

**First Real Estate Investment Trust**

**(Constituted in the Republic of Singapore pursuant to  
a trust deed dated 19 October 2006 (as amended))**

Condensed Interim Financial Statements

Six-month period ended 30 June 2023

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## **Introduction**

First Real Estate Investment Trust (“First REIT” or the “Trust”) is a real estate investment trust constituted by the Trust Deed entered into on 19 October 2006 between First REIT Management Limited (the “Manager”) as the Manager and HSBC Institutional Trust Services (Singapore) Limited as the trustee. First REIT was listed on the Singapore Exchange Securities Trading Limited on 11 December 2006. On 1 March 2018, HSBC Institutional Trust Services (Singapore) Limited retired as the trustee of First REIT in favour of Perpetual (Asia) Limited (the “Trustee”).

First REIT is Singapore’s first healthcare real estate investment trust that aims to invest in a diversified portfolio of income-producing real estate and/or real estate-related assets in Asia that are primarily used for healthcare and/or healthcare-related purposes.

Managed by First REIT Management Limited, First REIT has a portfolio of 32 properties with 11 hospitals, two integrated hospital & malls, one integrated hospital & hotel and one hotel & country club, located in Indonesia, three nursing homes in Singapore and 14 nursing homes in Japan.

Its hospital assets in Indonesia are operated by PT Siloam International Hospitals Tbk, a subsidiary of PT Lippo Karawaci Tbk, a strong brand name in the Indonesian healthcare industry supported by a team of international healthcare professionals whereas The Imperial Aryaduta Hotel & Country Club and Hotel Aryaduta Manado are operated by The Aryaduta Hotel and Resort Group. The Lippo Plaza Kupang and Lippo Plaza Buton are managed by PT Lippo Malls Indonesia. In Singapore, the nursing homes at Bukit Merah and Bukit Panjang are operated by Pacific Healthcare Nursing Home Pte. Ltd. and Pacific Eldercare and Nursing Pte. Ltd., respectively. The Lentor Residence is operated by The Lentor Residence Pte. Ltd. In Japan, seven nursing homes are operated by Hikari Heights Varus Co., Ltd, two nursing homes are operated by Safety Life Co., Ltd, three nursing homes are operated by Orchard Care Co., Ltd, one nursing home is operated by Benesse Style Care Co. Ltd and one nursing home is operated by Social Welfare Research Institute Co. Ltd.

Through First REIT, investors can participate in an asset class that has a focus towards Asia’s growing healthcare sector, which is boosted by an increase in life expectancy in Indonesia, Japan, Singapore and the rest of Southeast Asia.

## Summary of Results

	Note	Group		
		Six-month period ended		
		30 June 2023	30 June 2022	Change
		\$'000	\$'000	%
<b>Rental and other income</b>	1	53,989	53,787	0.4%
<b>Net property and other income</b>	2	52,429	52,724	(0.6%)
Distributable amount	3	25,511	25,254	1.0%
Total issued and issuable units (millions)	4	2,072.3	2,054.4	0.9%
<b>Distribution per unit (cts)</b>	5	1.24	1.32	(6.1%)

Note:

- Rental and other income for 1H 2023 increased by 0.4% to \$54.0 million was mainly due to the contribution from Japan properties which were acquired in March and September 2022, partly offset by the depreciation of Indonesian Rupiah and Japanese Yen against Singapore Dollars. Excluding FRS 116 adjustment on rental straight-lining, rental and other income increased by 4.7% to S\$46.5 million in 1H 2023 from S\$44.3 million in 1H 2022.
- Net property and other income for 1H 2023 decreased by 0.6% to S\$52.4 million mainly due to higher property expenses for Japan properties. Excluding FRS 116 adjustment on rental straight-lining, net property and other income increased 3.6% to S\$44.8 million in 1H 2023 from S\$43.2 million in 1H 2022.
- Distributable income for 1H 2023 increased by 1.0% to \$25.5 million was mainly due to the contribution from Japan properties which were acquired in March and September 2022, partly offset by higher finance costs and depreciation of Indonesian Rupiah against Singapore Dollars.
- In addition to above, the decline in 1H 2023 DPU to 1.24 cents was due to enlarged unit base arose from the issuance of 431.1 million units in March 2022 to partially fund the acquisition of 12 Japan nursing homes.
- DPU included 1Q 2023 DPU of 0.62 cents which was paid on 26 June 2023. The 2Q 2023 DPU is 0.62 cents.

### Distribution Details

<b>Distribution</b>	1 April 2023 to 30 June 2023
<b>Distribution type</b>	(a) Taxable income (b) Tax-exempt income (c) Capital distribution
<b>Distribution rate</b>	Total: 0.62 cents per unit (a) Taxable income: 0.03 cents per unit (b) Tax-exempt income: 0.25 cents per unit (c) Capital distribution: 0.34 cents per unit
<b>Ex-distribution date</b>	8 August 2023 at 9.00 am
<b>Book closure date</b>	10 August 2023 at 5.00 pm
<b>Payment date</b>	25 September 2023

**Condensed Statement of Financial Position**  
**As at 30 June 2023**

	Note	Group		Trust	
		30/6/2023 \$'000	31/12/2022 \$'000	30/6/2023 \$'000	31/12/2022 \$'000
<b>Non-current assets</b>					
Plant and equipment		8	14	–	–
Investment properties	3, a	1,150,746	1,145,343	32,597	32,500
Investments in subsidiaries	4	–	–	753,176	764,149
Loan to subsidiaries		–	–	17,205	19,600
Derivative financial instruments		1,560	1,248	1,560	1,248
		<u>1,152,314</u>	<u>1,146,605</u>	<u>804,538</u>	<u>817,497</u>
<b>Current assets</b>					
Trade and other receivables	5	6,080	5,027	8,699	11,048
Loan to subsidiaries		–	–	12,280	12,970
Other assets		1,360	890	879	400
Cash and cash equivalents		55,088	46,103	18,547	20,259
		<u>62,528</u>	<u>52,020</u>	<u>40,405</u>	<u>44,677</u>
<b>Total assets</b>		<u>1,214,842</u>	<u>1,198,625</u>	<u>844,943</u>	<u>862,174</u>
<b>Non-current liabilities</b>					
Deferred tax liabilities		50,701	50,755	–	–
Borrowings	6, b	458,884	449,613	332,606	326,313
Loan from a subsidiary		–	–	5,843	5,870
Other liabilities		10,789	11,704	2,079	2,038
Derivative financial instruments		121	–	121	–
		<u>520,495</u>	<u>512,072</u>	<u>340,649</u>	<u>334,221</u>
<b>Current liabilities</b>					
Borrowings	6, b	948	1,453	–	–
Income tax payable		997	1,065	4	6
Other liabilities		3,232	3,186	126	106
Loan from a subsidiary		–	–	10,766	10,756
Trade and other payables		14,450	14,994	50,484	53,395
Derivative financial instruments		–	493	–	493
		<u>19,627</u>	<u>21,191</u>	<u>61,380</u>	<u>64,756</u>
<b>Total liabilities</b>		<u>540,122</u>	<u>533,263</u>	<u>402,029</u>	<u>398,977</u>

**Condensed Statement of Financial Position (cont'd)**  
**As at 30 June 2023**

	Note	Group		Trust	
		30/6/2023 \$'000	31/12/2022 \$'000	30/6/2023 \$'000	31/12/2022 \$'000
Represented by:					
<b>Net assets attributable to unitholders</b>					
	8	641,451	632,080	409,645	429,915
Perpetual securities	7	33,269	33,282	33,269	33,282
<b>Total net assets</b>		<u>674,720</u>	<u>665,362</u>	<u>442,914</u>	<u>463,197</u>
<b>Units in issue ('000)</b>	8	<u>2,067,794</u>	<u>2,058,581</u>	<u>2,067,794</u>	<u>2,058,581</u>
<b>Net asset value per unit in cents attributable to unitholders</b>	8	<u>31.02</u>	<u>30.70</u>	<u>19.81</u>	<u>20.88</u>

**Explanatory Notes**

a. Investment Properties

The increase from \$1,145.3 million to \$1,150.7 million was mainly due to appreciation of Indonesian Rupiah against Singapore Dollars, offset by depreciation of Japanese Yen against Singapore Dollars.

b. Borrowings – current and non-current

The increase from \$451.1 million to \$459.8 million is mainly due to loan drawdown of in March 2023 for working capital and the refinancing of TMK bond (note 11).

**Condensed Statement of Total Return**  
**Six-month period ended 30 June 2023**

	<b>Group</b>	<b>Six-month</b>	<b>Six-month</b>
<b>Note</b>	<b>period ended</b>	<b>period ended</b>	<b>period ended</b>
	<b>30/6/2023</b>	<b>30/6/2022</b>	<b>30/6/2022</b>
	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>
<b>Rental and other income</b>	53,989	53,787	
Property operating expenses	9 (1,560)	(1,063)	
<b>Net property and other income</b>	<u>52,429</u>	<u>52,724</u>	
Interest income	239	121	
Manager's management fees	9 (4,474)	(4,718)	
Asset management fees	(562)	(356)	
Trustee fees	(181)	(183)	
Finance costs	9 (11,220)	(8,397)	
Other expenses	9 (1,234)	(940)	
<b>Net income</b>	<u>34,997</u>	<u>38,251</u>	
Net fair value losses on investment properties	(7,546)	(9,746)	
Net fair value gains of derivative financial instruments	585	673	
Net foreign exchange losses	(709)	(698)	
<b>Total return for the period before income tax</b>	9 <u>27,327</u>	<u>28,480</u>	
Income tax expenses	(7,870)	(8,818)	
<b>Total return for the period after income tax</b>	<u>19,457</u>	<u>19,662</u>	
<b>Other comprehensive income:</b>			
<b>Items that may be reclassified subsequently to profit or loss:</b>			
Foreign operations:			
- Currency translation differences	14,670	(26,211)	
<b>Total comprehensive return/(loss) for the period</b>	<u>34,127</u>	<u>(6,549)</u>	
<b>Total return attributable to:</b>			
Unitholders of the Trust	18,635	18,180	
Perpetual securities holders	822	1,482	
	<u>19,457</u>	<u>19,662</u>	
<b>Total comprehensive return/(loss) attributable to:</b>			
Unitholders of the Trust	33,305	(8,031)	
Perpetual securities holders	822	1,482	
	<u>34,127</u>	<u>(6,549)</u>	
<b>Earnings per unit in cents</b>			
Basic and diluted	10 <u>0.90</u>	<u>0.95</u>	

