FIRST REIT
ASIA'S PREMIER HEALTHCARE TRUST

Balancing
Growth with Stability

Annual Report
2022

CORPORATE PROFILE

First Real Estate Investment Trust ("**First REIT**" or the "**Trust**"), is a healthcare real estate investment trust focused on investing in diverse yield-accretive healthcare and healthcare-related real estate assets within and outside of Asia. First REIT is managed by First REIT Management Limited (the "**Manager**"), which is headquartered in Singapore.

As at 31 December 2022, the Trust has a portfolio of 32 properties across Asia, with a total asset value of S$1.15 billion. These include 15 properties in Indonesia comprising 11 hospitals, two integrated hospitals & malls, an integrated hospital & hotel and a hotel & country club; three nursing homes in Singapore; and 14 nursing homes in Japan.

The Trust's healthcare properties in Indonesia are operated by PT Siloam International Hospitals Tbk ("**Siloam**") while healthcare properties in Singapore and Japan are operated by well-established third-party operators.

With OUE Limited ("**OUE**") and OUE Lippo Healthcare Limited's ("**OUELH**") acquisition of the Manager in October 2018 and combined stake in First REIT of 44.22% as at 31 December 2022, the Trust has the right-of-first-refusal ("**ROFR**") from OUELH and opportunities to tap on its growing healthcare network across Pan-Asia. In addition, First REIT also has a ROFR to a pipeline of hospitals from PT Lippo Karawaci Tbk ("**Lippo Karawaci**"), a majority shareholder of Siloam.

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

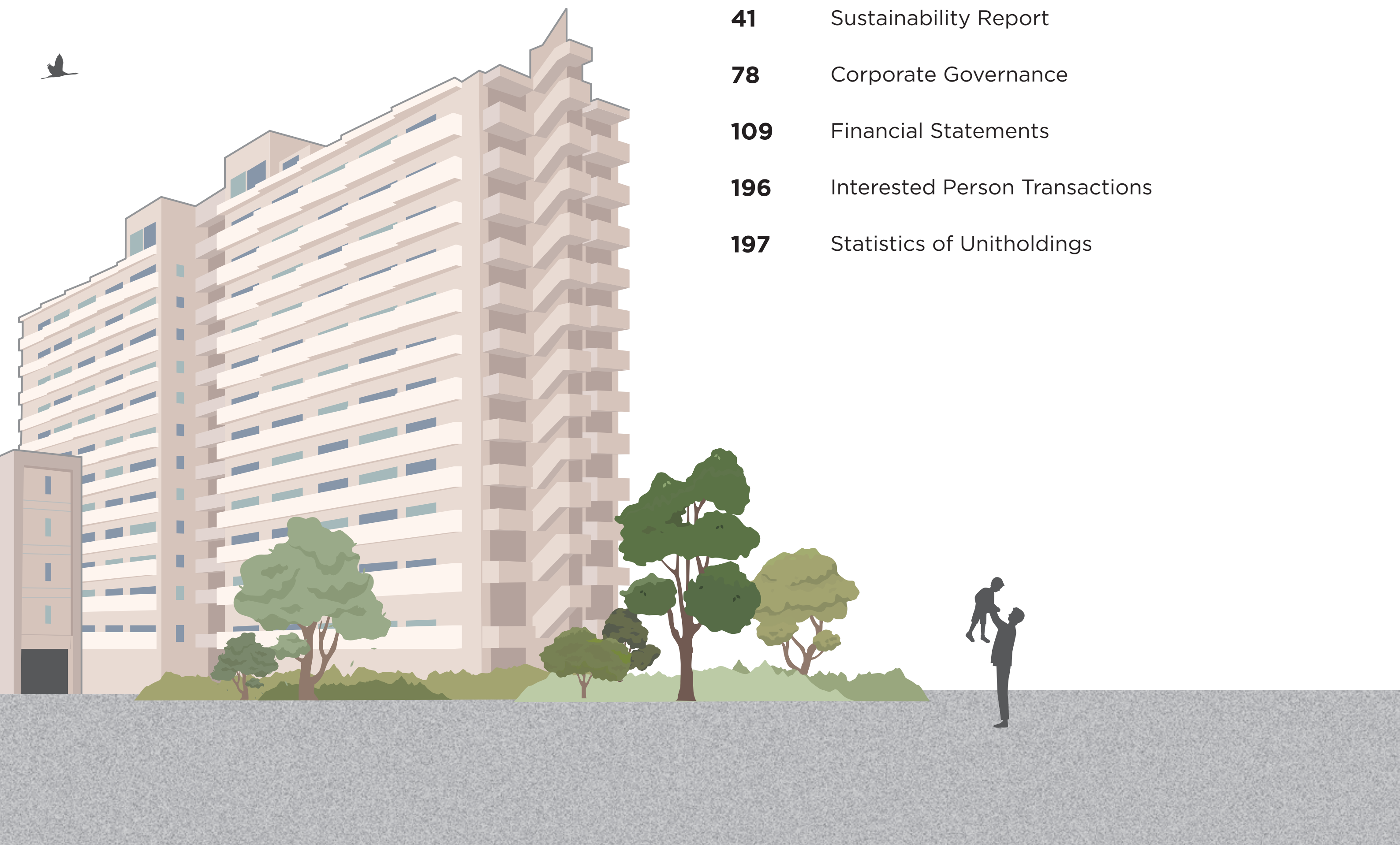
Scan to view Annual Report 2022 online

Scan to view Sustainability Report 2022 online

Balancing
Growth with Stability

32 properties across Asia
15 in Indonesia, 14 in Japan, 3 in Singapore

Since launching the '2.0 Growth Strategy', First REIT has been balancing growth with stability in its portfolio, evidenced by the acquisition of a total of 14 nursing homes in Japan and divestment of a mature hospital asset in Indonesia, amongst other strategic developments. With a healthy financial position and strong support from its sponsor group, OUE and OUELH, First REIT is well positioned to continue diversifying its portfolio and to deliver sustainable distributions to Unitholders.



CONTENTS

02	At a Glance
03	Financial Highlights
05	2.0 Growth Strategy
06	Significant Events
08	Board of Directors
13	Key Management
14	Letter to Unitholders
17	Trust Structure
18	Our Network
20	Property Overview
37	Investor Relations
40	Corporate Information
41	Sustainability Report
78	Corporate Governance
109	Financial Statements
196	Interested Person Transactions
197	Statistics of Unitholdings

AT A GLANCE

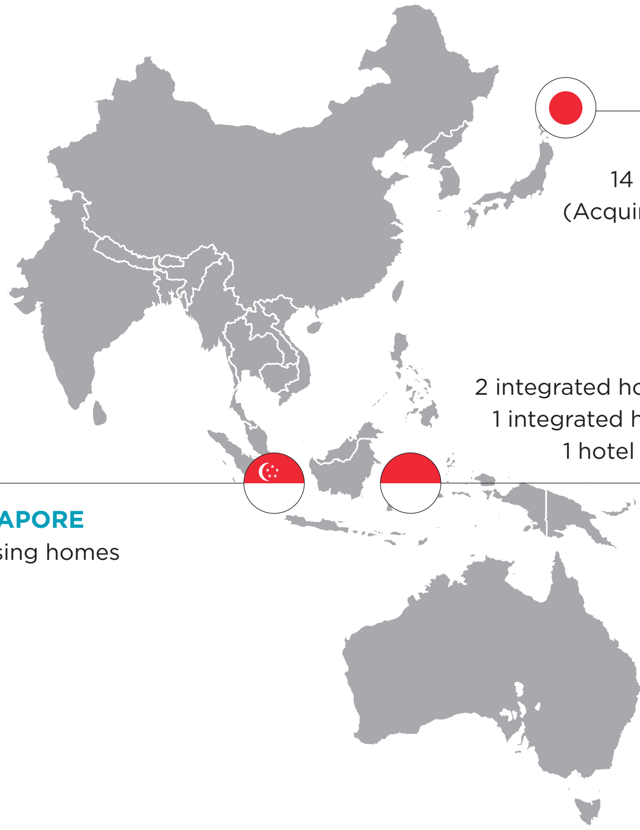
A DIVERSIFIED PORTFOLIO OF 32 PROPERTIES

ASSET SIZE
S$1.15 billion

TOTAL GFA OF PROPERTIES
447,738 sqm

TOTAL NO. OF BEDS/ ROOMS
6,539

TOTAL COMMITTED OCCUPANCY RATE OF TENANTS
100%



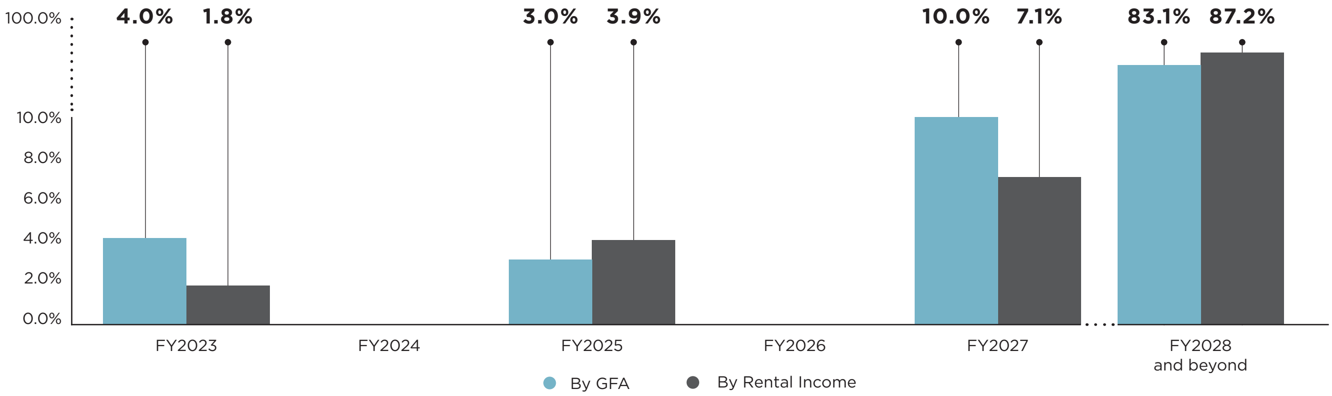
JAPAN
14 nursing homes
(Acquired in FY2022)

INDONESIA
11 hospitals
2 integrated hospitals & malls
1 integrated hospital & hotel
1 hotel & country club

SINGAPORE
3 nursing homes

HEALTHY LEASE EXPIRY PROFILE, % OF PORTFOLIO

WEIGHTED AVERAGE LEASE EXPIRY ("WALE") BY GROSS FLOOR AREA ("GFA")[1]
12.5 years



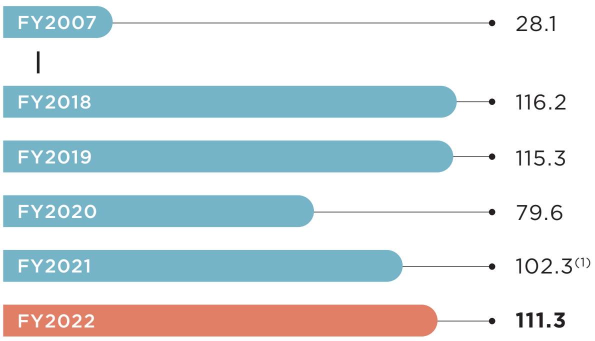
STABLE CASH DISTRIBUTIONS AND COMMITTED TO DISTRIBUTE AT LEAST 90% OF TAXABLE INCOME

(1) The new leases entered into during FY2022 were for the 14 nursing homes in Japan; as at 31 December 2022, the WALE for these properties is 19.0 years if weighted by GFA and 20.0 years if weighted by Rental Income.

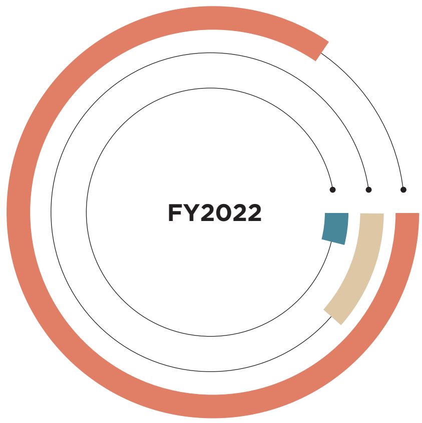
FINANCIAL HIGHLIGHTS

RENTAL AND OTHER INCOME
(S$'million)

△CAGR
9.6%



RENTAL AND OTHER INCOME
Breakdown by Geography



Indonesia
84.8% or S$94.4 million
(FY2021: 94.4% or S$96.6 million)

Japan
11.4% or S$12.7 million
(FY2021: N/A)[2]

Singapore
3.8% or S$4.2 million
(FY2021: 5.0% or S$5.1 million)[3]

RENTAL INCOME BY TENANTS AND TRADE SECTORS[4] (%)

Our 11 Tenants		%
1)	PT Lippo Karawaci Tbk and subsidiaries[5] (excluding Siloam)	39.8%
2)	PT Siloam International Hospitals Tbk and subsidiaries ("**Siloam**")[6]	35.7%
3)	Hikari Heights Varus Co., Ltd.	9.7%
4)	PT Metropolis Propertindo Utama and subsidiaries[7]	6.1%
5)	Safety Life Co., Ltd.	2.2%
6)	The Lentor Residence Pte. Ltd.	2.0%
7)	Orchard Care Co., Ltd.	1.6%
8)	Pacific Healthcare Nursing Home Pte. Ltd.	1.3%
9)	Pacific Eldercare And Nursing Pte. Ltd.	1.3%
10)	Benesse Style Care Co., Ltd.	0.2%
11)	Social Welfare Research Institute Co., Ltd.	0.1%

By Trade Sector, 89.5% of Rental Income is from Healthcare, 5.6% from Hospitality, and 4.9% from Retail.

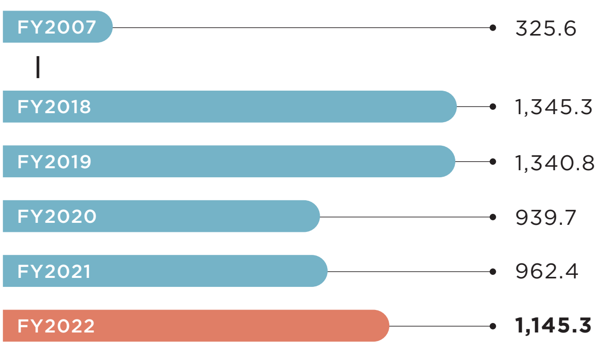
	FY2007	– FY2018	FY2019	FY2020	FY2021	FY2022	CAGR
Net Property and Other Income (S$'million)	27.8	114.4	112.9	77.5	100.2	108.6	9.5%
Distributable Amount (S$'million)	19.3	67.7	68.5	33.4	42.1	52.4	6.9%
Distribution per unit (Singapore Cents)	7.09	8.60	8.60	4.15	2.61[8]	2.64	

(1) Includes Sarang Hospital in South Korea, which contributed S$0.6 million (0.6%) to Rental and Other Income in FY2021, and was divested in August 2021.
(2) Entered Japan in FY2022.
(3) Includes one-off settlement of S$918,000 received by the Trust in relation to the termination of a development work agreement.
(4) Before straight-lining adjustments.
(5) The subsidiaries of PT Lippo Karawaci Tbk include PT Andromeda Sakti.
(6) The subsidiaries of PT Siloam International Hospitals Tbk include PT East Jakarta Medika, PT Bina Bahtera Sejati, PT Lintas Buana Jaya, PT Taruna Perkasa Megah, PT Krisolis Jaya Mandiri, PT Rumah Sakit Siloam Hospitals Sumsel and PT Berlian Cahaya Indah.
(7) The subsidiaries of PT Metropolis Propertindo Utama include PT Bumi Sarana Sejahtera.
(8) 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.

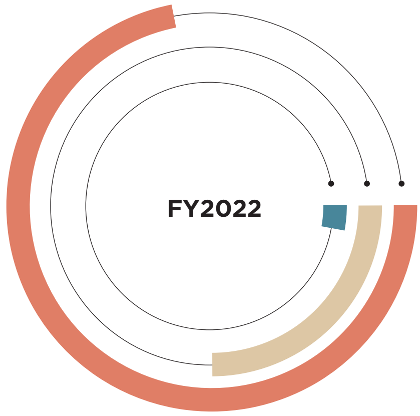
FINANCIAL HIGHLIGHTS

ASSETS-UNDER-MANAGEMENT
(S$'million)

△CAGR **8.8%**



ASSETS-UNDER-MANAGEMENT
Breakdown by Geography (S$'million)



Indonesia
72.1% or S$825.6 million
(FY2021: 96.6% or S$929.2 million)

Japan
25.1% or S$287.2 million
(FY2021: N/A)[1]

Singapore
2.8% or S$32.5 million
(FY2021: 3.4% or S$33.2 million)

BALANCE SHEET

In S$'000	As at 31 December 2022	As at 31 December 2021
Total Assets	1,198,625	1,049,535
Total Liabilities	533,263	397,715
Total Borrowings[2]	461,198	352,374
Unitholders' Funds	632,080	591,145
Net Assets Value Attributable to Unitholders Per Unit (Singapore cents)	30.70¢	36.65¢

FINANCIAL RATIOS

	As at 31 December 2022	As at 31 December 2021
Interest Cover	5.0 times	5.2 times
Adjusted Interest Cover	4.4 times	4.4 times
Aggregate Leverage	38.5%[3]	33.6%
% Debt, Fixed Rates or Hedged	59.6%	55.9%
% Debt, Social Finance Instruments	76.5%	–
Derivative Financial Instruments as Percentage of Net Assets Attributable to Unitholders (%)[4]	0.1%	0.1%

EARNINGS PER UNIT

	As at 31 December 2022	As at 31 December 2021
Earnings Per Unit (Singapore cents)	1.56¢	4.00¢
Number of Units ('000)	2,058,581	1,613,028
Weighted Average No. of Units ('000)	1,981,551	1,499,382

(1) Entered Japan in FY2022
(2) Before transaction costs
(3) Aggregate leverage remains healthy, well within the regulatory gearing limit. The MAS had proposed for S-REITs to have a new minimum interest coverage ratio ("ICR") of 2.5 times before they are allowed to increase their leverage to beyond the prevailing 45% limit (up to 50%), effective from 1 January 2022.
(4) Derivative financial instruments refer to the interest rate swaps, interest rate caps and forward exchange contracts (2021: interest rate swaps). Please see note 14 on page 162 for more information.

2.0 GROWTH STRATEGY

The healthcare sector offers immense opportunities, underpinned by factors such as the structural demographic megatrend of ageing population, and a demand for quality healthcare services in markets that lack capacity.

In developed markets such as Japan and Singapore, which already comprise more than one quarter of First REIT's portfolio as at 31 December 2022, the percentage of elderly population[1] is higher than the world's average. Between 2022 and 2030, this age group is expected to grow from 29.9% of the total population to 31.4% in Japan, and from 15.1% to 22.8% in Singapore[2]. In contrast, the average percentage of elderly population in the world is expected to increase from 9.8% of the global population to 11.8% over the same period.

In developing markets such as Indonesia, the average number of hospital beds of 1.0 per 1,000 people remains below the Asia Pacific average of 1.1 per 1,000 people for lower-middle and low income countries, 2.0 per 1,000 people for upper-middle income countries, and 3.4 per 1,000 people for high income countries[3]. With growing affluence in Indonesia, the demand for quality hospital services is expected to increase.

To capture the immense opportunities in the healthcare sector, and to ensure sustainable long-term growth to maximise returns for all stakeholders, First REIT is guided by its '2.0 Growth Strategy', comprising the four well-defined strategic pillars as set out below. Please see Annual Report pages 6 to 7 for First REIT's 2.0 Growth Strategy milestones.

DIVERSIFY INTO DEVELOPED MARKETS

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

RESHAPE PORTFOLIO FOR CAPITAL EFFICIENT GROWTH

Recycle capital from non-core, non-healthcare or mature assets

STRENGTHEN CAPITAL STRUCTURE TO REMAIN RESILIENT

Diversify funding sources and continue to optimise financial position

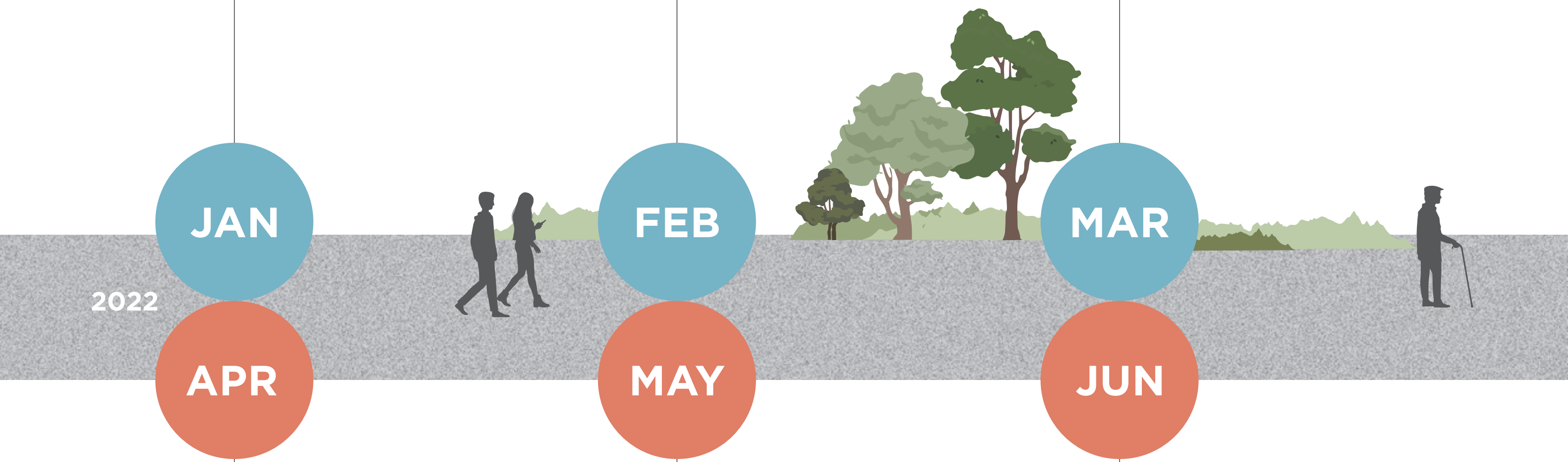
PIVOTING TO MEGATRENDS

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

With strong sponsor support and First REIT 2.0 Growth Strategy in motion, First REIT remains committed to balancing growth and stability in its portfolio, as well as delivering sustainable distributions to unitholders.

(1) Population aged 65 years or older.
(2) United Nations, Department of Economic and Social Affairs, Population Division (2023).
(3) Source: OECD Health Statistics 2022.

SIGNIFICANT EVENTS



JAN

24th
Extended the Hak Guna Bangunan ("**HGB**") title for Siloam Hospitals Lippo Cikarang for another 20 years to 5 May 2043

28th
Received unitholders' approval during an Extraordinary General Meeting ("**EGM**") for the proposed acquisition of 12 nursing homes in Japan and for the proposed settlement in respect of the terminated development works adjacent to Siloam Hospitals Surabaya ("**SHS**")

FEB

10th
FY2021 results announcement; declared 4Q2022 DPU of 0.66 Singapore cents

MAR

1st
Completed the acquisition of 12 nursing homes through acquisition of 100% of the issued and paid-up share capital of OUELH Japan Medical Facilities Pte. Ltd. and OUELH Japan Medical Assets Pte. Ltd., which are strategically located across Japan, a new market for First REIT

APR

1st
Successfully priced Singapore's first healthcare social bond – S$100 million in aggregate principal amount with 3.25% annual coupon rate and guaranteed by Credit Guarantee and Investment Facility, a trust fund of the Asian Development Bank

Established the inaugural Social Finance Framework, which creates a platform for the issuance of bonds and loans granted on achieving specific social benefit outcomes and the United Nations Sustainability Development Goals

25th
Convened 13th Annual General Meeting via webcast

MAY

6th
1Q2022 business update announcement; declared DPU of 0.66 Singapore cents

18th
Announced the proposed divestment of SHS

The agreed property value for SHS of Rp.430.0 billion represented a slight premium to the average of two independent valuations of SHS, which were derived using the discounted cash flow methodology

Cushman & Wakefield VHS Pte. Ltd., in conjunction with KJPP Firman Suryantoro Sugeng Suzy Hartomo & Rekan valued SHS at Rp.430.8 billion, while KJPP Willson & Rekan in association with Knight Frank valued SHS to be approximately Rp.428.3 billion

JUN

30th
Received full settlement amount of S$30.6 million for the proposed settlement in respect of the terminated development works adjacent to SHS

JUL

25th
Received unitholders' approval during an EGM for the proposed divestment of SHS to Siloam and PT Megapratama Karya Bersama, which is a company that Siloam has a 99.99% direct interest in and which LPKR has a 0.01% indirect interest in

29th
1H2022 results announcement; declared 2Q2022 DPU of 0.66 Singapore cents

AUG

22nd
Launched cash tender offer for S$60.0 million subordinated perpetual securities

SEP

2nd
Successfully received acceptance of approximately 45% for tender offer for outstanding perpetual notes before the expiry of cash tender offer

21st
Announced the proposed acquisition of Loyal Residence Ayase and Medical Rehabilitation Home Bon Séjour Komaki for JPY2.6 billion

27th
Completed the acquisition of Medical Rehabilitation Home Bon Séjour Komaki from Healthcare & Medical Investment Corporation

Completed the divestment of SHS for S$40.3 million

29th
Completed the acquisition of Loyal Residence Ayase from Godo Kaisha Trinity Hawaii, a subsidiary of Healthcare Management Partner

Secured a JPY1.66 billion social loan from Shinsei Trust Bank, Limited

NOV

8th
9M2022 business update announcement; declared 3Q2022 DPU of 0.66 Singapore cents

25th
Obtained a term loan facility of S$225.0 million and a revolving credit facility of S$75.0 million from Oversea-Chinese Banking Corporation Limited and CIMB Bank Berhad, Singapore Branch

DEC

22nd
Executed option for extension of master lease for Imperial Aryaduta Hotel & Country Club for a further one year

FIRST REIT'S 2.0 GROWTH STRATEGY MILESTONES

LEGEND

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

BOARD OF DIRECTORS

1 **Mr Ferris Charles Bye**
Independent Director

2 **Mr Tan Chuan Lye**
Independent Director

3 **Mr Chan Pengee Adrian**
Lead Independent Director

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

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

6 **Mr Martin Lechner**
Independent Director

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

MR CHRISTOPHER JAMES WILLIAMS, 64

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 2022):
4 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

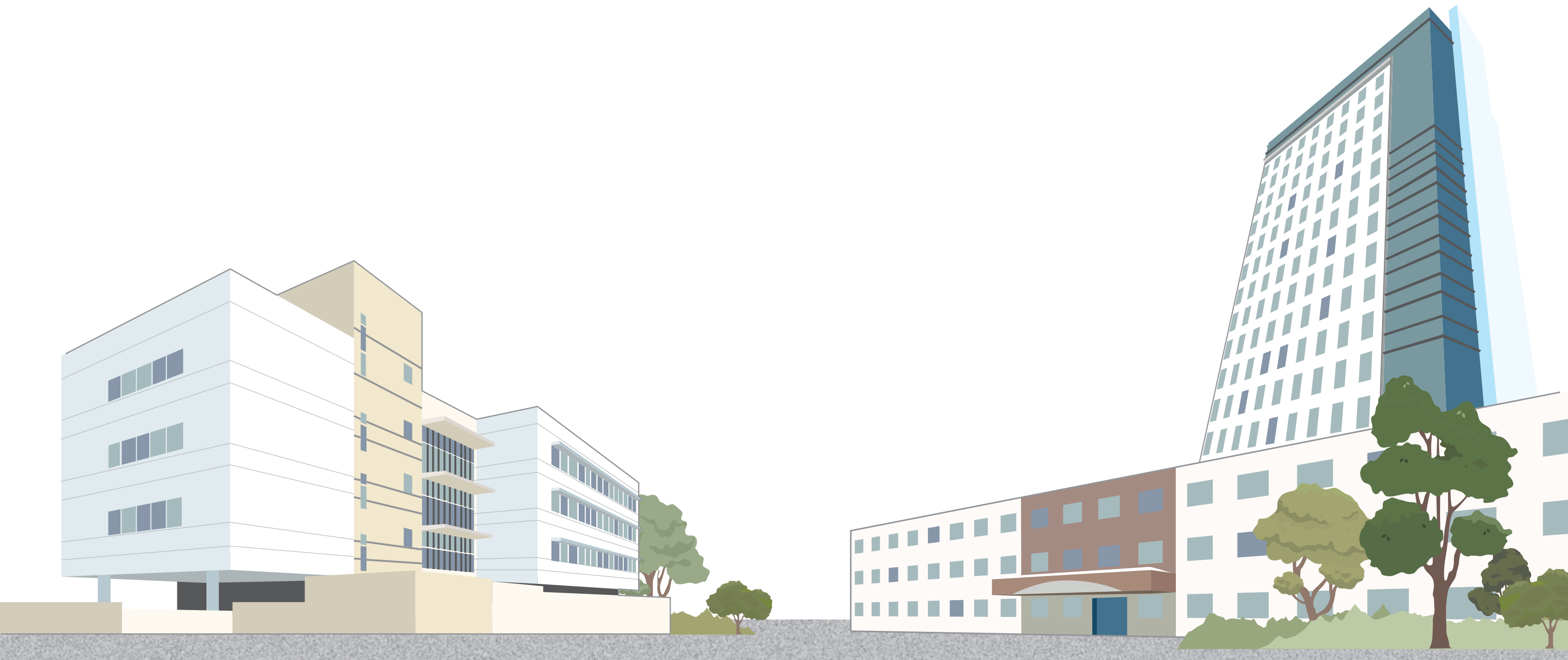
Present Directorships (as at 1 January 2023):
Listed companies
- OUE Limited (Deputy Chairman and Non-Executive Non-Independent Director)

Other principal directorships
- OUB Centre Limited

Major Appointments (other than directorships):
- Founding Partner, Howse Williams

Past Principal Directorships held over the preceding 5 years (from 1 January 2018 to 31 December 2022):
- 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

MR TAN KOK MIAN VICTOR, 56

Executive Director and Chief Executive Officer

Date of first appointment as a Director:
19 May 2017

Length of service as a Director (as at 31 December 2022):
5 years 7 months

Board Committee(s) served on:
Nil

Academic & Professional Qualification(s):
- Chartered Accountant, The Institute of Singapore Chartered Accountants
- Fellow Member, Association of Chartered Certified Accountants

Present Directorships (as at 1 January 2023):
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 2018 to 31 December 2022):
Nil

Others:
Nil

MR CHAN PENGEE ADRIAN, 59

Lead Independent Director

Date of first appointment as a Director:
26 October 2018

Length of service as a Director (as at 31 December 2022):
4 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 2023):
Listed companies
- Hong Fok Corporation Limited
- Best World International Limited
- Food Empire Holdings Limited
- Keppel Infrastructure Fund Management Pte. Ltd. (the trustee-manager of Keppel Infrastructure Trust)

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

Major Appointments (other than directorships):
- Senior Partner (Head of Corporate), Lee & Lee
- Vice-Chairman, Singapore Institute of Directors
- Member, Legal Service Commission
- Council Member, Law Society of Singapore
- Member, Singapore Management University's Enterprise Board
- Honorary Secretary, Association of Small & Medium Enterprises

Past Principal Directorships held over the preceding 5 years (from 1 January 2018 to 31 December 2022):
- Global Investments Limited
- Yoma Strategic Holdings Ltd
- AEM Holdings Ltd
- CapitaLand Ascendas REIT Management Limited (f.k.a Ascendas Funds Management (S) Limited (the manager of Ascendas REIT))

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

MR FERRIS CHARLES BYE, 69

Independent Director

Date of first appointment as a Director:
26 October 2018

Length of service as a Director (as at 31 December 2022):
4 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 2023):
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 2018 to 31 December 2022):
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)

MR TAN CHUAN LYE, 66

Independent Director

Date of first appointment as a Director:
5 April 2017

Length of service as a Director (as at 31 December 2022):
5 years 9 months

Board Committee(s) served on:
- Audit and Risk Committee (Member)
- Nominating and Remuneration Committee (Member)

Academic & Professional Qualification(s):
- Master of Business Administration, Henley Management College/ University of Brunel London
- Non-Practising Fellow Member, The Institute of Singapore Chartered Accountants
- Fellow Member, The Association of Chartered Certified Accountants (UK)
- Associate Member, The Chartered Institute of Management Accountants (UK)

Present Directorships (as at 1 January 2023):
Listed companies
- Isetan (Singapore) Limited
- Heeton Holdings Limited

Other principal directorships
- Sompo Insurance Singapore Pte. Ltd.
- Singapore Repertory Theatre
- All Saints Home
- Integrated Health Information System Pte. Ltd.
- Berjaya Sompo Insurance Berhad
- Science Centre Board

Major Appointments (other than directorships):
- Adjunct Associate Professor, NUS Business School of National University of Singapore
- Member, Asia Pacific Advisory Board, EFG Bank, AG
- Member of Audit & Risk Committee, MOH Holdings Pte Ltd
- Member of Audit Committee, A*Star

Past Principal Directorships held over the preceding 5 years (from 1 January 2018 to 31 December 2022):
Nil

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

BOARD OF DIRECTORS

MR MARTIN LECHNER, 54

Independent Director

Date of first appointment as a Director:
8 January 2018

Length of service as a Director (as at 31 December 2022):
5 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 2023):
Listed companies
Nil

Other principal directorships
- Corecam Pte. Ltd.
- Select Alternative Investments Pte. Ltd. (f.k.a Corecam Capital Partners Pte. Ltd.)
- Pluvia Pte. Ltd.

Major Appointments (other than directorships):
- Founding Partner and Chief Investment Officer, Corecam AG, Corecam Pte. Ltd., Select Alternative Investments Pte. Ltd.

Past Principal Directorships held over the preceding 5 years (from 1 January 2018 to 31 December 2022):
- Pro-Inter Asia Pte. Ltd.
- Hydroinformatics Institute Pte. Ltd.

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

MS MINNY RIADY, 61

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 2022):
3 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 2023):
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 2018 to 31 December 2022):
Nil

Others:
Nil

KEY MANAGEMENT

MS NG CHWEE NGOR, VALERIE
Chief Financial Officer

Ms Ng Chwee Ngor, Valerie joined the Manager in September 2008 as Senior Finance Manager and was responsible for financial matters 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 from 1996 to 2000, 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, leads the Manager's Asset & Investment Management team. He graduated from the National University of Singapore in 1993 with a Bachelor of Science (Real Estate) (2nd Class Upper Honours) degree and subsequently in 1999 with a Master of Science (Real Estate) degree. In 2002, he obtained a Master in Business Administration degree from the University of Western Australia, Graduate School of Management, Perth, majoring in finance, and was awarded the Director's Letter for scoring full distinctions in the course. 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, the People's Republic of China, and in cities where First REIT is invested in.

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.

LETTER TO UNITHOLDERS

DEAR UNITHOLDERS

Since the debut of First REIT '2.0 Growth Strategy', alongside the strong support from our sponsor group comprising OUE and OUELH, First REIT has taken definitive steps to work towards generating long-term value for all its stakeholders supported by a portfolio balanced to achieve growth and stability.

These strategic and well-executed actions saw the Trust capping off the financial year ended 31 December 2022 ("**FY2022**") with a steady set of results, largely bolstered by the income contributed by the 14 newly acquired Japan properties. Together with the stable rental income from its Indonesia properties following the restructuring of their master lease agreements, rental and other income for the year grew 8.7%[1] to S$111.3 million from S$102.3 million of the preceding year ("**FY2021**").

Growing in tandem, net property and other income rose 8.3%[1] to S$108.6 million from S$100.2 million in FY2021, while income available for distribution increased 24.4%[1] to S$52.4 million with a distribution per unit of 2.64 Singapore cents compared to S$42.1 million and 2.61 Singapore cents in FY2021, respectively.

BALANCING GROWTH WITH STABILITY

A key driver for First REIT's FY2022 performance was its entry into the Japan market. Capitalising on the favourable prospects in the country, where demand for eldercare facilities is growing as the population ages, with over 15% aged above 75[2] , First REIT first completed the acquisition of 12 well established freehold nursing homes from its sponsor, OUELH, in March 2022 and subsequently, the acquisition of two more high-quality freehold nursing homes from third parties in September 2022.

