singapore	100	100	–	–
Lovage International Pte. Ltd.	Investment holding	Singapore	100	100	–	–
Henley Investments Pte Ltd.	Investment holding	Singapore	100	100	–	–
Primerich Investments Pte Ltd.	Investment holding	Singapore	100	100	–	–
Kalmore Investments Pte. Ltd.	Investment holding	Singapore	100	100	–	–
Icon1 Holdings Pte. Ltd.	Investment holding	Singapore	100	100	–	–
Higrade Capital Pte. Ltd.	Investment holding	Singapore	–	–	100	100
Ultra Investments Pte. Ltd.	Investment holding	Singapore	–	–	100	100
Carmathen Investments Pte. Ltd.	Investment holding	Singapore	–	–	100	100
Caernarfon Investments Pte. Ltd.	Investment holding	Singapore	–	–	100	100
Glamis Investments Pte. Ltd.	Investment holding	Singapore	–	–	100	100
Sriwijaya Investment II Pte. Ltd.	Investment holding	Singapore	–	–	100	100
SHKP Investment II Pte. Ltd.	Investment holding	Singapore	–	–	100	100
SHButon Investment II Pte. Ltd.	Investment holding	Singapore	–	–	100	100
SHLB Investment II Pte. Ltd.	Investment holding	Singapore	–	–	100	100
Fortuna Capital Pte. Ltd.	Investment holding	Singapore	–	–	100	100
Key Capital Pte. Ltd.	Investment holding	Singapore	–	–	100	100
Kalmore (Korea) Limited[(b)]	Property holding – Sarang Hospital	South Korea	–	–	–	100
PT Bayutama Sukses[(a)]	Property holding – Siloam Hospitals Makassar	Indonesia	–	–	100	100
PT Graha Indah Pratama[(a)]	Property holding – Siloam Hospitals Kebon Jeruk	Indonesia	–	–	100	100
PT Graha Pilar Sejahtera[(a)]	Property holding – Siloam Hospitals Lippo Cikarang	Indonesia	–	–	100	100
PT Karya Sentra Sejahtera[(a)]	Property holding – Imperial Aryaduta Hotel & Country Club	Indonesia	–	–	100	100

30 Listing of entities in the Group (continued)

Name of company	Principal activities	Country of incorporation	% of paid-up capital held by The Trust 2021 %	The Trust 2020 %	Subsidiaries 2021 %	Subsidiaries 2020 %
Subsidiaries						
PT Menara Abadi Megah[a]	Property holding – Siloam Hospitals Manado & Hotel Aryaduta Manado	Indonesia	–	–	100	100
PT Primatama Cemerlang[a]	Property holding – Mochtar Riady Comprehensive Cancer Centre	Indonesia	–	–	100	100
PT Sentra Dinamika Perkasa[a]	Property holding – Siloam Hospitals Lippo Village	Indonesia	–	–	100	100
PT Tata Prima Indah[a]	Property holding – Siloam Hospitals Surabaya	Indonesia	–	–	100	100
PT Dasa Graha Jaya[a]	Property holding – Siloam Hospitals Bali	Indonesia	–	–	100	100
PT Eka Dasa Parinama[a]	Property holding – Siloam Hospitals Purwakarta	Indonesia	–	–	100	100
PT Sriwijaya Mega Abadi[a]	Property holding – Siloam Sriwijaya	Indonesia	–	–	100	100
PT Nusa Bahana Niaga[a]	Property holding – Siloam Hospitals Kupang & Lippo Plaza Kupang	Indonesia	–	–	100	100
PT Buton Bangun Cipta[a]	Property holding – Siloam Hospitals Buton & Lippo Plaza Buton	Indonesia	–	–	100	100
PT Prima Labuan Bajo[a]	Property holding – Siloam Hospitals Labuan Bajo	Indonesia	–	–	100	100
PT Perisal Dunia Sejahtera[a]	Property holding – Siloam Hospitals TB Simatupang	Indonesia	–	–	100	100
Joint operation held by subsidiary, Icon1 Holdings Pte. Ltd.						
PT Yogya Central Terpadu[a] (Note A)	Property holding – Siloam Hospitals Yogyakarta	Indonesia	–	–	31%	31%

All subsidiaries are audited by KPMG LLP, Singapore except as indicated below:

(a) RSM Indonesia, member firm of RSM International, is the statutory auditors of entities.

(b) Disposed during 2021.

