

NOTICE OF VALUATION OF PROPERTIES

First REIT Management Limited (the “**Manager**”), in its capacity as Manager of First Real Estate Investment Trust (“**First REIT**”), wishes to announce that the Manager has obtained independent annual valuations, as at 31 December 2023, for all properties owned by First REIT and its subsidiaries.

No.	Properties	Appointed Valuers ⁽¹⁾	Valuation (as at 31 Dec 2023)		% of Portfolio Value ⁽³⁾
			IDR in bn / JPY in mn ⁽²⁾	SGD in mn	
Indonesia					
1	Siloam Hospitals Lippo Village	Knight Frank	1,952.2	167.9	14.7%
2	Siloam Hospitals Kebon Jeruk	CBRE	824.0	70.9	6.2%
3	Imperial Aryaduta Hotel & Country Club	Knight Frank	332.2	28.6	2.5%
4	Siloam Hospitals Lippo Cikarang	Knight Frank	-	53.1	4.7%
5	Mochtar Riady Comprehensive Cancer Centre	Knight Frank	1,495.1	128.6	11.3%
6	Siloam Hospital Makassar	Knight Frank	794.7	68.3	6.0%
7	Siloam Hospitals Manado & ⁽⁴⁾	Knight Frank	463.2	39.8	3.5%
	Hotel Aryaduta Manado ⁽⁴⁾	Knight Frank	-	38.4	3.4%
8	Siloam Hospitals TB Simatupang	Knight Frank	496.7	42.7	3.7%
9	Siloam Hospitals Bali	Knight Frank	747.4	64.3	5.6%
10	Siloam Hospitals Purwakarta	CBRE	258.3	22.2	1.9%
11	Siloam Sriwijaya	CBRE	250.7	21.6	1.9%
12	Siloam Hospitals Kupang & ⁽⁵⁾	C&W	212.1	18.2	1.6%
	Lippo Plaza Kupang ⁽⁵⁾		-	31.5	2.8%
13	Siloam Hospitals Labuan Bajo	C&W	115.9	10.0	0.9%
14	Siloam Hospitals Baubau & ⁽⁶⁾	C&W	124.3	10.7	0.9%
	Lippo Plaza Baubau ⁽⁶⁾		-	12.9	1.1%
15	Siloam Hospitals Yogyakarta	CBRE	226.3	19.5	1.7%
Indonesia Portfolio Subtotal			8,293.1	849.1	74.5%
Singapore					
16	Pacific Healthcare Nursing Home @ Bukit Merah	JLL	-	8.1	0.7%
17	Pacific Healthcare Nursing Home II @ Bukit Panjang	JLL	-	8.6	0.8%
18	The Lentor Residence	JLL	-	15.0	1.3%
Singapore Portfolio Subtotal			-	31.7	2.8%
Japan					
19	Hikari Heights Varus Ishiyama	C&W KK	782.0	7.2	0.6%
20	Hikari Heights Varus Tsukisamu Koen	C&W KK	686.0	6.3	0.6%
21	Hikari Heights Varus Fujino	C&W KK	1,680.0	15.5	1.4%
22	Hikari Heights Varus Kotoni	C&W KK	6,630.0	61.0	5.4%
23	Hikari Heights Varus Makomanai Koen	C&W KK	4,820.0	44.3	3.9%
24	Varus Cuore Yamanote	C&W KK	1,140.0	10.5	0.9%
25	Varus Cuore Sapporo-Kita & Annex	C&W KK	2,990.0	27.5	2.4%
26	ElySION Gakuenmae	Colliers KK	1,660.0	15.3	1.3%

No.	Properties	Appointed Valuers ⁽¹⁾	Valuation (as at 31 Dec 2023)		% of Portfolio Value ⁽³⁾
			IDR in bn /JPY in mn ⁽²⁾	SGD (in million)	
27	ElySION Mamigaoka & Annex	Colliers KK	2,270.0	20.9	1.8%
28	Orchard Amanohashidate	CBRE KK	892.0	8.2	0.7%
29	Orchard Kaichi North	CBRE KK	1,350.0	12.4	1.1%
30	Orchard Kaichi West	CBRE KK	471.0	4.3	0.4%
31	Bon Sejour Komaki	Colliers KK	1,600.0	14.7	1.3%
32	Loyal Residence Ayase	Colliers KK	1,150.0	10.6	0.9%
Japan Portfolio Subtotal			28,121.0	258.7	22.7%
Total Portfolio Value			-	1,139.5	100.0%

Note: Any discrepancies in the totals are due to rounding.