As at 31 December 2022, the 14 newly acquired Japan nursing homes which are 100% master-leased to experienced third-party local nursing home operators comprise 103,234 square metres ("**sqm**") in gross floor area, and are valued at S$287.2 million, making up 25.1% of First REIT's assets-under-management ("**AUM**"). These acquisitions not only enhanced our

MR CHRISTOPHER JAMES WILLIAMS
Chairman and Non-Independent Non-Executive Director

MR TAN KOK MIAN VICTOR
Executive Director and Chief Executive Officer

(1) Percentage change is calculated based on thousands
(2) 5 October 2022, Nippon – Japan Continues to Gray: Baby Boomers Reach 75

As we continue to roll out our 2.0 Growth Strategy and execute prudent asset management initiatives, we managed to wrap up the year with a strong and diversified portfolio of 32 properties comprising 14 in Japan, 15 in Indonesia and three in Singapore.

tenant diversification and reduced our geographical concentration in Indonesia, together with our Singapore portfolio, our developed markets portfolio as at 31 December 2022 is 27.9% of our AUM, closing in on our 50% mark[3].

With 13 of our hospitals in Indonesia heading into the third year of their restructured master leases, the Indonesia portfolio is delivering stable and sustainable rental income at a base rent escalation of 4.5% or the higher performance-based rent increment of 8.0%. Stripping off the straight-lining rental adjustments from existing accounting standards, the underlying rental income from the Indonesia sector has seen stable year-on-year growth.

Besides inorganic growth, we are also looking to reshape our portfolio and unlock capital for more efficient growth. In September 2022, we completed the divestment of Siloam Hospitals Surabaya ("**SHS**"), which was part of our initial portfolio since 2006, for S$40.3 million. At a gross premium of 139.9% over the original purchase price of the asset, it presented a great opportunity to recycle capital of a mature asset towards higher-growth areas. With the support of unitholders, the divestment of SHS was a seamless transaction following the receipt of the full S$30.6 million settlement in June 2022 for the terminated development works adjacent to SHS.

Additionally, we have extended the short-term master lease of Imperial Aryaduta Hotel & Country Club ("**IAHCC**") for another year till December 2023. As a non-core and non-healthcare asset, we plan to divest this asset in line with our portfolio reshaping strategy. While the search for a potential buyer is under way, we will continue to enjoy stable rental income from IAHCC and will make the necessary announcements when there are material developments.

As we continue to roll out our 2.0 Growth Strategy and execute prudent asset management initiatives, we managed to wrap up the year with a strong and diversified portfolio of 32 properties comprising 14 in Japan, 15 in Indonesia and three in Singapore, expanding total AUM by 19.0% to S$1,145.3 million as at 31 December 2022 from S$962.4 million as at 31 December 2021. Weighted average lease expiry[4] has also been extended to 12.5 years from 11.5 years.

REINFORCING CAPITAL STRENGTH

Acting on its twin strategic pillars to diversify funding sources and pivot to ride on megatrends, the Trust successfully priced Singapore's first-ever healthcare social bond of S$100 million in April 2022. This is rated AA by Standard and Poor's Global Ratings and guaranteed by a trust fund of the Asian Development Bank - Credit Guarantee and Investment Facility ("**CGIF**"), also a first for CGIF to guarantee a social bond issued by a real estate investment trust in Singapore. The proceeds were used to refinance a term loan that matured in May 2022.

This social bond was launched in conjunction with the Trust's inaugural Social Finance Framework ("**SFF**"), a platform for the issuance of social bonds and loans, which are granted upon achieving specific social benefit outcomes and the United Nations Sustainable Development Goals ("**UN SDGs**"). The proceeds from this platform will be used to finance and/or refinance assets that have a direct social impact on an asset's target market. The diversification of our funding sources not only optimises our financial position but is also a reflection of our sustainability commitment.

(3) First REIT targets to grow its AUM in developed markets to over 50% by FY2027
(4) Computed on a gross floor area basis

LETTER TO UNITHOLDERS

Riding on this social finance platform, the Trust managed to secure a JPY1.66 billion (approximately S$16.9 million)[5] non-recourse social loan (the "**Shinsei Social Loan**") from Shinsei Trust Bank, Limited. This second social funding facility also ties financing to achieving specific social benefit outcomes that contribute to the UN SDGs. The addition of this Japanese Yen-denominated loan to our capital structure also diversifies our funding sources, providing the Trust with protection against foreign exchange risk. Proceeds from the Shinsei Social Loan were used to partially fund the acquisition of the two additional Japan nursing homes in September 2022.

In November 2022, the Trust obtained a S$300 million social term loan and revolving credit facilities from Oversea-Chinese Banking Corporation Limited and CIMB Bank Berhad, Singapore Branch. These new facilities not only attest to our longstanding relationships with our bankers, but also the quality of services provided by our healthcare assets and the positive social impact they bring to the under penetrated healthcare sector in Indonesia as well as the ageing population in Asia.

In 4Q2022, funds from the new facilities were used for the early refinancing of an outstanding debt that represented 51.1% of total debt (S$235.7 million) as at 31 December 2022. As such, the Trust has no refinancing needs until May 2025, and funds from the new facilities shall also be applied towards the financing or refinancing of eligible social assets in accordance with First REIT's SFF.

Separately, in line with our ongoing capital and liability management initiative, we made a cash tender offer to buy back the S$60 million subordinated perpetual securities at 70% of the principal amount given the illiquid nature of the outstanding securities. The tender offer was at a premium to market price of the securities, which were trading at significantly below par for the past year and received approximately 45% acceptance rate at the close of the offer on 2 September 2022.

In maintaining its prudent and strategic capital management policy during the year, First REIT saw gearing coming in at 38.5% with total debt at S$461.2 million, while average debt to maturity improved to 3.38 years as at 31 December 2022 from 0.94 years as at 31 December 2021. Cost of debt was 3.7%[6] per annum with interest cover at 5.0 times. Its total proportion of debt tied to social benefit outcomes stood at 76.5% as at 31 December 2022.

LOOKING AHEAD

We are heartened to see our efforts during the year culminate into several awards. For our S$100 million social bond issuance, we are pleased to be honoured with the Best Social Bond award at The Asset Triple A Country Awards for Sustainable Finance 2022. This social bond has also been recognised under the SGX Sustainable Fixed Income initiative as having met the standards for green, social, sustainability or sustainability linked bonds. We are also delighted to be named a winner in The Edge Singapore's Centurion Club for REITs in 2022 for having the best weighted return on equity over three years.

Looking ahead, although rising interest rates, exchange rate volatility, and geopolitical risks have resulted in a challenging real estate investment environment, the healthcare sector offers immense opportunities, underpinned by factors such as the structural demographic megatrend of an ageing population, and a demand for quality healthcare services in markets that lack capacity. Amid the easing of cross-border travel restrictions, First REIT will continue to seek accretive acquisitions in the burgeoning healthcare real estate market by tapping on the strong healthcare network of its sponsor group, in addition to evaluating opportunities from third parties. With strong sponsor support and First REIT's 2.0 Growth Strategy in motion, First REIT remains committed to balancing growth with stability in its portfolio, as well as delivering sustainable distributions to Unitholders.

APPRECIATION

We are grateful to be in a position of stability today, and we look forward to your continued support. We would like to take this opportunity to extend our deepest appreciation to our fellow Board members, to our sponsor group, business partners, bankers, and tenants.

To our management and staff, your hard work and dedication is greatly appreciated. We wish to also express a warm welcome to an incoming asset management team based in Japan, which will further strengthen our presence and growth prospects in Japan.

Lastly, to our valued Unitholders, we look forward to your continued faith in the Trust as we strive to drive greater growth.

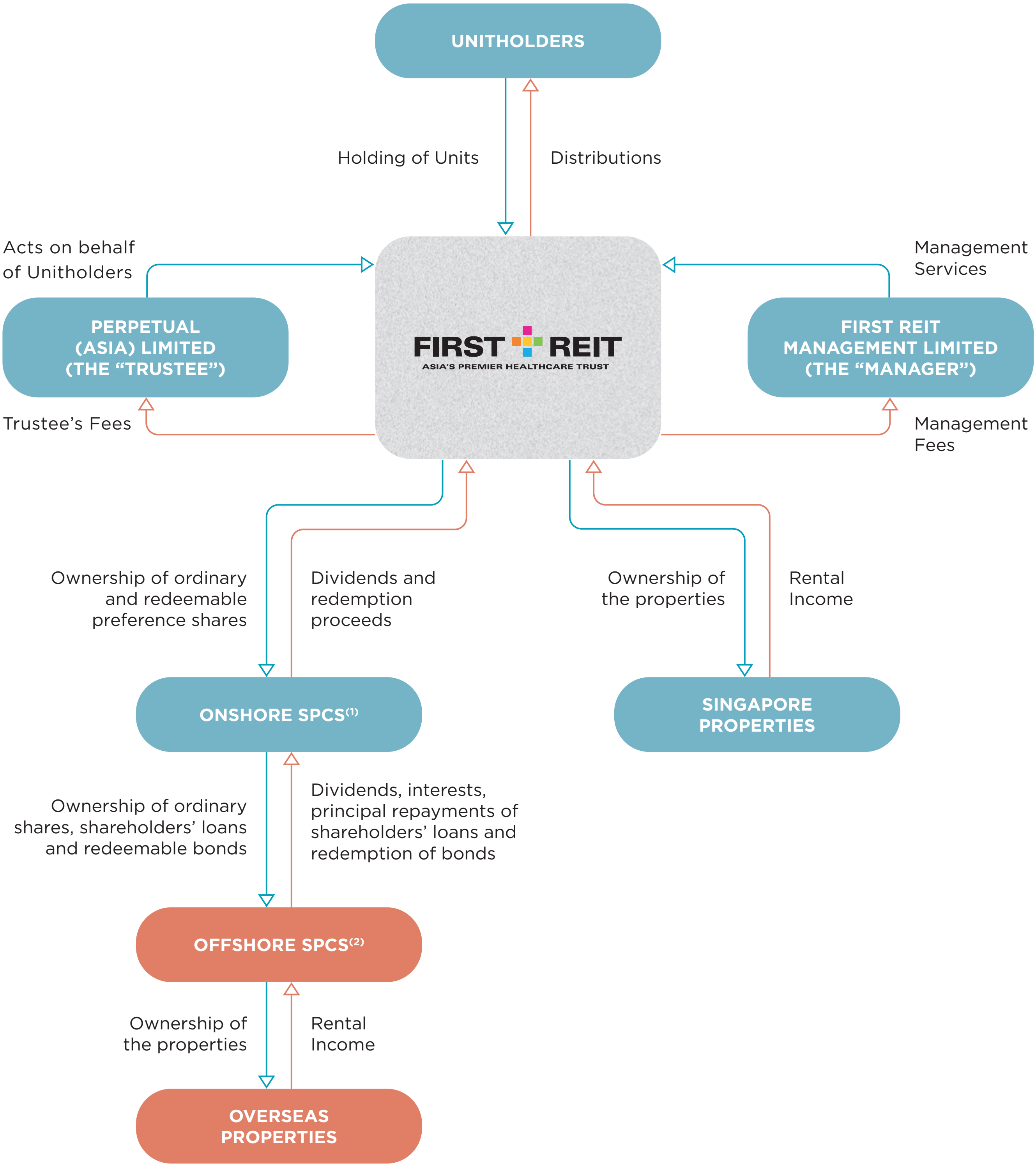
MR CHRISTOPHER JAMES WILLIAMS
Chairman and Non-Independent Non-Executive Director

MR TAN KOK MIAN VICTOR
Executive Director and Chief Executive Officer

First REIT Management Limited
As Manager of First REIT

(5) Based on an exchange rate of S$1.00 = JPY98.04
(6) Excludes the amortisation of transaction costs of expired loans during FY2022

TRUST STRUCTURE



(1) Onshore SPCs refer to Singapore Special Purpose Companies
(2) Offshore SPCs refer to Overseas Special Purpose Companies

OUR NETWORK

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

14
JAPAN

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

VALUATION	GROSS FLOOR AREA[1]	ROOMS
S$287.2 million	103,234 square metres	1,655

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

3
SINGAPORE

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

VALUATION	GROSS FLOOR AREA	BEDS
S$32.5 million	11,161 square metres	732

(1) The variance in this gross floor area for Japan properties versus the summation of gross floor areas for the Japan properties on pages 20 to 26 is due to rounding.

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

VALUATION[1]	GROSS FLOOR AREA	HOSPITAL BEDS	HOTEL ROOMS
S$825.6 million	**333,343** square metres	**3,762**	**390**

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

Independent annual valuations were provided by appointed valuers including KJPP Willson dan Rekan in association with Knight Frank ("**KJPP W&R**"), KJPP Rengganis, Hamid & Rekan in strategic alliance with CBRE ("**KJPP RHR**"), Colliers International Consultancy & Valuation (Singapore) Pte. Ltd. in alliance with KJPP Rinaldi Alberth Baroto & Rekan ("**Colliers**"), Cushman & Wakefield VHS Pte. Ltd. ("**C&W**"), Cushman & Wakefield K.K. ("**CWKK**"), CBRE K.K. ("**CBRE KK**") and Colliers International K.K. ("**Colliers KK**").

The discounted cash flow methodology was used to derive the valuation for properties in Japan and Indonesia (excluding IAHCC). The direct comparison methodology was used to derive the valuation for IAHCC. A combination of the discounted cash flow and the direct capitalisation methodologies was used to derive the valuation for properties in Singapore.

(1) The variance in this valuation for Indonesia properties versus the summation of valuations for the Indonesia properties on pages 29 to 36 is due to rounding.

PROPERTY OVERVIEW

JAPAN

HIKARI HEIGHTS VARUS ISHIYAMA

FY2022 ANNUAL RENTAL[1]
S$0.6 million

APPRAISED VALUE[2]	S$8.6 million	JPY847 million

Property Type	Nursing Home
Land Area	4,413 square metres
Gross Floor Area	8,747 square metres
Purchase Price	JPY839 million
Rooms	117
Lease Term	30 + 5 years
Lease Expiry Date	24 April 2043
Tenant	Hikari Heights Varus Co., Ltd.
Appointed Valuer	CWKK

HIKARI HEIGHTS VARUS TSUKISAMU-KOEN

FY2022 ANNUAL RENTAL[1]
S$0.4 million

APPRAISED VALUE[2]	S$6.8 million	JPY662 million

Property Type	Nursing Home
Land Area	2,249 square metres
Gross Floor Area	4,362 square metres
Purchase Price	JPY641 million
Rooms	58
Lease Term	30 + 5 years
Lease Expiry Date	24 April 2043
Tenant	Hikari Heights Varus Co., Ltd.
Appointed Valuer	CWKK

(1) Converted to SGD based on the average exchange rate of SGD 1 = JPY 90.1
(2) As at 31 December 2022; Converted to SGD based on the exchange rate of SGD 1 = JPY 98.04

HIKARI HEIGHTS VARUS FUJINO

FY2022 ANNUAL RENTAL[1]
S$0.9 million

APPRAISED VALUE[2]	S$17.2 million	JPY1,690 million

Property Type	Nursing Home
Land Area	7,230 square metres
Gross Floor Area	9,782 square metres
Purchase Price	JPY1,574 million
Rooms	139
Lease Term	30 + 5 years
Lease Expiry Date	24 April 2043
Tenant	Hikari Heights Varus Co., Ltd.
Appointed Valuer	CWKK

HIKARI HEIGHTS VARUS KOTONI

FY2022 ANNUAL RENTAL[1]
S$3.0 million

APPRAISED VALUE[2]	S$67.7 million	JPY6,640 million

Property Type	Nursing Home
Land Area	11,033 square metres
Gross Floor Area	20,756 square metres
Purchase Price	JPY6,209 million
Rooms	281
Lease Term	30 + 5 years
Lease Expiry Date	24 April 2043
Tenant	Hikari Heights Varus Co., Ltd.
Appointed Valuer	CWKK

(1) Converted to SGD based on the average exchange rate of SGD 1 = JPY 90.1
(2) As at 31 December 2022; Converted to SGD based on the exchange rate of SGD 1 = JPY 98.04

PROPERTY OVERVIEW

JAPAN

HIKARI HEIGHTS VARUS MAKOMANAI-KOEN

FY2022 ANNUAL RENTAL[1]

S$2.1 million

APPRAISED VALUE[2]	S$48.9 million	JPY4,790 million

Property Type	Nursing Home
Land Area	6,653 square metres
Gross Floor Area	13,301 square metres
Purchase Price	JPY4,475 million
Rooms	161
Lease Term	30 + 5 years
Lease Expiry Date	24 April 2043
Tenant	Hikari Heights Varus Co., Ltd.
Appointed Valuer	CWKK

VARUS CUORE YAMANOTE

FY2022 ANNUAL RENTAL[1]

S$0.5 million

APPRAISED VALUE[2]	S$11.5 million	JPY1,130 million

Property Type	Nursing Home
Land Area	1,668 square metres
Gross Floor Area	2,808 square metres
Purchase Price	JPY1,007 million
Rooms	59
Lease Term	30 + 5 years
Lease Expiry Date	24 April 2043
Tenant	Hikari Heights Varus Co., Ltd.
Appointed Valuer	CWKK

(1) Converted to SGD based on the average exchange rate of SGD 1 = JPY 90.1

(2) As at 31 December 2022; Converted to SGD based on the exchange rate of SGD 1 = JPY 98.04

VARUS CUORE SAPPORO-KITA & ANNEX

FY2022 ANNUAL RENTAL[1]
S$1.4 million

APPRAISED VALUE[2]	S$30.7 million	JPY3,010 million

Property Type	Nursing Home
Land Area	5,269 square metres
Gross Floor Area	7,637 square metres
Purchase Price	JPY2,847 million
Rooms	216
Lease Term	30 + 5 years
Lease Expiry Date	24 April 2043
Tenant	Hikari Heights Varus Co., Ltd.
Appointed Valuer	CWKK

ELYSION GAKUENMAE

FY2022 ANNUAL RENTAL[1]
S$0.8 million

APPRAISED VALUE[2]	S$16.9 million	JPY1,660 million

Property Type	Nursing Home
Land Area	1,898 square metres
Gross Floor Area	3,790 square metres
Purchase Price	JPY1,610 million
Rooms	92
Lease Term	30 + 5 years
Lease Expiry Date	24 April 2043
Tenant	Safety Life Co., Ltd.
Appointed Valuer	Colliers KK

(1) Converted to SGD based on the average exchange rate of SGD 1 = JPY 90.1
(2) As at 31 December 2022; Converted to SGD based on the exchange rate of SGD 1 = JPY 98.04

PROPERTY OVERVIEW

JAPAN

ELYSION MAMIGAOKA & ANNEX

FY2022 ANNUAL RENTAL[1]
S$1.2 million

APPRAISED VALUE[2]	S$24.5 million	JPY2,400 million

Property Type	Nursing Home
Land Area	6,997 square metres
Gross Floor Area	10,259 square metres
Purchase Price	JPY2,370 million
Rooms	160
Lease Term	30 + 5 years
Lease Expiry Date	24 April 2043
Tenant	Safety Life Co., Ltd.
Appointed Valuer	Colliers KK

ORCHARD AMANOHASHIDATE

FY2022 ANNUAL RENTAL[1]
S$0.5 million

APPRAISED VALUE[2]	S$9.2 million	JPY900 million

Property Type	Nursing Home
Land Area	2,694 square metres
Gross Floor Area	2,927 square metres
Purchase Price	JPY933 million
Rooms	60
Lease Term	30 + 5 years
Lease Expiry Date	24 April 2043
Tenant	Orchard Care Co., Ltd.
Appointed Valuer	CBRE KK

(1) Converted to SGD based on the average exchange rate of SGD 1 = JPY 90.1
(2) As at 31 December 2022; Converted to SGD based on the exchange rate of SGD 1 = JPY 98.04

ORCHARD KAICHI NORTH

FY2022 ANNUAL RENTAL[1]
S$0.7 million

APPRAISED VALUE[2]	S$13.7 million	JPY1,340 million

Property Type	Nursing Home
Land Area	2,833 square metres
Gross Floor Area	5,058 square metres
Purchase Price	JPY1,303 million
Rooms	79
Lease Term	30 + 5 years
Lease Expiry Date	24 April 2043
Tenant	Orchard Care Co., Ltd.
Appointed Valuer	CBRE KK

ORCHARD KAICHI WEST

FY2022 ANNUAL RENTAL[1]
S$0.3 million

APPRAISED VALUE[2]	S$4.3 million	JPY424 million

Property Type	Nursing Home
Land Area	797 square metres
Gross Floor Area	1,561 square metres
Purchase Price	JPY405 million
Rooms	29
Lease Term	30 + 5 years
Lease Expiry Date	24 April 2043
Tenant	Orchard Care Co., Ltd.
Appointed Valuer	CBRE KK

(1) Converted to SGD based on the average exchange rate of SGD 1 = JPY 90.1
(2) As at 31 December 2022; Converted to SGD based on the exchange rate of SGD 1 = JPY 98.04

PROPERTY OVERVIEW

JAPAN

LOYAL RESIDENCE AYASE

FY2022 ANNUAL RENTAL[1]

S$0.2 million

APPRAISED VALUE[2]	S$11.6 million	JPY1,140 million

Property Type	Nursing Home
Land Area	2,803 square metres
Gross Floor Area	3,387 square metres
Purchase Price	JPY1,130 million
Rooms	80
Lease Term	30 years
Lease Expiry Date	30 September 2043
Tenant	Social Welfare Research Institute Co., Ltd.
Appointed Valuer	Colliers KK

MEDICAL REHABILITATION HOME BON SÉJOUR KOMAKI

FY2022 ANNUAL RENTAL[1]

S$0.2 million

APPRAISED VALUE[2]	S$15.6 million	JPY1,530 million

Property Type	Nursing Home
Land Area	8,230 square metres
Gross Floor Area	8,858 square metres
Purchase Price	JPY1,450 million
Rooms	124
Lease Term	20 + 5 years
Lease Expiry Date	21 May 2027
Tenant	Benesse Style Care Co., Ltd.
Appointed Valuer	Colliers KK

(1) Converted to SGD based on the average exchange rate of SGD 1 = JPY 90.1
(2) As at 31 December 2022; Converted to SGD based on the exchange rate of SGD 1 = JPY 98.04

SINGAPORE

PACIFIC HEALTHCARE NURSING HOME @ BUKIT MERAH

FY2022 ANNUAL RENTAL
S$1.2 million

APPRAISED VALUE[1]	**S$8.5** million
Property Type	**Nursing Home**
Land Area	1,984 square metres
Gross Floor Area	3,593 square metres
Purchase Price	S$11.8 million
Beds	259
Lease Term	10 years
Lease Expiry Date	10 April 2027
Tenant	Pacific Healthcare Nursing Home Pte. Ltd.
Appointed Valuer	C&W

PACIFIC HEALTHCARE NURSING HOME II @ BUKIT PANJANG

FY2022 ANNUAL RENTAL
S$1.2 million

APPRAISED VALUE[1]	**S$8.9** million
Property Type	**Nursing Home**
Land Area	2,000 square metres
Gross Floor Area	3,563 square metres
Purchase Price	S$11.5 million
Beds	265
Lease Term	10 years
Lease Expiry Date	10 April 2027
Tenant	Pacific Eldercare And Nursing Pte. Ltd.
Appointed Valuer	C&W

(1) As at 31 December 2022

PROPERTY OVERVIEW

SINGAPORE

THE LENTOR RESIDENCE

FY2022 ANNUAL RENTAL

S$1.8 million

APPRAISED VALUE[1]	**S$15.1** million
Property Type	**Nursing Home**
Land Area	2,486 square metres
Gross Floor Area	4,005 square metres
Purchase Price	S$12.8 million
Beds	208
Lease Term	10 years with option to renew for 10 years
Lease Expiry Date	7 June 2027
Tenant	The Lentor Residence Pte. Ltd.
Appointed Valuer	C&W

(1) As at 31 December 2022

INDONESIA

SILOAM HOSPITALS YOGYAKARTA

FY2022 ANNUAL RENTAL[1]
S$2.3 million

APPRAISED VALUE[2]	S$18.9 million	IDR216.8 billion

Property Type	Hospital
Centre of Excellence	Neuroscience and Cardiology
Land Area	13,715 square metres
Gross Floor Area	12,474 square metres
Purchase Price	S$27.0 million
Beds	249
Lease Term	15 years with option to renew for 15 years
Lease Expiry Date	31 December 2035
Tenants	PT Taruna Perkasa Megah[3], PT Lippo Karawaci Tbk
Appointed Valuer	KJPP RHR

SILOAM HOSPITALS BUTON (SHBN) & LIPPO PLAZA BUTON (LPB)

FY2022 ANNUAL RENTAL[1]
S$2.8 million

APPRAISED VALUE (TOTAL)[2]	APPRAISED VALUE (SHBN)[2]		APPRAISED VALUE (LPB)[2]
S$22.5 million	IDR124.1 billion	S$10.8 million	S$11.7 million

Property Type	Integrated Hospital & Mall
Centre of Excellence	Emergency & Trauma
Land Area	21,874 square metres
Gross Floor Area	21,934 square metres
Purchase Price	S$28.5 million
Beds	140
Lease Term	15 years with option to renew for 15 years
Lease Expiry Date	SHBN: 31 December 2035 LPB: 9 October 2032
Tenants (SHBN)	PT Bina Bahtera Sejati[3], PT Lippo Karawaci Tbk
Tenant (LPB)	PT Andromeda Sakti[4]
Appointed Valuer	Colliers

(1) Converted to SGD based on the average exchange rate of SGD 1 = IDR 10,638
(2) As at 31 December 2022; Converted to SGD based on the exchange rate of SGD 1 = IDR 11,494
(3) A subsidiary of PT Siloam International Hospitals Tbk
(4) A subsidiary of PT Lippo Karawaci Tbk

PROPERTY OVERVIEW

INDONESIA

SILOAM HOSPITALS LABUAN BAJO

FY2022 ANNUAL RENTAL[1]
S$1.3 million

APPRAISED VALUE[2]	S$10.0 million	IDR114.4 billion

Property Type	Hospital
Centre of Excellence	Emergency Medicine, Internal Medicine & Neuroscience
Land Area	2,837 square metres
Gross Floor Area	7.604 square metres
Purchase Price	S$20.0 million
Beds	124
Lease Term	15 years with option to renew for 15 years
Lease Expiry Date	31 December 2035
Tenants	PT Lintas Buana Jaya[3], PT Lippo Karawaci Tbk
Appointed Valuer	Colliers

SILOAM HOSPITALS KUPANG (SHKP) & LIPPO PLAZA KUPANG (LPK)

FY2022 ANNUAL RENTAL[1]
S$6.0 million

APPRAISED VALUE (TOTAL)[2]	APPRAISED VALUE (SHKP)[2]		APPRAISED VALUE (LPK)[2]
S$48.5 million	IDR211.8 billion	S$18.4 million	S$30.1 million

Property Type	Integrated Hospital & Mall
Centre of Excellence	Emergency & Trauma, Obstetrics, Gynaecology & Paediatrics
Land Area	66,060 square metres
Gross Floor Area	55,368 square metres
Purchase Price	S$75.0 million
Beds	416
Lease Term	15 years with option to renew for 15 years
Lease Expiry Date	SHKP: 31 December 2035 LPK: 13 December 2030
Tenants (SHKP)	PT Krisolis Jaya Mandiri[3], PT Metropolis Propertindo Utama
Tenant (LPK)	PT Bumi Sarana Sejahtera[4]
Appointed Valuer	Colliers

(1) Converted to SGD based on the average exchange rate of SGD 1 = IDR 10,638
(2) As at 31 December 2022; Converted to SGD based on the exchange rate of SGD 1 = IDR 11,494
(3) A subsidiary of PT Siloam International Hospitals Tbk
(4) A subsidiary of PT Metropolis Propertindo Utama

SILOAM SRIWIJAYA

FY2022 ANNUAL RENTAL[1]
S$3.1 million

APPRAISED VALUE[2]	**S$22.8** million	**IDR262.1** billion

Property Type	Hospital
Centre of Excellence	Emergency & Trauma, Gastroenterology
Strata Floor Area	15,709 square metres
Purchase Price	S$39.2 million
Beds	357
Lease Term	15 years with option to renew for 15 years
Lease Expiry Date	31 December 2035
Tenants	PT Rumah Sakit Siloam Hospitals Sumsel[3], PT Metropolis Propertindo Utama
Appointed Valuer	KJPP RHR

SILOAM HOSPITALS PURWAKARTA

FY2022 ANNUAL RENTAL[1]
S$2.8 million

APPRAISED VALUE[2]	**S$21.6** million	**IDR247.7** billion

Property Type	Hospital
Centre of Excellence	Emergency & Trauma
Land Area	7,990 square metres
Gross Floor Area	8,254 square metres
Purchase Price	S$31.0 million
Beds	235
Lease Term	15 years with option to renew for 15 years
Lease Expiry Date	31 December 2035
Tenants	PT Berlian Cahaya Indah[3], PT Metropolis Propertindo Utama
Appointed Valuer	KJPP RHR

(1) Converted to SGD based on the average exchange rate of SGD 1 = IDR 10,638
(2) As at 31 December 2022; Converted to SGD based on the exchange rate of SGD 1 = IDR 11,494
(3) A subsidiary of PT Siloam International Hospitals Tbk

PROPERTY OVERVIEW

INDONESIA

SILOAM HOSPITALS BALI

FY2022 ANNUAL RENTAL[1]
S$7.1 million

APPRAISED VALUE[2]	S$61.7 million	IDR709.3 billion

Property Type	Hospital
Area of Specialty	Cardiology, Emergency & Trauma, Orthopaedics
Land Area	9,025 square metres
Gross Floor Area	20,958 square metres
Purchase Price	S$97.3 million
Beds	281
Lease Term	15 years with option to renew for 15 years
Lease Expiry Date	31 December 2035
Tenants	PT Siloam International Hospitals Tbk, PT Lippo Karawaci Tbk
Appointed Valuer	KJPP W&R

SILOAM HOSPITALS TB SIMATUPANG

FY2022 ANNUAL RENTAL[1]
S$4.8 million

APPRAISED VALUE[2]	S$41.1 million	IDR472.6 billion

Property Type	Hospital
Area of Specialty	Cardiology, Emergency & Trauma, Neuroscience, Oncology
Land Area	2,489 square metres
Gross Floor Area	18,605 square metres
Purchase Price	S$93.1 million
Beds	269
Lease Term	15 years with option to renew for 15 years
Lease Expiry Date	31 December 2035
Tenants	PT Siloam International Hospitals Tbk, PT Lippo Karawaci Tbk
Appointed Valuer	KJPP W&R

(1) Converted to SGD based on the average exchange rate of SGD 1 = IDR 10,638
(2) As at 31 December 2022; Converted to SGD based on the exchange rate of SGD 1 = IDR 11,494

SILOAM HOSPITALS MANADO (SHMD) & HOTEL ARYADUTA MANADO (HAMD)

FY2022 ANNUAL RENTAL[1]
S$7.8 million

APPRAISED VALUE (TOTAL)[2]	APPRAISED VALUE (SHMD)[2]		APPRAISED VALUE (HAMD)[2]
S$77.7 million	IDR457.6 billion	S$39.8 million	S$37.9 million

Property Type	Integrated Hospital & Mall
Area of Specialty	Emergency & Trauma
Land Area	5,518 square metres
Gross Floor Area	36,051 square metres
Purchase Price	S$83.6 million
Beds/ Rooms	238 beds/ 199 rooms
Lease Term	15 years with option to renew for 15 years
Lease Expiry Date	SHMD: 31 December 2035 HAMD: 29 November 2027
Tenants (SHMD)	PT Siloam International Hospitals Tbk, PT Lippo Karawaci Tbk
Tenant (HAMD)	PT Lippo Karawaci Tbk
Appointed Valuer	KJPP W&R

SILOAM HOSPITALS MAKASSAR

FY2022 ANNUAL RENTAL[1]
S$7.5 million

APPRAISED VALUE[2]	S$65.4 million	IDR751.8 billion

Property Type	Hospital
Area of Specialty	Cardiology, Emergency & Trauma, Endocrinology
Land Area	3,963 square metres
Gross Floor Area	14,307 square metres
Purchase Price	S$59.3 million
Beds	362
Lease Term	15 years with option to renew for 15 years
Lease Expiry Date	31 December 2035
Tenants	PT Siloam International Hospitals Tbk, PT Lippo Karawaci Tbk
Appointed Valuer	KJPP W&R

(1) Converted to SGD based on the average exchange rate of SGD 1 = IDR 10,638
(2) As at 31 December 2022; Converted to SGD based on the exchange rate of SGD 1 = IDR 11,494

PROPERTY OVERVIEW

INDONESIA

MOCHTAR RIADY COMPREHENSIVE CANCER CENTRE

FY2022 ANNUAL RENTAL[1]
S$14.2 million

APPRAISED VALUE[2]	**S$124.4** million	**IDR1,430.4** billion

Property Type	**Hospital**
Centre of Excellence	Emergency & Trauma, Gastroenterology, Oncology
Land Area	4,145 square metres
Gross Floor Area	37,933 square metres
Purchase Price	S$170.5 million
Beds	334
Lease Term	15 years with option to renew for 15 years
Lease Expiry Date	31 December 2035
Tenants	PT Siloam International Hospitals Tbk, PT Lippo Karawaci Tbk
Appointed Valuer	KJPP W&R

SILOAM HOSPITALS LIPPO CIKARANG

FY2022 ANNUAL RENTAL[1]
S$4.2 million

APPRAISED VALUE[2]	**S$50.4** million

Property Type	**Hospital**
Area of Specialty	Emergency & Trauma, Internal Medicine, Urology
Land Area	9,900 square metres
Gross Floor Area	13,256 square metres
Purchase Price	S$35.0 million
Beds	164
Lease Term	15 years with option to renew for 15 years
Lease Expiry Date	30 December 2025
Tenant	PT East Jakarta Medika[3]
Appointed Valuer	KJPP W&R

(1) Converted to SGD based on the average exchange rate of SGD 1 = IDR 10,638
(2) As at 31 December 2022; Converted to SGD based on the exchange rate of SGD 1 = IDR 11,494
(3) A subsidiary of PT Siloam International Hospitals Tbk

SILOAM HOSPITALS LIPPO VILLAGE

FY2022 ANNUAL RENTAL[1]

S$18.5 million

APPRAISED VALUE[2]	S$162.2 million	IDR1,864.2 billion

Property Type	Hospital
Area of Specialty	Cardiology, Emergency & Trauma, Neuroscience, Orthopaedics
Land Area	17,442 square metres
Gross Floor Area	32,696 square metres
Purchase Price	S$94.3 million
Beds	308
Lease Term	15 years with option to renew for 15 years
Lease Expiry Date	31 December 2035
Tenants	PT Siloam International Hospitals Tbk, PT Lippo Karawaci Tbk
Appointed Valuer	KJPP W&R

SILOAM HOSPITALS KEBON JERUK

FY2022 ANNUAL RENTAL[1]

S$7.3 million

APPRAISED VALUE[2]	S$70.8 million	IDR814.3 billion

Property Type	Hospital
Area of Specialty	Cardiology, Emergency & Trauma, Orthopaedics, Urology
Land Area	11,420 square metres
Gross Floor Area	20,268 square metres
Purchase Price	S$50.6 million
Beds	285
Lease Term	15 years with option to renew for 15 years
Lease Expiry Date	31 December 2035
Tenants	PT Siloam International Hospitals Tbk, PT Lippo Karawaci Tbk
Appointed Valuer	KJPP RHR

(1) Converted to SGD based on the average exchange rate of SGD 1 = IDR 10,638

(2) As at 31 December 2022; Converted to SGD based on the exchange rate of SGD 1 = IDR 11,494

PROPERTY OVERVIEW

INDONESIA

IMPERIAL ARYADUTA HOTEL & COUNTRY CLUB

FY2022 ANNUAL RENTAL[1]

S$1.9 million

APPRAISED VALUE[2]	**S$27.5** million	**IDR316.7** billion

Property Type	Hotel & Country Club
Land Area	54,410 square metres
Gross Floor Area	17,926 square metres
Purchase Price	S$21.2 million
Rooms	191
Lease Term	1 year with option to renew for 1 year
Lease Expiry Date	31 December 2023
Tenant	PT Lippo Karawaci Tbk
Appointed Valuer	Colliers

(1) Converted to SGD based on the average exchange rate of SGD 1 = IDR 10,638
(2) As at 31 December 2022; Converted to SGD based on the exchange rate of SGD 1 = IDR 11,494

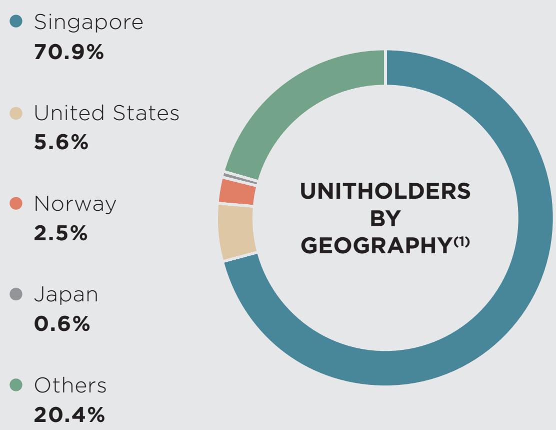
INVESTOR RELATIONS

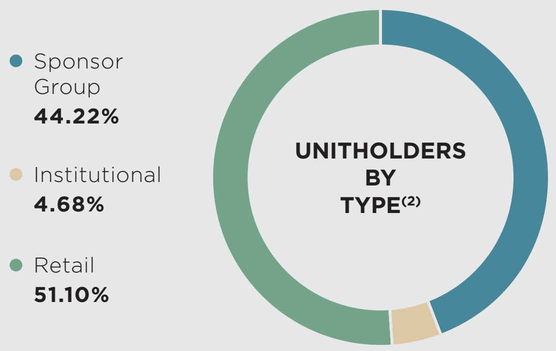
OPEN, TIMELY AND ACCURATE COMMUNICATIONS

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 updated corporate, operational and financial information.