30 Listing of entities in the Group (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 licenses. Icon1 Holdings Pte. Ltd. ("Icon1") transferred 18,850,000 of its existing Class A shares to Icon2 Investment Pte. Ltd. ("Icon2"). As a result, Icon1 holds 66,150,000,000 Class A shares and Icon2 holds 142,500,000,000 Class B shares in PT YCT. As holders of Class A shares, Icon1 has the exposure to all the economic rights, obligations, revenue, profits and dividends in respect of the hospital component. Icon2 has exposure to all the economic rights, obligations, revenue, profits and dividends in respect of the retail mall component.

Any non-property-related common expenses of the hospital and retail mall component are borne by Icon1 and Icon2 in the proportion of 31% and 69% respectively. All property-related common expenses of the hospital component are borne by Icon1.

31 Subsequent events

There were the following events subsequent to the reporting date:

(i) On 28 January 2022, the Group has obtained Unitholders' approval for the proposed acquisition from a related party, OUE Lippo Healthcare Limited ("OUELH") of 100% of the issued and paid-up share capital of each of:

a) OUE Japan Medical Facilities Pte. Ltd. ("JMF"), which owns a 100% interest in 12 nursing homes located in Japan, for an aggregate purchase consideration of approximately $163.2 million (subject to post-completion adjustments) (the "JMF Acquisition"); and

b) OUELH Japan Medical Assets Pte. Ltd. for a purchase consideration of approximately $0.3 million (subject to post-completion adjustments).

The Group has also obtained Unitholders' approval on the proposed issue of 431,147,541 new units as partial consideration for the JMF Acquisition (the "Consideration Units") to OLH Healthcare Investments Pte. Ltd., which has been nominated by OUELH as the vendor of the 100% of the issued and paid-up share capital of JMF to receive the Consideration Units.

(ii) On 17 February 2022, the Trust issued 1,570,030 new units at the issuance price of $0.2985 per unit, amounting to $469,000, to the Manager as partial payment of management base fee for the period from 1 October 2021 to 31 December 2021. 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.

(iii) On 17 February 2022, the Trust issued 1,732,556 new units at the issuance price of $0.2848 per unit, amounting to $493,000, to the Manager as payment of 50% of the management performance fee for the period from 1 October 2020 to 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.

32 Comparative information

The financial statements for the year ended 31 December 2020 were audited by another firm of Chartered Accountants whose report dated 24 March 2021 expressed an unmodified opinion on those statements.

INTERESTED PERSON TRANSACTIONS

The transactions entered into with interested persons during the financial year 31 December 2021, which fall within the Listing Manual of Singapore Exchange Securities Trading Limited ("SGX-ST") and the Property Funds Appendix of the Code on Collective Investment Scheme are as follows:

Name of Interested Person	Aggregate value of all interested person transactions during the financial year under review (excluding transactions less than S$100,000 and transactions conducted under unitholders' mandate pursuant to Rule 920)	Aggregate value of all interested person transactions conducted under unitholders' mandate pursuant to Rule 920 (excluding transactions less than S$100,000)
First REIT Management Limited		
- Manager's management fees	S$ 9,110,000	-
Perpetual (Asia) Limited		
- Trustee fees	S$ 311,000	-
PT Lippo Karawaci TBK and its subsidiaries		
- Rental income	S$90,807,000	-

Saved as disclosed above, there will no additional interested person transactions (excluding transactions of less than S$100,000 each) entered into during the financial year under review or any material contracts entered into by the Trust that involved the interests of the CEO, any Director or any controlling shareholder of the Trust.

Fees payable to the Manager in accordance with the terms and conditions of the Trust Deed dated 19 October 2016 (subsequently amended by First Supplemental Deed dated 6 September 2007, Second Supplemental Deed dated 19 April 2010, Third Supplemental Deed dated 26 April 2011, Fourth Supplemental Deed dated 1 April 2013, First Amending and Restating Deed dated 23 March 2016, Supplemental Deed of Retirement and appointment of Trustee dated 1 November 2017, Fifth Supplemental Deed dated 22 May 2018, Sixth Supplemental Deed dated 30 April 2019, Seventh Supplemental Deed dated 7 April 2020 and Eighth Supplemental Deed dated 25 February 2022) are not subject to Rules 905 and 906 of the SGX-ST's Listing Manual. Accordingly, such fees are not subject to aggregation and other requirements under Rules 905 and 906 of the SGX-ST's Listing Manual.

Please see significant related party transactions on Note 27 in the financial statements.