- (1) The appointed valuers include KJPP Willson dan Rekan in association with Knight Frank (“**Knight Frank**”), KJPP Rengganis, Hamid & Rekan in strategic alliance with CBRE (“**CBRE**”), Cushman & Wakefield VHS Pte. Ltd. (“**C&W**”), Jones Lang LaSalle Property Consultants Pte Ltd. (“**JLL**”), Cushman & Wakefield K.K. (“**C&W KK**”), CBRE K.K. (“**CBRE KK**”), and Colliers International K.K. (“**Colliers KK**”).
- (2) The Indonesia properties affected by the restructuring exercise that took effect from 1 January 2021 are valued in Indonesian Rupiah and have been converted to Singapore Dollars based on the exchange rate of SGD 1 = IDR 11,627.91 while the Japan properties are valued in Japanese Yen and have been converted to Singapore Dollars based on the exchange rate of SGD 1 = JPY 108.7, where relevant as at 31 December 2023.
- (3) Value as a percentage of total portfolio value.
- (4) Siloam Hospitals Manado is valued at IDR463.2 billion, reflecting S\$39.8 million while Hotel Aryaduta Manado is valued at S\$38.4 million. The aggregate market value of the Siloam Hospitals Manado & Hotel Aryaduta Manado is therefore S\$78.2 million.
- (5) Siloam Hospitals Kupang is valued at IDR212.1 billion, reflecting S\$18.2 million while Lippo Plaza Kupang is valued at S\$31.5 million. The aggregate market value of the Siloam Hospitals Kupang & Lippo Plaza Kupang is therefore S\$49.7 million.
- (6) Siloam Hospitals Baubau (formerly known as Siloam Hospitals Buton) is valued at IDR124.3 billion, reflecting S\$10.7 million while Lippo Plaza Baubau (formerly known as Lippo Plaza Buton) is valued at S\$12.9 million. The aggregate market value of the Siloam Hospitals Baubau & Lippo Plaza Baubau is therefore S\$23.5 million.

The valuation reports are available for inspection with prior appointment at the Manager’s registered office during normal business hours for three months from the date of this announcement.

By Order of the Board

Tan Kok Mian Victor
Executive Director and Chief Executive Officer
First REIT Management Limited (Company Registration No. 200607070D)
As Manager of First REIT

20 February 2024

Important Notice

The value of units in First REIT (“**Units**”) and the income from them may fall as well as rise. Units are not obligations of, deposits in, or guaranteed by, the Manager or any of its affiliates. An investment in Units is subject to investment risks, including the possible loss of the principal amount invested. Investors have no right to request the Manager to redeem their Units while the Units are listed. It is intended that Unitholders of First REIT may only deal in their Units through trading on Singapore Exchange Securities Trading Limited (the “**SGX-ST**”). Listing of the Units on the SGX-ST does not guarantee a liquid market for the Units.

This document is for information only and does not constitute an invitation or offer to acquire, purchase or subscribe for the Units. The past performance of First REIT is not necessarily indicative of the future performance of First REIT.

This document may contain forward-looking statements that involve risks and uncertainties. Actual future performance, outcomes and results may differ materially from those expressed in forward-looking statements as a result of a number of risks, uncertainties and assumptions. Representative examples of these factors include (without limitation) general industry and economic conditions, interest rate trends, cost of capital and capital availability, competition from similar developments, shifts in expected levels of property rental income, changes in operating expenses (including employee wages, benefits and training costs), property expenses and governmental and public policy changes. Investors are cautioned not to place undue reliance on these forward-looking statements, which are based on the Manager’s view of future events.

31 December 2023

Board of Directors (the “**Board**”)
First REIT Management Limited
(as Manager of First Real Estate Investment Trust (“**First REIT**”)) (the “**Manager**”)

Dear Sirs,

RE: MANAGEMENT ASSESSMENT LETTER (“LETTER”) – ANNUAL VALUATION 2023

Pursuant to Clause 6.2 of the Trust Deed dated 19th October 2006 (as amended, varied and supplemented) constituting First REIT, and in accordance with Appendix 6 - Section 8 of the Code on Collective Investment Schemes issued by the Monetary Authority of Singapore last revised on 1 July 2021, full valuations of First REIT’s investment properties (the “**Portfolio**”) were conducted by approved independent valuation firms (“**Valuers**”).