ENGAGEMENT WITH INVESTORS AND ANALYSTS





(1) Source: Bloomberg Finance L.P., as at 1 January 2023
(2) Source: Bloomberg Finance L.P., as at 30 December 2022

First REIT engages actively with both institutional and retail investors through various platforms. With the institutional investors, our management connects with them through one-on-one meetings, conference calls, as well as well investor conferences and roadshows via webcasts and online meeting platforms or physical meetings following the lifting of social distancing restrictions in Singapore.

Our management connects with retail investors through webinars that are jointly organised with retail brokerages as well as Securities Investors Association (Singapore), in addition to the Annual General Meeting and Extraordinary General Meetings.

Every year, equity research and fixed income analysts are invited to First REIT’s results briefings where they can discuss the Trust’s performance with the management team. Starting with 9M2022, First REIT has commenced with quarterly results briefings. Site visits are also organised periodically for analysts to visit First REIT’s properties overseas. Currently, First REIT has analyst coverage from SAC Capital.

First REIT was a member of REIT Association of Singapore (“**REITAS**”) for FY2022 and has renewed its membership for FY2023. In February 2023, First REIT has also joined SGListCos, an association for SGX listed companies. Through these memberships and the events organised by REITAS and SGListCos, First REIT will continue to reach out to more investors.

In FY2022, First REIT organised or participated in the following results briefings, conferences and non-deal roadshows via physical sessions, webcasts or online platforms:

Investor Relations Activities in FY2022	Month
• First REIT’s FY2021 Results Briefing • SIAS-First REIT Virtual Dialogue Session	January
• Singapore REIT Symposium by ShareInvestor and REITAS	May
• First REIT’s 1H2022 Results Briefing • SIAS-First REIT Virtual Dialogue Session	July
• Webinar with Phillip Securities • Citi-SGX-REITAS REITs & Sponsors Forum	August
• Webinar with SmartKarma • Webinar with OCBC Securities	September
• Webinar with ProsperUs by CGS-CIMB	October
• First REIT’s 9M2022 Results Briefing • Non-deal roadshow with SAC Capital • Webinar with CGS-CIMB	November
• SIAS-First REIT Corporate Connect Webinar	December

INVESTOR RELATIONS

First REIT is also a component stock of various key indices, including the FTSE Straits Times Real Estate Investment Trusts Index, the iEdge S-REIT Index, the S&P Developed Net Zero 2050 Carbon Budget (2022 Vintage) Index (USD).

Singapore REIT Symposium by ShareInvestor and REITAS

FINANCIAL CALENDAR

Event	FY2022	FY2023 (Tentative)*
First Quarter Business Update Announcement	6 May 2022	April 2023
Payment of Distribution to Unitholders	24 June 2022	June 2023
First Half Financial Results Announcement	29 July 2022	July 2023
Payment of Distribution to Unitholders	26 September 2022	September 2023
Nine-month Business Update Announcement	8 November 2022	October 2023
Payment of Distribution to Unitholders	23 December 2022	December 2023
Full Year Financial Results Announcement	13 February 2023	February 2024
Payment of Distribution to Unitholders	30 March 2023	March 2024
Annual General Meeting	21 April 2023	April 2024

* Dates are indicative and subject to change.

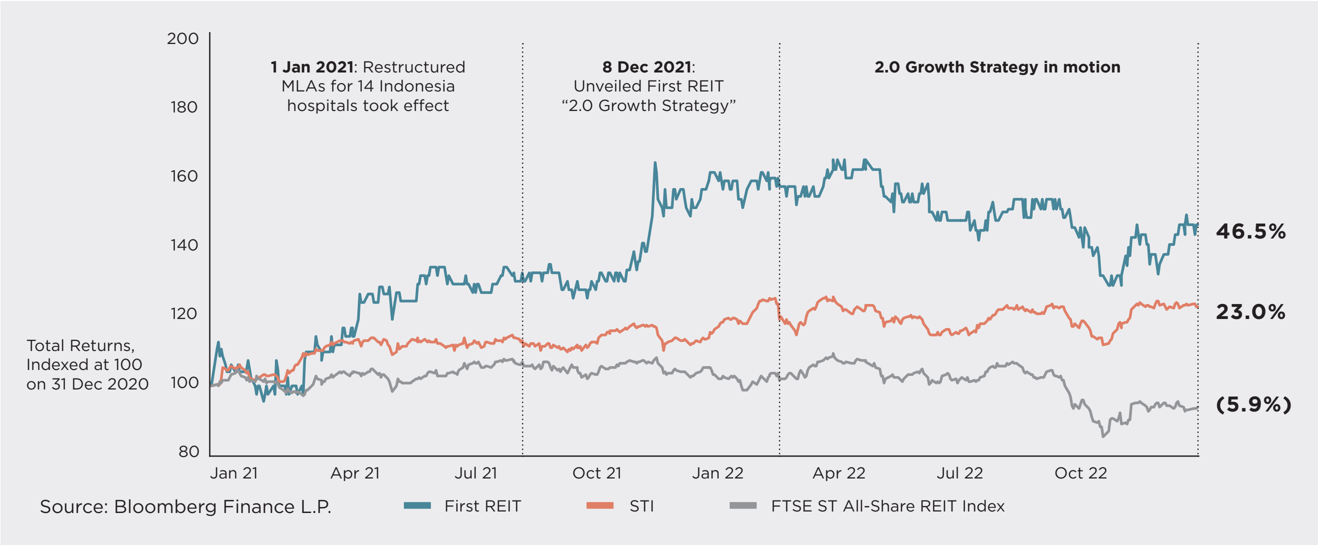
Unit Price Performance

Overview	FY2022	FY2021
Opening Price (S$)	0.310	0.260
Closing Price (S$)	0.260	0.305
High Close (S$)	0.315	0.320
Low Close (S$)	0.235	0.200
Total Volume (million units)	381.6	1,060.0
Average Daily Traded Volume (million units)	1.526	4.224
Market Capitalisation[1] (S$ million)	535.2	492.0
Total distributions declared (Singapore Cents)	2.64	2.61
Annualised distribution yield[1]	10.2%	10.9%
Total shareholder return since January 2021[2], [3]	46.5%	56.6%
Total shareholder return since January 2022[3]	-6.4%	–

Source: Bloomberg Finance L.P.

(1) As at 31 December
(2) Total distribution per unit received in FY2021 was 2.79 Singapore cents
(3) Total distribution per unit received in FY2022 was 2.64 Singapore cents

FIRST REIT OUTPERFORMED STI AND REIT INDEX SINCE JAN 2021



UPDATE ON RESTRUCTURED LPKR MLAS

The restructured master lease agreements ("**MLAs**") for the 11 hospitals that First REIT has leased to PT Lippo Karawaci Tbk ("**LPKR**") or LPKR and certain subsidiaries of PT Siloam International Hospitals Tbk ("**Siloam**") (the "**Affected Properties**") have taken effect 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 2023 is 13 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 FY2022. There were no drawdowns on the bank guarantees in respect of the Affected Properties in FY2022.

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)].

COMMUNICATIONS TOUCH POINTS

For all investor and media enquiries, please contact:
Ms Pearl Lam
Investor Relations and Communications
Tel: +65 6435 0168
Email: ir@first-reit.com
Website: www.first-reit.com

For depository-related matters, please contact:
Boardroom Corporate & Advisory Services Pte. Ltd.
1 Harbourfront Avenue #14-07 Keppel Bay Tower
Singapore 098632
Tel: 6536 5355
Fax: 6536 1360
Website: www.boardroomlimited.com

For updates or change of mailing address, please contact:
The Central Depository (Pte) Limited
Tel: +65 6535 7511
Email: asksgx@sgx.com
Website: https://investors.sgx.com/dashboard

(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/2023-02-23-BPPI.pdf
(3) The ratings for BNP Paribas Group can be found here: https://invest.bnpparibas.com/en/debt-ratings

CORPORATE INFORMATION

MANAGER
First REIT Management Limited

REGISTERED OFFICE
333 Orchard Road
#33-02
Hilton Singapore Orchard
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
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
12 Marina View #15-01
Asia Square Tower 2
Singapore 018916
Audit Partner-in-charge:
Ms Tan Kar Yee, Linda
Appointed from financial year: 2022

KPMG AZSA LLC
Otemachi Financial City South Tower
1-9-7 Otemachi, Chiyoda-ku
Tokyo, 100-8172

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

SUSTAINABILITY REPORT

BOARD STATEMENT (GRI 2-22)

The Board of Directors (the "**Board**") of First REIT Management Limited (the "**Manager**"), the Manager of First Real Estate Investment Trust ("**First REIT**" or the "**Trust**"), is proud to present First REIT's sustainability report for the year ended 31 December 2022 ("**FY2022**").

First REIT, driven by a vision to become Asia's premier healthcare Trust, invests in high quality healthcare and healthcare-related real estate assets. In accordance with First REIT 2.0 Growth Strategy, First REIT is also committed to aligning its financing with its sustainability strategy. The Trust recognises that when making financing or investment decisions, it is important to consider the impacts on economy, environment, and people.

As such, First REIT has developed a Social Finance Framework in FY2022 and defined the type of assets that can be financed or refinanced through social loans or bonds. These assets must deliver social impact by providing access to essential healthcare services in countries where the average number of hospital beds is below the regional average, or where the elderly population is above the global average.

Following the development of the Social Finance Framework, First REIT successfully issued the first-ever healthcare social bond in Singapore in April 2022, which is rated AA by Standard & Poor's, and guaranteed by CGIF, a trust fund of the Asian Development Bank. The Trust was also granted a social loan from Shinsei Trust Bank, Limited in September 2022, and subsequently refinanced more than half of its total debt into a social loan in November 2022. As a result, 76.5% of the Trust's total debt in 2022 are now tied to delivering social impact.

Working together with an external consultant, the Trust has enhanced its environment data collection and monitoring plan in 2022, and conducted a climate scenario analysis that explores the impact on First REIT and its stakeholders from potential risks and opportunities in Indonesia, Singapore, and Japan – where First REIT expanded its footprint into in FY2022. With ESG being core to First REIT's 2.0 Growth Strategy, the Board is optimistic about First REIT's continued progress in sustainability and in delivering positive social impact through its healthcare assets.

ABOUT THIS REPORT (GRI 2-2, 2-3, 2-4, 2-5)

This is First REIT's sixth annual sustainability report and is for the year 1 January 2022 to 31 December 2022. This report complies with the sustainability reporting requirements set out in the Listing Manual of the Singapore Exchange Securities Trading Limited ("**SGX-ST**") (Rules 711A and 711B). It has been prepared in accordance with the Global Reporting Initiative ("**GRI**") 2021 standards and reports on climate-related disclosures, in line with the Taskforce for Climate-related Financial Disclosures ("**TCFD**") recommendations.

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

The report discloses environmental performance for hospitals in Indonesia that are operated by PT Siloam International Hospitals Tbk ("**Siloam**"), a related party of the Manager of First REIT. The report excludes environmental performance for non-hospital assets from Indonesia as they are assessed to be non-core assets. For the complete list of First REIT's assets, please refer to Annual Report FY2022 pages 18 and 19.

The report also provides disclosure on the social impact from properties in Indonesia in accordance with First REIT's Social Finance Framework published in March 2022, as well as human resource related topics for the Manager.

As we continue to report on the social impact from our properties in Indonesia, we will also endeavour to disclose the social impact as well as environmental performance (such as energy consumption, greenhouse gas emissions, general waste and water use) of our properties in developed markets going forward. The Manager will be building a system for data collection and monitoring of environment performance in the Trust's assets that are in developed markets, and will also be engaging our operators in developed markets as part of our outreach efforts to strengthen our relationship with them.

In line with the Manager's target to grow its AUM in developed markets to more than 50% of its portfolio by FY2027, the Trust will be disclosing environmental performance of these assets progressively in the next few years.

We have not sought external assurance on this report, but our internal auditor Baker Tilly Consultancy (Singapore) Pte. Ltd. ("**Baker Tilly**") has provided a limited assurance for the allocation of our Social Bond. First REIT's sustainability report will also be subjected to an internal review by Baker Tilly.

We welcome feedback on this report and on any aspect of our sustainability performance. If you have any questions about this report or First REIT's sustainability practices, please contact:

Ms Pearl Lam
Investor relations and communications
Email: ir@first-reit.com

SUSTAINABILITY REPORT

FY2022 HIGHLIGHTS

ECONOMIC

Rental & Other Income
S$111.3
million

Net Property & Other Income
S$108.6
million

DPU
2.64
Singapore cents

Investment Properties
S$1.15
billion

SOCIAL

Employee Engagement

Employee Attraction & Retention	• 94% staff retention rate • Approximately 65% of the employees have been with the Manager for more than 5 years • Average tenure of the employee: 7.2 years • Zero cases of discrimination
Diversity, Inclusion & Non-Discrimination	• 57% of middle management are women • 50% of senior management are women
Training & Development	• Average hours of training per employee in 2022: 28.7

Health & Safety

Occupational, Customer & Public	• Zero cases of workplace injuries & ill-health

ENVIRONMENT

Flowmeters	**All of First REIT's 14 hospitals have installed flowmeters in 2022.**
Switching to energy-efficient lighting solutions	**All of First REIT's 14 hospitals have converted to using LED lights.**
General waste at the Trust's Indonesia hospitals	**Reduced by 38% to 1,486.0 tonnes in FY2022 (FY2021: 2,394.4 tonnes)**

GOVERNANCE

Cases of regulatory breaches and non-compliance	**Zero cases**
Cases of data security breaches	**Zero cases**
Cases of corruption and fraud	**Zero cases**

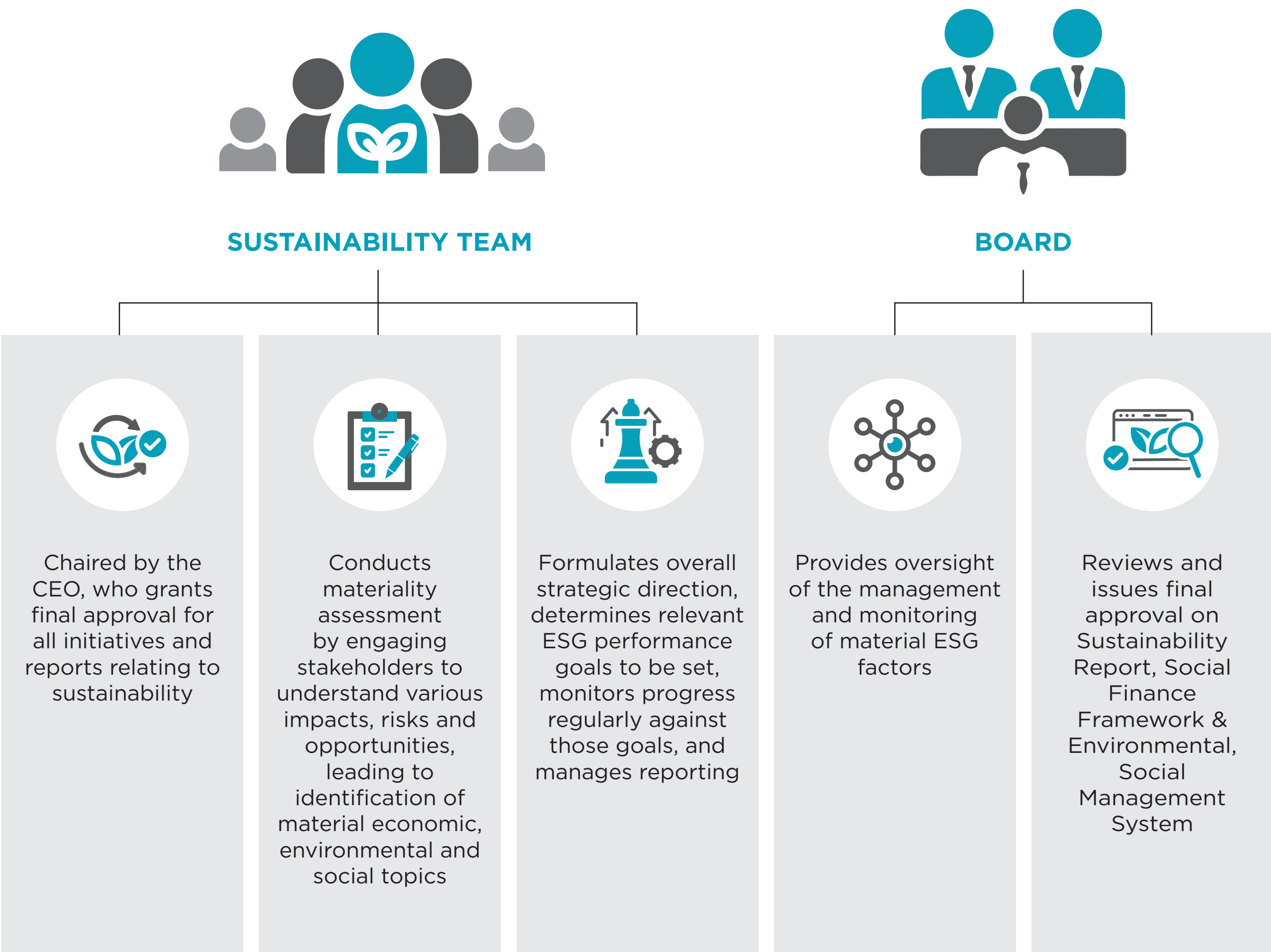
FIRST REIT'S SUSTAINABILITY APPROACH

THE SUSTAINABILITY TEAM AT FIRST REIT (GRI 2-9, 2-12, 2-13, 2-14)

We believe that a robust governance structure is necessary to provide strategic oversight and management of the ESG impacts resulting from our operations.

The Board of Directors ("**Board**") delegates the responsibility of managing sustainability-related matters to the Sustainability Team. The Sustainability Team, which comprises representatives from departments such as Asset Management, Compliance, Finance, and Investor Relations, was established in 2017 and is chaired by the Chief Executive Officer ("**CEO**"). The Sustainability Team is also the Social Finance Working Group. A Social Finance Operating Policy that puts in place the relevant operating processes which the Social Finance Working Group is responsible for was also developed in FY2022.

The Sustainability Team updates the Board on the Trust's sustainability data on a bi-annual basis. The organisational structure and responsibilities of the Sustainability Team are illustrated in the diagram below:



Additional information about corporate governance at First REIT and the sustainability training that the Board has participated in are reflected in First REIT Annual Report FY2022 pages 78 to 108.

STAKEHOLDER ENGAGEMENT (GRI 2-29)

We engage our internal and external stakeholders through various channels and methods to understand how our business activities impact them. We prioritise engagement with stakeholders who are affected or may be affected by First REIT's business activities. Through the engagement, we can better understand and ensure the relevance of our sustainability strategy and programmes and deliver the intended outcomes and impact.

Stakeholders	Relevant ESG Topics	Engagement Channels and Methods	Commitments to Sustainability
Employees	• Remuneration and benefits • Fair and competitive employment practices • Work-life balance • Employee safety, welfare, training and development opportunities	**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	• 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	• 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, Japan and Singapore (natural disasters, government regulations)	**Annually** • Annual/ extraordinary general meetings (AGM/ EGM) • Annual reports, Sustainability reports **Bi-yearly/ Quarterly** • Financial results announcements for half year and full year • Business update announcements for first quarter and third quarter • Quarterly briefings **Ad-hoc/ Perpetual** • SGXNet announcements, media releases and interviews • Corporate website updates • Social media updates • Roadshows, events and meetings	• Timely and transparent disclosure of accurate and relevant information to stakeholders • Sustainable long-term returns on investment • Business continuity plans in place

Stakeholders	Relevant ESG Topics	Engagement Channels and Methods	Commitments to Sustainability
Operators	• Reliable and efficient infrastructure • Prompt response to feedback	**Annually** • Key operators' meetings and feedback sessions **Quarterly** • Asset management reports **Ad-hoc/ Perpetual** • Satisfaction surveys • Value added initiatives by leveraging technology	• Maximise resource efficiency and enhance operational efficiency • Ensure safety and security at properties with appropriate amenities • Sustainable management of operations with safe-distancing and pandemic prevention measures
Trustee	• Operational efficiency	**Quarterly** • Reports	• Regulatory compliance • Risk management practices
Third-Party Service Providers	• Environmental compliance • Standard operating procedures, guidelines and rules for compliance • Occupational health and work safety practices • Safe-distancing and pandemic prevention measures	**Annually** • Property audits • Project-basis • Service provider evaluation • Regular meetings	• Compliance to terms in contracts • Fair and reasonable business practices

MATERIALITY (GRI 3-1, 3-2)

First REIT conducted its first formal materiality assessment in FY2017. In FY2022, to ensure the continued relevance of our material topics, we engaged an external consultant to conduct a materiality review exercise using a 4-step materiality assessment process where the initial list of material topics was first identified through its existing list and benchmarked against its peers. Following that, stakeholder engagement is conducted to determine the prioritisation of material topics. Senior management then validated the topics through a workshop which were finally approved by the Board. The exercise reassessed the list of material topics and issues that our stakeholders were most concerned with and validated the sustainability factors most material to First REIT.

Findings showed that other than "Pandemic-related support", all material topics reported in FY2021 remain relevant. To better relate to GRI standards, some of these have been renamed or subsumed under the same category. In addition, one new material topic – Diversity and Inclusion was identified. In total, we have nine material topics for FY2022 and we have categorised our material topics under three main broad categories namely Environmental, Social, Governance & Economic.

The following materiality matrix and table and depicts our material topics for FY2022. The materiality matrix also reflects the impact of each material topic to our stakeholders, while the table depicts the relevant United Nations Sustainable Development Goals ("**UN SDGs**") that each material topic is aligned to.

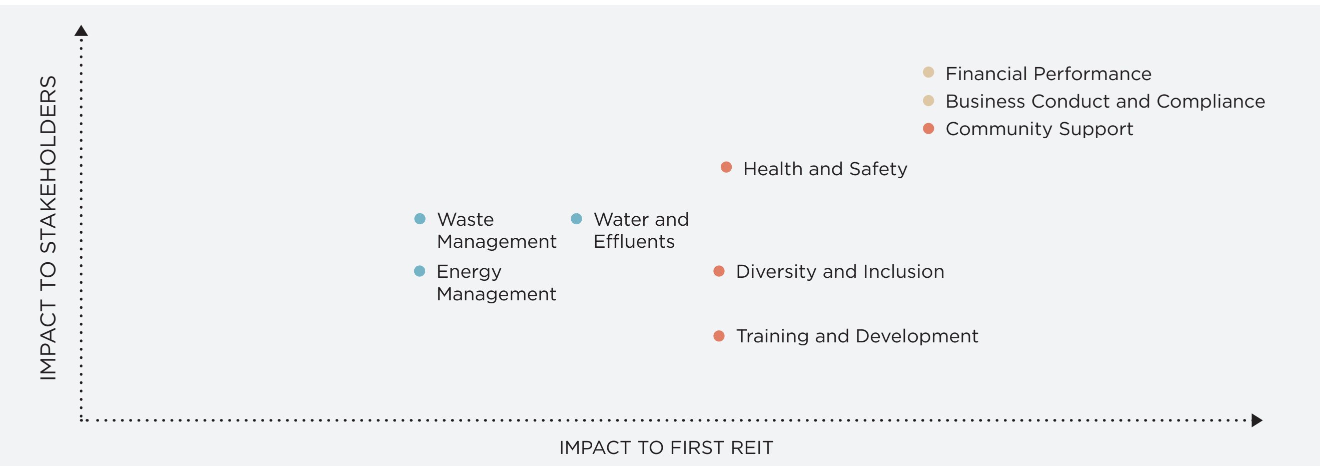
FIRST REIT'S MATERIALITY MATRIX IN FY2021 VS FY2022

FY2021 Materiality Matrix

Economic · Social · Governance · Environmental

FY2022 Materiality Matrix

Environmental · Social · Governance & Economic



Material Topics	GRI & UN SDGs	Risks & Opportunities	Main Approach to Addressing the Topics
Environmental Dimension			
Energy Management	GRI 302: Energy 2016 GRI 305: Emissions 2016	Changing weather patterns such as higher maintenance and repair costs will affect our buildings. Regulatory and technological changes will call for more prudent environmental management in our businesses. Improper water & waste management worsens the living conditions of the local community. The lack of clean potable water, exposure to hazardous waste results in long-term health impacts. First REIT can capitalise on rising demand for high-quality, durable, energy-efficient and resource-efficient buildings.	We engage our operators to implement environment-friendly initiatives in the healthcare assets they operate. 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. At the Trust's hospitals in Indonesia, sustainability considerations have also been incorporated into Siloam's vendor assessment, and rolled out to targeted suppliers.
Water and Effluents	GRI 304: Water and Effluents 2016		
Waste Management	GRI 306: Waste 2020		

Material Topics	GRI & UN SDGs	Risks & Opportunities	Main Approach to Addressing the Topics
Social Dimensions			
Training & Development	GRI 401: Employment 2016 GRI 404: Training & Education 2016	First REIT recognises the role our healthcare assets play in enhancing our stakeholders' health and well-being and to bolster community cohesion. By being aware of our stakeholders' ever-changing needs, First REIT can ensure its healthcare assets continue to stay relevant and perform well.	To attract and retain the talent, we work towards offering an attractive employee experience in a holistic way through 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 & environment We create a positive and cohesive work environment with a culture of learning and mutual respect.
Diversity and Inclusion	GRI 405: Diversity & Equal Opportunity GRI 406: Non-Discrimination 2016		
Health & Safety	GRI 403: Occupational Health & Safety 2018		We ensure employee health & wellness through recreational & team bonding activities. Our employees are also covered by group health insurance.
Community Support	GRI 413: Local Communities 2016		First REIT initiated a Social Finance Framework ("**SFF**") 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 which would also fulfil the United Nations Sustainable Development Goal of 'Good Health and Well-being'. First REIT has also obtained a social loan from the Shinsei Trust Bank, Limited which will be utilised to generate positive social impacts with the growing elderly population and promote female active participation in society.

Material Topics	GRI & UN SDGs	Risks & Opportunities	Main Approach to Addressing the Topics
Governance & Economic			
Business Conduct & Compliance	GRI 2-27 GRI 205: Anti-Corruption 2016 GRI 416: Customer Health & Safety 2016 GRI 418: Customer Privacy 2016	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.
Financial Performance	GRI 201: Economic Performance 2016 GRI 203: Indirect Economic Performance 2016	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.	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 translate into benefits for the ecosystem in terms of jobs and salaries, tax payments for public infrastructure, revenues for suppliers, and support for the local economy and healthcare services.

MANAGING CLIMATE-RELATED RISKS (GRI 201)

First REIT began introducing and reporting on climate-related risks in our FY2021 Sustainability Report with reference to the TCFD recommendations. The below table reflects First REIT's response to key components of the TCFD recommendations. The TCFD framework is also aligned with the requirements of the Guidelines on Environmental Risk Management ("**EnRM**") for Asset Managers set out by the Monetary Authority of Singapore ("**MAS**").

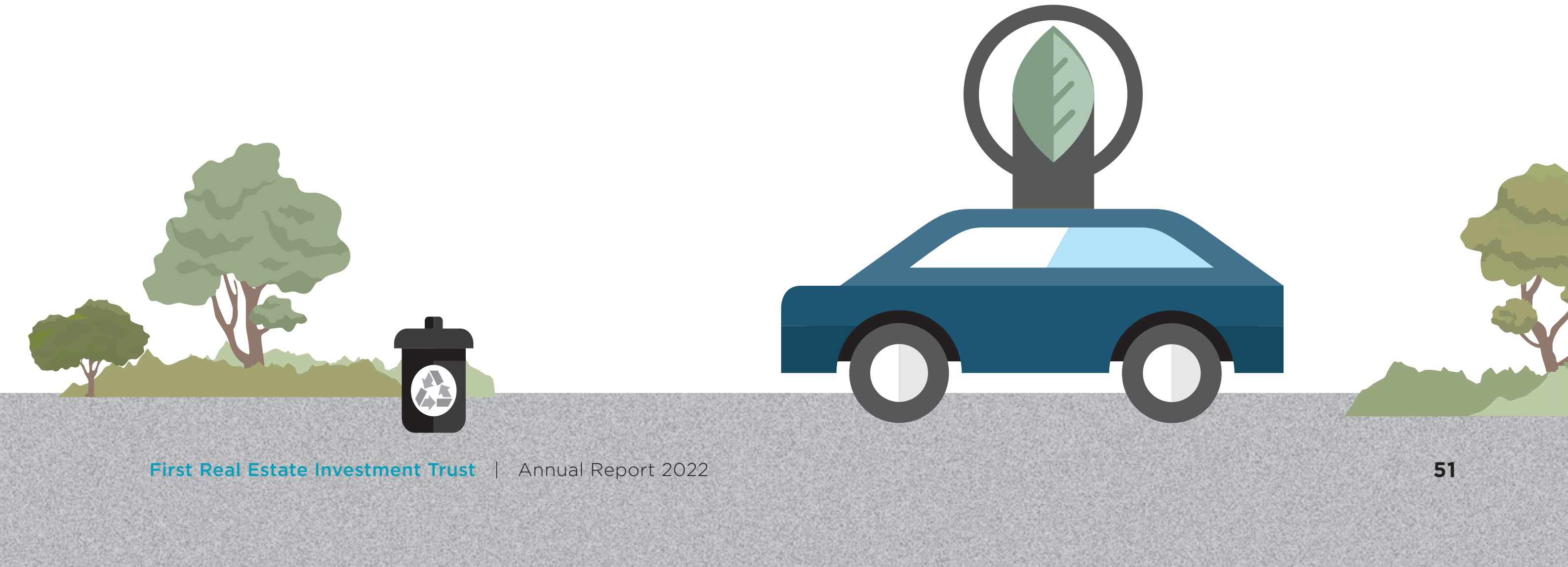
GOVERNANCE

TCFD components	First REIT's Response
The Board's oversight of climate-related risks and opportunities	The Board, with support from the Sustainability Team, maintains effective oversight of the EnRM implementation and disclosures. Its responsibilities are as follows: • Approving the EnRM framework, environmental policies to manage the REIT's climate- and environmental risks. • Setting clear roles and responsibilities of the Board and senior management covering personnel and functions, also to live up to First REIT's fiduciary role and its moral- and legal obligations in relation to its unitholders. • Integrating environmental risks into the investment management framework and due diligence procedures for portfolio management. • Ensuring directors have adequate understanding of environmental risk, and senior management is equipped to deal with environmental risks. A Board meeting is held at least four times a year where any issues pertaining to environmental risks can be discussed by the Board. Any urgent environmental matters requiring immediate attention will be flagged to the Board directly for discussion to provide a timely response to mitigate the situation.
Management's role in assessing and managing climate-related risks and opportunities	The Management provides guidance to the Sustainability Team in the development and implementation of the EnRM framework and its policies. 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 on material environmental risk issues in a timely manner. The Sustainability Team Committee gathers knowledge about potential climate- and environmental risks from research and consultation with the operators of the Trust's hospitals and healthcare facilities. The Sustainability Team Committee also works with our tenants, property and asset managers to track and monitor climate- and environmental risks, and to anticipate new and relevant environmental risks. Furthermore, in connection with the introduction of the SFF, the Social Finance Working Group ("**SFWG**") has been established to evaluate the selection processes of First REIT's healthcare assets to ensure compliance with the SFF criteria. 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.

STRATEGY

TCFD components	First REIT's Response
The climate-related risks and opportunities First REIT has identified over the short, medium, and long term The impact of climate-related risks and opportunities on First REIT's businesses, strategy, and financial planning The resilience of First REIT's strategy, taking into consideration different climate-related scenarios, including a 2°C or lower scenario	The scenario analysis work in 2022 has provided the Manager with greater insights to develop resilient climate strategies for First REIT. The Manager has identified potential financial indicators[1] that climate-related risks and opportunities could have an impact on, across First REIT's healthcare operations. In line with the MAS EnRM guidelines, the Manager has identified a number of environmental issues to be included as part of the due diligence process for improving existing assets and new acquisitions: 1. Pollution and the focus on Aerosol and its impact on climate change 2. Energy efficiency through lighting solutions 3. Energy supply and mapping of renewable sources 4. GHG emissions including Refrigerants 5. Waste management, hazardous for example around Mercury 6. Water supply and Wastewater The Manager employs a variety of means to identify the environmental risks and opportunities faced by the Trust over the short, medium, and long term.

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



RISK MANAGEMENT

TCFD components	First REIT's Response

TCFD components

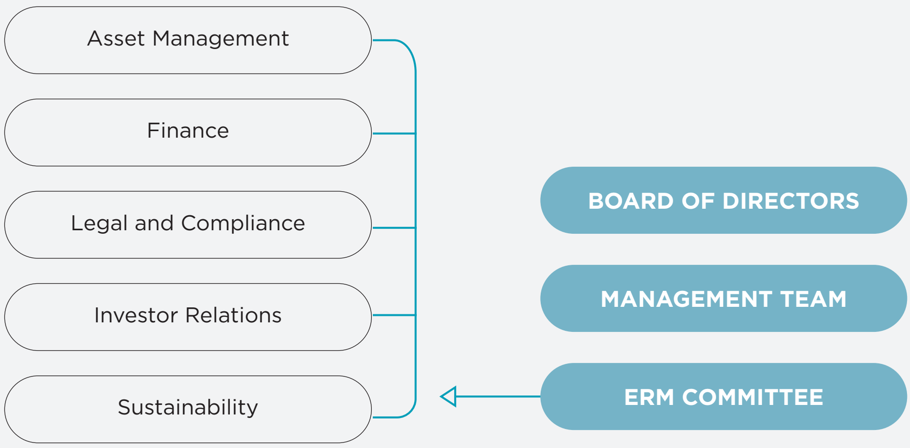
First REIT's processes for identifying and assessing climate-related risks

How First REIT's processes for identifying, assessing, and managing climate-related risks are integrated into risk management

First REIT's Response

The Manager has in place an Environmental Risk Management Framework for First REIT, which has been approved by the Board. The framework considers top-tier risks and events relevant to the First REIT in terms of vulnerability, impacts, and likelihood.

First REIT's Environmental Risk Management Governance Structure



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.

In 2022, First REIT has performed a climate scenario analysis to qualitatively assess short- medium- and long-term climate related risks and opportunities. Please see Annual Report Page 54-57 for further details. The ERM framework, its underlying methodologies, processes, and procedures are expected to evolve on an ongoing basis.

METRICS AND TARGETS

TCFD components	First REIT's Response
The metrics used by First REIT to assess climate-related risks and opportunities in line with its strategy and risk management process First REIT's Scope 1, Scope 2, and, if appropriate, Scope 3 greenhouse gas ("**GHG**") emissions, and the related risks. The targets used by First REIT to manage climate-related risks and opportunities and the performance against targets.	The key metrics First REIT uses to assess and monitor climate-related risks are energy consumption, wastewater and waste generation. The environmental data monitoring system is being strengthened to allow the Manager to review climate-related risk management. First REIT monitors the environmental performance for nursing homes in Singapore and Japan, which are operated by third parties. From an operational control standpoint, emissions from these nursing homes are deemed to be under Scope 3 and are not disclosed in this report. However, First REIT discloses environmental performance for hospitals in Indonesia that are operated by Siloam, a related party that has a longstanding relationship with First REIT.

SCENARIO ANALYSIS

In line with the MAS EnRM guidelines, First REIT conducted its first high-level climate assessment exercise in FY2021. In FY2022, the Manager expanded its analysis of potential climate-related risks and opportunities associated with climate scenarios.