Subscription of the Trust Units

During the financial year ended 31 December 2021, 14,760,060 new units were issued as payment of management fees.

STATISTICS OF UNITHOLDINGS

AS AT 17 MARCH 2022

DISTRIBUTION OF UNITHOLDINGS

SIZE OF UNITHOLDINGS	NO. OF UNITHOLDERS	%	NO. OF UNITS	%
1 - 99	545	3.96	23,792	0.00
100 - 1,000	1,054	7.66	733,216	0.03
1,001 - 10,000	5,749	41.76	32,529,421	1.59
10,001 - 1,000,000	6,366	46.25	393,445,027	19.22
1,000,001 AND ABOVE	51	0.37	1,620,747,305	79.16
TOTAL	**13,765**	**100.00**	**2,047,478,761**	**100.00**

TWENTY LARGEST UNITHOLDERS

NO.	NAME	NO. OF UNITS	%
1	CITIBANK NOMINEES SINGAPORE PTE LTD	891,265,812	43.53
2	DBS NOMINEES (PRIVATE) LIMITED	133,515,295	6.52
3	CGS-CIMB SECURITIES (SINGAPORE) PTE. LTD.	101,583,690	4.96
4	RAFFLES NOMINEES (PTE.) LIMITED	78,633,991	3.84
5	HSBC (SINGAPORE) NOMINEES PTE LTD	77,141,553	3.77
6	FIRST REIT MANAGEMENT LIMITED	49,511,863	2.42
7	PHILLIP SECURITIES PTE LTD	38,445,355	1.88
8	OCBC SECURITIES PRIVATE LIMITED	32,075,172	1.57
9	MAYBANK SECURITIES PTE. LTD.	25,087,476	1.23
10	SNG KAY BOON TERENCE	23,616,900	1.15
11	DBSN SERVICES PTE. LTD.	20,582,609	1.01
12	UNITED OVERSEAS BANK NOMINEES (PRIVATE) LIMITED	19,787,146	0.97
13	ABN AMRO CLEARING BANK N.V.	19,483,750	0.95
14	IFAST FINANCIAL PTE. LTD.	16,932,267	0.83
15	OCBC NOMINEES SINGAPORE PRIVATE LIMITED	15,835,335	0.77
16	UOB KAY HIAN PRIVATE LIMITED	8,715,403	0.43
17	LIM CHEE YEW (LIN ZHIYOU)	5,800,000	0.28
18	DB NOMINEES (SINGAPORE) PTE LTD	4,588,198	0.22
19	KGI SECURITIES (SINGAPORE) PTE. LTD.	4,216,162	0.21
20	MORGAN STANLEY ASIA (SINGAPORE) SECURITIES PTE LTD	3,709,011	0.18
	TOTAL	**1,570,526,988**	**76.72**

STATISTICS OF UNITHOLDINGS

AS AT 17 MARCH 2022

Substantial Unitholders

(As recorded in the Register of Substantial Unitholders' Unitholdings as at 17 March 2022)

Name of Substantial Unitholder	Direct Interest No. of Units held	Direct Interest %[24]	Deemed Interest No. of Units Held	Deemed Interest %[24]
First REIT Management Limited ("FRM")	167,698,043	8.19	–	–
OLH Healthcare Investments Pte. Ltd. ("OHI")	677,997,828	33.11	–	–
OUELH (Singapore) Pte. Ltd. ("OUELH (Singapore)")	–	–	677,997,828[1]	33.11
OUELH (SEA) Pte. Ltd. ("OUELH (SEA)")	–	–	677,997,828[1]	33.11
OUE Lippo Healthcare Limited ("OUELH")	–	–	845,695,871[1][2]	41.30
Treasure International Holdings Pte. Ltd. ("TIHPL")	–	–	845,695,871[1][2]	41.30
OUE Limited ("OUE")	–	–	899,167,088[1][2][3]	43.92
OUE Realty Pte. Ltd. ("OUER")	–	–	899,167,088[4]	43.92
Golden Concord Asia Limited ("GCAL")	–	–	899,167,088[5]	43.92
Fortune Crane Limited ("FCL")	–	–	899,167,088[6]	43.92
Lippo ASM Asia Property Limited ("LAAPL")	–	–	899,167,088[7]	43.92
HKC Property Investment Holdings Limited ("HKC Property")	–	–	899,167,088[8]	43.92
Hongkong Chinese Limited ("HCL")	–	–	899,167,088[9]	43.92
Hennessy Holdings Limited ("Hennessy")	–	–	899,167,088[10]	43.92
Prime Success Limited ("PSL")	–	–	899,167,088[11]	43.92
Lippo Limited ("LL")	–	–	900,811,676[12]	44.00
Lippo Capital Limited ("LCL")	–	–	900,811,676[13]	44.00
Lippo Capital Holdings Company Limited ("LCH")	–	–	900,811,676[14]	44.00
Lippo Capital Group Limited ("LCG")	–	–	900,811,676[15]	44.00
Admiralty Station Management Limited ("Admiralty")	–	–	899,167,088[16]	43.92
Argyle Street Management Limited ("ASML")	–	–	899,167,088[17]	43.92
Argyle Street Management Holdings Limited ("ASMHL")	–	–	899,167,088[18]	43.92
Kin Chan	–	–	899,167,088[19]	43.92
V-Nee Yeh	–	–	899,167,088[20]	43.92
PT Trijaya Utama Mandiri ("PT TUM")	–	–	900,811,676[21]	44.00
James Tjahaja Riady	–	–	900,811,676[22]	44.00
Stephen Riady	–	–	900,811,676[23]	44.00