The engagement of the Valuers was substantiated with the valuers’ relevant credentials and approved by both the Manager and Perpetual (Asia) Limited (in its capacity as trustee of First REIT) (the “**Trustee**”).

This Letter is jointly prepared by the Asset Management Department and Finance Department of the Manager and provides for the following:

1. Management Assessment of Discount Rates & Terminal Capitalization Rates for Indonesia Properties
2. Management Assessment of Other Valuation Metrics/Assumptions
3. Management Assessment of Discount Rate & Terminal Capitalization Rates for Singapore and Japan Properties
4. Management Assessment of Valuation for Imperial Aryaduta Hotel & Country Club

Summary of Annual Valuation 2023 (“AV 2023”)

Investment properties are held by First REIT either to earn rental income and/or for capital appreciation, but not for sale in the ordinary course of business. The Market Value of each property is individually determined as at the material date by the Valuers and are premised on appropriate assumptions and estimates.

Market Value is, as defined by the Singapore Institute of Surveyors and Valuers (“**SISV**”) in the 2022 edition of Valuation Standards and Practice Guidelines, “the estimated amount for which a property should exchange on the valuation date between a willing buyer and a willing seller in an arm’s length transaction, after proper marketing and where parties had each acted knowledgeably, prudently and without compulsion.”

The Market Value of the Portfolio was determined in accordance with the Trust Deed, which requires a full valuation of each of the Trust’s Real Estate to be conducted by an Approved Valuer at least once a year, in accordance with the Property Fund Guidelines and any applicable code of practice for asset valuations.

Further, we understand that the above definition is consistent with the definition of Fair Value as defined in the Singapore Financial Reporting Standards (“**FRS**”) 113.

The valuation standards adopted by our valuers are in accordance with the requirements of the Indonesia Valuation Standards (Standar Penilaian Indonesia), International Valuation Standards (“**IVS**”), SISV and Practice Guidelines, and Japanese Real Estate Appraisal Standards. These valuation standards adopted comply with the requirements of the Singapore Exchange Regulation (“**SGX RegCo**”) Listing Rules.

The engagement of independent valuers for the valuations each have more than 5 years of experience in the appraisal of properties in Singapore, Indonesia and Japan, and are designated members of the SISV, Anggota Senior Masyarakat Profesi Penilai Indoensia (“MAPPI”), and Licensed Real Estate Appraiser (“LREA”), respectively. They have declared that they do not have any financial interests in the properties. We are satisfied with the objectivity, qualifications and competencies of the independent valuers and they are in compliance with the qualification requirement of the SGX RegCo Listing Rules.

First REIT’s 32-property portfolio was hence independently assessed to be SGD 1,139.5 million as at 31 December 2023.

The appraised value of the Portfolio is tabulated as follows:

No.	Properties	Appointed Valuers for AV 2023	Annual Valuation						% of Portfolio Value
			2022		2023		Variance		
			(as at 31 Dec 2022)		(as at 31 Dec 2023)		(%)		
			IDR (in 'mm)	SGD ^(a)	IDR/JPY (in 'mm)	SGD ^(b)	IDR on IDR/ JPY on JPY	SGD on SGD	
1	Siloam Hospitals Lippo Village	Knight Frank	IDR 1,864,200	SGD 162,185,400	IDR 1,952,201	SGD 167,889,286	4.7%	3.5%	14.7%
2	Siloam Hospitals Kebon Jeruk	CBRE	IDR 814,288	SGD 70,843,056	IDR 823,993	SGD 70,863,398	1.2%	0.0%	6.2%
3	Imperial Aryaduta Hotel & Country Club	Knight Frank	IDR 316,666	SGD 27,549,959	IDR 332,173	SGD 28,566,878	4.9%	3.7%	2.5%
4	Siloam Hospitals Lippo Cikarang ^(c)	Knight Frank	-	SGD 50,440,000	-	SGD 53,100,000	-	5.3%	4.7%
5	Mochtar Riady Comprehensive Cancer Centre	Knight Frank	IDR 1,430,400	SGD 124,444,800	IDR 1,495,065	SGD 128,575,590	4.5%	3.3%	11.3%
6	Siloam Hospital Makassar	Knight Frank	IDR 751,800	SGD 65,406,600	IDR 794,651	SGD 68,339,986	5.7%	4.5%	6.0%
7	Siloam Hospitals Manado & Hotel Aryaduta Manado ^(c)	Knight Frank	IDR 457,622	SGD 39,813,114	IDR 463,226	SGD 39,837,436	1.2%	0.1%	3.5%
		Knight Frank	-	SGD 37,890,000	-	SGD 38,400,000	-	1.3%	3.4%
8	Siloam Hospitals TB Simatupang	Knight Frank	IDR 472,635	SGD 41,119,245	IDR 496,738	SGD 42,719,468	5.1%	3.9%	3.7%
9	Siloam Hospitals Bali	Knight Frank	IDR 709,311	SGD 61,710,057	IDR 747,436	SGD 64,279,496	5.4%	4.2%	5.6%
10	Siloam Hospitals Purwakarta	CBRE	IDR 247,707	SGD 21,550,509	IDR 258,260	SGD 22,210,360	4.3%	3.1%	1.9%
11	Siloam Sriwijaya	CBRE	IDR 262,130	SGD 22,805,310	IDR 250,706	SGD 21,560,716	-4.4%	-5.5%	1.9%
12	Siloam Hospitals Kupang & Lippo Plaza Kupang ^(c)	C&W	IDR 211,812	SGD 18,427,644	IDR 212,121	SGD 18,242,406	0.1%	-1.0%	1.6%
			-	SGD 30,100,000	-	SGD 31,500,000	-	4.7%	2.8%
13	Siloam Hospitals Labuan Bajo	C&W	IDR 114,387	SGD 9,951,669	IDR 115,888	SGD 9,966,368	1.3%	0.1%	0.9%
14	Siloam Hospitals Baubau & Lippo Plaza Baubau ^{(c) (d)}	C&W	IDR 124,144	SGD 10,800,528	IDR 124,320	SGD 10,691,520	0.1%	-1.0%	0.9%
			-	SGD 11,680,000	-	SGD 12,850,000	-	10.0%	1.1%
15	Siloam Hospitals Yogyakarta	CBRE	IDR 216,815	SGD 18,862,905	IDR 226,303	SGD 19,462,058	4.4%	3.2%	1.7%
Total Indonesia Portfolio			IDR 7,993,917	SGD 825,580,796	IDR 8,293,081	SGD 849,054,966	3.7%	2.8%	74.5%
16	Pacific Healthcare Nursing Home @ Bukit Merah	JLL	-	SGD 8,500,000	-	SGD 8,100,000	-	-4.7%	0.7%
17	Pacific Healthcare Nursing Home II @ Bukit Panjang	JLL	-	SGD 8,900,000	-	SGD 8,600,000	-	-3.4%	0.8%
18	The Lantor Residence	JLL	-	SGD 15,100,000	-	SGD 15,000,000	-	-0.7%	1.3%
Total Singapore Portfolio			-	SGD 32,500,000	-	SGD 31,700,000	-	-2.5%	2.8%

No.	Properties	Appointed Valuers for AV 2022	Annual Valuation							% of Portfolio Value
			2022		2023		Variance			
			(as at 31 Dec 2022)		(as at 31 Dec 2023)		(%)			
			IDR/JPY (in 'mm)	SGD ^(b)	IDR/JPY (in 'mm)	SGD ^(b)	IDR on IDR/ JPY on JPY	SGD on SGD		
19	Hikari Heights Varus Ishiyama	C&W KK	JPY 847	SGD 8,639,400	JPY 782	SGD 7,194,400	-7.7%	-16.7%	0.6%	
20	Hikari Heights Varus Tsukisamu Koen	C&W KK	JPY 662	SGD 6,752,400	JPY 686	SGD 6,311,200	3.6%	-6.5%	0.6%	
21	Hikari Heights Varus Fujino	C&W KK	JPY 1,690	SGD 17,238,000	JPY 1,680	SGD 15,456,000	-0.6%	-10.3%	1.4%	
22	Hikari Heights Varus Kotoni	C&W KK	JPY 6,640	SGD 67,728,000	JPY 6,630	SGD 60,996,000	-0.2%	-9.9%	5.4%	
23	Hikari Heights Varus Makomanai Koen	C&W KK	JPY 4,790	SGD 48,858,000	JPY 4,820	SGD 44,344,000	0.6%	-9.2%	3.9%	
24	Varus Cuore Yamanote	C&W KK	JPY 1,130	SGD 11,526,000	JPY 1,140	SGD 10,488,000	0.9%	-9.0%	0.9%	
25	Varus Cuore Sapporo-Kita & Annex	C&W KK	JPY 3,010	SGD 30,702,000	JPY 2,990	SGD 27,508,000	-0.7%	-10.4%	2.4%	
26	Elysiion Gakuenmae	Colliers KK	JPY 1,660	SGD 16,932,000	JPY 1,660	SGD 15,272,000	0.0%	-9.8%	1.3%	
27	Elysiion Mamigaoka & Annex	Colliers KK	JPY 2,400	SGD 24,480,000	JPY 2,270	SGD 20,884,000	-5.4%	-14.7%	1.8%	
28	Orchard Amanohashidate	CBRE KK	JPY 900	SGD 9,180,000	JPY 892	SGD 8,206,400	-0.9%	-10.6%	0.7%	
29	Orchard Kaichi North	CBRE KK	JPY 1,340	SGD 13,668,000	JPY 1,350	SGD 12,420,000	0.7%	-9.1%	1.1%	
30	Orchard Kaichi West	CBRE KK	JPY 424	SGD 4,324,800	JPY 471	SGD 4,333,200	11.1%	0.2%	0.4%	
31	Bon Sejour Komaki	Colliers KK	JPY 1,530	SGD 15,606,000	JPY 1,600	SGD 14,720,000	4.6%	-5.7%	1.3%	
32	Loyal Residence Ayase	Colliers KK	JPY 1,140	SGD 11,628,000	JPY 1,150	SGD 10,580,000	0.9%	-9.0%	0.9%	
Total Japan Portfolio			JPY 28,163	SGD 287,262,600	JPY 28,121	SGD 258,713,200	-0.1%	-9.9%	22.7%	
Total Portfolio Value				SGD 1,145,343,396		SGD 1,139,468,170			100.0%	