The Manager has selected a 2°C and 4°C warming scenarios with the intention of stress testing its healthcare assets in Indonesia, Japan and Singapore for physical and transition risks resulting from more recurring and severe weather events or increased reputation, legal and liquidity risks associated with the introduction of further regulatory requirements and laws. The analysis examines the high-level financial impacts, which can be expected for First REIT's portfolio.

4°C SCENARIO: BUSINESS-AS-USUAL

According to the definition provided by the Intergovernmental Panel on Climate Change, the business-as-usual scenario is described as "without additional mitigation efforts beyond those in place today". Global warming by the end of the century will lead to increased frequency, severity and geographical distribution of acute and chronic weather conditions such as tropical cyclones, increased precipitation, heat waves and rising sea levels. The impact of physical risk as a result of climate change are already manifesting globally and is likely to increase exponentially over the next few decades as global emissions continue to peak. Hence, First REIT has categorised the physical risks identified as long-term risks, whereby the impact is likely to peak beyond the time horizon of ten to thirty years. This allows First REIT to have sufficient time to identify and develop mitigation strategies that will help build long-term business resilience.

ESTIMATED RISK LEVEL ● Low ● Medium ● High

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

2°C SCENARIO: AGGRESSIVE MITIGATION

The 2°C Scenario is developed based on the accelerated transition to a low-carbon economy which is required to limit global warming below the 2°C threshold by the end of the century. This will require a rapid transition to a low-carbon economy, which has the potential to dampen the severity of physical risks brought about by climate change. However, it is expected that stringent policies will be implemented globally which may entail extensive policy, legal, technology and market changes posing varying levels of financial and reputational risks. The extent and severity of transition risks can be difficult to ascertain given its dependency on both climate and economic factors that could emerge between the short (one to three years) to medium (four to six years) term. In the short to medium term, the impact of these transition risks, which are usually from policies, is likely to be greater than the impact of physical risks associated with climate change, which are expected to become more significant beyond the medium term.

ESTIMATED RISK LEVEL ● Low ● Medium ● High

Category	Transition Risks	Country	Impact Level	Financial Impact Indicators
Policy and legal	**Carbon Tax** Implementation of carbon tax enacts a financial cost on GHG emissions	Indonesia	●	Assets and Liabilities
		Japan	●	
		Singapore	●	
	Litigation & compliance risk More stringent criteria of regulatory framework for green buildings in Indonesia and Japan pushes the need for compliance resulting in increased financial costs. In Singapore, buildings would require compliance before the Temporary Occupant Permit ("**TOP**") clearance is given.	Indonesia	●	Expenditures
		Japan	●	
		Singapore	●	
	Government policies/ regulations With greater push for low-carbon economy, adoption of voluntary green building frameworks results in budgeting for capital expenditure.	Indonesia	●	Expenditures
		Japan	●	
		Singapore	●	

ESTIMATED RISK LEVEL ● Low ● Medium ● High

Category	Transition Risks	Country	Impact Level	Financial Impact Indicators
Reputation	**Shift in consumer preferences** ESG-educated patients demand a facility that not only serves their healthcare needs but also has sustainable practices in place.	Indonesia	Medium	Revenues
		Japan	Low	
		Singapore	Medium	
	Increased stakeholder concern With the push for green hospitals, the lack of progression towards sustainable practices may influence the decision of potential investors.	Indonesia	Medium	Capital and Financing
		Japan	Low	
		Singapore	Low	
Technology	**Net-zero operations** To transition to a low-carbon economy, the following measures would have to be taken: • Implementing responsible waste management practices • Increasing the rate of recycling • Widely adopting renewable energy sources	Indonesia	Medium	Assets and Liabilities
		Japan	Medium	
		Singapore	Medium	
	Cost of transition to lower-emission technologies To meet low-emission goals, the implementation of new, low-emission technologies will gradually replace outdated systems.	Indonesia	Medium	Expenditures
		Japan	Medium	
		Singapore	Medium	

OPPORTUNITIES

While climate change presents its challenges, efforts to address it can also create opportunities for First REIT. The shift to a low-carbon economy can bring cost-saving benefits through improved operational efficiency and open up new business opportunities.

ESTIMATED RISK LEVEL ● Low ● Medium ● High

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

FINANCIAL PERFORMANCE (GRI 3-3, 203)

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.

To ensure asset quality, the Manager has put in place a 3-step approach:

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.

We applied this approach in 2022, when First REIT completed the acquisition of 14 Japan nursing homes. The 12 high quality freehold nursing homes were acquired from our Sponsor OUE Lippo Healthcare ("**OUELH**") and two high quality freehold nursing homes were acquired from third parties – Healthcare Management Partner and Healthcare & Medical Investment Corporation. The investments were made in line with First REIT's 2.0 Growth Strategy to diversify the portfolio to include developed markets. More information on First REIT's 2.0 Growth Strategy can be found on pages 5 to 7 of Annual Report FY2022 and information about our financial performance can be found on pages 3 and 4 of Annual Report FY2022.

OUR PEOPLE

EMPLOYEE ENGAGEMENT (GRI 2-30, 3-3)

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.

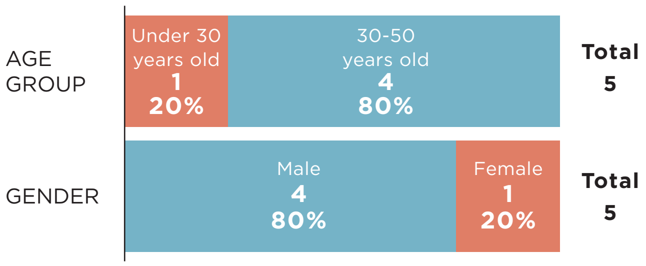
While First REIT does not have any collective bargaining agreements in place, First REIT respect its staff's right to freedom of association and being members of trade unions guided by the Industrial Relations Act. The Act enables representation of employees by trade unions for collective bargaining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

EMPLOYEE ATTRACTION AND RETENTION (GRI 2-7, 401)

First REIT employed 19 permanent, full-time employees in Singapore, comprising of 9 male and 10 female senior and middle management, executives and non-executives as at December 2022. No temporary, part-time staff nor non-guaranteed hours labour were employed. Attesting to a positive working environment, First REIT achieved a 95% staff retention rate in FY2022, and approximately 58% of the employees have been with the Manager for more than 5 years. Only 1 male employee within the 30-50 years old age group left the company in FY2022.

To enhance our pool of talents, First REIT is committed to being an equal opportunity employer, ensuring that qualified candidates are hired through fair and progressive employment practices. This is aligned with the Ministry of Manpower's (MOM) Employment Act and Tripartite Guidelines on Fair Employment Practices set out by the Tripartite Alliance for Fair and Progressive Employment Practices (TAFEP). First REIT also offers competitive remuneration packages that are constantly reviewed against industry benchmarks to ensure competitiveness.

NEW EMPLOYEE HIRES DURING FY2022



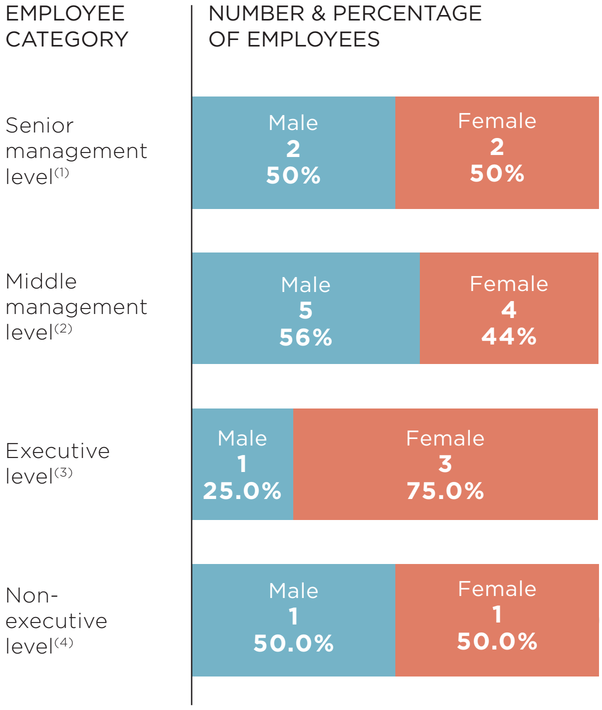
DIVERSITY AND INCLUSION (GRI 3-3, 405, 406)

First REIT is committed to fostering a diverse and inclusive culture. We recognise that every member of the team can contribute to the organization, and we harness our diverse strengths to enhance First REIT's value together.

In accordance with First REIT's Code of Business Conduct and Ethics, we have zero tolerance towards harassment, violence, intimidation and discrimination of any kind involving race, colour, religion, national origin, gender, sexual orientation, age, disability or, where applicable, veteran or marital status. As such, we ensure that all our hires are based on merit to promote fairness and non-discrimination in our business dealings. During FY2022, we received zero incidents of discrimination.

As of December 2022, women make up about 53% of our workforce, with 44% of our middle management and 50% of our senior management being females. First REIT has a diversified workforce across all age groups which is aligned to the UN SDGs of "Gender Equality" (Goal 5).

PERCENTAGE OF INDIVIDUALS BY EMPLOYEE CATEGORY AND GENDER



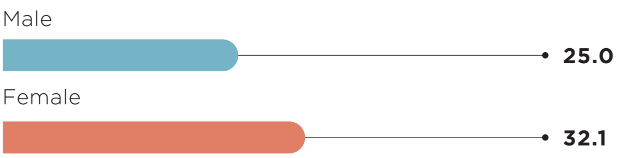
(1) All 4 in age group of over 50 years old
(2) All 9 in age group of 30-50 years old
(3) 2 in age group of under 30 years old, 1 in age group of 30-50 years old, 1 in age group of over 50 years old
(4) 1 in age group of over 50 years old , 1 in age group of 30-50 years old

TRAINING AND DEVELOPMENT (GRI 3-3, 404)

At First REIT, we take pride in doing our jobs well, and we continuously seek to improve. We sow into learning and self-development to sharpen and grow competencies. The training needs of employees are identified through regular dialogues and employees are provided with a well-rounded training programme. For FY2022, the Manager facilitated an average of 28.7 hours of training per employee. The training included courses that come with CPD hours or CPE hours.

To further maximise and tap on our employees' potential, First REIT conducts regular feedback sessions and annual appraisals to highlight any strengths as well as feedback on areas to improve upon. In 2022, 100% of our employees received the annual appraisal.

Average hours of training employees have undertaken during FY2022 by gender



Average hours of training employees have undertaken during FY2022 by employee category

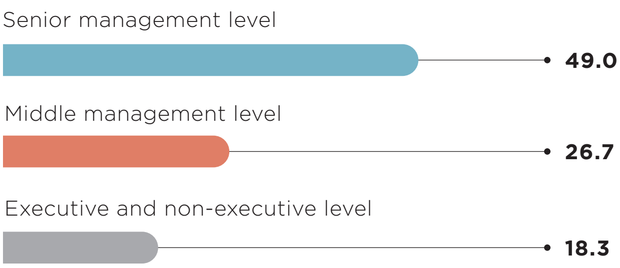


TABLE 1: TRAINING PROGRAMMES[(1)]

Training Provider	Training Programme
REIT Association of Singapore ("**REITAS**")	Fund Raising for REITS
	Webinar Investing on the Greening of Real Estate
	Seminar on Sustainability
	Rules & Ethics
	Annual Conference
Singapore Institute of Surveyors and Valuers	Essential Financial Indicators for Real Estate
	Valuation Conference
Crowe LLP	A Closer Look at Business Valuation
ISCA	Ethical Issues in Risk Management and Internal Controls
	The economic entity model under FRS 103 and FRS 110

FY2022 PERFORMANCE AGAINST TARGET

TRAINING AND DEVELOPMENT

FY2022 Target	Maintain an average of 20 training hours for employees
FY2022 Performance	28.7 hours
FY2023 Target	Each employee to attend a minimum of 20 hours of training

(1) Training programmes that come with Continuing Professional Development (CPD) and Continuing Professional Education (CPE) hours

HEALTH & SAFETY (GRI 3-3, 403, 416)

As a healthcare REIT, the health and safety of our stakeholders is of utmost importance and the key driving force behind our success. First REIT strives to create a working environment that is safe, conducive and healthy which helps to enhance productivity, morale and well-being. Our Manager has drafted a Health and Safety Policy aligning to the Workplace Safety and Health Act ("**WSHA**") issued by the Ministry of Manpower ("**MOM**"). First REIT follows the guidelines indicated in the policy to provide a safe working environment for our employees. In support of mental wellness, First REIT employees are encouraged to leave the office early on scheduled days to spend quality time with their families.

In our healthcare assets, respective operators implement policies to ensure workplace health and safety and to prevent and mitigate negative occupational health and safety impacts. For instance, in Indonesia, Siloam implemented the Siloam Environmental Policy which covers the health and safety aspect of their workers, patients and other users of the facility. It includes Guidelines on "Environmental Work Health" and "Prevention and Infection Control" and employees are required to comply with the guidelines. In Singapore and Japan, our operators implements necessary safety measures in accordance with local laws and regulations to ensure their workers' safety. All of our operators have policies in place that aim to provide products and services rendered to patients or members of public with the best possible quality as they strive to be leaders in the healthcare industry. As such, there were also zero incidents of non-compliance with regulations and/ or voluntary codes concerning the health and safety impacts of products and services.

In FY2022, our employees worked a total of 40,185 man-hours and we are proud to report that we had zero incidents that resulted in high-consequence injuries or fatalities. We also had zero incidents of work-related ill-health.

COMMUNITY SUPPORT - SOCIAL FINANCE REPORTING (GRI 3-3, 413)

Hospitals and nursing homes play a crucial role in promoting sustainable development in the communities they serve by providing medical care and support to those in need. First REIT, through its healthcare assets, aims to provide affordable treatment and healthcare to identified groups of vulnerable people.

To that end, 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 which would also fulfil the United Nations Sustainable Development Goal of 'Good Health and Well-being'.

Under this goal, it has a target of achieving 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. The SFF is aligned with the 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. The SFF also provides guidance on use of proceeds, process for project evaluation and selection, management of proceeds, reporting and external review.

ALLOCATION REPORTING

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

IMPACT REPORTING

First REIT contributes to bringing quality, affordable healthcare to a wide catchment of people across socioeconomic backgrounds. The table on the following page shows the social impact delivered by each of First REIT's hospital in Indonesia.

No.	Hospitals (FY2022)	Province	Provincial Population (millions)[1]	No. of operational beds	Outpatient Volume ('000)	% Provincial Population	BPJS Outpatient Volume ('000)	% Provincial Population	Inpatient Volume ('000)	% Provincial Population	BPJS Inpatient Volume ('000)	% Provincial Population
1	**Siloam Hospitals Kupang**	East Nusa Tenggara	5.39	416	102.58	1.90%	95.17	1.77%	9.30	0.17%	7.88	0.15%
2	**Siloam Hospitals Makassar**	South Sulawesi	9.14	362	178.06	1.95%	60.28	0.66%	17.50	0.19%	8.61	0.09%
3	**Siloam Sriwijaya**	South Sumatra	8.62	357	211.33	2.45%	44.77	0.52%	11.47	0.13%	3.01	0.03%
4	**Mochtar Riady Comprehensive Cancer Centre**	DKI Jakarta	10.64	334	201.25	1.89%	24.07	0.23%	10.35	0.10%	3.90	0.04%
5	**Siloam Hospitals Lippo Village**	Banten	12.25	308	226.11	1.85%	0.48	0.00%	13.97	0.11%	0.84	0.01%
6	**Siloam Hospitals Kebon Jeruk**	DKI Jakarta	10.64	285	177.06	1.66%	No BPJS License		11.32	0.11%	No BPJS License	
7	**Siloam Hospitals Bali**	Bali	4.92	281	162.32	3.30%	56.95	1.16%	7.68	0.16%	4.07	0.08%
8	**Siloam Hospitals TB Simatupang**	DKI Jakarta	10.64	269	78.50	0.74%	No BPJS License		4.50	0.04%	No BPJS License	
9	**Siloam Hospitals Yogyakarta**	Central Java	37.49	249	83.37	0.22%	63.47	0.17%	4.28	0.01%	2.73	0.01%
10	**Siloam Hospitals Manado**	North Sulawesi	2.66	238	91.52	3.45%	67.28	2.53%	8.22	0.31%	5.98	0.23%
11	**Siloam Hospitals Purwakarta**	West Java	49.41	235	159.86	0.32%	96.55	0.20%	18.06	0.04%	14.02	0.03%
12	**Siloam Hospitals Lippo Cikarang**	West Java	49.41	164	129.43	0.26%	26.50	0.05%	6.54	0.01%	1.53	0.00%
13	**Siloam Hospitals Buton**	South East Sulawesi	2.78	140	43.91	1.58%	36.18	1.30%	7.24	0.26%	6.35	0.23%
14	**Siloam Hospitals Labuan Bajo**	East Nusa Tenggara	5.39	124	29.32	0.54%	29.23	0.54%	6.26	0.12%	5.65	0.10%
	Total		**219.37**	**3,762**	**1,874.63**	**0.85%**	**600.90**	**0.27%**	**136.68**	**0.06%**	**64.58**	**0.03%**

Note: Badan Penyelenggara Jaminan Sosial ("**BPJS**") is a social insurance administration organisation in Indonesia that administers a universal healthcare program, the Jaminan Kesehatan Nasional ("**JKN**").

(1) Source: National Census Data

Siloam also donated Qurban for Eid Al-Fitr, a gesture of sharing meat, with the local community. As COVID-19 still persists, Siloam Sriwijaya gave out free antigen tests for the local church community to help them cope with costs needed to test themselves. Siloam Hospitals Makassar also donated to a series of causes such as the local orphanage, trees for the local community as well as for the renovation of the local fisherman village office.

In Japan, First REIT secured a social loan from the Shinsei Trust Bank, Limited valued at JPY1.66 Billion (SGD 16.9 Million) in September 2022. The social loan was used for the acquisition of Medical Rehabilitation Home Bon Séjour Komaki (a private residential home for the elderly) in Aichi, and Loyal Residence Ayase (a serviced housing for the elderly) in Kanagawa. The social loan aims to deliver positive social impact, contributing to the UN SDGs of Good Health and Well-Being (Goal 3), Gender Equality (Goal 5), as well as Decent Work and Economic Growth (Goal 8).

In Singapore, employees of the Manager of First REIT created and displayed personalised decorations for two Suregada Multiflora trees at Botanic Gardens as part of the Singapore Botanic Gardens' Trees of the World 2022 programme. The programme supports Singapore's OneMillionTrees movement, enhances Singapore Botanic Gardens' research projects & outreach programmes that connect people with nature. Ahead of the Lunar New Year festive season, employees of the Manager of First REIT also volunteered to pack food essentials for seniors and families in need, as part of the Community Chest Fu Dai 2023 event.

FY2022 PERFORMANCE AGAINST TARGET

COMMUNITY SUPPORT

FY2022 Target	Organise at least two community involvement projects with 50% participation rate subject to prevailing pandemic regulations
FY2022 Performance	Organised and participated in more than two community involvement projects with participation from across the organisation.
FY2023 Target	Continue to organise at least two community involvement projects with 50% participation rate subject to prevailing pandemic regulations

SUSTAINABILITY REPORT

OUR ENVIRONMENT

The healthcare industry contributes to 4.4%[(1)] of global net emissions and this translates to being the fifth-largest emitter of this planet if the industry was a country. Climate change is exacerbated by carbon emissions resulting in erratic weather patterns and more frequent cases of extreme weather events such as flooding and earthquakes. As a result, not only infrastructure gets damaged, maintenance and repair costs can also increase especially in natural disaster-prone countries.

First REIT's properties are leased to related parties or third parties on master lease arrangements, and as such, the Manager does not have operational control of its properties. However, the Manager seeks to be a positive influence through regular engagement. First REIT monitors the facilities by conducting on-site inspections and interviews with the operators on a regular basis. First REIT also encourages the operators to install environmentally friendly equipment or utilise information technologies to achieve energy and resource savings. Separately, Siloam has also incorporated sustainability considerations into its vendor assessment, and this assessment has been rolled out to targeted suppliers.

ENERGY MANAGEMENT (GRI 3-3, 302)

	FY2020	FY2021	FY2022
TOTAL ENERGY CONSUMPTION (GWh)	**62.1**	**62.8**	**63.6**
ENERGY INTENSITY (kWh/m^2)	**186.3**	**188.4**	**190.7**

In 2022, energy consumption in the Trust's hospitals in Indonesia was 63.6 GWh and energy intensity was 190.7 kWh/m^2 in 2022. The consumption of energy is largely attributed to air-conditioning in our assets used to provide thermal comfort but more importantly, it is essential to preserve the chemicals, fluids and other medical supplies used.

Siloam has Environmental Management Policies in place for hospitals to reduce building energy usage. In 2022, Siloam has successfully replaced its old refrigerant – Freon R22, to Smatrix, a newer, eco-friendlier, energy-efficient, and cheaper type of refrigerant in 9 hospitals that are in First REIT's portfolio. Among the nine, two hospitals installed the new refrigerant in 2021. The remaining seven hospitals have purchased the new refrigerants and have undergone the trial process, but not all have installed the new refrigerants due to incompatibility with existing air conditioning systems.

In Indonesia, 100% of First REIT's portfolio in Indonesia have also switched to using LED lights since FY2021. First REIT's nursing homes in Singapore have also increased usage of LED lights. For example, The Lentor Residence has installed LED lights in its stairwells, which are motion-sensored.

Separately, employees working for the Manager are encouraged to develop good habits such as switching off all office lights and setting their computers to be on sleep mode when they leave the office for an extended period. In addition, we ensure that the temperature of our office is set to ambient mode by default to reduce any additional electricity generated.

(1) Healthcare's Climate Footprint (Health Care Without Harm, 2019)

WATER AND EFFLUENTS (GRI 3-3, 303)

Water Consumption

Due to the nature of our operations, water is an essential resource from sterilising and sanitising our tools and equipment to powering our cooling systems. Additionally, if discharging of wastewater is not managed adequately, it can contaminate our water sources, affecting the local community and biodiversity. Since water is First REIT's second most consumed natural resource after energy, the Manager has placed heavy emphasis on prudent water management.

Siloam strives to fulfil the commitments it has made in their Environmental Policy. In doing so, they have implemented water management processes and initiatives to reduce water usage and wastage as well as to save costs. One of which includes installing flowmeters to monitor the water usage of our assets and all 14 hospitals have installed the flowmeters. Siloam also uses water-saving techniques such as installing thimbles in their toilets for public use, using recycled water for their cooling system. They also engage in cyclical maintenance of their water systems and check for potential leaks on their plumbing and pipes.

Wastewater

In the context of the healthcare industry, wastewater discharge is unavoidable and needs to be prudently handled due to the impacts it can cause on the environment and the local community. Wastewater can cause contamination to clean water bodies and disrupt the ecosystem as they are highly dependent on clean water for survival. Exposure to wastewater may also result in long-term health issues of the local community.

At First REIT's 14 hospitals in Indonesia, which are operated by Siloam, 99.9% (839,662m^3) of the hospitals' water is withdrawn from municipal water sources and other third-party suppliers, and 100% (538,507m^3) of the hospitals' water is discharged through the municipal sewage network as well as by third party contractors.

In line with Siloam's Environmental Policy, First REIT strives to ensure that the water that is discharged back to the water system is free from toxins and compliant to Indonesia's wastewater quality standard regulation. The water quality is checked on a quarterly basis by a licensed laboratory, and the hospitals will report the water quality to the local authorities.

Siloam has also taken steps to make sure that wastewater goes through the wastewater treatment plants that are available in all of First REIT's 14 hospitals in Indonesia before they become discharged. Siloam also carries out periodic maintenance and cleaning of the wastewater channels such as the sink, bathroom and toilets to ensure smooth running of wastewater to its treatment plants. Additionally, the sanitation team under the facility management division are provided training on wastewater processing.

WASTE MANAGEMENT (GRI 3-3, 306)

Through the operations in our assets, non-hazardous and hazardous wastes as well as wastewater are produced. In FY2022, non-hazardous waste generated amounted to 1,486.0 tonnes and hazardous waste amounted to 853.3 tonnes.

Non-hazardous waste is largely generated by our healthcare facilities and operations and the daily operations of the Manager. First REIT believes that proper waste management is essential to reduce our environmental impact where pollution will be minimised and the communities that are in close proximity to our operations will not be negatively affected.

As part of Indonesia's Clean-from-Waste Indonesia 2025 (Indonesia Bersih Sampah 2025) roadmap, the Indonesian government has a National Strategy Policy on Managing and Reducing Waste in place. In FY2022, Siloam took steps to ensure waste generation was minimised through digitalisation and ensured that hazardous waste was segregated properly to avoid any potential contamination which could negatively impact the health of the local community. For non-hazardous waste, our hospitals in Indonesia have streamlined their procedures and reduce its paper usage by operating a paperless prescription system.

For hazardous waste, our hospitals in Indonesia uses coloured bags to differentiate and identify the different types of hazardous waste. In addition to these, any sharp wastes which involve syringes and needles are put into a sharp box. All such hazardous wastes will be sent for incineration by third-party service providers.

Waste operating processors such as the incinerators or autoclaves are required to have a valid permit and must put on Personal Protection Equipment ("**PPE**") before handling any hazardous waste. This is in line with Siloam's Environmental Policy and Indonesia's regulation on managing hazardous waste. To monitor its waste production, each hospital records down the waste produced and creates a monthly report which is then sent to the hospital Director for verification and ultimately submitted to the local authorities every quarter.

FY2022 PERFORMANCE AGAINST TARGETS

ENVIRONMENT

FY2022 Targets	FY2022 Performance	FY2023 Target
Incorporate sustainability into vendor assessment	Sustainability Procurement Policies have been implemented and rolled out to targeted suppliers	Collaborate with operators to build system for the data collection and monitoring of environment performance in the Trust's assets that are in developed markets.
Identified 7 of the Trust's hospitals in Indonesia to undergo trial usage of more eco-friendly, energy-efficient and cheaper type of refrigerant	The 7 identified hospitals have undergone the trial process, but not all have installed the new refrigerants due to incompatibility with existing air conditioning systems	
Installation of flowmeters in all the Trust's hospitals in Indonesia	All hospitals have installed flowmeter in 2022	
Increase percentage of the Trust's portfolio switching to using LED lighting by 5%	All of the Trust's hospitals in Indonesia have converted to LED lights	
To decrease the amount of general waste produced at the Trust's Indonesia hospitals by 5%	General waste at the Trust's Indonesia hospitals reduced by 38% to 1,486.0 tonnes (Excluding Siloam Hospitals Surabaya which was divested in FY2022).	
To decrease the amount of hazardous waste produced at the Trust's Indonesia hospitals by 5% To decrease the amount of wastewater produced at the Trust's Indonesia hospitals by 5%	Due to the recovery of base case non-covid patients, hazardous waste at the Trust's Indonesia hospitals grew 17% to 853,314 kgs. However, total wastewater produced decreased by 16% to 538,507m^3.	
All hospital units under Siloam Hospitals are committed to the environmental policy which include the monitoring, management, reporting and treatment of wastewater	All hospital units under Siloam Hospitals continue to be committed to the environmental policy which include the monitoring, management, reporting and treatment of wastewater.	

OUR GOVERNANCE

BUSINESS CONDUCT AND COMPLIANCE

REGULATORY COMPLIANCE (GRI 2-26, 2-27, 3-3, 418)

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

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

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

In addition to the listing rules and requirements from MAS, being a healthcare REIT, we take data breaches very seriously. It is estimated that a single data breach could cost a company US$4.35 million on average[1]. Not only does it affect us financially, but it is also likely we will lose our stakeholders' trust which would negatively impact First REIT's reputation. Thus, the Manager has put in place a Personal Data Protection Policy in line with the PDPA Act 2012 where all employees are required to comply with.

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

In FY2022, there were zero incidents of non-compliance with laws and/ or regulations including competition and environmental regulations that would result in significant fines or non-monetary sanctions.

[1] IBM, Cost of a Data Breach Report (2022)

ETHICAL BUSINESS PRACTICES (GRI 2-16, 2-25, 3-3, 205)

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. As a REIT, corruption risks particularly money laundering is a significant risk that is identified at the corporate level through risk assessments. Therefore, to deter this risk, our corporate employees are equipped with necessary knowledge such as applicable Anti-Money Laundering ("**AML**") and countering of terrorism financing regulations and how to deal with them.

First REIT also has a grievance mechanism in place for our employees to raise concerns and seek resolution if they are negatively impacted. The procedure is communicated through the Employee Handbook and employees are encouraged to report any harassment or inappropriate behaviour. This helps to create a safe and inclusive work environment where employees need not fear retaliation. In addition, grievance cases if any will be reported to the Board during meetings. In FY2022, First REIT did not receive any grievance cases.

In 2022, First REIT moved up the ranks from 37th to 27th amongst 44 listed REITs in Singapore in the Singapore Governance and Transparency Index ("**SGTI**") 2022. The SGTI evaluates companies based on their corporate governance disclosure and practices, as well as the timeliness, accessibility, and transparency of their financial results announcements. For our full Corporate Governance Report, please refer to the First REIT Annual Report 2022.

FY2022 PERFORMANCE AGAINST TARGETS

BUSINESS CONDUCT & COMPLIANCE

FY2022 Targets	FY2022 Performance	FY2023 Target
Zero cases of regulatory breaches and non-compliance	Zero cases of regulatory breaches and non-compliance	Continue to have zero cases of regulatory breaches and non-compliance, data security breaches, corruption and fraud.
Zero cases of data security breaches	Zero cases of data security breaches	
Zero cases of corruption and fraud	Zero cases of corruption and fraud	

POLICIES GOVERNING BUSINESS CONDUCT AND COMPLIANCE

Policies	Description of policies
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.
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. • In line with PDPA, the Manager has in place a personal data protection policy to enhance personal data protection include procedures for collection of personal data, observing a do-not-call register for stakeholders and the distribution of a PDPA handbook.
Whistle-Blowing Policy 	• Procedures are put in place to provide employees of the manager with secure, well-defined and accessible channels to report on suspected fraud, corruption, dishonest practices or other similar matters relating to First REIT or the manager, and for the independent investigation of any reports and appropriate follow up actions (the "**concerns**"). • All concerns will be kept confidential in the event of a report.
Anti-Money Laundering Manual 	• Provides the principles and procedures to deter and deal with incidents of money laundering and other suspicious activities

Policies	Description of policies
Anti-Bribery/ Anti-Corruption 	• Provides guidelines on acceptance and acknowledgement of gifts received by employees from business partners
Policy on Dealing in Securities 	• Provides guidelines for employees holding units of the Trust which also include unit-holding disclosures
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

GRI CONTENT INDEX

Statement of use	First REIT has reported in accordance with the GRI Standards for the period 1 January 2022 to 31 December 2022.
GRI 1 used	GRI 1: Foundation 2021
Applicable GRI Sector Standard(s)	None

GRI Standard/ Other Source	Disclosure	Location	Omission		
			Requirement(s) Omitted	Reason	Explanation
GENERAL DISCLOSURES					
GRI 2: General Disclosures 2021	2-1 Organizational details	AR – Corporate Profile			
	2-2 Entities included in the organization's sustainability reporting	SR – About This Report, page 41			
	2-3 Reporting period, frequency and contact point	SR – About This Report, page 41			
	2-4 Restatements of information	None			
	2-5 External assurance	SR – About This Report, page 41			
	2-6 Activities, value chain and other business relationships	AR – Corporate Profile AR – At A Glance, page 2 AR – Letter to Unitholders, pages 14-16 AR – Trust Structure, page 17 AR – Investor Relations, pages 37-39			
	2-7 Employees	SR – Our People > Employee Engagement, page 59			
	2-8 Workers who are not employees		a, b, c	N/A	Due to the nature of our business, we do not employ them.
	2-9 Governance structure and composition	SR – First REIT's Sustainability Approach > The Sustainability Team at First REIT, page 43 AR - Corporate Governance Section, page 82			
	2-10 Nomination and selection of the highest governance body	AR – Corporate Governance Section, pages 85-87			

GRI Standard/ Other Source	Disclosure	Location	Omission		
			Requirement(s) Omitted	Reason	Explanation
GENERAL DISCLOSURES					
GRI 2: General Disclosures 2021	2-11 Chair of the highest governance body	AR – Board of Directors, page 9			
	2-12 Role of the highest governance body in overseeing the management of impacts	SR – First REIT's Sustainability Approach > The Sustainability Team at First REIT, page 43			
	2-13 Delegation of responsibility for managing impacts	SR – First REIT's Sustainability Approach > The Sustainability Team at First REIT, page 43			
	2-14 Role of the highest governance body in sustainability reporting	SR – First REIT's Sustainability Approach > The Sustainability Team at First REIT, page 43			
	2-15 Conflicts of interest	AR – Corporate Governance Section, page 104			
	2-16 Communication of critical concerns	SR – Our Governance > Business Conduct and Compliance > Ethical Business Practices, page 68			
	2-17 Collective knowledge of the highest governance body	AR – Corporate Governance Section, page 81			
	2-18 Evaluation of the performance of the highest governance body	The evaluation of First REIT's highest governance body does not include management of the organisation's ESG impacts.			
	2-19 Remuneration policies	AR – Corporate Governance Section, pages 90-93 First REIT's remuneration policy is presently not linked to sustainability.			
	2-20 Process to determine remuneration	AR – Corporate Governance Section, pages 90-93			

GRI Standard/ Other Source	Disclosure	Location	Omission		
			Requirement(s) Omitted	Reason	Explanation
GENERAL DISCLOSURES					
GRI 2: General Disclosures 2021	2-21 Annual total compensation ratio		a, b, c	Confidentiality constraints	First REIT operates in a highly competitive business environment and considering the commercial sensitivity of remuneration information, we will not be disclosing it to ensuring stability and continuity of our operations.
	2-22 Statement on sustainable development strategy	Board Statement, Page 41			
	2-23 Policy commitments	Disclosed throughout Sustainability Report 2022			
	2-24 Embedding policy commitments	Disclosed throughout Sustainability Report 2022			
	2-25 Processes to remediate negative impacts	SR – Our Governance > Business Conduct and Compliance > Ethical Business Practices, page 68			
	2-26 Mechanisms for seeking advice and raising concerns	SR – Our Governance > Business Conduct and Compliance > Regulatory Compliance, page 67			
	2-27 Compliance with laws and regulations	SR – Our Governance > Business Conduct and Compliance > Regulatory Compliance, page 67			
	2-28 Membership associations	REIT Association of Singapore (REITAS) & Securities Investors Association (Singapore), SG List Cos			
	2-29 Approach to stakeholder engagement	SR - Stakeholder Engagement, pages 44-45			
	2-30 Collective bargaining agreements	SR – Our People, page 59			

GRI Standard/ Other Source	Disclosure	Location	Omission		
			Requirement(s) Omitted	Reason	Explanation
MATERIAL TOPICS					
GRI 3: Material Topics 2021	3-1 Process to determine material topics	SR – First REIT's Sustainability Approach > Materiality, page 46			
	3-2 List of material topics	SR – First REIT's Sustainability Approach > Materiality, page 46			
FINANCIAL PERFORMANCE					
GRI 3: Material Topics 2021	3-3 Management of material topics	SR – Financial Performance, page 58			
GRI 201: Economic Performance 2016	201-1 Direct economic value generated and distributed	SR – FY2022 Highlights, page 42			
	201-2 Financial implications and other risks and opportunities due to climate change	SR – Managing Climate-related Risks, pages 50-57			
GRI 203: Indirect Economic Performance 2016	203-1 Infrastructure investments and services supported	SR – Financial Performance, page 58			
BUSINESS CONDUCT AND COMPLIANCE					
GRI 3: Material Topics 2021	3-3 Management of material topics	SR – Our Governance > Business Conduct and Compliance, page 67			
GRI 205: Anti-corruption 2016	205-1 Operations assessed for risks related to corruption	SR – Our Governance > Business Conduct and Compliance > Ethical Business Practices, page 68			
	205-3 Confirmed incidents of corruption and actions taken	SR – Our Governance > Business Conduct and Compliance > Ethical Business Practices, page 68			
GRI 418: Customer Privacy 2016	418-1 Substantiated complaints concerning breaches of customer privacy and losses of customer data	SR – Our Governance > Business Conduct and Compliance > Regulatory Compliance, page 67-70			

GRI Standard/ Other Source	Disclosure	Location	Omission: Requirement(s) Omitted	Omission: Reason	Omission: Explanation
ENERGY MANAGEMENT					
GRI 3: Material Topics 2021	3-3 Management of material topics	SR – Our Environment > Energy Management, page 64			
GRI 302: Energy 2016	302-2 Energy consumption outside the organization	SR – Our Environment > Energy Management, page 64			
	302-3 Energy intensity	SR – Our Environment > Energy Management, page 64			
WATER AND EFFLUENTS					
GRI 3: Material Topics 2021	3-3 Management of material topics	SR – Our Environment > Water and Effluents, page 65			
GRI 303: Water and Effluents 2018	303-1 Interactions with water as a shared resource	SR – Our Environment > Water and Effluents, page 65			
	303-2 Management of water discharge-related impacts	SR – Our Environment > Water and Effluents, page 65			
	303-3 Water withdrawal	SR – Our Environment > Water and Effluents, page 65			
	303-4 Water discharge	SR – Our Environment > Water and Effluents, page 65			
WASTE MANAGEMENT					
GRI 3: Material Topics 2021	3-3 Management of material topics	SR – Our Environment > Waste Management, page 65			
GRI 306: Waste 2020	306-1 Waste generation and significant waste-related impacts	SR – Our Environment > Waste Management, page 65			
	306-2 Management of significant waste-related impacts	SR – Our Environment > Waste Management, page 65			
	306-3 Waste generated	SR - Our Environment > Waste Management, page 65			

GRI Standard/ Other Source	Disclosure	Location	Omission		
			Requirement(s) Omitted	Reason	Explanation
EMPLOYEE ENGAGEMENT					
GRI 3: Material Topics 2021	3-3 Management of material topics	SR – Our People > Employee Engagement, page 59 SR – Our People > Employee Engagement > Training & Development, page 60			
GRI 401: Employment 2016	401-1 New employee hires and employee turnover	SR – Our People > Employee Engagement > Employee Attraction and Retention, page 59			
GRI 404: Training and Education 2016	404-1 Average hours of training per year per employee	SR – Our People > Employee Engagement > Training & Development, page 60			
	404-2 Programs for upgrading employee skills and transition assistance programs	SR – Our People > Employee Engagement > Training & Development, page 60			
	404-3 Percentage of employees receiving regular performance and career development reviews	SR – Our People > Employee Engagement > Training & Development, page 60			
HEALTH AND SAFETY					
GRI 3: Material Topics 2021	3-3 Management of material topics	SR – Our People > Health & Safety, page 61			
GRI 403: Occupational Health and Safety 2018	403-1 Occupational health and safety management system	SR – Our People > Health & Safety, page 61			
	403-7 Prevention and mitigation of occupational health and safety impacts directly linked by business relationships	SR – Our People > Health & Safety, page 61			
	403-8 Workers covered by an occupational health and safety management system	SR – Our People > Health & Safety, page 61			

GRI Standard/ Other Source	Disclosure	Location	Omission		
			Requirement(s) Omitted	Reason	Explanation
HEALTH AND SAFETY					
GRI 403: Occupational Health and Safety 2018	403-9 Work-related injuries	SR – Our People > Health & Safety, page 61			
	403-10 Work-related ill health	SR – Our People > Health & Safety, page 61			
GRI 416: Customer Health and Safety 2016	416-2 Incidents of non-compliance concerning the health and safety impacts of products and services	SR – Our People > Health & Safety, page 61			
DIVERSITY AND INCLUSION					
GRI 3: Material Topics 2021	3-3 Management of material topics	SR – Our People > Employee Engagement > Diversity and Inclusion, page 59			
GRI 405: Diversity and Equal Opportunity 2016	405-1 Diversity of governance bodies and employees	SR – Our People > Employee Engagement > Diversity and Inclusion, page 59			
GRI 406: Non-discrimination 2016	406-1 Incidents of discrimination and corrective actions taken	SR – Our People > Employee Engagement > Diversity and Inclusion, page 59			
COMMUNITY SUPPORT					
GRI 3: Material Topics 2021	3-3 Management of material topics	SR – Our People > Community Support, pages 61-63			
GRI 413: Local Communities 2016	413-1 Operations with local community engagement, impact assessments, and development programs	SR – Our People > Community Support, pages 61-63			

CORPORATE GOVERNANCE

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 2022 ("**FY2022**"). 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 (Licensing and Conduct of Business) Regulations (the "**SFLCB Regulations**"), the Code, the Singapore Financial Reporting Standards and any tax ruling and all relevant contracts, as well as ensuring that the Manager's obligations under the trust deed constituting First REIT dated 19 October 2006 (as amended, supplemented or varied) (the "**Trust Deed**") are properly carried out; and

(iv) attending to all regular communication with Unitholders.