**Statement of Distribution**  
**Six-month period ended 30 June 2023**

	<b>Group</b>	
	<b>Six-month period ended 30/6/2023 \$'000</b>	<b>Six-month period ended 30/6/2022 \$'000</b>
<b>Amount available for distribution to unitholders at beginning of the period</b>	13,593	10,732
Total return for the period after income tax	19,457	19,662
Adjustments for tax purposes (Note A)	6,182	5,462
<b>Amount available for distribution to unitholders</b>	39,232	35,856
Total distribution paid to unitholders	(26,440)	(22,350)
<b>Amount available for distribution to unitholders at end of the period</b>	12,792	13,506
<b>Distribution per unit (cents)</b>	1.24	1.32

Note A - Adjustments for tax purposes:

	<b>Group</b>	
	<b>Six-month period ended 30/6/2023 \$'000</b>	<b>Six-month period ended 30/6/2022 \$'000</b>
Manager's management fees settled in units	2,226	2,262
Change in fair values on investment properties, net of deferred tax	9,240	11,806
Adjustment on rental straight-lining	(7,604)	(9,471)
Net fair value gain of derivative financial instruments	(585)	(673)
Amount reserved for distribution to perpetual securities holders	(822)	(1,482)
Foreign exchange adjustment losses	608	191
Other non-tax deductible items and adjustments	3,119	2,829
	6,182	5,462



**Condensed Statements of Movements in Unitholders' Funds**  
**Six-month period ended 30 June 2023**

	← Unitholders' funds →					
	Issued equity \$'000	Retained earnings \$'000	Foreign exchange reserve \$'000	Subtotal \$'000	Perpetual securities \$'000	Total \$'000
<b>Group</b>						
<b>Operations</b>						
<b>At 1 January 2023</b>	586,783	124,573	(79,276)	632,080	33,282	665,362
Total return for the period	–	19,457	–	19,457	–	19,457
Less: Amount reserved for distribution to perpetual securities holders	–	(822)	–	(822)	822	–
<b>Net increase in net assets resulting from operations</b>	–	18,635	–	18,635	822	19,457
<b>Foreign exchange reserve</b>						
Foreign operations:						
- Currency translation differences	–	–	14,670	14,670	–	14,670
<b>Total comprehensive return</b>	–	18,635	14,670	33,305	822	34,127
<b>Transactions with unitholders and perpetual securities holders</b>						
Manager's management fees settled in units	2,506	–	–	2,506	–	2,506
Change in net assets resulting from creation of units	2,506	–	–	2,506	–	2,506
Distributions to unitholders	(12,808)	(13,632)	–	(26,440)	–	(26,440)
Distributions to perpetual securities holders	–	–	–	–	(835)	(835)
<b>Net decrease in net assets resulting from transactions with unitholders and perpetual securities holders</b>	(10,302)	(13,632)	–	(23,934)	(835)	(24,769)
<b>At 30 June 2023</b>	576,481	129,576	(64,606)	641,451	33,269	674,720

**Condensed Statements of Movements in Unitholders' Funds (cont'd)**  
**Six-month period ended 30 June 2022**

		← Unitholders' funds →					
Group	Note	Issued equity \$'000	Retained earnings \$'000	Foreign exchange reserve \$'000	Subtotal \$'000	Perpetual securities \$'000	Total \$'000
<b>Operations</b>							
<b>At 1 January 2022</b>							
Total return for the period		481,450	104,874	4,821	591,145	60,675	651,820
Less: Amount reserved for distribution to perpetual securities holders		–	19,662	–	19,662	–	19,662
<b>Net increase in net assets resulting from operations</b>		–	(1,482)	–	(1,482)	1,482	–
		–	18,180	–	18,180	1,482	19,662
<b>Foreign exchange reserve</b>							
Foreign operations:							
Currency translation differences		–	–	(26,211)	(26,211)	–	(26,211)
<b>Total comprehensive loss</b>		–	–	(26,211)	(26,211)	–	(26,211)
<b>Transactions with unitholders and perpetual securities holders</b>							
Partial consideration for acquisition of subsidiaries paid in units	14	131,500	–	–	131,500	–	131,500
Manager's management fees settled in units		1,988	–	–	1,988	–	1,988
Change in net assets resulting from creation of units		133,488	–	–	133,488	–	133,488
Distributions to unitholders		(16,957)	(5,393)	–	(22,350)	–	(22,350)
Distributions to perpetual securities holders		–	–	–	–	(1,507)	(1,507)
<b>Net increase/(decrease) in net assets resulting from transactions with unitholders and perpetual securities holders</b>		116,531	(5,393)	–	111,138	(1,507)	109,631
<b>At 30 June 2022</b>		597,981	117,661	(21,390)	694,252	60,650	754,902

**Condensed Statements of Movements in Unitholders' Funds (cont'd)**  
**Six-month period ended 30 June 2023**

	← Unitholders' funds →			Perpetual securities \$'000	Total \$'000
	Issued equity \$'000	Accumulated losses \$'000	Subtotal \$'000		
<b>Trust</b>					
<b>Operations</b>					
<b>At 1 January 2023</b>	586,783	(156,868)	429,915	33,282	463,197
Total return for the period	–	4,486	4,486	–	4,486
Less: Amount reserved for distribution to perpetual securities holders	–	(822)	(822)	822	–
<b>Net increase in net assets resulting from operations/ Total comprehensive return</b>	–	3,664	3,664	822	4,486
<b>Transactions with unitholders and perpetual securities holders</b>					
Manager's management fees settled in units	2,506	–	2,506	–	2,506
Change in net assets resulting from creation of units	2,506	–	2,506	–	2,506
Distributions to unitholders	(12,808)	(13,632)	(26,440)	–	(26,440)
Distributions to perpetual securities holders	–	–	–	(835)	(835)
<b>Net decrease in net assets resulting from transactions with unitholders and perpetual securities holders</b>	(10,302)	(13,632)	(23,934)	(835)	(24,769)
<b>At 30 June 2023</b>	576,481	(166,836)	409,645	33,269	442,914

**Condensed Statements of Movements in Unitholders' Funds (cont'd)**  
**Six-month period ended 30 June 2022**

	← Unitholders' funds →				
	Issued equity \$'000	Accumulated losses \$'000	Subtotal \$'000	Perpetual securities \$'000	Total \$'000
<b>Trust</b>					
<b>Operations</b>					
<b>At 1 January 2022</b>	481,450	(140,056)	341,394	60,675	402,069
Total return for the period	–	11,195	11,195	–	11,195
Less: Amount reserved for distribution to perpetual securities holders	–	(1,482)	(1,482)	1,482	–
<b>Net increase in net assets resulting from operations</b>	–	9,713	9,713	1,482	11,195
<b>Transactions with unitholders and perpetual securities holders</b>					
Partial consideration for acquisition of subsidiaries paid in units	131,500	–	131,500	–	131,500
Manager's management fees settled in units	1,988	–	1,988	–	1,988
Change in net assets resulting from creation of units	133,488	–	133,488	–	133,488
Distributions to unitholders	(16,957)	(5,393)	(22,350)	–	(22,350)
Distributions to perpetual securities holders	–	–	–	(1,507)	(1,507)
<b>Net increase/(decrease) in net assets resulting from transactions with unitholders and perpetual securities holders</b>	116,531	(5,393)	111,138	(1,507)	109,631
<b>At 30 June 2022</b>	597,981	(135,736)	462,245	60,650	522,895

**Condensed Statements of Cash Flows**  
**Six-month period ended 30 June 2023**

	Note	Group	
		Six-month period ended 30/6/2023 \$'000	Six-month period ended 30/6/2022 \$'000
<b>Cash flows from operating activities</b>			
Total return for the period after income tax		19,457	19,662
Adjustments for:			
Interest income		(239)	(121)
Interest expense		8,976	5,810
Amortisation of transaction costs		2,244	2,587
Depreciation expense		7	7
Unrealised foreign exchange losses		608	191
Net fair value losses on investment properties		7,546	9,746
Adjustment on rental straight-lining		(7,604)	(9,471)
Loss on disposal of quoted shares		7	4
Net fair value gain of derivative financial instruments		(585)	(673)
Manager's management fees settled in units		2,226	2,262
Income tax expenses		7,870	8,818
Operating cash flows before changes in working capital		40,513	38,822
Trade and other receivables		(5,135)	40,979
Other assets		(1,093)	1,939
Trade and other payables		1,661	(23,130)
Other liabilities		(857)	7,211
Cash generated from operations		35,089	65,821
Income taxes paid		(2,233)	(2,309)
<b>Net cash flows from operating activities</b>		<b>32,856</b>	<b>63,512</b>
<b>Cash flows from investing activities</b>			
Capital expenditure to investment properties		(1,123)	(1,218)
Acquisition of subsidiaries, net of cash acquired	14	–	5,284
Interest received		195	130
Investments in quoted shares		(117)	(270)
Disposals of quoted shares		110	136
<b>Net cash flows (used in)/from investing activities</b>		<b>(935)</b>	<b>4,062</b>
<b>Cash flows from financing activities</b>			
Distribution to unitholders		(26,440)	(22,350)
Distribution to perpetual securities holders		(835)	(1,507)
Proceeds from borrowings		119,000	100,000
Repayment of borrowings		(101,104)	(100,794)
Payment of transaction costs related to borrowings		(2,222)	(6,790)
Interest paid		(8,976)	(5,644)
<b>Net cash flows used in financing activities</b>		<b>(20,577)</b>	<b>(37,085)</b>
<b>Net increase in cash and cash equivalents</b>		<b>11,344</b>	<b>30,489</b>
Cash and cash equivalents at beginning of the period		46,103	51,203
Effects of exchange fluctuations on cash held		(2,359)	(2,868)
<b>Cash and cash equivalents at end of the period</b>		<b>55,088</b>	<b>78,824</b>