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 70.36% 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 70.36% 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 53,471,217 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 2,047,478,761 issued Units as at 17 March 2022.

STATISTICS OF UNITHOLDINGS

AS AT 17 MARCH 2022

Manager's Directors' Unitholdings

(As recorded in the Register of Directors' Unitholdings as at 21 January 2022)

		No. of Units Direct Interest	No. of Units Deemed Interest
1.	Tan Kok Mian Victor	252,569	–
2.	Martin Lechner	5,000,000	–

Free Float

Based on the information made available to the Manager as at 17 March 2022, approximately 55.75% 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 17 March 2022, 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 Thirteenth Annual General Meeting ("**AGM**") of the holders of units in First Real Estate Investment Trust ("**First REIT**", and the holders of units in First REIT, the "**Unitholders**") will be convened and held by way of electronic means on Monday, 25 April 2022 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 "**Trustee**"), the Statement by First REIT Management Limited, as manager of First REIT (the "**Manager**"), and the Audited Financial Statements of First REIT for the financial year ended 31 December 2021 together with the Auditors' Report thereon. **(Ordinary Resolution 1)**

2. To re-appoint KPMG LLP as Auditors of First REIT to hold office until the conclusion of the next AGM of First REIT and to authorise the Manager to fix their remuneration. **(Ordinary Resolution 2)**

(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 "**Trust Deed**") and the listing rules of Singapore Exchange Securities Trading Limited (the "**SGX-ST**"), the Manager be authorised and empowered to: **(Ordinary Resolution 3)**

(a) (i) issue units in First REIT ("**Units**") whether by way of rights, bonus or otherwise; and/or

(ii) make or grant offers, agreements or options (collectively, "**Instruments**") 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);

(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 the 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

1 April 2022

Explanatory Note:

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 (as amended). 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. 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 AGM 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, or "live" at, the AGM, addressing of substantial and relevant questions before 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 1 April 2022. This announcement may be accessed at First REIT's website at the URL 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 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 accompanying proxy form for the AGM may be accessed at First REIT's website at the URL 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 form of proxy, failing which the appointment of the Chairman of the AGM as proxy for that resolution will be treated as invalid.

   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 **5:00 p.m. (Singapore Time) on Tuesday, 12 April 2022**.

4. The Chairman of the AGM, as proxy, need not be a Unitholder of First REIT.

5. The instrument appointing the Chairman of the AGM as proxy must be submitted to the Manager c/o the Unit Registrar, Boardroom Corporate & Advisory Services Pte. Ltd., in the following manner:

   (a) if submitted by post, be lodged at the Unit Registrar's office at 1 Harbourfront Avenue, #14-07 Keppel Bay Tower, Singapore 098632; or

   (b) if submitted electronically, be submitted via email to the Unit Registrar at FRAGM2022@boardroomlimited.com,

   in either case, by **2:00 p.m. (Singapore Time) on Friday, 22 April 2022**.

A Unitholder who wishes to submit an instrument of proxy 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.

Due to the current COVID-19 situation in Singapore, Unitholders are strongly encouraged to submit completed proxy forms electronically via email.

6. The Annual Report 2021 has been uploaded on the SGX website on 1 April 2022 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.

7. Due to the constantly evolving COVID-19 situation in Singapore, the Manager may be required to change the arrangements for the AGM at short notice. Unitholders should check First REIT's website at the URL https://www.first-reit.com/ir_agm.html for the latest updates on the status of the AGM.