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

The Manager was appointed in accordance with the terms of the Trust Deed. The Trust Deed outlines certain circumstances under which the Manager can be removed, including by notice in writing given by the Trustee upon the occurrence of certain events, or by resolution passed by a simple majority of Unitholders present and voting at a meeting of Unitholders duly convened and held in accordance with the provisions of the Trust Deed. The Trust Deed will also be available for inspection at the registered office of the Manager during normal business hours[1] for so long as First REIT continues to be in existence.

(1) Prior appointment with the Manager (telephone: +65 6435 0168 or email: ir@first-reit.com)

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.

BOARD MATTERS

Principle 1: Board's Conduct of its Affairs

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

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

The Manager has adopted guidelines, details of which are also set out in this report, for Related Party Transactions (as defined herein) and dealing with conflicts of interests. Where a Director is conflicted in a matter, he or she will recuse himself or herself from the deliberations and abstain from voting on the matter. The Board is supported by the Audit and Risk Committee ("**ARC**") and Nominating and Remuneration Committee ("**NRC**", and together with the ARC, the "**Board Committees**") in discharging its responsibilities. The composition of the Board Committees is set out on pages 85 and 96, 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 and Board Committees meet to review the Manager's key activities. Board meetings are held quarterly (or more often if necessary) to discuss and review the strategies and policies of First REIT, including any significant acquisitions and disposals, the annual budget, the financial performance of First REIT against previously approved budget, and to approve the release of the quarterly business updates and the half-year and full-year results. The Board also reviews the risks to the assets of First REIT and acts judiciously upon any comments from the auditors of First REIT.

During the financial year under review, the Board had 4 meetings. The Board has continued to work closely with Management in reviewing the business opportunities and challenges as the markets in which First REIT operates transition to a COVID-19 endemic environment. In addition, the Board has been paying close attention to First REIT's property and other expenses and capital management, taking into account high inflation and increasing interest rates.

FY2022 presented a challenging real estate investment environment resulting from global inflationary pressures, rising interest rates, exchange rate volatility, and geopolitical risks. However, the Board's agility and resolve was vital in ensuring that First REIT continues to seize new opportunities and stay resilient amid uncertainties in the financial landscape. This was reflected in First REIT's acquisition of 14 nursing homes in Japan as part of its strategy to diversify into developed markets, and the re-financing exercises during the year including the issuance of the 5-year fixed rate social bonds guaranteed by the Credit Guarantee and Investment Facility, a trust fund of the Asian Development Bank, and the securing of new social term loans and revolving credit facilities.

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

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

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

Directors are encouraged to participate in industry conferences, seminars and training programmes. Such training includes training sponsored by the SGX-ST, the Accounting and Corporate Regulatory Authority, Singapore Institute of Directors ("**SID**"), REIT Association of Singapore ("**REITAS**"), and Singapore Business Federation. The Directors may also receive further relevant training of their choice in connection with their duties as directors and the development and maintenance of their skills and knowledge, at the Manager's expense. On an ongoing basis, Directors 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 FY2022, the Directors were briefed on the relevant regulatory and legislative changes including topics related to sanctions, Singapore listed company governance and an update on geo-political and macroeconomic developments.

Under Rule 720(7) of the Listing Manual, an issuer must have all directors undergo training on sustainability matters as prescribed by the SGX-ST. As at the date of this report, all the Directors have attended the mandatory training on sustainability matters.

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

The number of Board, ARC, NRC and general meetings held in FY2022 and the attendance by each of the Directors at these meetings are set out below:

	Board Meetings	**Audit and Risk Committee Meetings**	**Nominating and Remuneration Committee Meetings**	**General Meetings**
	No. of meetings held in FY2022: 4	**No. of meetings held in FY2022: 4**	**No. of meetings held in FY2022: 1**	**No. of meetings held in FY2022: 3**
Name of Director	**Attended**	**Attended**	**Attended**	**Attended[1]**
Mr Christopher James Williams	4	NA	NA	3
Mr Tan Kok Mian Victor	4	NA	NA	3
Mr Chan Pengee Adrian	4	4	1	3
Mr Ferris Charles Bye	4	4	NA	3
Mr Tan Chuan Lye	4	4	1	3
Mr Martin Lechner	4	4	NA	3
Ms Minny Riady	4	NA	1	3

(1) The extraordinary general meetings held on 28 January 2022 and 25 July 2022 and the annual general meeting held on 25 April 2022 were each convened and held by way of electronic means. These Directors were in attendance via electronic means.

Principle 2: Board Composition and Guidance

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

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

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

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

No alternate Director had been appointed to the Board during FY2022.

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, as well as other relevant factors including age and gender;
- Independent Directors make up one-third of the Board, or if the Chairman of the Board is not independent, a majority of the Board; and
- Non-Executive Directors make up a majority of the Board.

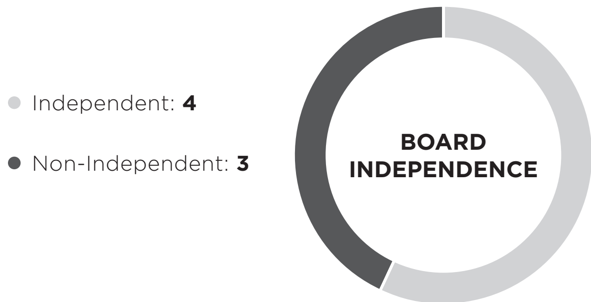
<u>Board Diversity</u>

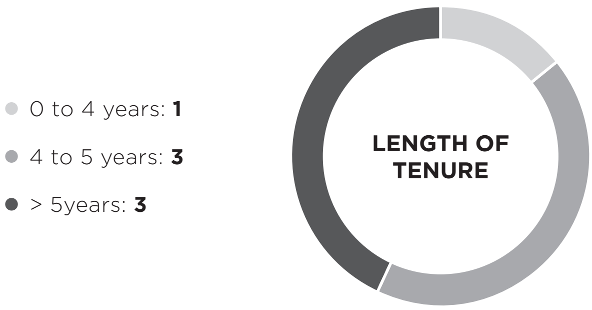
The Board is of the view that its current composition comprises persons who as a group, provide the necessary core competencies and that the current Board size is appropriate, to facilitate effective decision making, robust deliberations and discussions and effective oversight over Management. The Board 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.

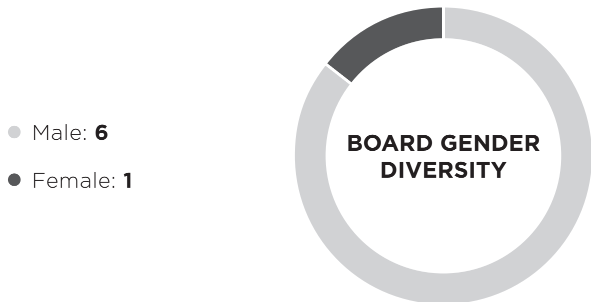
The Manager recognises and embraces the importance and benefits of having a diverse Board to enhance the quality of the Board's performance, and in supporting First REIT's strategic objectives and sustainable development. The Board has implemented a board diversity policy (the "**Board Diversity Policy**") which takes into account relevant measurable objectives such as skills, experience and knowledge, gender, age, length of service, ethnicity and other relevant factors. It is paramount that the Manager continues to maintain the appropriate balance and mix of skills, knowledge and experience on the Board to support the needs and long-term sustainability of First REIT's businesses. When reviewing and assessing the composition of the Board and making recommendations to the Board for the appointment of Directors, the NRC will consider candidates on merit against objective criteria set by the Board after having given due regard to the benefits of diversity and the needs of the Board.

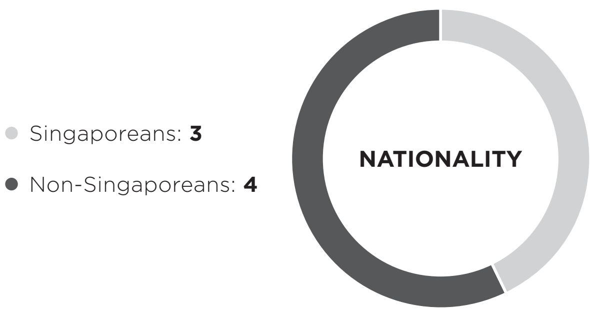
At the recommendation of the NRC and in recognition of the merits of gender diversity, the NRC has committed to (1) a target of having at least 25% female directors which would allow for a significant female representation on the Board, and (2) ensuring female candidates are included for consideration when identifying suitable candidates for new appointment to the Board. The Board will strive to achieve the stated gender diversity in the course of the progressive renewal of the Board by no later than 2030.

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, length of tenure, nationality and gender, 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 Board composition in terms of age group, independence, tenure, gender and nationality as at 31 December 2022 is as follows:









The Board, taking into account the views of the NRC, considers that the current Board comprises persons with diverse business experiences and backgrounds who as a group, possess an appropriate balance and diversity necessary to manage and contribute effectively to the Manager and First REIT. In this regard, the Directors are corporate and business leaders and professionals with varied background, expertise and experience in areas including real estate, finance (including tax, accounting and audit), healthcare, law, fund management, capital markets and business management. Collectively, they have core competencies spanning the relevant areas of First REIT's businesses and operations across the healthcare and healthcare-related real estate sectors. The ongoing Board renewal process results in a Board with staggered tenure for the independent Directors. This provides continuity and stability for the conduct of Board matters while also ensuring the ability to have different perspectives and insights to meet the changing business environment of First REIT. Furthermore, as First REIT has properties in Indonesia and Japan and it may invest overseas, the Board's diversity in its geographical background and experience has provided the Manager with international experience and insights, as well as in-depth understanding of First REIT's investments and businesses in such countries. In identifying candidates for appointment to the Board, the range of diversity perspectives mentioned above will be taken into account. The different geopolitical savvy and the different skillsets and expertise of the Board have allowed the Board to better navigate the COVID-19 crisis, including considering the various issues faced by First REIT more holistically.

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 88 of this Annual Report.

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

Principle 3: Chairman and Chief Executive Officer

The positions of Chairman of the Board and CEO are held by separate individuals in order to maintain effective segregation of duties. The separation of responsibilities between the Chairman of the Board and CEO ensures an appropriate balance of power, increased accountability and greater capacity of the Board for independent decision making. The Board has established and set out in 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.

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

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

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

Principle 4: Board Membership

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

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

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

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

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

- making recommendations to the Board on the appointment and re-appointment of Directors (including alternate directors, if applicable), the composition and size of the Board taking into consideration the Board Diversity Policy and the balance between Executive and Non-Executive Directors and between Independent and Non-Independent Directors appointed to the Board;

- reviewing and making plans for succession of Directors, in particular, the appointment and/or replacement of the Chairman of the Board, the CEO and the key management personnel;

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

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

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

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

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

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

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

Process for Appointment of New Directors

In its selection, appointment and re-appointment process, 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, the MAS's fit and proper criteria for such appointment, and assesses whether a candidate's resignation from the board of any such company would cast any doubt on his or her ability to act as a Director of the Manager. Shortlisted candidates would be required to furnish their curriculum vitae containing information on their academic/ professional qualification, work experience, employment history and experience (if any) as directors of listed companies. In addition, as part of the regulatory requirements, the MAS must approve any change of CEO or the appointment of any Director. Directors of the Manager are not subject to periodic retirement by rotation.

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

The selection and nomination process involves the following:

(a) in carrying out its review, the NRC will take into account that the Board composition should reflect balance in matters such as skill representation and experience, tenure, management experience, gender, age, ethnicity and other relevant factors;

(b) the NRC will identify suitable candidates for appointment to the Board having regard to the skills required and the skills represented on the Board, and will consider the candidate's track record, experience and capabilities or such other factors including age and gender, as may be determined by the NRC to be relevant and which would contribute to the Board's collective skill set;

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

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

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

Directors' Time Commitment

In determining whether a Director has been adequately carrying out his/her duties as a director of the Manager, the NRC takes into account the assessments of the individual Director's effectiveness and his/her actual conduct on the Board. Further, the NRC believes that setting a maximum limit on the number of directorships a Director can hold is arbitrary, given that time requirements for each board may vary, and thus should not be prescriptive. Instead, a qualitative and holistic approach is taken. The number of directorships each Director holds should be considered on a case-by-case basis, as a person's available time and attention may be affected by many different factors, such as his/her individual capacity, whether he/she is in full-time employment, the nature of his/her other responsibilities and his/her near term plan regarding some of the other appointments. A Director with multiple directorships is expected to ensure that he/she can devote sufficient time and attention to the affairs of the Manager. Notwithstanding that the Directors have multiple listed company board representations and/or other principal commitments, the NRC has assessed each individual Director on his/her continuous contribution and commitment to the role and considered factors including but not limited to such Director's attendance at all the Board meetings in FY2022. The Board and NRC are satisfied that all Directors have discharged their duties adequately for FY2022.

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 FY2022	(ii) had been independent from any business relationship with the Manager and First REIT during FY2022	(iii) had been independent from every substantial shareholder of the Manager and every substantial Unitholder of First REIT during FY2022	(iv) had not been a substantial shareholder of the Manager or a substantial Unitholder of First REIT during FY2022	(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 FY2022
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)	✓	–	–	✓	✓

(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 FY2022, 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 2022, Mr Williams was able to act in the best interests of all the Unitholders as a whole. As at 31 December 2022, 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 FY2022, 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 2022, Mr Tan was able to act in the best interests of all the Unitholders as a whole. As at 31 December 2022, 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 FY2022, pursuant to the SFLCB Regulations, Mr Chan is deemed to have a business relationship with the Manager. Nonetheless, the Board has in its review taken into consideration:

- Mr Chan having declared that he does not hold a substantial partnership interest (less than 10%) in Lee & Lee and the legal fees which Lee & Lee receives from OUE group are insubstantial in relation to Lee & Lee's overall revenue.
- Mr Chan does not personally represent First REIT in relation to any legal work by Lee & Lee for First REIT.
- Mr Chan is not involved in the selection and appointment of legal counsels for First REIT.

Based on the above, the Board, having taken into account the views of the NRC, is of the view that Lee & Lee's business relationship with OUE group should not interfere with Mr Chan's ability to exercise independent judgment and Mr Chan should be treated as an Independent Director. The Board is satisfied that, as at 31 December 2022, Mr Chan was able to act in the best interests of all the Unitholders as a whole. As at 31 December 2022, 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 FY2022, 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 2022, Ms Riady was able to act in the best interests of all the Unitholders as a whole. As at 31 December 2022, Ms Riady was able to act in the best interests of all the Unitholders as a whole.

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

Principle 5: Board Performance

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

For FY2022, the evaluation was conducted internally. However, the NRC has the discretion to engage external consultants to conduct the evaluation, if it deems necessary. In respect of the Board and Board Committees evaluation, a collective assessment is conducted annually by means of a questionnaire individually completed by each Director. The evaluation categories covered in the questionnaire include Board composition and competency, Board information, Board process, Board accountability, performance benchmarking, Management communications, standard of conduct, risk management and internal controls. The results of this assessment is collated by the Company Secretary and discussed by the NRC and the Board. Based on feedback from the Directors in the questionnaire, recommendations are implemented to further enhance the effectiveness of the Board, where appropriate. The Board believes that the collective performance of the Board and that of individual Board members are reflected in the proper guidance, diligence oversight and leadership which the Board provides to Management as well as the long-term performance of First REIT. The Board is also able to assess the Board Committees through their regular reports to the Board on their activities. Pursuant to the Board evaluation process, the Board is satisfied that it has achieved its performance objectives for FY2022.

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

Principle 6: Procedures for Developing Remuneration Policies

Principle 7: Level and Mix of Remuneration

Principle 8: Disclosure on Remuneration

The Manager, not First REIT, remunerates all Directors and employees of the Manager. The remuneration of the Directors in the form of directors' fees is paid wholly in cash and the remuneration of the Management in the form of salaries, annual bonuses and allowances is also paid wholly in cash. There is no non-monetary remuneration in the form of stock options or Units paid to the Directors or the Management for FY2022.

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

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

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

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

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

c) evaluate effectiveness.

Remuneration of Non-Executive Directors

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

The following are the components of the fee structure for Non-Executive Directors for FY2022:

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 FY2022

A breakdown of the Director fees payable to each Director for FY2022 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)

(1) The framework for determining the Directors' Fees in FY2022 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 FY2022.

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

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

(6) The fees payable to Mr Martin Lechner comprise: (i) S$50,000 for acting as a member of the Board and (ii) S$18,750 for acting as a member of the ARC.

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

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

The NRC had recommended to the Board a total amount of S$545,000 as Directors' fees for FY2022, to be paid in arrears. This recommendation had been endorsed by the Board and will be tabled for approval at the Manager's forthcoming general meeting for shareholders' approval.

Remuneration of Executive Director/CEO – Key Management Personnel

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

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

1) unit price performance and distribution per unit yield;

2) containment of corporate and operation costs;

3) effective capital management, including competitive cost of funds and fund raising fees;

4) efforts to improve and maximise profit of the Manager and First REIT;

5) effectiveness and productivity of acquisitions from the sponsor and third parties; and

6) quality of risk management and control on an ongoing basis.

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

The Code and the Notice to All Holders of a Capital Markets Services Licence for Real Estate Investment Trust Management (issued pursuant to Section 101 of the SFA) require (i) the disclosure of the remuneration of each individual Director and the CEO on a named basis, (ii) the disclosure of the remuneration of at least the top five key management personnel/ top five executive officers (who are neither Directors nor the CEO), on a named basis, in bands of S$250,000, and (iii) in aggregate the total remuneration paid to the top five key management personnel (who are not Directors or the CEO). In the event of non-disclosure, the Manager is required to provide reasons for such non-disclosure and state and explain how its practices are consistent with the aim and philosophy of the relevant Principle under the Code. After much deliberation, the Board is of the view that disclosure of the remuneration of the CEO and the top five executive officers on a named basis, whether in exact quantum or in bands of S$250,000, and the total remuneration paid to the top five key management personnel (who are not Directors or the CEO) will not be in the best interests of the Manager, First REIT or its Unitholders. In arriving at its decision, the Board had taken into consideration, *inter alia*, the commercial sensitivity and confidential nature of remuneration matters, the competitive nature of the REIT management industry, the competitive business environment which First REIT operates in, the importance of ensuring stability and continuity of business operations with a competent and experienced management team in place and the negative impact which such disclosure may have on the Manager in attracting and retaining talent for the Manager (at the Management levels) on a long-term basis. Given the competitive business environment which First REIT operates in, the Manager faces significant competition for talent in the REIT 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 FY2022, 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 FY2022. 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 FY2022. "Immediate family member" refers to the spouse, child, adopted child, step-child, sibling or parent.

ACCOUNTABILITY AND AUDIT

Principle 9: Risk Management and Internal Controls

Risk Management

Effective risk management is a fundamental part of First REIT's business strategy. Recognising and managing risk is central to the business and to protecting Unitholders' interests. The Manager has in place an ERM framework and policies which have been approved by the Board that provide a structured approach to identifying and managing the material risks that would arise in the course of managing First REIT. The ERM framework and policies are monitored and reviewed by the Board and major developments or significant 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.

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

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

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

Internal Controls

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

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

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 2022 in addressing the material risks, including material financial, operational, compliance, information technology and sustainability risks which the Manager considers relevant and material to the operations of First REIT and its subsidiaries (the "**Group**"). The adequacy and effectiveness of the system of risk management and internal controls are reviewed at least annually by Management, the ARC and Board, taking into account the best practices and guidance in Risk Governance for Listed Boards issued by the Corporate Governance Council and the Listing Manual.

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

For FY2022, 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 FY2022, the Board and the ARC have not identified any material weaknesses in the Manager's internal controls and risk management systems. The Manager has complied with Rule 1207(10) of the Listing Manual.

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

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

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

During the year under review, the Board and Management also paid particular attention to monitoring First REIT's risk of becoming subject to, or violating, any sanctions-related law or regulation and, where appropriate, to ensuring timely and accurate disclosure to the SGX-ST and other relevant authorities.

The Manager has considered the Regulator's Column by SGX RegCo dated 7 March 2022, titled "Regulator's Column: What SGX expects of issuers in respect of sanctions-related risks, subject or activity", and will be monitoring the risks and exposure it faces on an ongoing basis. Additionally, the Board and ARC will monitor the position continuously to ensure there is no change.

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

The current ERM approach has also facilitated a balanced consideration between risk and strategy and allowed the Board and Management to deliberate on First REIT's risk appetite, and to be nimble and able to re-purpose some of First REIT's business operations to seize growth opportunities. COVID-19 has demonstrated that having an effective ERM function drives quick decision making to not only focus on managing the downside of a pandemic, or value protection but to also look for areas for enhanced value creation. For example, during the year under review, the Manager paid close attention to First REIT's capital management and completed re-financing exercises including the issuance of the 5-year fixed rate social bonds guaranteed by the Credit Guarantee and Investment Facility, a trust fund of the Asian Development Bank, and the securing of new social term loans and revolving credit facilities. At the same time, the Manager remained focus on executing its strategy to diversify into developed markets by acquiring 14 nursing homes in Japan.

Principle 10: Audit and Risk Committee

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

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

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

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

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

- reviewing and approving Related Party Transactions including ensuring compliance with the provisions of the Listing Manual relating to "interested person transactions" (as defined therein) and the provisions of the Property Funds Appendix relating to "interested party transactions" (as defined therein) (both such types of transactions constituting "**Related Party Transactions**");

- reviewing external and internal audit reports to ensure that where deficiencies in internal controls have been identified, appropriate and prompt remedial action is taken by Management, including ensuring that the guidelines and procedures established to monitor Related Party Transactions have been complied with;

- reviewing the assurance from the CEO and the CFO on the financial records and financial statements of First REIT;

- ensuring that the internal audit function is effective, adequately resourced, independent of the activities it audits, and has appropriate standing within the Manager;

- reviewing the adequacy, effectiveness, independence, scope and results of the external audit and internal audit functions;

- reviewing the nature and extent of the significant risk which the Manager and First REIT is willing to take in achieving the strategic objectives and value creation for First REIT and to oversee the Manager's risk management framework and policies;

- monitoring the procedures in place to ensure compliance with applicable legislation, such as the Listing Manual and the CIS Code, including the Property Funds Appendix;

- reviewing, on an annual basis, the independence and objectivity of the external auditors, and the nature and extent of non-audit services performed by the external auditors;

- making recommendations to the Board on the proposals to Unitholders on the appointment, re-appointment and removal of external auditors, including approving their remuneration and terms of engagement;

- reviewing, at least annually, the adequacy and effectiveness of risk management and internal control systems including financial, operational, compliance and information technology controls and risk management systems;

- reviewing the significant financial reporting issues and judgements so as to ensure the integrity of the financial statements and the audit report, as well as any announcements relating to the financial results of First REIT;

- reviewing the Manager's policies and arrangements for concerns about possible improprieties in financial reporting or other matters to be safely raised, independently investigated and appropriately followed up on;

- investigating any matters within the ARC's terms of reference, whenever it deems necessary;

- reporting to the Board on material matters, findings and recommendations; and

- oversight and monitoring of the whistle blowing policy (the "**Whistle Blowing Policy**"), including reviewing the policy and arrangements for concerns about possible improprieties in financial reporting or other matters to be safely raised, independently investigated and appropriately followed up on and to ensure that the Manager publicly discloses, and clearly communicates to employees of the Manager, the existence of a whistle-blowing policy and the procedures for raising such concerns.

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 FY2022 is set out on page 81 of this Annual Report.

In FY2022, 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 FY2022.

External Audit

In the review of the financial statements for FY2022, the ARC had discussed with Management the accounting principles that were applied and the ARC's judgment of matters that might have impacted the financial statements. The following significant matters were discussed with Management and the external auditors and reviewed by the ARC:

Key Audit Matters	How the ARC reviewed these matters and what decisions were made
Valuation of investment properties	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 of 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 FY2022. Please refer to pages 111 to 112 of this Annual Report.

The ARC has considered the performance of the external auditors, KPMG LLP, and the nature of non-audit services provided by the external auditors together with the fees paid for such services. The aggregate amount of fees paid/payable to external auditors is S$868,000 of which S$737,000 pertains to audit services and S$131,000 pertains to non-audit services. The details of the remuneration of the auditors of the Trust are as follows:

	S$'000
Audit services	
- Auditors of the Trust	584
- Member firms of the auditors of the Trust	153
- Other auditors	123
Non-audit services	
- Auditors of the Trust	131
- Member firms of the auditors of the Trust	-
- Other auditors	55

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

KPMG LLP together with member firms of KPMG LLP, audited First REIT and its subsidiaries for the purpose of First REIT group financial statements. Member firms of KPMG LLP and RSM International audited the foreign subsidiaries for local statutory financial statement purposes. First REIT is in compliance with Rules 712 and 715 of 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 FY2022, the ARC has reviewed the adequacy and effectiveness of the internal auditors and was satisfied that the internal auditors are adequately resourced, qualified and effective in performing their function, have appropriate standing within First REIT and have maintained their independence from the activities that they audit.

The internal auditors' activities are guided by the International Standards for the Professional Practice of Internal Auditing set by the Institute of Internal Auditors (the "**IIA**"), which Baker Tilly Consultancy (Singapore) Pte. Ltd. is a member of. For FY2022, 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

Principle 11: Unitholders Rights and Conduct of General Meetings

Principle 12: Engagement with Unitholders

Principle 13: Engagement with Stakeholders

The Manager strives to uphold a strong culture of timely disclosure and transparent communication with Unitholders and the 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 website at www.first-reit.com. Information on First REIT, including the Manager's investor relations policy, is available on its website. Unitholders are encouraged to communicate their views on matters pertaining to First REIT and can email their questions to ir@first-reit.com or contact the Manager at +65 6435 0168, details of which are listed on First REIT's website.

As part of the Manager's investor relations policy, the Manager maintains an active dialogue with Unitholders and also conducts regular briefings for other stakeholders such as analysts 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 stakeholders and implements suggestions where feasible. The Manager believes that engaging Unitholders and stakeholders is important for the success of First REIT. First REIT has identified its stakeholders based on their impact on First REIT's business and those with a vested interest in First REIT's operations. First REIT's stakeholders include investors, operators and the local community. Through various engagement initiatives, First REIT was able to strengthen its relationships with its stakeholders and obtain valuable feedback. Please refer to the Investor Relations section on page 37 of this Annual Report for further information on stakeholder engagement initiatives.

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

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

As required by the Listing Manual, the Manager discloses the names of First REIT's substantial unitholders and a breakdown of their direct and deemed interests (including how such interests are held or derived) in First REIT's annual report every year. The Manager also disseminates, via SGXNet, the notifications it receives from its substantial unitholders, in accordance with the provisions of the Securities and Futures Act 2001.

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

Conduct of AGMs

In view of the COVID-19 pandemic, the Thirteenth AGM on 25 April 2022 was held by way of 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**"). The Notice of AGM was sent to Unitholders by electronic means via publication on First REIT's website at www.first-reit.com and it was also released via SGXNet and made available on the SGX website. 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) were set out in a separate announcement released on SGXNet on 1 April 2022. Similarly, the First REIT Annual Report 2021 was made available to Unitholders on SGXNet and its website.

The forthcoming AGM to be held on 21 April 2023 will again be convened and held by way of electronic means pursuant to the COVID-19 Order. Alternative arrangements relating to attendance at the AGM (including arrangements by which the AGM can be electronically assessed 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 real-time electronic voting at the AGM) are set out in the Manager's announcement dated 29 March 2023.

The description below sets out First REIT's usual practice for Unitholders' meetings when there are no pandemic risks and the COVID-19 Order is not in operation.

Unitholders are informed of Unitholders' meetings and the rules governing such meetings through notices of meetings sent to all Unitholders and/or notices published in the newspapers. The Manager ensures that Unitholders are able to participate effectively in and vote at the general meetings. Unitholders are accorded the opportunity to raise relevant questions on First REIT's business activities, financial performance and other business related matters and to communicate their views at the general meetings, and are briefed by independent scrutineers on the rules and voting procedures at the beginning of general meetings. The Manager tables separate resolutions at general meetings of Unitholders on each substantially separate issue unless the issues are interdependent and linked so as to form one significant proposal. Where the resolutions are "bundled", the Manager will explain the reasons and material implications in the notice of the general meeting. Save as disclosed on page 81 of this Annual Report, all Directors attend the general meetings, and the external auditors are also present at general meetings, to address Unitholders' queries. Unitholders are encouraged to participate in the question and answer sessions, whereby minutes of the proceedings are subsequently prepared and will include any substantial queries and comments raised by Unitholders in relation to the agenda of the general meeting and the accompanying responses from the Board and Management.

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

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

All resolutions at general meetings are voted on by way of poll. This allows all Unitholders present or represented at the meetings to vote on a one-Unit-one-vote basis. As encouraged by SGX-ST and in support of the greater transparency of voting in general meetings and good corporate governance, the Manager has employed electronic polling since the 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 practice is still consistent with the intent of Principle 11 as a whole.

The Manager adopts an inclusive approach by considering and balancing the needs and interests of material stakeholders, as part of its overall responsibility to ensure that the best interests of First REIT are served. The Manager considers emerging and existing sustainability-related trends to enable the Manager to identify and manage any potential, current, or impending business risks that need to be managed, or to take advantage of any opportunities they may provide. The Manager has arrangements in place to identify and engage with material stakeholder groups and to manage its relationships with such groups. These stakeholder groups are important to the Manager, either because their actions impact First REIT's business or First REIT's business impacts their actions. They include First REIT's employees, Unitholders, tenants, operators, regulators, the Trustee, and third-party service providers. The Manager's various teams interact with these stakeholders on a regular basis and the Manager maintains a corporate website to facilitate communication and engagement with stakeholders. The Sustainability Report from pages 41 in this Annual Report describes First REIT's approach in identifying its material stakeholders, as well as addressing stakeholders' concerns and methods of engagement. The Sustainability Report also sets out the key areas of focus in relation to the management of stakeholder relationships for FY2022.

First REIT targets to provide sustainable distribution payout. First REIT's distribution policy is to distribute at least 90% of its taxable income to Unitholders, with the actual level of distribution to be determined at the Manager's discretion. Distributions are generally paid within 35 market days after the relevant record date. Please refer to page 168 of this Annual Report for more details on the distribution policy and page 117 of this Annual Report for First REIT's "Statements of Distribution" for FY2022.

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 Manager has adopted a Whistle Blowing Policy, pursuant to which the ARC has put in place procedures to provide employees of the Manager with well-defined and accessible channels to report on suspected fraud, corruption, dishonest practices or other similar matters relating to First REIT or the Manager, and for the independent investigation of any reports and appropriate follow up action.

Reports submitted anonymously will be considered but given the difficulty in fully and fairly investigating such reports, names in reports are encouraged to assist with investigation as much as possible. The aim of the Whistle Blowing Policy is to encourage the reporting of such matters in good faith, with the confidence that the person making such reports will be treated fairly, and to the extent possible, be protected from reprisal and that the confidentiality and anonymity of the complainants is protected. This Whistle Blowing Policy, including the procedures for raising concerns, are made available on the Manager's website and clearly communicated to all employees. 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.

Material Contracts

Save as disclosed (i) in the Interested Person Transactions section of this Annual Report and (ii) on SGXNet (if any), no material contracts to which First REIT or any of its subsidiaries is a party and which involve the interests of the CEO, any director or controlling Unitholder subsisted at the end of FY2022, or have been entered into since the end of the previous financial year.

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 FY2022, the breakdown of the management fees paid was as follows:

	Group		Trust	
	2022	2021	2022	2021
	S$'000	S$'000	S$'000	S$'000
Base fees	4,041	4,145	3,998	4,101
Performance fees	5,428	4,965	5,428	4,965
	9,469	9,110	9,426	9,066

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

Pursuant to clause 14.2 of the Trust Deed, the Manager is also entitled to receive an acquisition fee at the rate of 1.0% of the acquisition price and a divestment fee of 0.5% of the sale price, on all acquisitions or disposals of properties respectively.

There is an asset management fee paid/payable to the asset management company in Japan of 0.4% per annum of the value of the asset-under-management in Japan.