**Condensed Statements of Cash Flows (cont'd)**  
**Six-month period ended 30 June 2023**

**Significant non-cash transactions**

**Group**

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

- For the period from 1 January 2023 to 30 June 2023, 3,584,000 Units, amounting to approximately \$915,000 were issued to the Manager as satisfaction of the base management fee paid to the Manager. The performance management fees for the period from 1 January 2023 to 30 June 2023 amounting to approximately \$1,311,000 will be issued to the Manager in financial year 2024 based on 10 days volume weighted average price as at 31 December 2023.
- For the period from 1 January 2022 to 30 June 2022, 3,566,000 Units, amounting to approximately \$1,029,000 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 30 June 2022 amounting to approximately \$1,233,000 will be issued to the Manager in financial year 2023 based on 10 days volume weighted average price as at 31 December 2022.
- On 1 March 2022, 431,147,541 Units, amounting to approximately \$131,500,000 were issued to OUE Healthcare Limited (“OUEH”) (formerly known as OUE Lippo Healthcare Limited, a related party as partial consideration paid pursuant to the acquisition of subsidiaries (note 14).
- On 1 March 2022, intercompany loans and balances payable by OUEH, amounting to \$19,934,000 were novated from OUEH to First REIT to set off from the purchase consideration payable pursuant to the acquisition of subsidiaries (note 14).

**Statements of Portfolio**  
**As at 30 June 2023**

	<b>Carrying value as at 30/6/2023 \$'000</b>	<b>Percentage of net assets attributable to unitholders as at 30/6/2023 %</b>	<b>Carrying value as at 31/12/2022 \$'000</b>	<b>Percentage of net assets attributable to unitholders as at 31/12/2022 %</b>
<b>Group</b>				
Investment properties in Singapore	32,597	5.08	32,500	5.14
Investment properties in Indonesia	850,571	132.61	825,580	130.61
Investment properties in Japan	267,578	41.71	287,263	45.45
Portfolio of investment properties at valuation – total	1,150,746	179.40	1,145,343	181.20
Other net liabilities	(476,026)	(74.21)	(479,981)	(75.94)
Net assets attributable to holders	674,720	105.19	665,362	105.26
Perpetual securities holders	(33,269)	(5.19)	(33,282)	(5.26)
Net assets attributable to unitholders	641,451	100.00	632,080	100.00
<b>Trust</b>				
Investment properties in Singapore	32,597	7.96	32,500	7.56
Portfolio of investment properties at valuation – total	32,597	7.96	32,500	7.56
Investments in subsidiaries	753,176	183.86	764,149	177.74
Other net liabilities	(342,859)	(83.70)	(333,452)	(77.56)
Net assets attributable to holders	442,914	108.12	463,197	107.74
Perpetual securities holders	(33,269)	(8.12)	(33,282)	(7.74)
Net assets attributable to unitholders	409,645	100.00	429,915	100.00

**Statements of Portfolio (cont'd)**  
**As at 30 June 2023**

**By Geographical Area**

Description of property/ Location/Acquisition date/ Type of Property/Land title type/Term of lease <sup>(a)</sup> / Remaining term of lease <sup>(b)</sup>	Gross floor area in square meters	Carrying value as at 30/6/2023 \$'000	Percentage of net assets attributable to unitholders as at 30/6/2023 %	Carrying value as at 31/12/2022 \$'000	Percentage of net assets attributable to unitholders as at 31/12/2022 %
<b><u>Singapore</u></b>					
Pacific Healthcare Nursing Home @ Bukit Merah 6 Lengkok Bahru, Singapore 159051 11 April 2007, Nursing Home 30 years leasehold from 2002 10+10 years/3.8 years	3,593	8,563	1.33	8,500	1.34
Pacific Healthcare Nursing Home II @ Bukit Panjang 21 Senja Road, Singapore 677736 11 April 2007, Nursing Home 30 years leasehold from 2003 10+10 years/3.8 years	3,563	8,908	1.39	8,900	1.41
The Lentor Residence 51 Lentor Avenue, Singapore 786876 8 June 2007, Nursing Home 99 years leasehold from 1938 10+10 years/13.9 years	4,005	15,126	2.36	15,100	2.39
Portfolio of Investment Properties held by the Trust at valuation – Sub-total		32,597	5.08	32,500	5.14



**Statements of Portfolio (cont'd)**  
**As at 30 June 2023**

**By Geographical Area**

Description of property/ Location/Acquisition date/ Type of property/Land title type/Term of lease <sup>(a)</sup> / Remaining term of lease <sup>(b)</sup>	Gross floor area in square meters	Carrying value as at 30/6/2023 \$'000	Percentage of net assets attributable to unitholders as at 30/6/2023 %	Carrying value as at 31/12/2022 \$'000	Percentage of net assets attributable to unitholders as at 31/12/2022 %
<b><u>Indonesia</u></b>					
Siloam Hospitals Lippo Village Jalan Siloam No. 6 Lippo Karawaci 1600, Tangerang, Banten, Indonesia 11 December 2006, Hospital Hak Guna Bangunan ("HGB") 15+15 years/27.5 years	32,696	167,778	26.16	162,185	25.65
Siloam Hospitals Kebon Jeruk Jalan Raya Perjuangan Kav. 8 Kebon Jeruk, West Jakarta 11530, Indonesia 11 December 2006, Hospital HGB 15+15 years/27.5 years	20,268	73,451	11.45	70,843	11.21
Imperial Aryaduta Hotel & Country Club Jalan Boulevard Jendral Sudirman, Kav. 401, Lippo Village 1300, Tangerang, Banten, Indonesia 11 December 2006, Hotel & Country Club HGB 1 year + 1 year/1.5 years	17,926	28,987	4.52	27,550	4.36
Mochtar Riady Comprehensive Cancer Centre Jalan Garnisun Dalam No. 2-3, Semanggi, Central Jakarta 12930 Indonesia 30 December 2010, Hospital HGB 15+15 years/27.5 years	37,933	128,744	20.07	124,445	19.69
Siloam Hospitals Lippo Cikarang Jalan Mohammad Husni Thamrin Kav. 105, Lippo Cikarang, Bekasi, Indonesia 17550 31 December 2010, Hospital HGB 15+15 years/17.5 years	13,256	50,705	7.91	50,440	7.98

**Statements of Portfolio (cont'd)**  
**As at 30 June 2023**

**By Geographical Area**

Description of property/ Location/Acquisition date/ Type of property/Land title type/Term of lease <sup>(a)</sup> / Remaining term of lease <sup>(b)</sup>	Gross floor area in square meters	Carrying value as at 30/6/2023 \$'000	Percentage of net assets attributable to unitholders as at 30/6/2023 %	Carrying value as at 31/12/2022 \$'000	Percentage of net assets attributable to unitholders as at 31/12/2022 %
<b>Indonesia (cont'd)</b>					
Siloam Hospitals Manado & Hotel Aryaduta Manado Jalan Sam Ratulangi No. 22, Komplek Boulevard Center and Jalan Piere Tendean No. 1, Manado, North Sulawesi Indonesia 95111	36,051	79,076	12.33	77,703	12.29
Siloam Hospital Manado 30 November 2012, Hospital HGB 15+15 years/ 27.5 years					
Hotel Aryaduta Manado 30 November 2012, Hotel HGB 15+15 years/ 19.5 years					
Siloam Hospitals Makassar Jalan Metro Tanjung Bunga Kav 3-5, Makassar City, South Sulawesi, Indonesia 30 November 2012, Hospital HGB 15+15 years/27.5 years	14,307	67,692	10.55	65,407	10.35
Siloam Hospitals Bali Jalan Sunset Road No. 818, Kuta, Badung, Bali, Indonesia 13 May 2013, Hospital HGB 15+15 years/27.5 years	20,958	63,881	9.96	61,710	9.76
Siloam Hospitals TB Simatupang Jalan Letjend. TB Simatupang, Jalan R.A. Kartini No. 8, Cilandak, South Jakarta, Indonesia 22 May 2013, Hospital HGB 15+15 years/27.5 years	18,605	42,537	6.63	41,119	6.51
Siloam Hospitals Purwakarta Jalan Raya Bungursari No. 1, Purwakarta, West Java, Indonesia 28 May 2014, Hospital HGB 15+15 years/27.5 years	8,254	22,294	3.48	21,550	3.41

**Statements of Portfolio (cont'd)**  
**As at 30 June 2023**

**By Geographical Area**

Description of property/ Location/Acquisition date/ Type of property/Land title type/Term of lease <sup>(a)</sup> / Remaining Term of lease <sup>(b)</sup>	Gross floor area in square meters	Carrying value as at 30/6/2023 \$'000	Percentage of net assets attributable to unitholders as at 30/6/2023 %	Carrying value as at 31/12/2022 \$'000	Percentage of net assets attributable to unitholders as at 31/12/2022 %
<b><u>Indonesia (cont'd)</u></b>					
Siloam Sriwijaya Jalan POM IX, Komplek Palembang Square, Palembang, South Sumatra, Indonesia 29 December 2014, Hospital Strata Title on Build, Operate and Transfer scheme 15+15 years/27.5 years	15,709	23,578	3.68	22,805	3.61
Siloam Hospitals Kupang & Lippo Plaza Kupang Jalan Veteran, No. 4, Arena Pameran Fatululi, Kupang, East Nusa Tenggara Indonesia	55,368	49,163	7.66	48,528	7.68
Siloam Hospitals Kupang 14 December 2015, Hospital Build, Operate and Transfer (“BOT”) scheme 15+15 years/27.5 years					
Lippo Plaza Kupang 14 December 2015, Mall BOT scheme 15+15 years/22.5 years					
Siloam Hospitals Labuan Bajo Jalan Gabriel Gampur, Labuan Bajo, East Nusa Tenggara, Indonesia 30 December 2016, Hospital HGB 15+15 years/27.5 years	7,604	10,303	1.61	9,952	1.57