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 consents to the collection, use and disclosure of the Unitholder's personal data by the Manager and the Trustee (or their agents) for the purpose of the processing and administration by the Manager and the Trustee (or their 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 the Manager and the Trustee (or their agents) to comply with any applicable laws, listing rules, regulations and/or guidelines.

FIRST REAL ESTATE INVESTMENT TRUST

(Constituted in the Republic of Singapore pursuant to a trust deed dated 19 October 2006 (as amended))

PROXY FORM

ANNUAL GENERAL MEETING

IMPORTANT:

1. This proxy form has been made available on the SGX website at the URL https://www.sgx.com/securities/company-announcements and may be accessed at First Real Estate Investment Trust's ("**First REIT**") website at the URL https://www.first-reit.com/ir_agm.html. A printed copy of this proxy form will NOT be despatched to the holders of units in First REIT ("**Units**", and the holders of Units, "**Unitholders**").
2. 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 REIT's website at the URL 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.
3. 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, or "live" at, the AGM, addressing of substantial and relevant questions before 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 1 April 2022. This announcement may be accessed at First REIT's website at the URL 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.
4. **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.**
5. 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 **5:00 p.m. (Singapore Time) on Tuesday, 12 April 2022**.
6. 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 1 April 2022.
7. **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. /Registration No. ....

of .... (address)

being a Unitholder/Unitholders of First REIT, hereby appoint the Chairman of the AGM, as my/our proxy to attend and to vote for me/us on my/our behalf, at the AGM of First REIT to be convened and held by way of electronic means on Monday, 25 April 2022 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" a resolution, please indicate with an "**X**" in the "For" or "Against" box provided in respect of that resolution. Alternatively, please indicate the number of votes "for" or "against" in the "For" or "Against" box in respect of that resolution. If you wish the Chairman of the AGM as your proxy to abstain from voting on a resolution, please indicate with an "**X**" in the "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 abstain from voting in the "Abstain" box 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 Perpetual (Asia) Limited, as trustee of First REIT, the Statement by First REIT Management Limited, as manager of First REIT (the "**Manager**"), the Audited Financial Statements of First REIT for the financial year ended 31 December 2021 and the Auditors' Report thereon (Ordinary Resolution)			
2	To re-appoint KPMG LLP as Auditors of First REIT and to authorise the Manager to fix their remuneration (Ordinary 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 2022

Total number of Units held:

....

Signature(s) of Unitholder(s)/ Common Seal of Corporate Unitholder

IMPORTANT: Please read the notes overleaf before completing the proxy form

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IMPORTANT: PLEASE READ THE NOTES TO PROXY FORM BELOW

Notes to the proxy form:

1. **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.** This proxy form may be accessed at First REIT's website at the URL 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 form of proxy, failing which the appointment of the Chairman of the AGM as proxy for that resolution will be treated as invalid.

   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 **5:00 p.m. (Singapore Time) on Tuesday, 12 April 2022**.

2. The Chairman of the AGM, as proxy, need not be a Unitholder of First REIT.
3. The instrument appointing the Chairman of the AGM as proxy must be submitted to the Manager c/o the Unit Registrar, Boardroom Corporate & Advisory Services Pte. Ltd., in the following manner:

   (a) if submitted by post, be lodged at the Unit Registrar's office at 1 Harbourfront Avenue, #14-07 Keppel Bay Tower, Singapore 098632; or

   (b) if submitted electronically, be submitted via email to the Unit Registrar at FRAGM2022@boardroomlimited.com,

   in either case, by **2:00 p.m. (Singapore Time) on Friday, 22 April 2022**.

   A Unitholder who wishes to submit an instrument of proxy 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.

   Due to the current COVID-19 situation in Singapore, Unitholders are strongly encouraged to submit completed proxy forms electronically via email.

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 of First REIT, 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/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 its attorney or a duly authorised officer.

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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.
1 Habourfront Avenue
#14-07 Keppel Bay Tower
Singapore 098632

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6. Where the proxy form is signed on behalf of the appointor by an attorney or a duly authorised officer, the power of attorney or other authority (if any) under which it is signed, or a notarially certified copy of such power or authority must (failing previous registration with the Manager) be lodged with the proxy form, failing which the proxy form may be treated as invalid.
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.

FIRST REIT

ASIA'S PREMIER HEALTHCARE TRUST

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.