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

Justification of Fees Payable to the Manager

1. *Base fee*

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

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

As at 31 December 2022, First REIT's existing portfolio comprises thirty two properties, including fifteen properties located in Indonesia, fourteen properties located in Japan and three properties located in Singapore and has a combined gross floor area of approximately 447,738 square metres and a valuation of S$1.15 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 2001 of Singapore, its subsidiary legislation and the Code on Collective Investment Schemes (collectively referred to as the "laws and regulations"), the Trustee shall monitor the activities of First REIT Management Limited (the "Manager") for compliance with the limitations imposed on the investment and borrowing powers as set out in the trust deed dated 19 October 2006 (subsequently amended by First Supplemental Deed dated 6 September 2007, Second Supplemental Deed dated 19 April 2010, Third Supplemental Deed dated 26 April 2011, Fourth Supplemental Deed dated 1 April 2013, First Amending and Restating Deed dated 23 March 2016, 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 115 to 195, 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

24 March 2023

STATEMENT BY THE MANAGER

In the opinion of the directors of First REIT Management Limited (the "Manager"), the manager of First Real Estate Investment Trust (the "Trust"), the accompanying financial statements of the Trust and its subsidiaries (the "Group") set out on pages 115 to 195 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 2022, the total return, distributions, movements in unitholders' funds of the Group and the Trust and cash flows of the Group for the year ended 31 December 2022, in accordance the recommendations of Statement of Recommended Accounting Practice 7 "*Reporting Framework for Investment Funds*" issued by the Institute of Singapore Chartered Accountants and the provisions of the trust deed dated 19 October 2006 (as amended). 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

24 March 2023

INDEPENDENT AUDITORS' REPORT

Unitholders of First Real Estate Investment Trust
(Constituted in the Republic of Singapore pursuant to a trust deed dated 19 October 2006 (as amended))

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 2022, and the statements of total return, statements of distribution, and statements of movements in unitholders' funds of the Group and the Trust and consolidated statement of cash flows of the Group for the year then ended, and notes to the financial statements, including significant accounting policies, set out on pages 115 to 195.

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 2022 and the total return, distribution, and movements in unitholders' funds of the Group and of the Trust and cash flows of the Group for the year ended on that date in accordance with the recommendations of Statement of Recommended Accounting Practice 7 *Reporting Framework for Investment Funds* ("RAP 7") issued by the Institute of Singapore Chartered Accountants.

Basis for opinion

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

Key audit matters

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

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

Risks

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

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

The valuation reports obtained from certain external valuers have included market uncertainty clauses, highlighting that real estate markets has been impacted by a combination of global inflationary pressure, rising interest rate environment, geopolitical events in Ukraine and on-going effects of COVID-19. The external valuers cautioned users to be more prudent in determining the relevancy between the valuation reports and their needs, and have recommended to keep the valuation of properties under frequent review.

Our response

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

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

We tested the reasonableness of the projected cash flows used in the valuations to supporting leases and externally available industrial and economic data available as at 31 December 2022. We also assessed the discount rates, terminal capitalisation rates, capitalisation rates, and price per square metre against historical rates and available industry data as at 31 December 2022, taking into consideration comparability and market factors, as well as how the implications of the market uncertainty were considered in the valuations. Where the rates were outside our expected range, we undertook further procedures to understand the effect of additional factors and, where necessary, held discussions with the valuers.

Our findings

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

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

Other information

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

We have obtained all other information prior to the date of this auditors' report.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Manager for the financial statements

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

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 Tan Kar Yee, Linda.

KPMG LLP
Public Accountants and
Chartered Accountants

Singapore
24 March 2023

STATEMENTS OF FINANCIAL POSITION

AS AT 31 December 2022

	Note	Group 2022 $'000	Group 2021 $'000	Trust 2022 $'000	Trust 2021 $'000
Assets					
Non-current assets					
Plant and equipment		14	28	–	–
Investment properties	4	1,145,343	962,447	32,500	33,200
Investments in subsidiaries	5	–	–	764,149	669,173
Loan to subsidiaries	6	–	–	19,600	25,465
Derivative financial instruments	14	1,248	–	1,248	–
		1,146,605	962,475	817,497	727,838
Current assets					
Trade and other receivables	7	5,027	32,488	11,048	12,772
Loan to subsidiaries	6	–	–	12,970	4,191
Other assets	8	890	3,369	400	3,120
Cash and cash equivalents	9	46,103	51,203	20,259	35,137
		52,020	87,060	44,677	55,220
Total assets		1,198,625	1,049,535	862,174	783,058
Liabilities					
Non-current liabilities					
Deferred tax liabilities	10	50,755	20,601	–	–
Borrowings	11	449,613	249,953	326,313	249,953
Loan from a subsidiary	6	–	–	5,870	–
Other liabilities	12	11,704	–	2,038	–
		512,072	270,554	334,221	249,953
Current liabilities					
Borrowings	11	1,453	99,258	–	99,258
Income tax payable		1,065	1,198	6	–
Other liabilities	12	3,186	7,144	106	2,103
Trade and other payables	13	14,994	18,888	64,151	29,002
Derivative financial instruments	14	493	673	493	673
		21,191	127,161	64,756	131,036
Total liabilities		533,263	397,715	398,977	380,989
Represented by:					
Net assets attributable to unitholders		632,080	591,145	429,915	341,394
Perpetual securities	15	33,282	60,675	33,282	60,675
Total net assets		665,362	651,820	463,197	402,069
Units in issue ('000)	16	2,058,581	1,613,028	2,058,581	1,613,028
Net asset value per unit in cents attributable to unitholders	16	30.70	36.65	20.88	21.16

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

STATEMENTS OF TOTAL RETURN

Year ended 31 December 2022

	Note	Group 2022 $'000	Group 2021 $'000	Trust 2022 $'000	Trust 2021 $'000
Rental and other income	17	111,275	102,346	73,663	39,787
Property operating expenses	18	(2,716)	(2,130)	(210)	(233)
Net property and other income		108,559	100,216	73,453	39,554
Interest income		277	146	1,236	1,238
Manager's management fees	19	(9,469)	(9,110)	(9,426)	(9,066)
Asset management fees		(908)	–	–	–
Trustee fees		(378)	(311)	(374)	(311)
Finance costs	20	(19,434)	(17,035)	(18,247)	(17,035)
Other expenses	21	(1,717)	(2,244)	(2,226)	(2,229)
Net income		76,930	71,662	44,416	12,151
Net fair value losses on investment properties	4	(22,651)	(4,520)	(918)	(764)
Gain on disposal of an investment property		–	1,607	–	–
(Loss)/Gain on disposal of a subsidiary	33	(713)	1,106	–	–
Reversal of impairment losses on other receivables from subsidiaries		–	–	–	567
(Allowance)/Reversal of impairment losses on investments in subsidiaries	5	–	–	(45,471)	34,779
Net fair value (loss)/gain of derivative financial instruments		(420)	3,193	(420)	3,193
Net foreign exchange (losses)/gains		(1,192)	2,762	(533)	169
Total return/(loss) for the year before income tax	22	51,954	75,810	(2,926)	50,095
Income tax expenses	23	(18,369)	(12,697)	–	–
Total return/(loss) for the year after income tax		33,585	63,113	(2,926)	50,095
Other comprehensive income:					
Items that may be reclassified subsequently to profit or loss:					
Foreign operations:					
- Currency translation differences		(84,141)	4,677	–	–
- Currency translation differences reclassified to profit or loss on disposal		44	(972)	–	–
Total comprehensive (loss)/return for the year		(50,512)	66,818	(2,926)	50,095
Total return/(loss) attributable to:					
Unitholders of the Trust		31,009	59,908	(5,502)	46,890
Perpetual securities holders		2,576	3,205	2,576	3,205
		33,585	63,113	(2,926)	50,095
Total comprehensive (loss)/return attributable to:					
Unitholders of the Trust		(53,088)	63,613	(5,502)	46,890
Perpetual securities holders		2,576	3,205	2,576	3,205
		(50,512)	66,818	(2,926)	50,095
Earnings per unit in cents					
Basic and diluted	24	1.56	4.00		

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

STATEMENTS OF DISTRIBUTION

Year ended 31 December 2022

	Note	Group 2022 $'000	Group 2021 $'000	Trust 2022 $'000	Trust 2021 $'000
Amount available for distribution to unitholders at beginning of the year		10,732	6,840	10,732	6,840
Total return/(loss) for the year after income tax		33,585	63,113	(2,926)	50,095
Adjustments for tax purposes (Note A)		18,765	(21,053)	55,276	(8,035)
Amount available for distribution to unitholders		63,082	48,900	63,082	48,900
Total distribution paid to unitholders	25	(49,489)	(38,168)	(49,489)	(38,168)
Amount available for distribution to unitholders at end of the year		13,593	10,732	13,593	10,732
Distribution per unit (cents)		2.64	2.61	2.64	2.61

Note A - Adjustments for tax purposes:

	Group 2022 $'000	Group 2021 $'000	Trust 2022 $'000	Trust 2021 $'000
Manager's management fees settled in units	4,712	4,465	4,712	4,465
Change in fair values on investment properties, net of deferred tax	26,209	4,991	918	764
Adjustment on rental straight-lining	(19,387)	(22,703)	8	(74)
Losses/(Gains) on disposal of an investment property and a subsidiary	713	(2,713)	–	–
Net fair value loss/(gain) of derivative financial instruments	420	(3,193)	420	(3,193)
Allowance/(Reversal) of impairment losses on investments in subsidiaries	–	–	45,471	(34,779)
Reversal of impairment losses on other receivables from subsidiaries	–	–	–	(567)
Capital repayment from subsidiaries:	–	–	48,482	32,296
- Redemption of preference shares	–	–	42,617	27,473
- Repayment of shareholder loans	–	–	5,865	4,823
Amount reserved for distribution to perpetual securities holders	(2,576)	(3,205)	(2,576)	(3,205)
Foreign exchange adjustment(gains)/ losses	(924)	(168)	533	143
Adjustments of dividend income from subsidiaries	–	–	(23,800)	(5,116)
Adjustments of capital receipts from subsidiaries	–	–	(20,317)	–
Other non-tax deductible items and adjustments	9,598	1,473	1,425	1,231
	18,765	(21,053)	55,276	(8,035)

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

STATEMENTS OF MOVEMENTS IN UNITHOLDERS' FUNDS

Year ended 31 December 2022

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

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

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

Year ended 31 December 2021

	Note	Issued equity $'000	Retained earnings $'000	Foreign exchange reserve $'000	Subtotal $'000	Perpetual securities $'000	Total $'000
		← Unitholders' funds			→		
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
Foreign exchange reserve							
Foreign operations:							
- Currency translation differences		–	–	4,677	4,677	–	4,677
- Currency translation differences reclassified to profit or loss on disposal		–	–	(972)	(972)	–	(972)
Total comprehensive return		–	59,908	3,705	63,613	3,205	66,818
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	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 (CONT'D)

Year ended 31 December 2022

	Note	Issued equity $'000	Accumulated losses $'000	Subtotal $'000	Perpetual securities $'000	Total $'000
		← Unitholders' funds		→		
Trust						
Operations						
At 1 January 2022		481,450	(140,056)	341,394	60,675	402,069
Total loss for the year		–	(2,926)	(2,926)	–	(2,926)
Less: Amount reserved for distribution to perpetual securities holders		–	(2,576)	(2,576)	2,576	–
Net (decrease)/increase in net assets resulting from operations/ Total comprehensive (loss)/return		–	(5,502)	(5,502)	2,576	(2,926)
Transactions with unitholders and perpetual securities holders						
Partial consideration for acquisition of subsidiaries paid in units	32	131,500	–	131,500	–	131,500
Manager's management fees settled in units		3,952	–	3,952	–	3,952
Manager's divestment fees settled in units		202	–	202	–	202
Perpetual securities redemption, distribution and gain on redemption, net of transaction costs		–	7,858	7,858	(26,980)	(19,122)
Change in net assets resulting from creation of units and perpetual securities redemption		135,654	7,858	143,512	(26,980)	116,532
Distributions to unitholders		(30,321)	(19,168)	(49,489)	–	(49,489)
Distributions to perpetual securities holders		–	–	–	(2,989)	(2,989)
Net increase/(decrease) in net assets resulting from transactions with unitholders and perpetual securities holders		105,333	(11,310)	94,023	(29,969)	64,054
At 31 December 2022		586,783	(156,868)	429,915	33,282	463,197

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

Year ended 31 December 2021

	Note	Unitholders' funds: Issued equity $'000	Unitholders' funds: Accumulated losses $'000	Unitholders' funds: 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/ Total comprehensive return		–	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

CONSOLIDATED STATEMENT OF CASH FLOWS

Year ended 31 December 2022

		Group	
		2022	2021
	Note	$'000	$'000
Cash flows from operating activities			
Total return for the year after income tax		33,585	63,113
Adjustments for:			
Interest income		(277)	(146)
Interest expense	20	14,073	11,819
Amortisation of transaction costs	20	5,361	5,216
Depreciation expense	21	14	13
Unrealised foreign exchange gain		(924)	(168)
Impairment losses on trade and other receivables	18	–	632
Losses on disposal of quoted shares	21	30	3
Loss/(Gain) on disposal of a subsidiary	33	713	(1,106)
Gain on disposal of an investment property		–	(1,607)
Net fair value losses on investment properties	4	22,651	4,520
Adjustment on rental straight-lining	4	(19,387)	(22,703)
Net fair value loss/(gain) of derivative financial instruments		420	(3,193)
Manager's management fees settled in units		4,712	4,465
Income tax expenses	23	18,369	12,697
Operating cash flows before changes in working capital		79,340	73,555
Trade and other receivables		14,341	5,539
Other assets		2,613	(2,492)
Trade and other payables		(562)	(2,636)
Other liabilities		2,671	(2,963)
Cash generated from operations		98,403	71,003
Income taxes paid		(5,323)	(4,421)
Net cash flows from operating activities		93,080	66,582
Cash flows from investing activities			
Capital expenditure to investment properties		(4,306)	(662)
Acquisition of investment properties	4	(31,061)	–
Disposal of a subsidiary, net of cash disposed	33	37,954	(338)
Proceeds from disposal of an investment properties		–	6,114
Acquisition of subsidiaries, net of cash acquired	32	5,284	–
Interest received		277	126
Investments in quoted shares		(522)	(570)
Disposals of quoted shares		492	567
Net cash flows from investing activities		8,118	5,237

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

	Note	Group 2022 $'000	Group 2021 $'000
Cash flows from financing activities			
Distribution to unitholders		(49,489)	(38,168)
Distribution to perpetual securities holders		(2,989)	(3,408)
Proceeds from borrowings	11	379,271	252,374
Repayment of borrowings	11	(381,534)	(393,152)
Payment of transaction costs related to borrowings	11	(12,269)	(4,779)
Proceeds from right issue, net of related costs		–	157,702
Interest paid	11	(14,672)	(10,646)
Perpetual securities redemption, distribution and gain on redemption, net transaction cost	15	(19,122)	–
Premium paid for interest rate caps		(1,847)	–
Net cash flows used in financing activities		(102,651)	(40,077)
Net (decrease)/increase in cash and cash equivalents		(1,453)	31,742
Cash and cash equivalents at beginning of the year		51,203	19,292
Effect of exchange rate fluctuations on cash held		(3,647)	169
Cash and cash equivalents at 31 December	9	46,103	51,203

Significant non-cash transactions

Group

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

- For the period from 1 January 2022 to 31 December 2022, 7,218,563 Units, amounting to approximately $1,998,000 were issued to the Manager as satisfaction of the base management fee paid to the Manager. The performance management fees for the period from 1 January 2022 to 31 December 2022 amounting to approximately $2,714,000 will be issued to the Manager in financial year 2023 based on 10 days volume weighted average price as at 31 December 2022.

- For the period from 1 January 2021 to 31 December 2021, 7,796,253 Units, amounting to approximately $2,043,000 were issued to the Manager as satisfaction of the base management fee paid to the Manager. The performance management fees for the period from 1 January 2021 to 31 December 2021 approximately $2,422,000 will be issued to the Manager in financial year 2022 based on 10 days volume weighted average price as at 31 December 2021.

- On 1 March 2022, 431,147,541 Units, amounting to approximately $131,500,000 were issued to OUE Lippo Healthcare Limited ("OUELH"), a related party as partial consideration paid pursuant to the acquisition of subsidiaries (note 32).

- On 1 March 2022, intercompany loans and balances payable by OUELH, amounting to $19,934,000 were novated from OUELH to the Group to set off from the purchase consideration payable pursuant to the acquisition of subsidiaries (note 32).

- On 22 December 2022, 791,394 Units, amounting to approximately $202,000 were issued to the Manager as divestment fees for the divestment of an indirect subsidiary that held Siloam Hospitals Surabaya (note 33).

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

STATEMENT OF PORTFOLIO

As at 31 December 2022

	Carrying value as at 31/12/2022 $'000	Percentage of net assets attributable to unitholders as at 31/12/2022 %	Carrying value as at 31/12/2021 $'000	Percentage of net assets attributable to unitholders as at 31/12/2021 %
Group				
Investment properties in Singapore	32,500	5.14	33,200	5.62
Investment properties in Indonesia	825,580	130.61	929,247	157.19
Investment properties in Japan	287,263	45.45	–	–
Portfolio of investment properties at valuation – total	1,145,343	181.20	962,447	162.81
Other net liabilities	(479,981)	(75.94)	(310,627)	(52.55)
Net assets attributable to holders	665,362	105.26	651,820	110.26
Perpetual securities holders	(33,282)	(5.26)	(60,675)	(10.26)
Net assets attributable to unitholders	632,080	100.00	591,145	100.00
Trust				
Investment properties in Singapore	32,500	7.56	33,200	9.72
Portfolio of investment properties at valuation – total	32,500	7.56	33,200	9.72
Investments in subsidiaries	764,149	177.74	669,173	196.01
Other net liabilities	(333,452)	(77.56)	(300,304)	(87.96)
Net assets attributable to holders	463,197	107.74	402,069	117.77
Perpetual securities holders	(33,282)	(7.74)	(60,675)	(17.77)
Net assets attributable to unitholders	429,915	100.00	341,394	100.00

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

STATEMENT OF PORTFOLIO (CONT'D)

As at 31 December 2022

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 31/12/2022 $'000	Percentage of net assets attributable to unitholders as at 31/12/2022 %	Carrying value as at 31/12/2021 $'000	Percentage of net assets attributable to unitholders as at 31/12/2021 %
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/ 4.3 years	3,593	8,500	1.34	8,800	1.49
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/ 4.3 years	3,563	8,900	1.41	9,200	1.56
The Lentor Residence 51 Lentor Avenue, Singapore 786876 8 June 2007, Nursing Home 99 years leasehold from 1938 10+10 years/ 14.4 years	4,005	15,100	2.39	15,200	2.57
Portfolio of investment properties held by the Trust at valuation – Sub-total		32,500	5.14	33,200	5.62
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/ 28 years	32,696	162,185	25.65	172,782	29.23
Siloam Hospitals Kebon Jeruk Jalan Raya Perjuangan Kav. 8 Kebon Jeruk, West Jakarta 11530, Indonesia 11 December 2006, Hospital HGB 15+15 years/ 28 years	20,268	70,843	11.21	77,784	13.16

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

As at 31 December 2022

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 31/12/2022 $'000	Percentage of net assets attributable to unitholders as at 31/12/2022 %	Carrying value as at 31/12/2021 $'000	Percentage of net assets attributable to unitholders as at 31/12/2021 %
Indonesia (cont'd)					
Siloam Hospitals Surabaya Jalan Raya Gubeng No. 70, Gubeng Surabaya, East Java, 60281, Indonesia 11 December 2006, Hospital HGB 15+15 years/ Nil[(1)]	9,065	–	–	40,868	6.91
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 + 1 year/ 2 years	17,926	27,550	4.36	32,240	5.45
Mochtar Riady Comprehensive Cancer Centre Jalan Garnisun Dalam No. 2-3, Semanggi, Central Jakarta 12930, Indonesia 30 December 2010, Hospital HGB 15+15 years/ 28 years	37,933	124,445	19.69	133,650	22.61
Siloam Hospitals Lippo Cikarang Jalan Mohammad Husni Thamrin Kav. 105, Lippo Cikarang, Bekasi, Indonesia 17550 31 December 2010, Hospital HGB 15+15 years/ 18 years	13,256	50,440	7.98	49,800	8.42
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	77,703	12.29	79,617	13.47

[(1)] Siloam Hospitals Surabaya was disposed in September 2022.

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

STATEMENT OF PORTFOLIO (CONT'D)

As at 31 December 2022

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 31/12/2022 $'000	Percentage of net assets attributable to unitholders as at 31/12/2022 %	Carrying value as at 31/12/2021 $'000	Percentage of net assets attributable to unitholders as at 31/12/2021 %
Indonesia (cont'd)					
Siloam Hospitals Manado 30 November 2012, Hospital HGB 15+15 years/ 28 years					
Hotel Aryaduta Manado 30 November 2012, Hotel HGB 15+15 years/ 20 years					
Siloam Hospitals Makassar Jalan Metro Tanjung Bunga Kav 3-5, Makassar City, South Sulawesi, Indonesia 30 November 2012, Hospital HGB 15+15 years/ 28 years	14,307	65,407	10.35	69,563	11.77
Siloam Hospitals Bali Jalan Sunset Road No. 818, Kuta, Badung, Bali, Indonesia 13 May 2013, Hospital HGB 15+15 years/ 28 years	20,958	61,710	9.76	66,382	11.23
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/ 28 years	18,605	41,119	6.51	44,178	7.47
Siloam Hospitals Purwakarta Jalan Raya Bungursari No. 1, Purwakarta, West Java, Indonesia 28 May 2014, Hospital HGB 15+15 years/ 28 years	8,254	21,550	3.41	24,038	4.07

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

STATEMENT OF PORTFOLIO (CONT'D)

As at 31 December 2022

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 31/12/2022 $'000	Percentage of net assets attributable to unitholders as at 31/12/2022 %	Carrying value as at 31/12/2021 $'000	Percentage of net assets attributable to unitholders as at 31/12/2021 %
<u>Indonesia (cont'd)</u>					
Siloam Sriwijaya Jalan POM IX, Komplek Palembang Square, Palembang, South Sumatra, Indonesia 29 December 2014, Hospital Strata Title on Build, Operate and Transfer ("BOT") scheme 15+15 years/ 28 years	15,709	22,805	3.61	25,527	4.32
Siloam Hospitals Kupang & Lippo Plaza Kupang Jalan Veteran, No. 4, Arena Pameran Fatululi, Kupang, East Nusa Tenggara, Indonesia	55,368	48,528	7.68	53,977	9.13
Siloam Hospitals Kupang 14 December 2015, Hospital BOT scheme 15+15 years/ 28 years					
Lippo Plaza Kupang 14 December 2015, Mall BOT scheme 15+15 years/ 23 years					
Siloam Hospitals Labuan Bajo Jalan Gabriel Gampur, Labuan Bajo, East Nusa Tenggara, Indonesia 30 December 2016, Hospital HGB 15+15 years/ 28 years	7,604	9,952	1.57	12,002	2.03
Siloam Hospitals Buton & Lippo Plaza Buton Jalan Sultan Hasanuddin No. 50, 52, 54 and 58 Bau, Sulawesi Tenggara, Indonesia	21,934	22,480	3.56	25,688	4.34
Siloam Hospitals Buton 10 October 2017, Hospital BOT scheme 15+15 years/ 28 years					

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

STATEMENT OF PORTFOLIO (CONT'D)

As at 31 December 2022

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 31/12/2022 $'000	Percentage of net assets attributable to unitholders as at 31/12/2022 %	Carrying value as at 31/12/2021 $'000	Percentage of net assets attributable to unitholders as at 31/12/2021 %
Indonesia (cont'd)					
Lippo Plaza Buton 10 October 2017, Mall BOT Scheme 15+15 years/ 25 years					
Siloam Hospitals Yogyakarta Jalan Laksda Adi Sucipto No. 32-34 Yogyakarta, Indonesia 22 December 2017, Hospital HGB 15+15 years/ 28 years	12,474	18,863	2.98	21,151	3.58
Japan					
Hikari Heights Varus Ishiyama Ishiyama 1-jo 3-3-33 Minami-ku, Sapporo, Hokkaido 01 March 2022, Nursing Home Freehold 30+5 years/ 25.3 years	8,747	8,639	1.37	–	–
Hikari Heights Varus Tsukisamu Koen Misono 9-jo 8-5-1, Toyohira-ku Sapporo, Hokkaido 01 March 2022, Nursing Home Freehold 30+5 years/ 25.3 years	4,362	6,753	1.07	–	–
Hikari Heights Varus Fujino Fujino 3-jo 11-10-11, Minami-ku Sapporo, Hokkaido 01 March 2022, Nursing Home Freehold 30+5 years/ 25.3 years	9,782	17,238	2.73	–	–
Hikari Heights Varus Kotoni Nijuyonken 4-jo 1-3-1, Nishi-ku, Sapporo, Hokkaido 01 March 2022, Nursing Home Freehold 30+5 years/ 25.3 years	20,756	67,728	10.72	–	–

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

As at 31 December 2022

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 31/12/2022 $'000	Percentage of net assets attributable to unitholders as at 31/12/2022 %	Carrying value as at 31/12/2021 $'000	Percentage of net assets attributable to unitholders as at 31/12/2021 %
Japan (cont'd)					
Varus Cuore Yamanote Yamanote 6-jo 2-1-1, Nishi-ku Sapporo, Hokkaido 01 March 2022, Nursing Home Freehold 30+5 years/ 25.3 years	2,808	11,526	1.82	–	–
Hikari Heights Varus Makomanai Koen Makomanai Midoricho 1-1-1 Minami-ku, Sapporo, Hokkaido 01 March 2022, Nursing Home Freehold 30+5 years/ 25.3 years	13,301	48,858	7.73	–	–
Varus Cuore Sapporo Kita/ Annex Tonden 8-jo 9-3-7, Kita-ku Sapporo, Hokkaido 01 March 2022, Nursing Home Freehold 30+5 years/ 25.3 years	7,637	30,702	4.86	–	–
Elysion Gakuenmae Nakatomigaoka 1-1994-6, Nara-shi, Nara 01 March 2022, Nursing Home Freehold 30+5 years/ 25.3 years	3,790	16,932	2.68	–	–
Elysion Mamigaoka/ Mamigaoka Annex Umami-minami 4-1-19, Koryocho Kitakatsuragi-gun, Nara 01 March 2022, Nursing Home Freehold 30+5 years/ 25.3 years	10,259	24,480	3.87	–	–
Orchard Amanohashidate Aza Mannen Koaza Akaiwa 1060-1, Miyazu, Kyoto 01 March 2022, Nursing Home Freehold 30+5 years/ 25.3 years	2,927	9,180	1.45	–	–

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

STATEMENT OF PORTFOLIO (CONT'D)

As at 31 December 2022

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 31/12/2022 $'000	Percentage of net assets attributable to unitholders as at 31/12/2022 %	Carrying value as at 31/12/2021 $'000	Percentage of net assets attributable to unitholders as at 31/12/2021 %
Japan (cont'd)					
Orchard Kaichi North Kaichi 2-3-50, Matsumoto, Nagano 01 March 2022, Nursing Home Freehold 30+5 years/ 25.3 years	5,058	13,668	2.16	–	–
Orchard Kaichi West Kaichi 2-3-50, Matsumoto, Nagano 01 March 2022, Nursing Home Freehold 30+5 years/ 25.3 years	1,561	4,325	0.68	–	–
Medical Rehabilitation Home Bon Séjour Komaki 3-chōme-1 Shiroyama, Komaki, Aichi 485-0812, Japan 27 September 2022, Nursing Home Freehold 20+5 years/ 9.4 years	8,858	15,606	2.47	–	–
Loyal Residence Ayase 4695-1, 7- chōme, Fukaya, Ayase city, Kanagawa 29 September 2022, Nursing Home Freehold 30 years/ 25.7 years	3,387	11,628	1.84	–	–
Portfolio of Investment Properties held by the Group at valuation – Total		1,145,343	181.20	962,447	162.81

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 2022 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 accompanying notes form an integral part of these financial statements.

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.

(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.

NOTES TO THE FINANCIAL STATEMENTS

These notes form an integral part of the financial statements.

The financial statements were authorised for issue by the Manager on 24 March 2023.

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 eighth supplemental deed dated 25 February 2022) (the "Trust Deed") between First REIT Management Limited (the "Manager") and Perpetual (Asia) Limited (the "Trustee"), governed by the laws of Singapore.

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

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

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

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

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

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

Manager's fees

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

(i) A base fee of 0.4% (2021: 0.4%) per annum of the value of the Deposited Property. The Manager's management fee was derived after deducting the asset management fee charged by the Japan asset management company for managing the Japan properties. Any increase in the rate of the base fee above the permitted limit or any change in the structure of the base fee shall be approved by an extraordinary resolution of a meeting of unitholders. The Manager may opt to receive the base fee in the form of units and/or cash.

(ii) A performance fee fixed at 5.0% (2021: 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% (2021: 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% (2021: 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 (cont'd)

Trustee fees

Under the Trust Deed, the Trustee is entitled to an annual fee not exceeding 0.1% (2021: 0.1%) of the value of the Deposited Property (as defined in the Trust Deed).

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

2 Basis of preparation

2.1 Statement of compliance

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

The changes to significant accounting policies are described in note 2.5.

2.2 Basis of measurement

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

2.3 Functional and presentation currency

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

2.4 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 – Determination of fair value of investment properties
- Note 5 – Determination of recoverable amounts of investment in subsidiaries

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.

2 Basis of preparation (cont'd)

2.4 Use of estimates and judgments (cont'd)

Measurement of fair values (cont'd)

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.

2.5 Changes in accounting policies

New standards and amendments

The Group has applied the following FRSs, amendments to and interpretations of FRS for the first time for the annual period beginning on 1 January 2022:

- Amendment to FRS 116: *COVID-19-Related Rent Concessions beyond 30 June 2021*
- Amendments to FRS 113: *Reference to the Conceptual Framework*
- Amendments to FRS 16: *Property, Plant and Equipment – Proceeds before Intended Use*
- Amendments to FRS 37: *Onerous Contracts – Cost of Fulfilling a Contract*
- Annual Improvements to FRSs 2018-2020

The application of these amendments to standards and interpretations does not have a material effect on 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 2.5, 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 (cont'd)

3.2 Financial instruments (cont'd)

(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;

3 Significant accounting policies (cont'd)

3.2 Financial instruments (cont'd)

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

Financial assets: Business model assessment (cont'd)

- 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.

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.

3 Significant accounting policies (cont'd)

3.2 Financial instruments (cont'd)

(iii) Derecognition

Financial assets

The Group derecognises a financial asset when:

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

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

Financial liabilities

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

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

Interest rate benchmark reform

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

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

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

(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.

3 Significant accounting policies (cont'd)

3.2 Financial instruments (cont'd)

(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.

If significant 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.

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 Manager 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 Significant accounting policies (cont'd)

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.

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.

3 Significant accounting policies (cont'd)

3.5 Basis of consolidation (cont'd)

(ii) Property acquisition and business combination

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

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

When acquisition of an asset or a group of assets does not constitute a business combination, it is accounted as property acquisition. In such cases, the individual identifiable assets acquired and liabilities assumed are recognised. The acquisition cost shall be allocated to the individual identifiable assets and liabilities on the basis of their relative fair values at the date of acquisition. Such a transaction does not give rise to goodwill and deferred tax.

(iii) Subsidiaries

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

The accounting policies of subsidiaries have been changed when necessary to align them with the policies adopted by the Group. 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.

(iv) Loss of control

When the Group losses 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.

(v) Joint operations

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

(vi) Transactions eliminated on consolidation

Intra-group balances and transactions, and any unrealised income and expenses 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.

(vii) Subsidiaries in the separate financial statements

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

3 Significant accounting policies (cont'd)

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 Leases

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

As a lessor

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

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

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

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

3 Significant accounting policies (cont'd)

3.9 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.

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.

3 Significant accounting policies (cont'd)

3.9 Impairment (cont'd)

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

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.

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

3 Significant accounting policies (cont'd)

3.9 Impairment (cont'd)

(ii) Non-financial assets

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.

3.10 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.

3.11 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.

3.12 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.

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 Significant accounting policies (cont'd)

3.13 Assets management fees

Assets management fees are recognised in profit or loss at 0.4% of assets under management amount of Japan properties.

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 other comprehensive income ("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 (cont'd)

3.14 Tax (cont'd)

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.

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 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 taxable income would be exempt from Singapore income tax in the hands of all Unitholders, regardless of their corporate or residence status.

3 Significant accounting policies (cont'd)

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 2022 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	
	Note	**2022 $'000**	**2021 $'000**	**2022 $'000**	**2021 $'000**
At 1 January		962,447	939,670	33,200	33,800
Acquisition of subsidiaries	32	296,741	–	–	–
Acquisitions of investment properties [(a)]		31,061	–	–	–
Capital expenditures		4,306	939	226	90
Disposal of an investment property [(b)]		–	(4,219)	–	–
Disposal of a subsidiary	33	(40,438)	–	–	–
Adjustment on rental straight-lining	17	19,387	22,703	(8)	74
Losses for the year					
Net fair value losses recognised in profit or loss		(22,651)	(4,520)	(918)	(764)
(Losses)/Gains recognised in OCI					
Effects of movement in exchange rates		(105,510)	7,874	–	–
At 31 December		1,145,343	962,447	32,500	33,200

(a) During the year, the Group acquired two Japan nursing homes, Medical Rehabilitation Home Bon Sejour Komaki and Loyal Residence Ayase, for a total consideration of Japanese Yen ("JPY") 2,580,000,000 (equivalent to approximately $27,606,000), with a total acquisition cost capitalised amounting to $3,455,000.

(b) In 2021, the Group disposed Sarang Hospital for a consideration of United States dollar ("USD") 4,493,000 (equivalent to approximately $6,144,000).

As at 31 December 2022, investment properties of the Group with carrying amounts of $811,667,000 (2021: $941,296,000) were pledged as security for related borrowings (see note 11).

Measurement of fair value

(i) Fair value hierarchy

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

For the Group's refinancing purposes, management engaged external valuers to perform an annual valuation for the Group's investment portfolio (excluding the two Japan nursing homes acquired in September 2022) with a valuation date as of 7 November 2022 ("Annual Valuation 2022").

4 Investment properties (cont'd)

Measurement of fair value (cont'd)

(i) Fair value hierarchy (cont'd)

For annual year-end reporting purposes, management engaged those external valuers who performed the Annual Valuation 2022 and those external valuers who performed the valuation of the two Japan nursing homes as at 21 September 2022, to conduct a valuation update of the key assumptions and key parameters for the valuation of each investment property. These independent external valuers have generally maintained the same valuation methodologies with an update of the key parameters and assumptions as of 31 December 2022.

The fair values are based on open market values, being the estimated amount for which a property could be exchanged on the date of the valuation between a willing buyer and a willing seller in an arm's length transaction wherein the parties had each acted knowledgeably and without compulsion. In determining the fair value as at the reporting date, the external valuers have adopted a combination of valuation methods, including discounted cash flow, income capitalisation and direct comparison method. The valuation methods involve certain estimates including those relating to market-corroborated discount rate, terminal capitalisation rate, capitalisation rate, and price per square metre. The specific risks inherent in each of the properties are taken into consideration in arriving at the valuations.

The fair value measurement of all of the investment properties has been categorised as a Level 3 fair value based on the inputs to the valuation techniques used (see note 2.4).

(ii) Valuation techniques and significant unobservable inputs

In 2022, the valuations were undertaken by the following independent professional valuers:

Properties in:	Property Valuer(s)
Singapore	Cushman & Wakefield VHS Pte. Ltd. (2021: Cushman & Wakefield VHS Pte. Ltd.)
Indonesia	Kantor Jasa Penilai Publik ("KJPP") Willson dan Rekan in association with Knight Frank, KJPP Rengganis, Hamid & Rekan in strategic alliance with CBRE, Colliers International Consultancy & Valuation (Singapore) Pte. Ltd. in alliance with KJPP Rinaldi Alberth Baroto & Rekan (2021: KJPP Willson dan Rekan in association with Knight Frank, Cushman & Wakefield VHS Pte. Ltd. in conjunction with KJPP Firman, Suryantoro, Sugeng, Suzy, Hartomo & Rekan)
Japan	Cushman & Wakefield K.K., Colliers International Japan K.K., CBRE K.K. (2021: Not applicable)

4 Investment properties (cont'd)

Measurement of fair value (cont'd)

(ii) Valuation techniques and significant unobservable inputs (cont'd)

The valuation reports as at 31 December 2022 obtained from certain external valuers have included market uncertainty clauses, highlighting that real estate markets has been impacted by a combination of global inflationary pressure, rising interest rate, environment, geopolitical events in Ukraine and on-going effects of COVID-19. The external valuers cautioned users to be more prudent in determining the relevancy between the valuation reports and their needs, and have recommended to keep the valuation of properties under frequent review.