**Statements of Portfolio (cont'd)**  
**As at 30 June 2023**

**By Geographical Area**

Description of property/ Location/Acquisition date/ Type of property/Land title type/Term of lease <sup>(a)</sup> / Remaining Term of lease <sup>(b)</sup>	Gross floor area in square meters	Carrying value as at 30/6/2023 \$'000	Percentage of net assets attributable to unitholders as at 30/6/2023 %	Carrying value as at 31/12/2022 \$'000	Percentage of net assets attributable to unitholders as at 31/12/2022 %
<b><u>Indonesia (cont'd)</u></b>					
Siloam Hospitals Buton & Lippo Plaza Buton Jalan Sultan Hasanuddin No. 50, 52, 54 and 58 Bau, Sulawesi Tenggara, Indonesia	21,934	22,869	3.56	22,480	3.56
Siloam Hospitals Buton 10 October 2017, Hospital BOT scheme 15+15 years/ 27.5 years					
Lippo Plaza Buton 10 October 2017, Mall BOT scheme 15+15 years/24.5 years					
Siloam Hospitals Yogyakarta Jalan Laksda Adi Sucipto No. 32-34 Yogyakarta, Indonesia 22 December 2017, Hospital HGB 15+15 years/ 27.5 years	12,474	19,513	3.04	18,863	2.98

**Statements of portfolio (cont'd)**  
**As at 30 June 2023**

**By Geographical Area**

Description of property/ Location/Acquisition date/ Type of property/Land title type/Term of lease <sup>(a)</sup> / Remaining term of lease <sup>(b)</sup>	Gross floor area in square meters	Carrying value as at 30/6/2023 \$'000	Percentage of net assets attributable to unitholders as at 30/6/2023 %	Carrying value as at 31/12/2022 \$'000	Percentage of net assets attributable to unitholders as at 31/12/2022 %
<b><u>Japan</u></b>					
Hikari Heights Varus Ishiyama Ishiyama 1-jo 3-3-33 Minami-ku, Sapporo, Hokkaido 01 March 2022, Nursing Home Freehold 30+5 years/ 24.8 years	8,747	8,046	1.25	8,639	1.37
Hikari Heights Varus Tsukisamu Koen Misono 9-jo 8-5-1, Toyohira-ku Sapporo, Hokkaido 01 March 2022, Nursing Home Freehold 30+5 years/ 24.8 years	4,362	6,319	0.99	6,753	1.07
Hikari Heights Varus Fujino Fujino 3-jo 11-10-11, Minami-ku Sapporo, Hokkaido 01 March 2022, Nursing Home Freehold 30+5 years/ 24.8 years	9,782	16,055	2.50	17,238	2.73
Hikari Heights Varus Kotoni Nijuyonken 4-jo 1-3-1, Nishi-ku, Sapporo, Hokkaido 01 March 2022, Nursing Home Freehold 30+5 years/ 24.8 years	20,756	63,080	9.83	67,728	10.72
Varus Cuore Yamanote Yamanote 6-jo 2-1-1, Nishi-ku Sapporo, Hokkaido 01 March 2022, Nursing Home Freehold 30+5 years/ 24.8 years	2,808	10,735	1.67	11,526	1.82

**Statements of Portfolio (cont'd)**  
**As at 30 June 2023**

**By Geographical Area**

Description of property/ Location/Acquisition date/ Type of property/Land title type/Term of lease <sup>(a)</sup> / Remaining term of lease <sup>(b)</sup>	Gross floor area in square meters	Carrying value as at 30/6/2023 \$'000	Percentage of net assets attributable to unitholders as at 30/6/2023 %	Carrying value as at 31/12/2022 \$'000	Percentage of net assets attributable to unitholders as at 31/12/2022 %
<b><u>Japan (cont'd)</u></b>					
Hikari Heights Varus Makomanai Koen Makomanai Midoricho 1-1-1 Minami-ku, Sapporo, Hokkaido 01 March 2022, Nursing Home Freehold 30+5 years/ 24.8 years	13,301	45,505	7.09	48,858	7.73
Varus Cuore Sapporo Kita/ Annex Tonden 8-jo 9-3-7, Kita-ku Sapporo, Hokkaido 01 March 2022, Nursing Home Freehold 30+5 years/ 24.8 years	7,637	28,595	4.46	30,702	4.86
ElySION Gakuenmae Nakatomioka 1-1994-6, Nara-shi, Nara 01 March 2022, Nursing Home Freehold 30+5 years/ 24.8 years	3,790	15,770	2.46	16,932	2.68
ElySION Mamigaoka/ Mamigaoka Annex Umami-minami 4-1-19, Koryocho Kitakatsuragi-gun, Nara 01 March 2022, Nursing Home Freehold 30+5 years/ 24.8 years	10,259	22,800	3.55	24,480	3.87
Orchard Amanohashidate Aza Mannen Koaza Akaiwa 1060-1, Miyazu, Kyoto 01 March 2022, Nursing Home Freehold 30+5 years/ 24.8 years	2,927	8,550	1.33	9,180	1.45

**Statements of Portfolio (cont'd)**  
**As at 30 June 2023**

**By Geographical Area**

Description of property/ Location/Acquisition date/ Type of property/Land title type/Term of lease <sup>(a)</sup> / Remaining term of lease <sup>(b)</sup>	Gross floor area in square meters	Carrying value as at 30/6/2023 \$'000	Percentage of net assets attributable to unitholders as at 30/6/2023 %	Carrying value as at 31/12/2022 \$'000	Percentage of net assets attributable to unitholders as at 31/12/2022 %
<b>Japan (cont'd)</b>					
Orchard Kaichi North Kaichi 2-3-50, Matsumoto, Nagano 01 March 2022, Nursing Home Freehold 30+5 years/ 24.8 years	5,058	12,730	1.99	13,668	2.16
Orchard Kaichi West Kaichi 2-3-50, Matsumoto, Nagano 01 March 2022, Nursing Home Freehold 30+5 years/ 24.8 years	1,561	4,028	0.63	4,325	0.68
Medical Rehabilitation Home Bon Séjour Komaki 3-chōme-1 Shiroyama, Komaki, Aichi 485-0812, Japan 27 September 2022, Nursing Home Freehold 20+5 years/ 8.9 years	8,858	14,535	2.27	15,606	2.47
Loyal Residence Ayase 4695-1, 7- chōme, Fukaya, Ayase city, Kanagawa 29 September 2022, Nursing Home Freehold 30 years/ 20.3 years	3,387	10,830	1.69	11,628	1.84
Portfolio of Investment Properties held by the Group at valuation – Total		<u>1,150,746</u>	<u>179.40</u>	<u>1,145,343</u>	<u>181.20</u>

**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 30 June 2023 on the basis that the underlying HGB Titles of each of the properties can be extended and renewed, except for Siloam Sriwijaya which is held on a strata title basis under BOT scheme, and Siloam Hospitals Kupang & Lippo Plaza Kupang and Siloam Hospitals Buton & Lippo Plaza Buton which are under BOT schemes.

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

**(a) Hak Guna Bangunan (“HGB”) Title**

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

**(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.



## **Notes to the condensed interim financial statements**

These notes form an integral part of the financial statements.

### **1 General**

First Real Estate Investment Trust (the “Trust”) is a Singapore-domiciled unit trust constituted pursuant to the trust deed dated 19 October 2006 (subsequently amended by a first supplemental deed dated 6 September 2007, a second supplemental deed dated 19 April 2010, a third supplemental deed dated 26 April 2011, a fourth supplemental deed dated 1 April 2013, a first amending and restating deed dated 23 March 2016, a supplemental deed of retirement and appointment of trustee dated 1 November 2017, a fifth supplemental deed dated 22 May 2018, a sixth supplemental deed dated 30 April 2019, a seventh supplemental deed dated 7 April 2020 and an eight supplemental deed dated 25 February 2022) (the “Trust Deed”) between First REIT Management Limited (the “Manager”) and Perpetual (Asia) Limited (the “Trustee”), governed by the laws of Singapore.

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

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

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

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

### **2 Basis of preparation**

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 that the accounting policies should generally comply with the principles relating to recognition and measurement of the Financial Reporting Standards (“FRSs”) issued by the Singapore Accounting Standards Council.

The financial statements do not contain all of the information required for full annual financial statements.

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

## **2 Basis of preparation (cont'd)**

The 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.

The preparation of financial statements in conformity with RAP 7 requires the management 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 could differ from those estimates.

Estimates and assumptions are reviewed on an ongoing basis. Apart from those involving estimations, management has made judgements in the process of applying the entity's accounting policies. The areas requiring management's most difficult, subjective or complex judgements, or areas where assumptions and estimates are significant to the financial statements, are disclosed at the end of this footnote, where applicable.

In preparing this financial statements, significant judgements made by the management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the consolidated financial statements as at and for the six-month period and year ended 30 June 2023 and year ended 31 December 2022.

The accounting policies applied by the Group in this financial statements are the same as those applied by the Group in its financial statements as at and for the year ended 31 December 2022, except for adoption of the revised version of RAP 7 and new and revised standards that are effective for annual periods beginning on 1 January 2023. The adoption of these new and revised standards did not have a material impact on the Group's financial statements.

A number of new standards, interpretations and amendments to standards are effective for annual periods beginning after 1 January 2023 and earlier application is permitted; however, the Group has not early adopted the new or amended standards and interpretations in preparing this financial statements.

### **2.1 Seasonal operations**

The business of the Group is not affected significantly by seasonal or cyclical factors during the financial period.

### 3 Investment properties

	<b>Group</b>		<b>Trust</b>	
	<b>30/6/2023</b>	<b>31/12/2022</b>	<b>30/6/2023</b>	<b>31/12/2022</b>
	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>
At 1 January	1,145,343	962,447	32,500	33,200
Acquisition of subsidiaries	–	296,741	–	–
Acquisitions of investment properties <sup>(a)</sup>	–	31,061	–	–
Capital expenditures	1,123	4,306	97	226
Disposal of a subsidiary <sup>(b)</sup>	–	(40,438)	–	–
Adjustment on rental straight-lining	7,604	19,387	(30)	(8)
<b>Losses for the period/year</b>				
Net fair value losses recognised in profit or loss	(7,546)	(22,651)	30	(918)
<b>Gains/(Losses) recognised in OCI</b>				
Effects of movement in exchange rates	4,222	(105,510)	–	–
At 30 June/31 December	<u>1,150,746</u>	<u>1,145,343</u>	<u>32,597</u>	<u>32,500</u>

<sup>(a)</sup> In 2022, the Group acquired two Japan nursing homes, Medical Rehabilitation Home Bon Sejour Komaki and Loyal Residence Ayase, for a total consideration of Japanese Yen (“JPY”) 2,580,000,000 (equivalent to approximately \$27,606,000), with a total acquisition cost capitalised amounting to \$3,455,000.

<sup>(b)</sup> In 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 Tata Prima Indah (“PT TPI”) for a total sales consideration of IDR 430,000,000,000 (approximately \$40,345,000).

As at 31 December 2022, 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.

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

Management has engaged the external valuers who performed the annual valuation 2022 to conduct a high level review of the key assumptions and key parameters for the valuation of each investment property as at 30 June 2023. These external valuers have maintained the same valuation methodologies, key parameters and assumptions with those as of 31 December 2022. Management is therefore of the view that the fair value of the investment properties are approximately \$1,150,746,000.

## 4 Investments in subsidiaries

	<b>Trust</b>	
	<b>30/6/2023</b>	<b>31/12/2022</b>
	<b>\$'000</b>	<b>\$'000</b>
Movements during the period/year, at cost:		
At 1 January	764,149	669,173
Acquisitions of subsidiaries	–	169,022
Incorporation of subsidiaries	35	–
Investment in redeemable preference shares	–	14,042
Redemption of redeemable preference shares by subsidiaries	(11,008)	(42,617)
Allowance for impairment losses	–	(45,471)
At 30 June/31 December	<u>753,176</u>	<u>764,149</u>
Total cost comprising:		
Unquoted equity shares at cost	583,349	583,314
Redeemable preference shares at cost	264,112	275,120
Allowance for impairment losses	(94,285)	(94,285)
Total at cost	<u>753,176</u>	<u>764,149</u>

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

### **Allowance for impairment loss on investments in subsidiaries**

At each reporting date, the Trust carried out impairment assessment of its investments in subsidiaries to assess whether there is any indication of impairment. The Trust evaluates, amongst other factors, the future profitability of the subsidiaries, including factors such as industry performance, operational and financing cash flows. The recoverable amounts were estimated 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, there is no additional impairment loss or reversal for impairment losses recognised during financial period ended 30 June 2023.

## 5 Trade and other receivables

	Group		Trust	
	30/6/2023 \$'000	31/12/2022 \$'000	30/6/2023 \$'000	31/12/2022 \$'000
Trade receivables:				
- Third parties <sup>(a)</sup>	4,419	3,014	225	218
- Related parties	1,244	1,418	8	8
Trade receivables – net	<u>5,663</u>	<u>4,432</u>	<u>233</u>	<u>226</u>
Other receivables:				
- Third parties	417	595	300	531
- Subsidiaries	–	–	8,166	10,291
Other receivables – net	<u>417</u>	<u>595</u>	<u>8,466</u>	<u>10,822</u>
Total trade and other receivables	<u>6,080</u>	<u>5,027</u>	<u>8,699</u>	<u>11,048</u>

<sup>(a)</sup> The rents under the PT Metropolis Propertindo Utama (“PT MPU”) master lease agreements are payable quarterly in advance. As at 30 June 2023, the rentals outstanding from PT MPU amounts to approximately Indonesia Rupiah (“IDR”) 46,520,487,000 (equivalent to approximately \$4,173,000), while security deposits of IDR 25,432,543,000 (equivalent to approximately \$2,289,000) was received from PT MPU. Subsequent to 30 June 2023, the Group received repayments from PT MPU amounting to IDR 21,900,000,000 (equivalent to approximately \$1,971,000). As at 31 July 2023, the security deposits received from PT MPU are in excess of the remaining outstanding rental receivables.

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

## 6 Borrowings

		Group		Trust	
		30/6/2023	31/12/2022	30/6/2023	31/12/2022
		\$'000	\$'000	\$'000	\$'000
Guaranteed bonds	(a)	100,000	100,000	100,000	100,000
Social term loan A	(b)	240,713	235,713	240,713	235,713
Social term loan B	(c)	15,770	16,932	–	–
Secured Tokutei Mokuteki Kaisha (“TMK”) bonds A	(d)	–	108,553	–	–
Secured Tokutei Mokuteki Kaisha (“TMK”) bonds B and Term loan C	(e)	114,000	–	–	–
Less: Unamortised transaction costs		(10,651)	(10,132)	(8,107)	(9,400)
		<u>459,832</u>	<u>451,066</u>	<u>332,606</u>	<u>326,313</u>
Current		948	1,453	–	–
Non-current		458,884	449,613	332,606	326,313
		<u>459,832</u>	<u>451,066</u>	<u>332,606</u>	<u>326,313</u>

The borrowings comprise the following:

### (a) Guarantee 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 \$100million syndicated loan, which is \$100million syndicated loan. The guaranteed bonds amounting to \$100 million are unconditionally and irrevocably guaranteed by Credit Guarantee and Investment Facility, a trust fund of the Asian Development Bank. The interest of the bonds is payable half-yearly in arrears. The bonds are listed on the Singapore Exchange Securities Trading Limited.

### (b) Social term loan A

On 25 November 2022, the Trustee entered into a facility agreement with two of the existing lenders, OCBC and CIMB in respect of a \$300 million social term loan and revolving credit facilities agreement (the “Facilities”) to refinance the \$260 million syndicated loan matured on 1 March 2023. On 1 December 2022, the Trust drew down social term loan A amounting to \$235 million under this facility which is repayable in May 2026.

### (c) Social term loan B

On 29 September 2022, the Trust’s indirect subsidiary, First REIT Japan Two GK, secured a JPY1.66 billion (equivalent to approximately S\$15.8 million) non-recourse social loan due in 27 September 2026 from Shinsei Trust Bank, Limited. The proceeds from social term loan B were utilised to partially fund the acquisition of two nursing homes, Loyal Residence Ayase and Medical Rehabilitation Homes Bon Sejour Komaki, in Japan during 2022.

## **6 Borrowings (cont'd)**

The borrowings comprise the following (cont'd):

### **(d) Secured TMK bonds A**

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

The secured TMK bonds A pertain to a 5 year bonds issued by the Trust's indirect subsidiary, OUELH Japan First TMK, for JPY10.6 billion (equivalent to approximately S\$108.1 million) due in May 2025 to Shinsei Bank Limited. The secured TMK bonds A were fully repaid on 23 June 2023 by new secured TMK bonds of JPY2 billion and a secured term loan of JPY10 billion (note 6e).

### **(e) Secured TMK bonds B and Term Loan C**

On 23 June 2023, OUELH Japan First TMK, a subsidiary of the Group, has issued a 7 year bonds amounting to JPY2 billion (equivalent to approximately S\$19.0 million) to Kiraboshi Bank Ltd and has obtained a term loan of JPY10 billion (equivalent to S\$95.0 million) ("Term Loan C") from Kiraboshi Bank Ltd. Both facilities will be due in June 2030.

The Trust has 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.

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

## 6 Borrowings (cont'd)

### Terms and debts repayment schedule

Terms and conditions of outstanding borrowings are as follows:

	Currency	Nominal interest rate	Year of maturity	Face value \$'000	Carrying amount \$'000
<b>30 June 2023</b>					
<b>Group</b>					
Guaranteed bonds	SGD	3.25%			
		(31 December 2022: 3.25%)	2027	100,000	96,091
Social term loan A		5.12% - 5.98%			
	SGD	(31 December 2022: 5.12% - 5.56%)	2026	240,713	236,515
Social term loan B	JPY	1.31%			
		(31 December 2022: 1.00%)	2026	15,770	13,473
Secured TMK bonds B and Term loan C	JPY	1.50%			
		(31 December 2022: Not applicable)	2030	114,000	113,753
				<u>470,483</u>	<u>459,832</u>
<b>Trust</b>					
Guaranteed bonds	SGD	3.25%			
		(31 December 2022: 3.25%)	2027	100,000	96,091
Social term loan A		5.12% - 5.98%			
	SGD	(31 December 2022: 5.12% - 5.56%)	2026	240,713	236,515
				<u>340,713</u>	<u>332,606</u>
<b>31 December 2022</b>					
<b>Group</b>					
Guaranteed bonds	SGD	3.25%			
		(31 December 2021: Not applicable)	2027	100,000	95,571
Social term loan A		5.12% - 5.56%			
	SGD	(31 December 2021: Not applicable)	2026	235,713	230,742
Social term loan B	JPY	1.00%			
		(31 December 2021: Not applicable)	2026	16,932	16,629
Secured TMK bonds B		1.00%			
	JPY	(31 December 2021: Not applicable)	2025	108,553	108,124
				<u>461,198</u>	<u>451,066</u>
<b>Trust</b>					
Guaranteed bonds	SGD	3.25%			
		(31 December 2021: Not applicable)	2027	100,000	95,571
Social term loan A		5.12% - 5.56%			
	SGD	(31 December 2021: Not applicable)	2026	235,713	230,742
				<u>335,713</u>	<u>326,313</u>