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

Valuation techniques	**Significant unobservable inputs**			**Inter-relationship between key unobservable inputs and fair value measurement**
	Singapore	**Indonesia**	**Japan[5]**	
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 consistent with current market requirements to arrive at the market value.	Discount rate: 8.75% (2021: 8.75%)	Discount rate: Restructured properties[1]: 12.32% to 13.52% (2021: 11.84% to 11.90%) Non-restructured properties[2]: 9.84% to 10.49% (2021: 9.34% to 9.60%)	Discount rate: 4.00% to 5.00% (2021: Not applicable)	The higher the discount rate, the lower the fair value.
	Terminal capitalisation rate[3]: Not applicable (2021: Not applicable)	Terminal capitalisation rate[4]: Restructured properties[1]: 8.63% to 10.35% (2021: 9.00% to 9.25%) Non-restructured properties[2]: 9.73% to 10.09% (2021: 9.25% to 9.75%)	Terminal capitalisation rate: 4.30% to 5.30% (2021: Not applicable)	The higher the terminal capitalisation rate, the lower the fair value.
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% (2021: 6.75% to 7.00%)	Not applicable	Not applicable	The higher the capitalisation rate, the lower the fair value.
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"): $506 (2021: $593)	Not applicable	The estimated fair value would increase (decrease) if price psm was higher (lower).

4 Investment properties (cont'd)

Measurement of fair value (cont'd)

(ii) Valuation techniques and significant unobservable inputs (cont'd)

1 The restructured Indonesia properties comprise Siloam Hospitals Lippo Village, Siloam Hospitals Kebon Jeruk, Mochtar Riady Comprehensive Cancer Centre, Siloam Hospitals Manado (excluding Hotel Aryaduta Manado), Siloam Hospitals Makassar, Siloam Hospitals Bali, Siloam Hospitals TB Simatupang, Siloam Hospitals Purwakarta, Siloam Sriwijaya, Siloam Hospitals Kupang (excluding Lippo Plaza Kupang), Siloam Hospitals Labuan Bajo, Siloam Hospitals Buton (excluding Lippo Plaza Buton) and Siloam Hospitals Yogyakarta.

2 The non-restructured Indonesia properties comprise Imperial Aryaduta Hotel & Country Club, Siloam Hospitals Lippo Cikarang, Hotel Aryaduta Manado (excluding Siloam Hospitals Manado), Lippo Plaza Kupang (excluding Siloam Hospitals Kupang) and Lippo Plaza Buton (excluding Siloam Hospitals Buton).

3 The direct discounting analysis is applied in 2022 and 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.

5 Japan nursing homes were acquired in 2022, no comparatives in 2021.

5 Investments in subsidiaries

		Trust	
	Note	**2022**	**2021**
		$'000	**$'000**
Movements during the year, at cost:			
At 1 January		669,173	661,867
Acquisition of subsidiaries	32	169,022	–
Investment in redeemable preference shares		14,042	–
Redemption of redeemable preference shares by subsidiaries		(42,617)	(27,473)
(Allowance)/Reversal of impairment losses		(45,471)	34,779
At 31 December		764,149	669,173
Total cost comprising:			
Unquoted equity shares at cost		583,314	414,292
Redeemable preference shares at cost		275,120	303,695
Allowance for impairment losses		(94,285)	(48,814)
Total at cost		764,149	669,173

The redeemable preference shares are redeemable at the option of the Singapore subsidiaries.

Details of the subsidiaries are included in note 31.

5 Investments in subsidiaries (cont'd)

Allowance for impairment loss on investments in subsidiaries

At each reporting date, the Trust carries out impairment assessment of its investments in subsidiaries to assess whether there is any indication of impairment. The Trust evaluates, amongst other factors, the future profitability of the subsidiaries, including factors such as industry performance, operational and financing cash flows. The recoverable amounts were estimated based on the net assets value of the subsidiaries which comprised predominantly investment properties measured at fair value determined by external valuers and categorised as Level 3 on the fair value hierarchy.

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 recognised an impairment loss of $45,471,000 (2021: reversed impairment loss of $34,779,000) on its investments in subsidiaries during the year.

6 Loan to subsidiaries and loan from a subsidiary

	Trust	
	2022	**2021**
	$'000	**$'000**
Loan to subsidiaries		
Non-current portion	19,600	25,465
Current portion	12,970	4,191
Total	32,570	29,656
Loan from a subsidiary		
Non-current portion	5,870	–

The loans to subsidiaries are unsecured, bears interest ranging from 1.00% to 6.06% (2021: 3.12% to 3.49%) per annum and is repayable by quarterly instalments over 20 years from 30 December 2010 and on 14 July 2023 respectively.

The loan from a subsidiary is unsecured, interest-bearing at 1.40% and repayable on 29 May 2025.

The carrying amount of the current and non-current loan to subsidiaries and loan from a subsidiary, which are floating variable market rates, approximate their fair value at reporting date.

7 Trade and other receivables

	Group		Trust	
	2022	2021	2022	2021
	$'000	$'000	$'000	$'000
Trade receivables:				
- Third parties [(a)]	3,014	–	218	–
- Related parties	1,418	1,381	8	8
	4,432	1,381	226	8
Other receivables:				
- Third parties	595	361	531	265
- Subsidiaries	–	–	10,291	11,581
- Related party [(b)]	–	30,746	–	918
	595	31,107	10,822	12,764
Total trade and other receivables	5,027	32,488	11,048	12,772

(a) The rents under the PT Metropolis Propertindo Utama ("PT MPU") master lease agreements are payable quarterly in advance. As at 31 December 2022, the rentals outstanding from PT MPU amounts to approximately Indonesia Rupiah ("IDR") 30,672,652,000 (equivalent to approximately $2,669,000), while security deposits of IDR 31,857,684,000 (equivalent to approximately $2,772,000) was received from PT MPU. At 31 December 2022, the security deposits are in excess of the outstanding rental receivables.

The management will continue to engage closely with PT MPU on the repayment of the rental in arrears.

(b) The amount comprised 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. The amount receivable included $918,000 relating 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 PT Lippo Karawaci Tbk and PT SK, where PT SK shall make payment to PT TPI of the amount of the progress payments of IDR 281,250,090,000 (equivalent to approximately $27.0 million) and the interest of IDR 28,001,721,000 (equivalent to approximately $2.7 million) by monthly instalments from January 2022 to June 2022. During the year, the outstanding balances from PT SK were fully received.

In addition, PT TPI had 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 $918,000 incurred by the Trust on behalf of PT TPI. The project expenses were received by the Trust in January 2022.

Other receivables from third parties are mainly net GST receivables from the tax authorities.

The non-trade receivables from subsidiaries are unsecured, interest-free and repayable on demand.

The Group and the Trust's exposure to market risk, credit risk and impairment loss for trade and other receivables, are disclosed in note 30.

8 Other assets

	Group		Trust	
	2022	2021	2022	2021
	$'000	$'000	$'000	$'000
Prepayments	714	3,120	400	3,120
Prepaid other taxes	176	249	–	–
	890	3,369	400	3,120

9 Cash and cash equivalents

	Group		Trust	
	2022	2021	2022	2021
	$'000	$'000	$'000	$'000
Cash at banks	46,103	51,203	20,259	35,137

Bank balances of $14,386,000 (2021: Nil) are included as part of the floating charge to third parties for borrowings of the Group (see notes 11(e) and 11(f)). This amount is included as part of cash and cash equivalents as the utilisation of these bank balances is not restricted.

Bank balances of $12,141,000 (2021: $15,700,000) are included as part of deposits with banks to meet the requirement of the borrowings of the Group and the Trust (see notes 11 (c) and 11 (d)). This amount is included as part of cash and cash equivalents as the utilisation of these bank balances is not restricted.

10 Deferred tax liabilities

Deferred tax liabilities are attributable to the following:

	Group		Trust	
	2022	2021	2022	2021
	$'000	$'000	$'000	$'000
Investment properties	18,338	20,601	–	–
Unremitted income from Japan subsidiaries	32,417	–	–	–
	50,755	20,601	–	–

Movement in deferred tax liabilities of the Group during the year are as follows:

	Note	Investment properties	Unremitted income from Japan subsidiaries	Total
		$'000	$'000	$'000
At 1 January 2022		20,601	–	20,601
Acquisition of subsidiaries	32	–	32,861	32,861
Recognised in profit or loss	23	(765)	4,323	3,558
Effect of movements in exchange rates		(1,498)	(4,767)	(6,265)
At 31 December 2022		18,338	32,417	50,755

10 Deferred tax liabilities (cont'd)

Movement in deferred tax liabilities of the Group during the year are as follows (cont'd):

	Note	Investment properties $'000	Unremitted income from Japan subsidiaries $'000	Total $'000
At 1 January 2021		19,968	–	19,968
Recognised in profit or loss	23	471	–	471
Effect of movements in exchange rates		162	–	162
At 31 December 2021		20,601	–	20,601

11 Borrowings

		Group		Trust	
		2022 $'000	2021 $'000	2022 $'000	2021 $'000
Bank loan A (secured)	(a)	–	100,000	–	100,000
Bank loan B (secured)	(b)	–	252,374	–	252,374
Guaranteed bonds	(c)	100,000	–	100,000	–
Social term loan A	(d)	235,713	–	235,713	–
Social term loan B	(e)	16,932	–	–	–
Secured Tokutei Mokuteki Kaisha ("TMK") bonds	(f)	108,553	–	–	–
Less: Unamortised transaction costs		(10,132)	(3,163)	(9,400)	(3,163)
		451,066	349,211	326,313	349,211
Current		1,453	99,258	–	99,258
Non-current		449,613	249,953	326,313	249,953
		451,066	349,211	326,313	349,211

The Group and the Trust's exposure to liquidity and market risks are disclosed in note 30.

The borrowings comprise the following:

(a) Bank loan A

In May 2019, the Trust drew down bank loan A under a $100 million syndicated secured financing facilities to refinance a maturing bank loan. Bank loan A consists of a 3-year Singapore dollar term loan and the amount was due in May 2022. The loan has been fully repaid in April 2022.

(b) Bank loan B

On 24 December 2020, the Trustee entered into a facility agreement for up to $260 million with two of the existing lenders, Oversea-Chinese Banking Corporation Ltd ("OCBC") and CIMB Bank Berhad ("CIMB"). In March 2021, the Trust drew down bank loan B under this $260 million syndicated secured financing facility. Bank loan B consists of a 2-year Singapore dollar term loan and a 2-year Singapore dollar revolving credit facility loan of $210 million and $50 million respectively. The amounts under bank loan B are due in March 2023. The loan has been fully repaid in December 2022.

11 Borrowings (cont'd)

(c) Guaranteed bonds

On 7 April 2022, $100 million guaranteed bonds at a coupon rate of 3.25% due in April 2027 were issued by the Trust to refinance bank loan A. The guaranteed bonds amounting to $100 million are unconditionally and irrevocably guaranteed by Credit Guarantee and Investment Facility, a trust fund of the Asian Development Bank. The interest of the bonds is payable half-yearly in arrears. The bonds are listed on the Singapore Exchange Securities Trading Limited.

(d) Social term loan A

On 25 November 2022, the Trustee entered into a facility agreement with two of the existing lenders, OCBC and CIMB in respect of a $300 million social term loan and revolving credit facilities agreement (the "Facilities") to refinance bank loan B. On 1 December 2022, the Trust drew down social term loan A amounting to $235 million under this Facilities which is repayable in May 2026.

(e) Social term loan B

On 29 September 2022, the Trust's indirect subsidiary, First REIT Japan Two GK, secured a JPY1.66 billion (equivalent to approximately $16.9 million) non-recourse social loan due in 27 September 2026 from Shinsei Trust Bank, Limited. The proceeds from social term loan B was utilised to partially funded the acquisition of two nursing homes, Loyal Residence Ayase and Medical Rehabilitation Home Bon Sejour Komaki, in Japan during the year.

(f) Secured TMK bonds

TMK is an investment vehicle incorporated under the Asset Liquidation Law of Japan to acquire real estate and obtain debt financing in real estate finance transactions in Japan. A TMK may issue TMK bonds, which are generally issued to qualified institutional investors. The TMK grants to holders of TMK bonds the right to receive all payments due in relation to such TMK bonds out of the assets of the TMK prior to any payments to other unsecured creditors. This statutory right is generally referred to as a general security interest. Unless otherwise provided in the Asset Liquidation Plan, such general security is automatically created by operation of law.

The secured TMK bonds pertain to a 5 year bonds issued by the Trust's indirect subsidiary, OUELH Japan First TMK, for JPY10.6 billion (equivalent to approximately $108.1 million) due in May 2025 to Shinsei Bank Limited.

During the year, the Trust entered into interest rate swaps and interest rate cap arrangements to manage the interest rate risk exposure arising from the bank loans with floating rates (note 14).

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

11 Borrowings (cont'd)

Terms and debt repayment schedule

Terms and conditions of outstanding borrowings are as follows:

2022	Currency	Nominal interest rate	Year of maturity	Face value $'000	Carrying amount $'000
Group					
Guaranteed bonds	SGD	3.25% (2021: Not applicable)	2027	100,000	95,571
Social term loan A	SGD	5.12% - 5.56% (2021: Not applicable)	2026	235,713	230,742
Social term loan B	JPY	1.00% (2021: Not applicable)	2026	16,932	16,629
Secured TMK bonds	JPY	1.00% (2021: Not applicable)	2025	108,553	108,124
				461,198	451,066
Trust					
Guaranteed bonds	SGD	3.25% (2021: Not applicable)	2027	100,000	95,571
Social term loan A	SGD	5.12% - 5.56% (2021: Not applicable)	2026	235,713	230,742
				335,713	326,313
2021					
Group					
Secured bank loan A	SGD	2.23% - 2.38% (2020: 2.23% - 2.38%)	2022	100,000	99,258
Secured bank loan B	SGD	2.65% - 4.39% (2020: Not applicable)	2023	252,374	249,953
				352,374	349,211
Trust					
Secured bank loan A	SGD	2.23% - 2.38% (2020: 2.23% - 2.38%)	2023	100,000	99,258
Secured bank loan B	SGD	2.65% - 4.39% (2020: Not applicable)	2023	252,374	249,953
				352,374	349,211

11 Borrowings (cont'd)

Terms and debt repayment schedule (cont'd)

The bank loans, guaranteed bonds, and social term loan A agreements provide amongst other matters for the following:

1) Legal mortgage over the properties in Singapore and Indonesia of the Group except for Imperial Aryaduta Hotel and Country Club and Siloam Hospitals Yogyakarta (2021: the properties in Singapore and Indonesia of the Group except for Siloam Hospitals Yogyakarta).

2) Assignment to the banks of all of the Group's rights, titles, interests and benefits under any leases, tenancies, sales proceeds and cash flows in respect of the Indonesia properties and the Singapore properties except for Imperial Aryaduta Hotel and Country Club and Siloam Hospitals Yogyakarta (2021: Indonesia properties and the Singapore properties except for Siloam Hospitals Yogyakarta).

3) Assignment to the banks of all of the Group's rights, titles and interests under the insurance policies in respect of the Indonesia properties and the Singapore properties, with the bank named as a "loss payee" except for Imperial Aryaduta Hotel and Country Club and Siloam Hospitals Yogyakarta (2021: Siloam Hospitals Yogyakarta).

4) A debenture containing first fixed and floating charges over all assets and undertakings of the Trust's Singapore subsidiaries and subsidiaries of Trust's Singapore subsidiaries except for Lovage International Pte. Ltd., IAHCC Investment Pte. Ltd., Kalmore Investments Pte. Ltd., and Icon1 Holdings Pte. Ltd. (2021: Kalmore Investments Pte. Ltd. and Icon1 Holdings Pte. Ltd).

5) Charge of all of the Trust's shares in the Singapore subsidiaries and subsidiaries of Trust's Singapore subsidiaries except for Lovage International Pte. Ltd., IAHCC Investment Pte. Ltd., Kalmore Investments Pte. Ltd., and Icon1 Holdings Pte. Ltd. (2021: Kalmore Investments 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 (2021: Joint-operation company, PT Yogya Central Terpadu).

7) A debenture by the Group covering first fixed and floating charges over all assets and undertakings in respect of the Singapore properties.

8) OUE Limited's interest held in the Trust directly and indirectly is at least at 20% (2021: 10%).

9) OUE Lippo Healthcare Limited's interest held in the Trust directly and indirectly is at least at 20% (2021: 8%).

10) OUE Limited's interest held in First REIT Management Limited directly and indirectly is at least at 51% (2021: 40%).

11) Compliance with all financial covenants.

The secured social term loan B agreement provides amongst other matters for the following:

1) Negative pledge against the total assets of the Trust's indirect subsidiary, First REIT Japan Two GK, which mainly comprises of investment properties in Japan and cash and cash equivalents.

2) A corporate guarantee from the Trust.

11 Borrowings (cont'd)

Terms and debt repayment schedule (cont'd)

The secured TMK bonds agreement provides among other matters for the following:

1) Negative pledge against the total assets of the Trust's indirect subsidiary, OUELH Japan First TMK, which mainly comprises of investment properties in Japan and cash and cash equivalents.

2) A corporate guarantee from the Trust.

Reconciliation of movements of liabilities to cash flows arising from financing activities

	Liabilities		
	Borrowings $'000	**Interest payable (note 13) $'000**	**Total $'000**
Balance at 1 January 2022	349,211	2,453	351,664
Changes from financing cash flows			
Proceeds from borrowings	379,271	–	379,271
Repayment of borrowings	(381,534)	–	(381,534)
Payment of transaction costs related to borrowings[1]	(12,269)	–	(12,269)
Interest paid	–	(14,672)	(14,672)
Total changes from financing cash flows	(14,532)	(14,672)	(29,204)
The effect of changes in foreign exchange rates	(15,548)	–	(15,548)
Other changes			
Acquisition of subsidiaries	126,574	–	126,574
Liability-related			
Amortisation of transaction costs	5,361	–	5,361
Interest expense	–	14,073	14,073
Total liability-related other changes	131,935	14,073	146,008
Balance at 31 December 2022	451,066	1,854	452,920
Balance at 1 January 2021	489,005	1,280	490,285
Changes from financing cash flows			
Proceeds from borrowings	252,374	–	252,374
Repayment of borrowings	(393,152)	–	(393,152)
Payment of transaction costs related to borrowings	(4,779)	–	(4,779)
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

[1] Included in the transaction costs related to borrowings are the audit fees paid to the auditors of the Trust, amounting to $45,000.

12 Other liabilities

	Group		Trust	
	2022	2021	2022	2021
	$'000	$'000	$'000	$'000
Rental income received in advance from tenants	3,186	2,284	106	105
Security deposits	11,704	4,860	2,038	1,998
	14,890	7,144	2,144	2,103
Current	3,186	7,144	106	2,103
Non-current	11,704	–	2,038	–
	14,890	7,144	2,144	2,103

13 Trade and other payables

	Group		Trust	
	2022	2021	2022	2021
	$'000	$'000	$'000	$'000
Trade payables:				
- Third parties	216	186	118	94
- Related party	8,404	8,218	8,404	8,218
	8,620	8,404	8,522	8,312
Other payables:				
- Third parties	4,498	8,009	2,324	3,697
- Subsidiaries	–	–	51,472	14,540
- Related party	22	22	–	–
	4,520	8,031	53,796	18,237
Interest payable	1,854	2,453	1,833	2,453
Total trade and other payables	14,994	18,888	64,151	29,002

The other payables to subsidiaries and a related party relate to advances which are non-trade in nature, unsecured, interest-free and repayable on demand. The Group and the Trust's exposure to market risk and liquidity risk are disclosed in note 30.

14 Derivative financial instruments

	Notional amounts		Group and Trust	
	2022	2021	2022	2021
	$'000	$'000	$'000	$'000
Non-current				
Derivative assets				
Interest rate swaps	85,000	–	176	–
Interest rate caps	90,000	–	1,072	–
	175,000	–	1,248	–
Current				
Derivative liabilities				
Interest rate swaps	–	196,831	–	673
Forward exchange contracts	15,000	–	493	–
	15,000	196,831	493	673

The Group uses interest rate swaps and interest rate caps to manage the interest rate risk exposures arising from the bank loans with floating rates. The fair values of the derivatives are measured based on the quote from financial institutions (Level 2). Similar contractors are traded in an active market and the quotes reflect the actual transactions in similar instruments.

The Group entered into forward exchange contracts to manage the foreign currency exposures arising from future IDR-denominated dividend income to be declared by its subsidiaries and subsequently repatriated to the Trust in SGD.

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 $2,576,000 and $3,205,000 were reserved for distribution to perpetual securities holders for each of the reporting years ended 31 December 2022 and 31 December 2021 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 are treated as dividends.

15 Perpetual securities (cont'd)

On 22 August 2022, there was a partial redemption of perpetual securities at purchase price of 70% of the principal amount of the securities, amounting to $26,750,000. The principal amount together with the distribution to perpetual securities holders and arising from the partial redemption, totalled $26,980,000. The gain from the partial redemption was $7,858,000, net of transaction cost of $167,000. The total net cash outflows from the partial redemption, distribution and gain on redemption of perpetual securities, net of transaction costs was $19,122,000.

As at 31 December 2022, $33,282,000 (2021: $60,675,000) presented in the statement of financial position represents the carrying value of the remaining perpetual securities and the total return attributable to the perpetual securities holders from the last distribution date.

16 Units in issue and net assets value attributable to unitholders

	Note	Group and Trust 2022 '000	Group and Trust 2021 '000
At 1 January		1,613,028	807,206
Issuance of new units for rights issue exercise	(a)	–	791,062
Issuance of new units for acquisition of subsidiaries	(b)	431,148	–
Issuance of new units for divestment of a subsidiary	(c)	791	–
Issuance of new units as settlement of the Manager's fees	(d)	13,614	14,760
At 31 December		2,058,581	1,613,028

(a) A total of 791,062,223 new units at an issue price of $0.20 per unit were issued in respect of the rights issue exercise in 2021.

(b) A total of 431,147,541 new units at an issue price of $0.305 per unit were issued to OUE Lippo Healthcare Limited, a related party as partial consideration of $131,500,000 paid pursuant to the acquisition of subsidiaries on 1 March 2022 (note 32).

(c) A total of 791,394 new units at an issue price of $0.2549 per unit were issued to the Manager as divestment $202,000 fee in relation to the divestment of an indirect subsidiary, PT TPI completed on 27 September 2022 (note 32).

(d) A total of 13,613,833 (2021: 14,760,060) new units at an issue price range from $0.2705 to $0.3003 (2021: $0.2358 to $1.0013) per unit were issued in respect of the settlement for the Manager's management fees to the Manager of $3,952,000.

At the end of the reporting year, 5,021,113 (2021: 3,302,586) 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 (cont'd)

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**	
	2022	**2021**	**2022**	**2021**
	$'000	**$'000**	**$'000**	**$'000**
Net assets value attributable to unitholders	632,080	591,145	429,915	341,394
Net assets value per unit in cents attributable to unitholders	30.70	36.65	20.88	21.16

17 Rental and other income

	Group		**Trust**	
	2022	**2021**	**2022**	**2021**
	$'000	**$'000**	**$'000**	**$'000**
Rental income from investment properties	111,275	101,428	4,226	4,226
Other income	–	918	–	918
Dividend income from subsidiaries	–	–	69,437	34,643
	111,275	102,346	73,663	39,787

Included in rental income of the Group is variable rent of $850,000 (2021: $714,000) and adjustment on rental straight-lining of $19,387,000 (2021: $22,703,000) (note 4). Included in rental income of the Trust is adjustment on rental straight-lining of ($8,000) (2021: $74,000) (note 4).

During the year, the Group has provided a total of $Nil (2021: $699,000) 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	
	2022	2021	2022	2021
	$'000	$'000	$'000	$'000
Property tax expense	1,280	202	197	202
Valuation expenses	267	320	13	31
Professional fees	854	747	–	–
Impairment allowance on trade and other receivables	–	632	–	–
Others	315	229	–	–
	2,716	2,130	210	233

19 Manager's management fees

	Group		Trust	
	2022	2021	2022	2021
	$'000	$'000	$'000	$'000
Base fees	4,041	4,145	3,998	4,101
Performance fees	5,428	4,965	5,428	4,965
	9,469	9,110	9,426	9,066

20 Finance costs

	Group		Trust	
	2022	2021	2022	2021
	$'000	$'000	$'000	$'000
Interest expense:				
- Borrowings	14,073	11,819	13,102	11,819
Amortisation of transaction costs:				
- Borrowings	4,469	5,216	4,253	5,216
- Guarantee fees	758	–	758	–
- Letter of credit fees	134	–	134	–
	5,361	5,216	5,145	5,216
	19,434	17,035	18,247	17,035

21 Other expenses

	Group		Trust	
	2022	**2021**	**2022**	**2021**
	$'000	**$'000**	**$'000**	**$'000**
Depreciation expense	14	13	–	–
Handling and processing fees	365	274	365	274
Professional fees	694	766	694	677
Project expenses	388	965	965	965
Losses on disposal of quoted shares	30	3	–	–
Others	226	223	202	313
	1,717	2,244	2,226	2,229

22 Total return/(loss) for the year before income tax

The following items have been included in arriving at net income for the year:

	Group		Trust	
	2022	**2021**	**2022**	**2021**
	$'000	**$'000**	**$'000**	**$'000**
Audit fees to:				
- auditors of the Trust	584	537	457	397
- member firms of the auditors of the Trust	153	–	–	–
- other auditors	123	136	–	–
Non-audit fees to:				
- auditors of the Trust	4	–	–	–
- member firms of the auditors of the Trust	–	–	–	–
- other auditors	55	–	–	–

23 Income tax expenses

	Group		Trust	
	2022	**2021**	**2022**	**2021**
	$'000	**$'000**	**$'000**	**$'000**
Current tax expense				
Current year	7,432	7,551	–	–
Withholding tax	7,379	4,675	–	–
Deferred tax expense	3,558	471	–	–
Total income tax expenses	18,369	12,697	–	–

23 Income tax expenses (cont'd)

Reconciliation of effective tax rate

	Group		Trust	
	2022	**2021**	**2022**	**2021**
	$'000	**$'000**	**$'000**	**$'000**
Total return/(loss) for the year before income tax	51,954	75,810	(2,926)	50,095
Tax using Singapore tax rate of 17% (2021: 17%)	8,832	12,888	(497)	8,516
Effect of tax rates in foreign jurisdictions	238	(7,900)	–	–
Tax-exempt income	–	(461)	(11,804)	(11,898)
Non-deductible expenses	2,449	4,176	12,830	4,063
Foreign withholding tax	7,379	4,675	–	–
Tax transparency	(529)	(681)	(529)	(681)
	18,369	12,697	–	–

24 Earnings per unit

	Group	
	2022	**2021**
Total return attributable to unitholders during the year ($'000)	31,009	59,908
Weighted average number of units outstanding during the year ('000)	1,981,551	1,499,382
Earnings per unit (in cents)		
Basic and diluted	1.56	4.00

There were no potential dilutive units for the years ended 31 December 2022 and 31 December 2021. As such, the total return attributable to unitholders and the weighted average number of units used in the calculation of diluted earnings per unit are the same as those used in the calculation of basic earnings per unit.

25 Distributions to unitholders

	Group and Trust	
	2022	**2021**
	$'000	**$'000**
Distribution of 0.66 cents per unit for the period from 1 October 2021 to 31 December 2021 (0.84 cents per unit for the period from 1 October 2020 to 31 December 2020)	10,668	6,780
Distribution of 0.66 cents per unit for the period from 1 January 2022 to 31 March 2022 (0.65 cents per unit for the period from 1 January 2021 to 31 March 2021)	11,682	10,443
Distribution of 0.66 cents per unit for the period from 1 April 2022 to 30 June 2022 (0.65 cents per unit for the period from 1 April 2021 to 30 June 2021)	13,558	10,460
Distribution of 0.66 cents per unit for the period from 1 July 2022 to 30 September 2022 (0.65 cents per unit for the period from 1 July 2021 to 30 September 2021)	13,581	10,485
	49,489	38,168

25 Distributions to unitholders (cont'd)

On 13 February 2023, the Manager declared a distribution of 0.66 cents per unit, amounting to $13,592,000, in respect of the period from 1 October 2022 to 31 December 2022.

Current distribution policy:

The Trust's current distribution policy is to distribute at least 90% of its taxable income, whereas the tax-exempt income and capitalised receipts with the actual level distribution to be determined at the Manager's discretion. The capital receipts comprise amounts received by the Trust from redemption of redeemable preference shares and shareholder loans in the Singapore subsidiaries.

26 Financial ratios

	Group		Trust	
	2022	**2021**	**2022**	**2021**
Expenses to average net assets attributable to unitholders ratio - excluding performance related fees [1]	1.15%	1.35%	1.71%	2.60%
Expenses to average net assets attributable to unitholders ratio - including performance related fees [1]	2.04%	2.35%	3.12%	4.54%
Portfolio turnover ratio [2]	15.30%	2.78%	N/M	N/M
Total operating expenses ($'000) [3]	33,557	26,492	12,236	11,839
Total operating expenses to net asset [a] value ratio [3]	5.31%	4.48%	2.85%	3.47%

(a) Referred to the net assets attributable to unitholders.

(1) The annualised ratios are computed in accordance with the guidelines of the Investment Management Association of Singapore dated 25 May 2005. The expenses used in the computation relate to expenses excluding any property related expenses, interest expenses, foreign exchange losses, tax deducted at source and costs associated with the purchase of investments.

(2) Turnover ratio means the number of times per year that a dollar of assets is reinvested. It is calculated based on the lesser of purchases or sales of underlying investments of a scheme expressed as a percentage of daily average net asset value.

(3) The revised CIS Code dated 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 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 for the Trust during financial year ended 31 December 2022 and 31 December 2021.

27 Leases

Leases as lessor (FRS 116)

Operating lease

The Group and the Trust lease out its investment properties (note 4) under non-cancellable leases. The Group and the Trust have classified these leases as operating leases, because they do not transfer substantially all of the risks and rewards incidental to the ownership of the assets. Information about the operating leases of investment properties 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		Trust	
	2022	2021	2022	2021
	$'000	$'000	$'000	$'000
Less than one year	89,436	75,621	4,312	4,235
One to two years	90,382	76,280	4,414	4,312
Two to three years	93,027	79,270	4,495	4,414
Three to four years	91,667	82,236	4,584	4,495
Four to five years	90,633	81,179	1,577	4,584
More than five years	892,129	851,566	–	1,577
Total	1,347,274	1,246,152	19,382	23,617

28 Significant related party transactions

In addition to the related party information disclosed elsewhere in the financial statements, the following significant transactions took place between the Group, the Trust, the Manager, and related parties during the year on terms agreed between the parties. Other related parties for the property rental income and assets management fee comprises mainly entities which controlled by the controlling shareholders of the Trust.

	Group		Trust	
	2022	2021	2022	2021
	$'000	$'000	$'000	$'000
Other related parties				
Property rental income	88,064	90,807	–	–
Fellow subsidiary				
Assets management fee	(908)	–	–	–
The Manager				
Management fees paid to Manager	(9,469)	(9,110)	(9,426)	(9,066)
The Trustee				
Trustee fees	(374)	(311)	(374)	(311)

29 Operating segments

Information about reportable segment profit or loss and assets

The Group is engaged in a single business of investing in investment properties in the healthcare and/or healthcare related sector. As at 31 December 2022, the Group had three reportable operating segments: Singapore operations, Indonesia operations, and Japan operations (2021: three reportable operating segments: Singapore operations, Indonesia operations, and 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.

The management reporting system evaluates performances based on a number of factors. However, the primary financial performance measurement is to evaluate the properties based on their returns and yields.

	Singapore $'000	Indonesia $'000	Japan[1] $'000	Total $'000
2022				
Profit or loss reconciliation				
Rental and other income	4,226	94,364	12,685	111,275
Net property income and other income	3,773	93,743	11,043	108,559
Interest income	101	176	–	277
Manager's management fees				(9,469)
Asset management fees				(908)
Trustee fees				(378)
Finance costs	(18,174)	–	(1,260)	(19,434)
Other expenses				(1,717)
Net income				76,930
Net fair value losses on investment properties	(917)	(21,278)	(456)	(22,651)
Loss on disposal of a subsidiary	–	(713)	–	(713)
Net fair value losses of derivative financial instruments				(420)
Net foreign exchange losses				(1,192)
Total return before income tax				51,954
Income tax expense	–	(14,007)	(4,362)	(18,369)
Total return after income tax				33,585
Assets				
Segment assets including investment properties	55,269	836,982	306,374	1,198,625
Total assets				1,198,625

[1] Pertain to subsidiaries acquired in March 2022 and subsidiaries set-up in September 2022 and relate to amounts for the period from 1 March 2022 to 31 December 2022.

29 Operating segments (cont'd)

	Singapore $'000	Indonesia $'000	South Korea[1] $'000	Total $'000
2021				
Profit or loss reconciliation				
Rental and other income	5,144	96,631	571	102,346
Impairment allowance on trade receivables	–	–	(632)	(632)
Net property income and other income	4,689	95,646	(119)	100,216
Interest income	22	124	–	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	(764)	(3,756)	–	(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	74,251	975,284	–	1,049,535
Total assets				1,049,535

[1] Disposed in August 2021.

Income is attributed to countries on the basis of the location of the investment properties. The non-current assets comprise mainly of investment properties which are analysed by the geographical area in which the assets are located (see the statements of portfolio for the carrying value of these assets).

Income from the Group's top one and top two customers are from Indonesia. In aggregate, such revenue amounted to $50,412,000 and $88,064,000 (2021: $54,310,000 and $90,807,000) and contributed 45.3% and 79.1% (2021: 53.1% and 88.7%) of the Group's revenue respectively during the years ended 31 December 2022 and 31 December 2021.

30 Financial instruments

Financial risk management

Overview

The Group has exposure to credit risk, liquidity risk and market risk arising from financial instruments.

This note presents information about the Group's exposure to each of the above risks, the Group's objectives, policies and processes for measuring and managing risk, and the Group's management of capital.

Risk management framework

The Board of Directors of the Manager has overall responsibility for the establishment and oversight of the 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.

Climate-related risks

The Group began introducing and reporting on climate-related risks in 2021 sustainability report of the Group with reference to the Task Force on Climate-Related Financial Disclosures ("TCFD") framework, which is also aligned with the requirements of the Guidelines on Environmental Risk Management ("EnRM") for assets managers as set out by the MAS.

While there was no significant impact from climate risk or climate-related risks directly on the Group's assets and activities, the Manager recognises that climate risk and climate-related risks arising from the locations of the Group's assets can have impact on revenues, expenditures, assets & liabilities, capital and financing.

The Group distinguishes between physical risks and transition risk. Physical risks such as rising global temperature and heatwaves, tropical cyclones, or typhoons are identified by the Manager as long-term risks, whereby the impact is likely to peak beyond the time horizon of ten to 30 years. Transition risks arise as a results of measures required to mitigate the effects of climate change and transition to a low-carbon economy, has the potential to dampen the severity of physical risks brought about by the climate change. It is expected that stringent policies will be implemented globally which may entail extensive policy, legal, technology and market changes posing varying levels of financial and reputational risk. The extent and severity of transition risks can be difficult to ascertain given its dependency on both climate and economic factors that could emerge between the short (one to three years) to medium (four to six years) term. In the short- to medium-term, the impact of these transition risks, which are usually from policies, is likely to be greater than the impact of physical risks associated with climate change, which are expected to become more significant beyond the medium term.

The Manager has developed an EnRM framework to manage the Group's climate and environmental-related risks. The Board of Directors (the "Board") of the Manager, with support from the sustainability team, has the oversight over the EnRM implementation and disclosures. The sustainability team comprises representatives from departments such as Asset Management, Compliance, Finance, and Investor Relations, and is chaired by the Chief Executive Officer.

30 Financial instruments (cont'd)

Financial risk management (cont'd)

Risk management framework (cont'd)

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.

Exposure to 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 $1,515,000 (2021: $1,485,000). The lessees, PT Lippo Karawaci Tbk and its subsidiaries, have provided bank guarantees of $42,840,000 (2021: $44,918,000) in lieu of security deposits for rental income from the properties. These guarantees which expired in 2022 have been renewed up to September and December 2023 as appropriate.