## **6 Borrowings (cont'd)**

The social term loan A and guaranteed bonds agreements provide among 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 (2022: the properties in Singapore and Indonesia of the Group except for Imperial Aryaduta Hotel and Country Club and Siloam Hospitals Yogyakarta).
- 2) Assignment to the banks of all of the Group's rights, titles, interests and benefits under any leases, tenancies, sales proceeds and cash flows in respect of the Indonesia properties and the Singapore properties except for Imperial Aryaduta Hotel and Country Club and Siloam Hospitals Yogyakarta (2022: Indonesia properties and the Singapore properties except for Imperial Aryaduta Hotel and Country Club and Siloam Hospitals Yogyakarta).
- 3) Assignment to the banks of all of the Group's rights, titles and interests under the insurance policies in respect of the Indonesia properties and the Singapore properties, with the bank named as a "loss payee" except for Imperial Aryaduta Hotel and Country Club Siloam Hospitals Yogyakarta (2022: Imperial Aryaduta Hotel and Country Club 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 (2022: Lovage International Pte. Ltd., IAHCC Investment Pte. Ltd., 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 (2022: Lovage International Pte. Ltd., IAHCC Investment Pte. Ltd., 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 (2022: 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% (2022: 20%).
- 9) OUE Healthcare Limited (formerly known as OUE Lippo Healthcare Limited)'s interest held in the Trust directly and indirectly is at least at 20% (2022: 20%).
- 10) OUE Limited's interest in First REIT Management Limited directly and indirectly is at least at 51% (2022: 51%).
- 11) Compliance with all financial covenants.

## 6 Borrowings (cont'd)

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

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

The secured TMK bonds A, secured TMK bonds B and term loan C agreement provides among other matters for the following:

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

## 7 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.

These perpetual securities are classified as equity. An amount of \$822,000 and \$2,576,000 were reserved for distribution to perpetual securities for each of the reporting period/year ended 30 June 2023 and 31 December 2022 respectively. Management has taken the view that as there is no contractual obligation to repay the principal or to pay any distributions, the perpetual securities do not meet the definition for classification as a financial liability under FRS 32 *Financial Instruments: Disclosure and Presentation*. The perpetual securities are presented within equity, and the distributions treated as dividends.

As at 30 June 2023, \$33,282,000 (31 December 2022: \$33,282,000) 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.

## 8 Units in issue and net assets value attributable to unitholders

	<b>Group and Trust</b>	
	<b>30/6/2023</b>	<b>31/12/2022</b>
	<b>'000</b>	<b>'000</b>
At 1 January	2,058,581	1,613,028
Issuance of new units for acquisition of subsidiaries (a)	–	431,148
Issuance of new units for divestment of a subsidiary (b)	–	791
Issuance of new units as settlement of the Manager’s management fees (c)	9,213	13,614
At 30 June 2023/31 December 2022	2,067,794	2,058,581

- (a) A total of 431,147,541 new units at an issue price of \$0.305 per unit were issued to OUE Healthcare Limited (formerly known as 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 14).
- (b) A total of 791,394 new units at an issue price of \$0.2549 per unit were issued to the Manager as divestment fee of \$202,000 in relation to the divestment of an indirect subsidiary, PT TPI completed on 27 September 2022.
- (c) A total of 9,213,000 (31 December 2022: 13,613,833) new units at an issue price range from \$0.2539 to \$0.2985 (31 December 2022: \$0.2705 to \$0.3003) per unit were issued in respect of the settlement for the Manager’s management fees to the Manager of \$2,506,000 (31 December 2022: \$3,952,000).

At the end of the reporting period, 4,474,000 (31 December 2022: 5,021,113) units were issuable as settlement for the Manager’s management fees for the last quarter of the reporting period.

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 end of current financial period and as at end of the corresponding period of the immediately preceding financial year.

Under the Trust Deed, every unit carries the same voting rights. Each unit represents an equal and undivided beneficial interest in the assets of the Trust. Units have no conversion, retraction, redemption or pre-emptive rights. The rights and interests of unitholders are contained in the Trust Deed and include the right to:

- Receive income and other distributions attributable to the units held;
- Receive audited financial statements and the annual report of the Trust; and
- Participate in the termination of the Trust by receiving a share of all net cash proceeds derived from the realisation of the assets of the Trust less any liabilities, in accordance with their proportionate interests in the Trust.

No unitholder has a right to require that any assets of the Trust be transferred to him.

## 8 Units in issue and net assets value attributable to unitholders (cont'd)

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.

	<b>Group</b>		<b>Trust</b>	
	<b>30/6/2023</b>	<b>31/12/2022</b>	<b>30/6/2023</b>	<b>31/12/2022</b>
	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>
Net assets value attributable to unitholders	641,451	632,080	409,645	429,915
Net assets value per unit in cents attributable to unitholders	31.02	30.70	19.81	20.88

## 9 Total return for the period before income tax

	<b>Group</b>	
	<b>Six-month period ended 30/6/2023 \$'000</b>	<b>Six-month period ended 30/6/2022 \$'000</b>
Property tax expense	772	540
Valuation expenses	99	101
Professional fees	462	361
Repairs and maintenance	90	–
Others	137	61
<b>Property operating expenses</b>	<b>1,560</b>	<b>1,063</b>
Base fees	1,853	2,082
Performance fees	2,621	2,636
<b>Manager's management fees</b>	<b>4,474</b>	<b>4,718</b>
Interest expense		
- Borrowings	8,976	5,810
Amortisation of transaction costs		
- Borrowings	1,650	2,289
- Guarantee fees	505	253
- Letter of credit fees	89	45
<b>Finance costs</b>	<b>2,244</b>	<b>2,587</b>
	<b>11,220</b>	<b>8,397</b>
Depreciation expense	7	7
Handling and processing fees	135	161
Professional fees	366	324
Project expenses	594	292
Loss on disposal of quoted shares	7	4
Others	125	152
<b>Total other expenses</b>	<b>1,234</b>	<b>940</b>

## 10 Earnings per unit

The following table illustrates the numerators and denominators used to calculate basic and diluted earnings per unit which has no par value:

	<b>Group</b>	
	<b>Six-month period ended 30/6/2023 \$'000</b>	<b>Six-month period ended 30/6/2022 \$'000</b>
Total return attributable to unitholders during the period ('000)	18,635	18,180
Weighted average number of units outstanding during the period ('000)	2,063,781	1,907,142
<b>Earnings per unit (in cents)</b>		
Basic and diluted	0.90	0.95

There were no potential dilutive units for the periods ended 30 June 2023 and 30 June 2022. As such, the total return attributable to unitholders and the weighted average number of units used in the calculation of diluted earnings per units are the same as those used in the calculation of basic earnings per unit.

## 11 Financial ratios

	Group	
	Six-month period ended 30/6/2023	Six-month period ended 30/6/2022
Expenses to average net assets attributable to unitholders ratio - excluding performance related fees <sup>(1)</sup>	0.60%	0.55%
Expenses to average net assets attributable to unitholders ratio - including performance related fees <sup>(1)</sup>	1.01%	0.96%
Portfolio turnover ratio <sup>(2)</sup>	N/M	N/M
Total operating expenses (\$'000) <sup>(3)</sup>	15,881	16,078
Total operating expenses to net assets <sup>(a)</sup> value ratio <sup>(3)</sup>	2.48%	2.32%

<sup>(a)</sup> Referred to the net assets attributable to unitholders.

<sup>(1)</sup> 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.

<sup>(2)</sup> Turnover ratio means the number of times per period 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.

<sup>(3)</sup> The revised CIS Code dated 3 March 2022 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 assets as at the end of the financial period) and taxation incurred in relation to the property fund's real estate assets.

N/M – Not meaningful as there was no sale of investment property during the six-month period ended 30 June 2023 and 30 June 2022.

## 12 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 30 June 2023, the Group had three reportable segments: Singapore operation, Indonesia operation, and Japan operation (30 June 2022: three reportable operating segment: Singapore operation, Indonesia operation, and Japan operation). 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 management reporting system evaluates performance based on a number of factors. However the primary financial performance measurement is to evaluate the properties based on their returns and yields.

	Singapore \$'000	Indonesia \$'000	Japan \$'000	Total \$'000
<b>1 January 2023 to 30 June 2023</b>				
<b>Profit or loss reconciliation</b>				
Rental and other income	2,098	44,334	7,557	53,989
Net property income and other income	1,845	44,002	6,582	52,429
Interest income	199	40	–	239
Manager's management fees				(4,474)
Asset management fees				(562)
Trustee fees				(181)
Finance costs	(10,125)	–	(1,095)	(11,220)
Other expenses				(1,234)
Net income				34,997
Net fair value gains/(losses) on investment properties	30	(7,576)	–	(7,546)
Net fair value gains of derivative financial instruments				585
Net foreign exchange losses				(709)
Total return before income tax				27,327
Income tax expense	–	(5,965)	(1,905)	(7,870)
Total return after income tax				19,457
<b>30 June 2023</b>				
<b>Assets</b>				
Segment assets including investment properties	54,213	861,070	299,559	1,214,842
Total assets				1,214,842



## 12 Operating segments (cont'd)

	Singapore \$'000	Indonesia \$'000	Japan <sup>1</sup> \$'000	Total \$'000
<b>1 January 2022 to 30 June 2022</b>				
<b>Profit and loss reconciliation</b>				
Rental and other income	2,096	46,698	4,993	53,787
Net property income and other income	1,988	46,306	4,430	52,724
Interest income	25	96	–	121
Manager's management fees				(4,718)
Asset management fees				(356)
Trustee fees				(183)
Finance costs	(7,946)	–	(451)	(8,397)
Other expenses				(940)
Net income				38,251
Net fair value losses on investment properties	(10)	(9,461)	(275)	(9,746)
Net fair value gains of derivative financial instruments				676
Net foreign exchange losses				(698)
Total return for the period before income tax				28,480
Income tax expense	–	(5,779)	(3,039)	(8,818)
Total return for the period after income tax				19,662
<b>31 December 2022</b>				
<b>Assets</b>				
Segment assets including investment properties	55,269	836,982	306,374	1,198,625
Total assets				1,198,625

<sup>1</sup> Pertain to subsidiaries acquired in March 2022 and relate to amounts for the period 1 March 2022 to 30 June 2022.

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

Income from the Group's top one and top two customers in Indonesia in aggregate amounted to \$22,284,000 and \$41,370,000 (31 December 2022: \$50,412,000 and \$88,064,000) and contributed 41.3% and 76.6% (31 December 2022: 45.3% and 79.1%) of the Group's revenue respectively during the period/year ended 30 June 2023 and 31 December 2022.

## 13 Financial assets and financial liabilities

### *Accounting classifications and fair values*

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

Group	Mandatorily at FVTPL \$'000	Amortised cost \$'000	Other financial liabilities \$'000	Total carrying amount \$'000	Level 1 \$'000	Level 2 \$'000	Level 3 \$'000	Total \$'000
<b>30 June 2023</b>								
<b>Financial assets measured at fair value</b>								
Derivative financial instruments								
– interest rate swaps (net-settled)	411	–	–	411	–	411	–	411
– interest rate caps (net-settled)	1,149	–	–	1,149	–	1,149	–	1,149
	<u>1,560</u>	<u>–</u>	<u>–</u>	<u>1,560</u>				
<b>Financial liabilities measured at fair value</b>								
Forward exchange contracts (net-settled)	(121)	–	–	(121)	–	(121)	–	(121)
<b>Financial liabilities not measured at fair value</b>								
Security deposits	–	–	(10,789)	(10,789)	–	–	(7,145)	(7,145)
Guaranteed bonds	–	–	(96,091)	(96,091)	–	(97,226)	–	(97,226)
	<u>–</u>	<u>–</u>	<u>(106,880)</u>	<u>(106,880)</u>				

## 13 Financial assets and financial liabilities (cont'd)

### *Accounting classifications and fair values (cont'd)*

Group	Mandatorily at FVTPL \$'000	Amortised cost \$'000	Other financial liabilities \$'000	Total carrying amount \$'000	Level 1 \$'000	Level 2 \$'000	Level 3 \$'000	Total \$'000
<b>31 December 2022</b>								
<b>Financial assets measured at fair value</b>								
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
	<u>1,248</u>	<u>–</u>	<u>–</u>	<u>1,248</u>				
<b>Financial liabilities measured at fair value</b>								
Forward exchange contracts (net-settled)	(493)	–	–	(493)	–	(493)	–	(493)
<b>Financial liabilities not measured at fair value</b>								
Security deposits	–	–	(11,704)	(11,704)	–	–	(9,001)	(9,001)
Guaranteed bonds	–	–	(95,571)	(95,571)	–	(95,356)	–	(95,356)
	<u>–</u>	<u>–</u>	<u>(107,275)</u>	<u>(107,275)</u>				

## 13 Financial assets and financial liabilities (cont'd)

### *Accounting classifications and fair values (cont'd)*

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

	<b>Mandatorily at FVTPL \$'000</b>	<b>Amortised cost \$'000</b>	<b>Other financial liabilities \$'000</b>	<b>Total carrying amount \$'000</b>	<b>Level 1 \$'000</b>	<b>Level 2 \$'000</b>	<b>Level 3 \$'000</b>	<b>Total \$'000</b>
<b>Trust</b>								
<b>30 June 2023</b>								
<b>Financial assets measured at fair value</b>								
Derivative financial instruments								
– interest rate swaps (net-settled)	411	–	–	411	–	411	–	411
– interest rate caps (net-settled)	1,149	–	–	1,149	–	1,149	–	1,149
	<u>1,560</u>	<u>–</u>	<u>–</u>	<u>1,560</u>				
<b>Financial assets not measured at fair value</b>								
Loan to subsidiaries	–	8,090	–	8,090	–	–	8,049	8,049
<b>Financial liabilities measured at fair value</b>								
Forward exchange contracts (net-settled)	(121)	–	–	(121)	–	(121)	–	(121)
<b>Financial liabilities not measured at fair value</b>								
Security deposits	–	–	(2,079)	(2,079)	–	–	(1,631)	(1,631)
Guaranteed bonds	–	–	(96,091)	(96,091)	–	(97,226)	–	(97,226)
	<u>–</u>	<u>–</u>	<u>(98,170)</u>	<u>(98,170)</u>				

## 13 Financial assets and financial liabilities (cont'd)

### *Accounting classifications and fair values (cont'd)*

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

	<b>Mandatorily at FVTPL \$'000</b>	<b>Amortised cost \$'000</b>	<b>Other financial liabilities \$'000</b>	<b>Total carrying amount \$'000</b>	<b>Level 1 \$'000</b>	<b>Level 2 \$'000</b>	<b>Level 3 \$'000</b>	<b>Total \$'000</b>
<b>Trust</b>								
<b>31 December 2022</b>								
<b>Financial assets measured at fair value</b>								
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
	<u>1,248</u>	<u>–</u>	<u>–</u>	<u>1,248</u>				
<b>Financial assets not measured at fair value</b>								
Loan to a subsidiary	–	8,780	–	8,780	–	–	8,036	8,036
<b>Financial liabilities measured at fair value</b>								
Forward exchange contracts (net-settled)	(493)	–	–	(493)	–	(493)	–	(493)
<b>Financial liabilities not measured at fair value</b>								
Security deposits	–	–	(2,038)	(2,038)	–	–	(1,746)	(1,746)
Guaranteed bonds	–	–	(95,571)	(95,571)	–	(95,356)	–	(95,356)
	<u>–</u>	<u>–</u>	<u>(97,609)</u>	<u>(97,609)</u>				

## 14. 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.

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:

	<b>\$'000</b>
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)
<b>Purchase consideration (including acquisition costs*)</b>	<b>(169,022)</b>

### **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 amounting to \$3,075,000, included in the acquisition costs are the audit fees paid to the auditors of the Trust, amounting to \$45,000.

**Other Information Required by Listing Rule Appendix 7.2 (cont'd)**

**Explanatory Notes**

**A. Statement of Total Return**

		<b>Group</b>		
		<b>Half Year</b>		
<b>Note</b>		<b>30 Jun 2023</b>	<b>30 Jun 2022</b>	<b>Change</b>
		<b>\$'000</b>	<b>\$'000</b>	<b>%</b>
	<b>Rental and other income</b>	<b>53,989</b>	<b>53,787</b>	<b>0.4%</b>
	Property operating expenses	(1,560)	(1,063)	46.8%
	<b>Net property and other income</b>	<b>52,429</b>	<b>52,724</b>	<b>(0.6%)</b>
	Interest income	239	121	97.5%
	Manager's management fees	(4,474)	(4,718)	(5.2%)
	Asset management fees	(562)	(356)	57.9%
	Trustee fees	(181)	(183)	(1.1%)
	Finance costs	(11,220)	(8,397)	33.6%
	Other expenses	(1,234)	(940)	31.3%
	<b>Net income</b>	<b>34,997</b>	<b>38,251</b>	<b>(8.5%)</b>
	Net fair value losses on investment properties	(7,546)	(9,746)	(22.6%)
	Net fair value gains of derivative financial instruments	585	673	(13.1%)
	Net foreign exchange losses	(709)	(698)	1.6%
	<b>Total return for the period before income tax</b>	<b>27,327</b>	<b>28,480</b>	<b>(4.0%)</b>
	Income tax expense	(7,870)	(8,818)	(10.8%)
	<b>Total return for the period after income tax</b>	<b>19,457</b>	<b>19,662</b>	<b>(1.0%)</b>
	<b>Other comprehensive income:</b>			
	<b>Items that may be reclassified subsequently to profit or loss:</b>			
	Currency translation differences	14,670	(26,211)	NM
	<b>Total comprehensive return for the period</b>	<b>34,127</b>	<b>(6,549)</b>	<b>NM</b>
	<b>Total return attributable to:</b>			
	Unitholders of Trust	18,635	18,180	2.5%
	Perpetual securities	822	1,482	(44.5%)
		<b>19,457</b>	<b>19,662</b>	<b>(1.0%)</b>

Note: NM – Not meaningful

**Other Information Required by Listing Rule Appendix 7.2 (cont'd)**

**B. Statement of Total Return**

1. Rental and other income for 1H 2023 increased by 0.4% to \$54.0 million compared to 1H 2022 was mainly due to the contribution from Japan properties which were acquired in March and September 2022, partly offset by the depreciation of Indonesian Rupiah and Japanese Yen against Singapore dollars.
2. Property operating expenses for 1H 2023 increased to \$1.6 million compared to 1H 2022 mainly due to property expenses incurred for Japan properties which were acquired in March and September 2022.
3. Manager's management fees for 1H 2023 decreased by 5.2% to \$4.5 million compared to 1H 2022 was mainly due to lower total assets resulting from the foreign currency exchange movement from the depreciation of Japanese Yen. The Manager's management fee was derived after deducting the asset management fee charged by the Japan assets management company.
4. Asset management fee was charged by Japan assets management company for managing Japan properties.
5. Finance costs for 1H 2023 increased by 33.6% to \$11.2 million compared to 1H 2022 was mainly due to higher borrowings from the acquisition of Japan properties in 2022, coupled with higher interest rates.
6. Other expenses for 1H 2023 increased by 31.3% to \$1.2 million compared to 1H 2022 was mainly due to professional fee incurred in relation to proposed acquisition of Japan properties.
7. Net fair value losses of investment properties relate to recognition of FRS 116 rental straight lining adjustments for the Indonesia hospital properties and Singapore properties.
8. Net fair value losses of derivative financial instruments for FY 2023 relates to the revaluation of interest rate swap and interest rate caps contracts, as well as currency hedging contracts.
9. Income tax expense for 1H 2023 decreased by 10.8% to \$7.9 million compared to 1H2022 was mainly due to lower withholding tax resulting from lower dividend income declared by Indonesia subsidiaries to Singapore holding companies.