The exposure to credit risk for trade receivables at the reporting date by geographic region was as follows:

	Group	
	2022	**2021**
	$'000	**$'000**
Indonesia	4,214	1,381
Singapore	218	–
	4,432	1,381

Expected credit loss assessment for trade receivables

The Group uses an allowance matrix to measure the lifetime ECL of trade receivables from individual tenants. At every reporting date, the historical observed default rates are updated and changes in the forward-looking estimates are analysed. The Group has only a few tenants and for which credit risk can be graded individually. Loss allowance will be recognised for receivables from tenants if there is a significant increase in credit risk since the initial recognition. The loss allowance for trade receivables as at 31 December 2022 is insignificant.

30 Financial instruments (cont'd)

Credit risk (cont'd)

Exposure to credit risk (cont'd)

Trade and other receivables (cont'd)

Expected credit loss assessment for trade receivables (cont'd)

The following table provides information about the exposure to credit risk for trade receivables:

	Gross carrying amount 2022 $'000	Gross carrying amount 2021 $'000
Past due less than 30 days	1,917	1,168
Past due 31 to 60 days	218	–
Past due 61 to 90 days	557	205
Past due over 90 days	1,740	8
	4,432	1,381

Non-trade amounts due from subsidiaries and loan to subsidiaries

The Trust holds non-trade receivables from its subsidiaries of $10,291,000 (2021: $11,581,000) and loan to subsidiaries of $32,570,000 (2021: $29,656,000). These balances are amounts lent to subsidiaries to satisfy their funding requirements. Impairment on these balances has been measured on the 12-month expected credit loss basis. The amount of the allowance on non-trade receivable from its subsidiaries and loan to a subsidiary were negligible as at 31 December 2022 and 31 December 2021.

Movement in allowance for impairment losses in respect of trade and other receivables during the year were as follows:

	Group		Trust	
	2022 $'000	2021 $'000	2022 $'000	2021 $'000
At 1 January	–	(5,050)	–	(567)
Impairment losses (recognised)/reversed	–	(632)	–	567
Utilised	–	5,682	–	–
At 31 December	–	–	–	–

30 Financial instruments (cont'd)

Credit risk (cont'd)

Exposure to credit risk (cont'd)

Derivatives

Derivatives 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.

Liquidity risk

Liquidity risk is the risk that the Group will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset.

The Manager monitors its liquidity risk and maintains a level of cash and cash equivalents deemed adequate to finance the Group's operations and to mitigate the effects of fluctuations in cash flows. The Manager also monitors and observes the CIS Code issued by the MAS concerning limits on total borrowings.

30 Financial instruments (cont'd)

Liquidity risk (cont'd)

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	Cash flows Within 1 year $'000	Within 2 to 5 years $'000	More than 5 years $'000
Group					
2022					
Non-derivative financial liabilities					
Borrowings	(451,066)	(525,019)	(18,177)	(506,842)	–
Trade and other payables	(14,994)	(14,994)	(14,994)	–	–
Other liabilities*	(11,704)	(11,704)	–	(2,705)	(8,999)
	(477,764)	(551,717)	(33,171)	(509,547)	(8,999)
Derivative financial instruments					
Interest rate swaps (net-settled)	176	240	459	(219)	–
Interest rate caps (net-settled)	1,072	934	787	147	–
Forward exchange contracts (net-settled)	(493)	(493)	(493)	–	–
	(477,009)	(551,036)	(32,418)	(509,619)	(8,999)
2021					
Non-derivative financial liabilities					
Borrowings	(349,211)	(365,283)	(107,109)	(258,174)	–
Trade and other payables	(18,888)	(18,888)	(18,888)	–	–
Other liabilities*	(4,860)	(4,860)	(4,860)	–	–
	(372,959)	(389,031)	(130,857)	(258,174)	–
Derivative financial instruments					
Interest rate swaps (net-settled)	(673)	(535)	(535)	–	–
	(373,632)	(389,566)	(131,392)	(258,174)	–

* *Excluding rental income received in advance from tenants*

30 Financial instruments (cont'd)

Liquidity risk (cont'd)

	Carrying amount $'000	Contractual cash outflows $'000	Cash flows: Within 1 year $'000	Cash flows: Within 2 to 5 years $'000	Cash flows: More than 5 years $'000
Trust					
2022					
Non-derivative financial liabilities					
Borrowings	(326,313)	(396,242)	(16,923)	(379,319)	–
Trade and other payables	(64,151)	(64,151)	(64,151)	–	–
Loan from a subsidiary	(5,870)	(6,012)	(59)	(5,953)	–
Other liabilities*	(2,038)	(2,038)	–	(2,038)	–
	(398,372)	(468,443)	(81,133)	(387,310)	–
Derivative financial instruments					
Interest rate swaps (net-settled)	176	240	459	(219)	–
Interest rate caps (net-settled)	1,072	934	787	147	–
Forward exchange contracts (net-settled)	(493)	(493)	(493)	–	–
	(397,617)	(467,762)	(80,380)	(387,382)	–
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)	–	–
Other liabilities*	(1,998)	(1,998)	(1,998)	–	–
	(380,211)	(396,283)	(138,109)	(258,174)	–
Derivative financial instruments					–
Interest rate swaps (net-settled)	(673)	(535)	(535)	–	–
	(380,884)	(396,818)	(138,644)	(258,174)	–

* *Excluding rental income received in advance from tenants*

30 Financial instruments (cont'd)

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, Singapore, and Japan (2021: 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 JPY, IDR and Singapore dollar ("SGD").

The Group management monitors the Group's foreign currency risk exposure and when appropriate, uses financial derivatives such as currency forward contracts to hedge such exposure, only to the extent that the foreign currency exposure relates to monetary items. The Group does not hedge foreign currency exposure arising from (i) non-monetary items; and (ii) translation of Group's entities financial statements.

Exposure to currency risk

The Group's exposures to various foreign currencies are shown in SGD, translated using the spot rate as at 31 December as follows:

	JPY $'000	IDR $'000	SGD $'000
Group			
2022			
Financial assets			
- Other receivables	1,896	–	–
- Loan to subsidiaries	8,780	–	–
- Cash and cash equivalents	–	1,336	–
Financial liabilities			
- Other payables	(11)	–	(880)
- Loan from a subsidiary	(5,870)	–	–
Net exposure	4,795	1,336	(880)
2021			
Financial assets			
- Cash and cash equivalents	–	3,328	–
Financial liabilities			
- Other payables	–	–	(264,607)
Net exposure	–	3,328	(264,607)

NOTES TO THE FINANCIAL STATEMENTS

30 Financial instruments (cont'd)

Market risk (cont'd)

Currency risk (cont'd)

Exposure to currency risk (cont'd)

The Trust's exposures to various foreign currencies are shown in SGD, translated using spot rate as at 31 December as follows:

	JPY $'000
Trust	
2022	
Financial assets	
- Other receivables	360
- Loan to a subsidiary	8,780
Financial liabilities	
- Other payables	(11)
- Loan from a subsidiary	(5,870)
Net exposure	3,259

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	
	2022 $'000	**2021 $'000**
Group		
JPY	240	–
IDR	67	166
SGD	(44)	(13,230)
Trust		
JPY	163	–

30 Financial instruments (cont'd)

Market risk (cont'd)

Exposure to currency risk (cont'd)

Sensitivity analysis

Interest rate risk

The Manager's strategy to manage the risk of potential interest rate volatility may be through the use of interest rate hedging instruments and/or fixed rate borrowings. The Manager will regularly evaluate the feasibility of putting in place the appropriate level of interest rate hedges, after taking into account the prevailing market conditions.

Derivative financial instruments are used to manage exposures to interest rate risks arising from financing activities. Derivative financial instruments are not used for trading purposes. However, derivatives that do not qualify for hedge accounting are accounted for as trading instruments.

The Group's exposure to interest rate risk arises primarily from its variable-rate borrowings. The Group's policy is to obtain the most favourable interest rates available without increasing its interest risk exposure.

Managing interest rate benchmark reform and associated risks

A fundamental reform of major interest rate benchmarks is being undertaken globally, including the replacement of some interbank offered rates ("IBORs") with alternative nearly risk-free rates (referred to as "interest rate benchmark reform").

In 2022, the Group's non-derivative financial liabilities that were indexed to Singapore Dollar Swap Offer Rate ("SOR") have been fully repaid. The secured TMK bonds were indexed to Tokyo Term Risk Free Rate ("TORF") of subsidiaries during the year. As at 31 December 2022, the Group's outstanding non-derivative financial liabilities have been indexed to Singapore Overnight Rate Average ("SORA") and TORF, and there is no remaining IBOR exposure.

As at 31 December 2022, the interest rate swap and interest rate caps have floating legs that are indexed to SORA and are governed by contracts based on the International Swaps and Derivatives Association ("ISDA")'s master agreements.

30 Financial instruments (cont'd)

Market risk (cont'd)

Interest rate risk (cont'd)

Managing interest rate benchmark reform and associated risks (cont'd)

At the reporting date, the interest rate profile of the interest-bearing financial instruments was as follows:

	Nominal amount	
	2022	**2021**
	$'000	**$'000**
Group		
Fixed rate instruments		
Effect of borrowings	(100,000)	–
Interest rate swaps	(85,000)	–
Interest rate caps	(90,000)	–
	(275,000)	–
Variable rate instruments		
Effect of borrowings	(361,198)	(352,374)
Interest rate swaps	85,000	196,831
Interest rate caps	90,000	–
	(186,198)	(155,543)
Trust		
Fixed rate instruments		
Effect of borrowings	(100,000)	–
Loan to subsidiaries	8,780	–
Interest rate swaps	(85,000)	–
Interest rate caps	(90,000)	–
	(266,220)	–
Variable rate instruments		
Effect of borrowings	(235,713)	(352,374)
Loan from subsidiaries	(5,870)	–
Loan to subsidiaries	23,790	29,656
Interest rate swaps	85,000	196,831
Interest rate caps	90,000	–
	(42,793)	(125,887)

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.

30 Financial instruments (cont'd)

Market risk (cont'd)

Interest rate risk (cont'd)

Sensitivity analysis for variable rate instruments

For variable instruments, a change of 100 basis points in interest rates at the reporting date would impact profit or loss (before any tax effects) by the amount shown below. This analysis assumes that all other variables remain constant.

	Statement of total return	
	100 bp increase $'000	**100 bp decrease $'000**
Group		
31 December 2022		
Variable rate instruments		
Effect of borrowings	(3,612)	3,612
Interest rate swaps	850	(850)
Interest rate caps	900	(900)
	(1,862)	1,862
31 December 2021		
Variable rate instruments		
Effect of borrowings	(3,524)	3,524
Interest rate swaps	1,968	(1,968)
	(1,556)	1,556
Trust		
31 December 2022		
Variable rate instruments		
Effect of borrowings	(2,357)	2,357
Loan from a subsidiary	(59)	59
Loan to a subsidiary	238	(238)
Interest rate swaps	850	(850)
Interest rate caps	900	(900)
	(428)	428
31 December 2021		
Variable rate instruments		
Effect of borrowings	(3,524)	3,524
Loan to a subsidiary	297	(297)
Interest rate swaps	1,968	(1,968)
	(1,259)	1,259

30 **Financial instruments (cont'd)**

Market risk (cont'd)

Interest rate risk (cont'd)

Offsetting financial assets and financial liabilities

Financial instruments such as loans and receivables and financial liabilities are not disclosed in the tables below unless they are offset in the statement of financial position.

The Group and the Trust entered into transactions under ISDA master netting agreements. In general, under such agreements the amount owed by each counterparty that are due on a single day in respect of all transactions outstanding in the same currency under the agreement are aggregated into a single net amount being payable by one party to the other. In certain circumstances, for example when a credit event such as a default occurs, all outstanding transactions under the agreement are terminated, the termination value is assessed and only a single net amount is due or payable in settlement of all transactions.

The above ISDA agreements do not meet the criteria for offsetting in the statement of financial position. This is because they create a right of set-off of recognised amounts that is enforceable only following an event of default, insolvency or bankruptcy of the Group or the counterparties. In addition, the Group and its counterparties do not intend to settle on a net basis or to realise the assets and settle the liabilities simultaneously.

The following table sets out the carrying amounts of recognised financial instruments that are subject to the above agreements.

	Gross amount of recognised financial instruments $'000	Gross amount of recognised financial instruments offset in the statement of financial position $'000	Net amount of financial instruments presented in the statement of financial position $'000	Related amount not offset in the statement of financial position $'000	Net amount $'000
Group and Trust					
2022					
Derivative assets					
Interest rate swaps	176	–	176	–	176
Interest rate caps	1,072	–	1,072	–	1,072
	1,248	–	1,248	–	1,248
Derivative liabilities					
Forward exchange contracts (net-settled)	(493)	–	(493)	–	(493)

30 Financial instruments (cont'd)

Market risk (cont'd)

Interest rate risk (cont'd)

Offsetting financial assets and financial liabilities (cont'd)

	Gross amount of recognised financial instruments	Gross amount of recognised financial instruments offset in the statement of financial position	Net amount of financial instruments presented in the statement of financial position	Related amount not offset in the statement of financial position	Net amount
	$'000	$'000	$'000	$'000	$'000
Group and Trust					
2021					
Derivative assets					
Interest rate swaps	(673)	–	(673)	–	(673)

The gross amounts of financial assets and financial liabilities and their net amounts as presented in the statement of financial position that are disclosed in the above table are measured in the statement of financial position on following basis:

- interest rate swaps - fair value;
- interest rate caps - fair value; and
- forward exchange contracts - fair value (net settled).

Capital management

The Manager's principal objectives are to deliver regular and stable distributions to Unitholders and to achieve sustainable long-term growth in distributions and in the net asset value per unit, while maintaining an appropriate capital structure. Capital consists of all components of equity of the Group.

The Group's capital funding objectives are to maintain a strong statement of financial position, manage the cost of debt financing, and potential refinancing or repayment risks, secure diversified funding sources and implement appropriate hedging strategies to manage interest rate volatility and foreign exchange exposure, after taking into account prevailing market conditions.

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% (2021: 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.

30 Financial instruments (cont'd)

Capital management (cont'd)

The Aggregate Leverage of the Group as at 31 December 2022 was 38.5% (2021: 33.6%) of its Deposited Property with an ICR of 5.0 times (2021: 5.2 times) and adjusted ICR of 4.4 times (2021: 4.4 times).

The Manager monitors the level, nature of debt and leverage ratios, along with the compliance with financial covenants on quarterly basis to ensure that sufficient resources exist. The Group aims to maintain a healthy debt-to-adjusted capital ratio as part of its long-term policy of ensuring that the Group maintains a good credit rating and lowers its weighted average cost of capital. Net debt is calculated as total debt less cash and cash equivalents. Adjusted capital comprises all components of equity.

	Group		**Trust**	
	2022	**2021**	**2022**	**2021**
	$'000	**$'000**	**$'000**	**$'000**
Net debt:				
All external borrowings	451,066	349,211	326,313	349,211
Less: cash and cash equivalents	(46,103)	(51,203)	(20,259)	(35,137)
Net debt	404,963	298,008	306,054	314,074
Adjusted capital:				
Issued equity	586,783	481,450	586,783	481,450
Retained earnings/(Accumulated losses)	124,573	104,874	(156,868)	(140,056)
Foreign exchange reserve	(79,276)	4,821	–	–
Perpetual securities	33,282	60,675	33,282	60,675
Adjusted capital	665,362	651,820	463,197	402,069
Debt-to-adjusted capital ratio	60.86%	45.72%	66.07%	78.11%

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.

30 Financial instruments (cont'd)

Accounting classifications and fair values

The carrying amounts and fair values of financial assets and financial liabilities, including their levels in the fair value hierarchy are as follows. It does not include fair value information for financial assets and financial liabilities not measured at fair value if the carrying amount is a reasonable approximation of fair value.

	Mandatorily at FVTPL	Amortised cost	Other financial liabilities	Total carrying amount	Level 1	Level 2	Level 3	Total
	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000
Group								
31 December 2022								
Financial assets measured at fair value								
Derivative financial instruments								
– interest rate swaps (net-settled)	176	–	–	176	–	176	–	176
– interest rate caps (net-settled)	1,072	–	–	1,072	–	1,072	–	1,072
	1,248	–	–	1,248				
Financial liabilities measured at fair value								
Forward exchange contracts (net-settled)	(493)	–	–	(493)	–	(493)	–	(493)
Financial liabilities not measured at fair value								
Security deposits	–	–	(11,704)	(11,704)	–	–	(9,001)	(9,001)
Guaranteed bonds	–	–	(95,571)	(95,571)		(95,356)	–	(95,356)
	–	–	(107,275)	(107,275)				

30 **Financial instruments (cont'd)**

Accounting classifications and fair values (cont'd)

	Mandatorily at FVTPL $'000	Amortised cost $'000	Other financial liabilities $'000	Total carrying amount $'000	Level 1 $'000	Level 2 $'000	Level 3 $'000	Total $'000
Group								
31 December 2021								
Financial liabilities measured at fair value								
Derivative financial instruments								
– interest rate swaps (net-settled)	(673)	–	–	(673)	–	(673)	–	(673)
Trust								
31 December 2022								
Financial assets measured at fair value								
Derivative financial instruments								
– interest rate swaps (net-settled)	176	–	–	176	–	176	–	176
– interest rate caps (net-settled)	1,072	–	–	1,072	–	1,072	–	1,072
	1,248	–	–	1,248				
Financial assets not measured at fair value								
Loan to subsidiaries	–	8,780	–	8,780	–	–	8,732	8,732

30 Financial instruments (cont'd)

Accounting classifications and fair values (cont'd)

	Mandatorily at FVTPL	Amortised cost	Other financial liabilities	Total carrying amount	Level 1	Level 2	Level 3	Total
	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000
Trust								
31 December 2022								
Financial liabilities measured at fair value								
Forward exchange contracts (net-settled)	(493)	–	–	(493)	–	(493)	–	(493)
Financial liabilities not measured at fair value								
Security deposits	–	–	(2,038)	(2,038)	–	–	(1,746)	(1,746)
Guaranteed bonds	–	–	(95,571)	(95,571)	–	(95,356)	–	(95,356)
	–	–	(97,609)	(97,609)				
31 December 2021								
Financial liabilities measured at fair value								
Derivative financial instruments – interest rate swaps (net-settled)	(673)	–	–	(673)	–	(673)	–	(673)

30 Financial instruments (cont'd)

Valuation techniques and significant unobservable inputs

The following tables show the valuation techniques used in measuring Level 2 and Level 3 fair values as well as significant unobservable inputs used.

Financial instruments measured at fair value

Type	Valuation technique	Key observable inputs
Group and Trust		
Interest rate swaps, interest rate caps and forward exchange contracts.	The fair values are based on broker quotes. Similar contracts are traded in an active market and the quotes reflect the actual transaction in similar instruments.	Not applicable

Financial instruments not measured at fair value

Type	Valuation technique	Key observable inputs
Group		
Security deposits	Discounted cash flows: The valuation model considers the present value of expected payment, discounted using a risk-adjusted discount rate.	Discount rate: 1.11% to 3.62% (2021: Nil)
Guaranteed bonds	Market quoted prices	Not applicable
Trust		
Security deposits	Discounted cash flows: The valuation model considers the present value of expected payment, discounted using a risk-adjusted discount rate.	Discount rate: 3.62% (2021: Nil)
Guaranteed bonds	Market quoted prices	Not applicable
Loan to subsidiaries	Discounted cash flows: The valuation model considers the present value of expected payment, discounted using a risk-adjusted discount rate.	Discount rate: 1.40% (2021: Nil)

31 Listing of entities in the Group

The following are the Group's significant subsidiaries:

Name of company	Principal activities	Country of incorporation	% of paid-up capital held by The Trust 2022 %	The Trust 2021 %	Subsidiaries 2022 %	Subsidiaries 2021 %
PT Bayutama Sukses [(a)]	Property holding – Siloam Hospitals Makassar	Indonesia	–	–	100	100
PT Graha Indah Pratama [(a)]	Property holding – Siloam Hospitals Kebon Jeruk	Indonesia	–	–	100	100
PT Graha Pilar Sejahtera [(a)]	Property holding – Siloam Hospitals Lippo Cikarang	Indonesia	–	–	100	100
PT Karya Sentra Sejahtera [(a)]	Property holding – Imperial Aryaduta Hotel & Country Club	Indonesia	–	–	100	100
PT Menara Abadi Megah [(a)]	Property holding – Siloam Hospitals Manado & Hotel Aryaduta Manado	Indonesia	–	–	100	100
PT Primatama Cemerlang [(a)]	Property holding – Mochtar Riady Comprehensive Cancer Centre	Indonesia	–	–	100	100
PT Sentra Dinamika Perkasa [(a)]	Property holding – Siloam Hospitals Lippo Village	Indonesia	–	–	100	100
PT Tata Prima Indah [(c)]	Property holding – Siloam Hospitals Surabaya	Indonesia	–	–	– [(c)]	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

31 Listing of entities in the Group (cont'd)

Name of company	Principal activities	Country of incorporation	% of paid-up capital held by The Trust 2022 %	The Trust 2021 %	Subsidiaries 2022 %	Subsidiaries 2021 %
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 Perisai Dunia Sejahtera [a]	Property holding – Siloam Hospitals TB Simatupang	Indonesia	–	–	100	100
OUELH Japan First TMK [b]	Property holding – 12 Japan nursing homes[d]	Japan	–	–	100	–
First REIT Japan Two GK [b]	Property holding – Two Japan nursing homes[e]	Japan	–	–	100	–
Joint operation held by subsidiary, Icon1 Holdings Pte. Ltd.						
PT Yogya Central Terpadu [a] (Note A)	Property holding – Siloam Hospitals Yogyakarta	Indonesia	–	–	31%	31%

[a] Audited by RSM Indonesia, member firm of RSM International
[b] Audited by KPMG AZSA LLC, Tokyo
[c] Disposed in September 2022
[d] Hikari Heights Varus Ishiyama, Hikari Heights Varus Tsukisamu Koen, Hikari Heights Varus Fujino, Hikari Heights Varus Kotoni, Varus Cuore Yamanote, Hikari Heights Varus Makomanai Koen, Varus Cuore Sapporo Kita/Annex, Elysion Gakuenmae, Elysion Mamigaoka/ Mamigaoka Annex, Orchard Amanohashidate, Orchard Kaichi North, and Orchard Kaichi West
[e] Medical Rehabilitation Home Bon Séjour Komaki and Loyal Residence Ayase

31 Listing of entities in the Group (cont'd)

Note A

In 2017, the Trust and Lippo Malls Indonesia Retail Trust entered into a joint venture deed (the "Deed") to jointly own the Yogyakarta property through PT Yogya Central Terpadu ("PT YCT") subsequent to the approval of the relevant licenses. Icon1 Holdings Pte. Ltd. ("Icon1") transferred 18,850,000 of its existing Class A shares to Icon2 Investment Pte. Ltd. ("Icon2"). As a result, Icon1 holds 66,150,000,000 Class A shares and Icon2 holds 142,500,000,000 Class B shares in PT YCT. As holders of Class A shares, Icon1 has the exposure to all the economic rights, obligations, revenue, profits and dividends in respect of the hospital component. Icon2 has exposure to all the economic rights, obligations, revenue, profits and dividends in respect of the retail mall component.

Any non-property-related common expenses of the hospital and retail mall component are borne by Icon1 and Icon2 in the proportion of 31% and 69% respectively. All property-related common expenses of the hospital component are borne by Icon1.

32 Acquisition of subsidiaries

The Group acquires subsidiaries that own investment properties in the healthcare and/or healthcare related sector, and the primary reason for the Group's acquisitions is to expand its portfolio of investment properties in different geographical locations. At the time of acquisition, the Group considers whether each acquisition represents the acquisition of a business or the acquisition of an asset. The Group accounts for an acquisition as a business combination where an integrated set of activities is acquired in addition to the property. Typically, the Group assesses the acquisition as a purchase of business when the strategic management function and the associated processes were purchased along with the underlying properties.

On 1 March 2022, the Trust completed its acquisition of 100% of the issued and paid-up share capital of OUELH Japan Medical Facilities Pte. Ltd. ("JMF") and 100% of the issued and paid-up share capital of OUELH Japan Medical Assets Pte. Ltd. ("JMA") (collectively known as the "Japan Subsidiaries"), from a related party, OUELH.

In the absence of the strategic management function and the associated processes that were acquired along with the investment properties, the acquisition of the Japan Subsidiaries was accounted for as an asset acquisition.

32 Acquisition of subsidiaries (cont'd)

The fair value of identifiable assets and liabilities of the Japan Subsidiaries as at 1 March 2022 (the date of acquisition) and the cashflow effect of the acquisition were:

	$'000
Investment properties	296,741
Trade and other receivables	41,801
Cash and cash equivalents	22,008
Borrowings	(126,574)
Trade and other payables	(24,759)
Other liabilities	(7,323)
Deferred tax liabilities	(32,861)
Income tax payable	(11)
Total identifiable net assets at fair value	169,022
Purchase consideration	(165,947)
Acquisition costs	(3,075)
Purchase consideration (including acquisition costs*)	(169,022)
Effect of the acquisition on cash flows	
Purchase consideration (including acquisition costs)	(169,022)
Add:	
- Cash at bank of subsidiaries acquired	22,008
- Considerations paid in units	131,500
- Accrued acquisition costs	864
- Novation of intercompany loans and balances	19,934
Net cash inflow on acquisition of subsidiaries, net of cash acquired	5,284

* Acquisition costs amount to $3,075,000. Included in the acquisition costs are the audit fees paid to the auditors of the Trust, amounting to $45,000.

For 10 months ended, 31 December 2022, the Japan Subsidiaries contributed revenue of $12,685,000 and profit of $15,232,000 to the Group's result. If the acquisition had occurred on 1 January 2022, management estimated the consolidated revenue would have been $15,515,000, and consolidated profit for the year would have been $16,949,000. In determining these amounts, management has assumed that the fair value adjustments, determined provisionally, that arose on the date of acquisition would have been the same if the acquisition had occurred on 1 January 2022.

33 Disposal of a subsidiary

2022

On 27 September 2022, the Group has through its indirect wholly-owned subsidiaries, Primerich Investments Pte. Ltd. and Surabaya Hospitals Investment Pte. Ltd., completed the disposal of 100% of issued and paid-up share capital of PT TPI for a total sales consideration of IDR 430,000,000,000 (approximately $40,345,000).

PT TPI previously contributed net profit of $2,146,000 from 1 January 2022 to the date of disposal.

Effect of the disposal

	$'000
The cash flow and net asset of PT TPI were as follows:	
Investment properties	40,438
Other payables	–*
Cash and cash equivalents	–*
Net assets disposed	40,438
Realisation of foreign exchange reserves	44
Tax expense relating to the disposal	(2,017)
	38,465
Loss on disposal of a subsidiary (including transaction costs[1])	(713)
	37,752
Less: Cash and cash equivalents disposed	–*
Add: Transaction costs – Manager's divestment fees paid in units	202
Net cash inflow on disposal of subsidiaries, net of cash disposed	37,954

* Amount less than $1,000

[1] Included in the transaction costs are the audit fees paid to the auditors of the Trust, amounting to $37,000.

33 Disposal of a subsidiary (cont'd)

2021

On 19 July 2021, the Group has through its indirect wholly-owned subsidiary, Kalmore Investments Pte. Ltd., completed the disposal of 100% of issued and paid-up share capital of Kalmore (Korea) Limited ("KKL") for a total sales consideration of Korea won 34,110,000 (approximately $40,000).

KKL previously contributed net profit of $2,610,000 from 1 January 2021 to the date of disposal.

Effect of the disposal

	$'000
The cash flow and net asset of KKL were as follows:	
Cash and cash equivalents	378
Trade and other payables	(472)
Net liabilities disposed	(94)
Realisation of foreign exchange reserves	(972)
	(1,066)
Gain on disposal of a subsidiary (including transaction cost)	1,106
	40
Less: Cash and cash equivalents disposed	(378)
Net cash outflow on disposal of a subsidiary, net of cash disposed	(338)

34 Subsequent events

There were the following events subsequent to the reporting date:

(i) On 17 February 2023, the Trust issued 1,792,440 new units at the issuance price of $0.2594 per unit, amounting to $465,000, to the Manager as partial payment of management base fee for the period from 1 October 2022 to 31 December 2022. The issue price was based on the volume weighted average traded price for all trades done on the SGX-ST in the ordinary course of trading for the last 10 business days of the quarter.

(ii) On 17 February 2023, the Trust issued 3,228,673 new units at the issuance price of $0.2985 per unit, amounting to $964,000, to the Manager as payment of 50% of the management performance 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.

INTERESTED PERSON TRANSACTIONS

The transactions entered into with interested persons during the financial year 31 December 2022, which fall within the Listing Manual of Singapore Exchange Securities Trading Limited ("SGX-ST") and the Property Funds Appendix of the Code on Collective Investment Scheme are as follows:

Name of Interested Person

Name of Interested Person	Nature of relationship	Aggregate value of all interested person transactions during the financial year under review (excluding transactions less than S$100,000 and transactions conducted under unitholders' mandate pursuant to Rule 920)	Aggregate value of all interested person transactions conducted under unitholders' mandate pursuant to Rule 920 (excluding transactions less than S$100,000)
First REIT Management Limited - Manager's management fees	Manager of First REIT	S$9,469,000	-
FRM Japan Management K.K. - Asset management fees	Associate of the controlling shareholder of the Manager and controlling Unitholder of First REIT	S$908,000	-
Perpetual (Asia) Limited - Trustee fees	Trustee of First REIT	S$374,000	-
PT Lippo Karawaci Tbk and its subsidiaries - Rental income	Associates of the controlling shareholder of the Manager and controlling Unitholder of First REIT	S$88,064,000	-

Saved as disclosed above, there will no additional interested person transactions (excluding transactions of less than S$100,000 each) entered into during the financial year under review or any material contracts entered into by the Trust that involved the interests of the CEO, any Director or any controlling shareholder of the Trust.

Fees payable to the Manager in accordance with the terms and conditions of the Trust Deed dated 19 October 2016 (subsequently amended by First Supplemental Deed dated 6 September 2007, Second Supplemental Deed dated 19 April 2010, Third Supplemental Deed dated 26 April 2011, Fourth Supplemental Deed dated 1 April 2013, First Amending and Restating Deed dated 23 March 2016, Supplemental Deed of Retirement and appointment of Trustee dated 1 November 2017, Fifth Supplemental Deed dated 22 May 2018, Sixth Supplemental Deed dated 30 April 2019, Seventh Supplemental Deed dated 7 April 2020 and Eighth Supplemental Deed dated 25 February 2022) are not subject to Rules 905 and 906 of the SGX-ST's Listing Manual. Accordingly, such fees are not subject to aggregation and other requirements under Rules 905 and 906 of the SGX-ST's Listing Manual.

Please see significant related party transactions on note 28 in the financial statements.

Subscription of the Trust Units

During the financial year ended 31 December 2022, 13,613,833 new units were issued as payment of management fees.

STATISTICS OF UNITHOLDINGS

AS AT 2 MARCH 2023

DISTRIBUTION OF UNITHOLDINGS

SIZE OF UNITHOLDINGS	NO. OF UNITHOLDERS	%	NO. OF UNITS	%
1 - 99	563	4.07	24,512	0.00
100 - 1,000	1,039	7.50	715,106	0.03
1,001 - 10,000	5,633	40.68	31,876,014	1.55
10,001 - 1,000,000	6,553	47.33	417,746,435	20.24
1,000,001 AND ABOVE	58	0.42	1,613,240,449	78.18
TOTAL	**13,846**	**100.00**	**2,063,602,516**	**100.00**

TWENTY LARGEST UNITHOLDERS

NO.	NAME	NO. OF UNITS	%
1	CITIBANK NOMINEES SINGAPORE PTE LTD	873,285,017	42.32
2	DBS NOMINEES (PRIVATE) LIMITED	139,033,273	6.74
3	CGS-CIMB SECURITIES (SINGAPORE) PTE. LTD.	103,230,688	5.00
4	RAFFLES NOMINEES (PTE.) LIMITED	80,269,905	3.89
5	FIRST REIT MANAGEMENT LIMITED	65,635,618	3.18
6	HSBC (SINGAPORE) NOMINEES PTE LTD	44,701,617	2.17
7	PHILLIP SECURITIES PTE LTD	35,810,796	1.74
8	OCBC SECURITIES PRIVATE LIMITED	30,960,570	1.50
9	DBSN SERVICES PTE. LTD.	24,486,288	1.19
10	SNG KAY BOON TERENCE	21,469,000	1.04
11	IFAST FINANCIAL PTE. LTD.	21,314,419	1.03
12	UNITED OVERSEAS BANK NOMINEES (PRIVATE) LIMITED	20,629,509	1.00
13	MAYBANK SECURITIES PTE. LTD.	18,868,562	0.91
14	ABN AMRO CLEARING BANK N.V.	18,208,566	0.88
15	OCBC NOMINEES SINGAPORE PRIVATE LIMITED	17,591,291	0.85
16	UOB KAY HIAN PRIVATE LIMITED	7,390,403	0.36
17	LIM CHEE YEW (LIN ZHIYOU)	5,800,000	0.28
18	TIGER BROKERS (SINGAPORE) PTE. LTD.	5,056,430	0.25
19	CHIA HOCK HERNG	5,000,000	0.24
20	KGI SECURITIES (SINGAPORE) PTE. LTD.	4,162,062	0.20
	TOTAL	**1,542,904,014**	**74.77**

STATISTICS OF UNITHOLDINGS

AS AT 2 MARCH 2023

Substantial Unitholders
(As recorded in the Register of Substantial Unitholders' Unitholdings as at 2 March 2023)

Name of Substantial Unitholder	Direct Interest No. of Units held	%[24]	Deemed Interest No. of Units held	%[24]
First REIT Management Limited ("FRM")	183,821,798	8.91	-	-
OLH Healthcare Investments Pte. Ltd. ("OHI")	677,997,828	32.86	-	-
OUELH (Singapore) Pte. Ltd. ("OUELH (Singapore)")	-	-	677,997,828 [1]	32.86
OUELH (SEA) Pte. Ltd. ("OUELH (SEA)")	-	-	677,997,828 [1]	32.86
OUE Lippo Healthcare Limited ("OUELH")	-	-	861,819,626 [1][2]	41.76
Treasure International Holdings Pte. Ltd. ("TIHPL")	-	-	861,819,626 [1][2]	41.76
OUE Limited ("OUE")	-	-	915,290,843 [1][2][3]	44.35
OUE Realty Pte. Ltd. ("OUER")	-	-	915,290,843 [4]	44.35
Golden Concord Asia Limited ("GCAL")	-	-	915,290,843 [5]	44.35
Fortune Crane Limited ("FCL")	-	-	915,290,843 [6]	44.35
Lippo ASM Asia Property Limited ("LAAPL")	-	-	915,290,843 [7]	44.35
HKC Property Investment Holdings Limited ("HKC Property")	-	-	915,290,843 [8]	44.35
Hongkong Chinese Limited ("HCL")	-	-	915,290,843 [9]	44.35
Hennessy Holdings Limited ("Hennessy")	-	-	915,290,843 [10]	44.35
Huge Success Limited ("HSL") (f.k.a. Prime Success Limited)	-	-	915,290,843 [11]	44.35
Lippo Limited ("LL")	-	-	916,935,431 [12]	44.43
Lippo Capital Limited ("LCL")	-	-	916,935,431 [13]	44.43
Lippo Capital Holdings Company Limited ("LCH")	-	-	916,935,431 [14]	44.43
Lippo Capital Group Limited ("LCG")	-	-	916,935,431 [15]	44.43
Admiralty Station Management Limited ("Admiralty")	-	-	915,290,843 [16]	44.35
Argyle Street Management Limited ("ASML")	-	-	915,290,843 [17]	44.35
Argyle Street Management Holdings Limited ("ASMHL")	-	-	915,290,843 [18]	44.35
Kin Chan	-	-	915,290,843 [19]	44.35
V-Nee Yeh	-	-	915,290,843 [20]	44.35
PT Trijaya Utama Mandiri ("PT TUM")	-	-	916,935,431 [21]	44.43
James Tjahaja Riady	-	-	916,935,431 [22]	44.43
Stephen Riady	-	-	916,935,431 [23]	44.43

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. HSL is an intermediate holding company of HKC Property. Accordingly, HSL 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 2,063,602,516 issued Units as at 2 March 2023.

STATISTICS OF UNITHOLDINGS

AS AT 2 MARCH 2023

Manager's Directors' Unitholdings
(As recorded in the Register of Directors' Unitholdings as at 21 January 2023)

		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 2 March 2023, approximately 55.31% 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 2 March 2023, First REIT does not hold any treasury units and there is no subsidiary holding.

FIRST REIT

ASIA'S PREMIER HEALTHCARE TRUST

www.first-reit.com

Managed by:

FIRST REIT MANAGEMENT LIMITED

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