**Other Information Required by Listing Rule Appendix 7.2 (cont'd)**

**C. Whether the figures have been audited or reviewed, and in accordance with which auditing standard or practice**

The figures have not been audited or reviewed by our auditors.

**D. Where the figures have been audited or reviewed, the auditor's report (including any qualifications or emphasis of matter)**

Not applicable.

**E. Variance between the forecast or prospectus statement (if disclosed previously) and the actual results**

First REIT has not disclosed any forecast to the market.

The results for this half year are in line with the commentary made in paragraph 10 of FY 2022 full year result announcement.

**F. Commentary on the competitive conditions of the industry**

The healthcare real estate sector is a large and growing market, supported by favourable factors such as the structural demand for quality healthcare services in markets that lack capacity, and the ageing population megatrend.

In Indonesia, the demand for quality healthcare is resilient, underpinned by growing affluence. The World Bank has ranked Indonesia as an upper-middle income country in July 2023, due to an improvement in gross national income per capita from a post-pandemic recovery. According to BMI, a Fitch Solutions company, middle-to-upper-income households<sup>1</sup> are expected to grow from 38.8% of total households in 2023 to 40.4% in 2027<sup>2</sup>. Hospital bed capacity in Indonesia has been below regional average<sup>3</sup>, but the Indonesian Parliament has passed into law a new Health Bill allowing foreign medical specialists to practise and be based in the country. Separately, according to analysis from OECD<sup>4</sup>, Indonesia is expected to remain sensitive to geopolitical tensions, slowing trade growth and financial volatility, and real GDP growth could come in at 4.7% in 2023.

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<sup>1</sup> Households with annual disposable incomes of between US\$10,000 to US\$50,000

<sup>2</sup> BMI, 27 June 2023, 'Favourable Demographics And Middle-Class Expansion Feeds Demand For Decorative Household Goods In Indonesia'

<sup>3</sup> Antara, 30 April 2020, 'Govt highlights hospital bed shortage at 1.2 per thousand Indonesians'

<sup>4</sup> OECD, June 2023, 'Economic Outlook Note – Indonesia'

## **Other Information Required by Listing Rule Appendix 7.2 (cont'd)**

### **F. Commentary on the competitive conditions of the industry (cont'd)**

In Japan, people aged 65 and older are expected to grow from 29.9% of population in 2022 to 37.5% of population by 2050.<sup>5</sup> A survey of around 1,200 nursing care homes and facilities conducted by an association of nursing care providers indicated that nursing care facilities would face challenges in passing along soaring prices and increases in utility costs to consumers in the same way as other companies<sup>6</sup>. Nonetheless, the nursing care market in Japan is a fragmented market with top operators having small market shares. With continued government support to help households cope with high energy price, latest OECD figure suggests that Japan's real GDP growth to be at 1.3% for 2023 and would be mainly driven by domestic demand<sup>7</sup>.

In Singapore, the country is expected to become a “super aged”<sup>8</sup> society in 2026, as 21% of the population will be 65 years old or older<sup>9</sup>. In 2022, Singapore has 83 nursing homes with 18,029 beds<sup>10</sup>. Nursing home capacity will grow by another 310 beds by the end of 2023, as a new nursing home opens and two existing ones expand<sup>11</sup>. Core inflation in Singapore is expected to average between 3.5% and 4.5% in 2023, and headline inflation at 4.5% to 5.5%<sup>12</sup>. The Monetary Authority of Singapore expects its monetary policy stance to remain tight, and a strong Singapore dollar helps ease inflation. In May 2023, the Ministry of Trade and Industry said it expected 2023 GDP growth to be maintained at between 0.5% to 2.5%, with growth rate likely to be around the mid-point of the range<sup>13</sup>.

In line with First REIT 2.0 Growth Strategy<sup>14</sup> to ride the megatrends in the healthcare sector, First REIT plans to continue diversifying into developed markets to comprise more than 50% of its portfolio by FY2027 and reshaping its portfolio for capital efficient growth through the divestment of non-core, non-healthcare, or mature assets. To manage interest rate and exchange rate volatility, First REIT will continue to strengthen its capital structure to remain resilient. With strong support from its Sponsors, OUE Limited and OUE Healthcare Limited, First REIT is well positioned to deliver sustainable distributions to Unitholders in the long term.

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<sup>5</sup> World Economic Forum, 22 February 2023, ‘The World’s oldest populations’

<sup>6</sup> The Japan Times, 8 July 2023, ‘27% of nursing homes in Japan face bankruptcy due to price hikes, survey finds’

<sup>7</sup> OECD, June 2023, ‘Economic Outlook Note – Japan’

<sup>8</sup> A super-aged society” is one where more than 21% of the population is aged 65 years and above. (Source: OECD)

<sup>9</sup> Today, April 2023, ‘Ageing society: S’pore can cushion impact and ‘even reap dividends’ after decades of preparation, says Ong Ye Kung’

<sup>10</sup> Source: Ministry of Health

<sup>11</sup> The Straits Times, 20 July 2023, ‘\$15,000 sign-on bonus for fresh nursing grads, hundreds of beds added, to help ease hospital crunch’

<sup>12</sup> The Straits Times, 5 July 2023, ‘MAS books largest loss of \$30.8b in effort to fight inflation’

<sup>13</sup> MTI, 25 May 2023, ‘MTI maintains 2023 GDP growth forecast at 0.5 to 2.5 per cent’

<sup>14</sup> Read more about First REIT’s 2.0 Growth Strategy at <https://www.first-reit.com/about-growth-strategy.html>

**Other Information Required by Listing Rule Appendix 7.2 (cont'd)**

**G. Distributions**

(a) Current financial period reported on

Any distributions declared for the current financial period? Yes Distribution Type

Name of Distribution

Distribution for the period from 1 April 2023 to 30 June 2023

i. Distribution Type Income / Capital

Distribution Type	Distribution Rate (cents per unit)
Taxable Income	0.03
Tax-Exempt Income	0.25
Capital	0.34
Total	0.62

Tax Rate

Taxable Income Distribution

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

Qualifying foreign non-individual investors will receive their distributions after deduction of tax at the rate of 10%.

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

Tax-Exempt Income Distribution

Tax-Exempt Income Distribution is exempt from Singapore income tax in the hands of all unitholders.

Capital Distribution

Capital distribution represents a return of capital to unitholders for Singapore income tax purposes and is therefore not subject to Singapore income tax. For unitholders who are liable to Singapore income tax on profits from the sale of First REIT Units, the amount of capital distribution will be applied to reduce the cost base of their First REIT Units for Singapore income tax purposes.

**Other Information Required by Listing Rule Appendix 7.2 (cont'd)**

**G. Distributions (cont'd)**

(b) Corresponding period of the immediately preceding period

Any distributions declared for the corresponding period of the immediate preceding period? Yes

Distribution Type

Name of Distribution

Distribution for the period from 1 April 2022 to 30 June 2022

i. Distribution Type Income / Capital

Distribution Type	Distribution Rate (cents per unit)
Taxable Income	0.03
Tax-Exempt Income	0.32
Capital	0.31
Total	0.66

Tax Rate

Taxable Income Distribution

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

Qualifying foreign non-individual investors will receive their distributions after deduction of tax at the rate of 10%.

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

Tax-Exempt Income Distribution

Tax-Exempt Income Distribution is exempt from Singapore income tax in the hands of all unitholders.

**Other Information Required by Listing Rule Appendix 7.2 (cont'd)**

**G. Distributions (cont'd)**

Capital Distribution

Capital distribution represents a return of capital to unitholders for Singapore income tax purposes and is therefore not subject to Singapore income tax. For unitholders who are liable to Singapore income tax on profits from the sale of First REIT Units, the amount of capital distribution will be applied to reduce the cost base of their First REIT Units for Singapore income tax purposes.

- ii. Book closure date: The Transfer Books and Register of Unitholders of First Real Estate Investment Trust will be closed at 5.00p.m. on 10 August 2023 for the purposes of determining each unitholder's entitlement to First REIT's distribution. The ex-distribution date will be on 8 August 2023 at 9.00am.
- (c) Date Payable: 25 September 2023

**H. If no distribution has been declared/recommended, a statement to that effect**

Not applicable.

**I. If no IPT mandate has been obtained, a statement to that effect**

First REIT has not obtained a general mandate from unitholders.

The Manager hereby certifies that in relation to the distribution to the unitholders of First REIT for the period ended 30 June 2023:

- 1) First REIT will declare a distribution ("Distribution") in excess of its profits (defined as the total return for the period before distribution for the purpose of this certification). The excess is attributed to capital receipts comprising amounts received by First REIT from the redemption of redeemable preference shares in the Singapore special purpose companies ("SPCs") and the shareholder loan repayment by the Singapore SPC.
- 2) The Manager is satisfied on reasonable grounds that, immediately after making the Distribution, First REIT will be able to fulfill, from its deposited properties, its liabilities as they fall due.

**Other Information Required by Listing Rule Appendix 7.2 (cont'd)**

**I. If no IPT mandate has been obtained, a statement to that effect**

The distribution is computed based on the accounts of First REIT for the period ended 30 June 2023 and is verified by our external tax consultant.

First REIT'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.

**J. Confirmation that the Issuer has procured undertakings from all its directors and executive officers under Rule 720(1)**

The Manager does hereby confirms that it has procured undertakings from all the directors and executives.

**K. Confirmation by the Board pursuant to Rule 705(5) of the Listing Manual**

The Board of Directors of First REIT Management Limited do hereby confirm that, to the best of their knowledge, nothing has come to their attention which may render these interim financial results to be false or misleading in any material respect.

BY ORDER OF THE BOARD OF  
FIRST REIT MANAGEMENT LIMITED  
(AS MANAGER OF FIRST REAL ESTATE INVESTMENT TRUST)

Tan Kok Mian Victor  
Executive Director and Chief Executive Officer

1 August 2023

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