Notes

Any discrepancies in the totals are due to rounding.

(a) Based on exchange rate of SGD 1 = IDR 11,494.25 as at 31 December 2022, where relevant.

Based on exchange rate of SGD 1 = JPY 98.04 as at 31 December 2022, where relevant.

(b) Based on exchange rate of SGD 1 = IDR 11,627.91 as at 15 December 2023, where relevant.

Based on exchange rate of SGD 1 = JPY 108.70 as at 15 December 2023, where relevant.

(c) The valuation of these properties are valued in SGD as they are Non-Restructured Properties and continues to receive rentals in Singapore Dollars.

(d) Siloam Hospitals Baubau & Lippo Plaza Bau Bau has been renamed from Siloam Hospitals Buton & Lippo Plaza Buton.

The valuations conducted on the Indonesia, Singapore and Japan Portfolio were based on the Income approach - Discounted Cash Flow (DCF) method, except for Imperial Aryaduta Hotel & Country Club (“IAHCC”) which adopts the Market Comparable approach similar to last year, justified in Section 3.

The following general comments were noted respectively, for Properties centered in Indonesia, Singapore and Japan:

a. Indonesia Properties

The market value of the existing Indonesia portfolio comprising 15 properties have increased by 2.8% year-on-year (SGD on SGD), from SGD 825.6 million to SGD 849.1 million mainly due to fair value gains.

b. Recap of the Restructuring Exercise

First REIT had completed the Restructuring Exercise which Perpetual (Asia) Limited (in its capacity as Trustee of First Real Estate Investment Trust) had on 28 November 2020 signed a memorandum of understanding with PT Lippo Karawaci Tbk to restructure the master lease agreements (the “MLAs”) relating to the 11 hospitals which LPKR leases from First REIT as well as with PT Metropolis Propertindo Utama to restructure the MLAs relating to the 3 hospitals which MPU leases from First REIT (collectively, the “Restructured Properties”). The Restructuring Exercise has since been completed and announced on 18 May 2021.

For clarity, the Restructured Properties refers to Siloam Hospitals Lippo Village, Siloam Hospitals Kebon Jeruk, Mochtar Riady Comprehensive Cancer Centre, Siloam Hospital Makassar, Siloam Hospitals Manado, Siloam Hospitals TB Simatupang, Siloam Hospitals Bali, Siloam Hospitals Purwakarta, Siloam Sriwijaya, Siloam Hospitals Kupang, Siloam Hospitals Labuan Bajo, Siloam Hospitals Baubau (formerly known as Siloam Hospitals Buton) and Siloam Hospitals Yogyakarta.

The Non-Restructured Properties which were not involved in the Restructuring Exercise refers to Imperial Aryaduta Hotel & Country Club, Siloam Hospitals Lippo Cikarang, Hotel Aryaduta Manado, Lippo Plaza

Kupang and Lippo Plaza Baubau (formerly known as Lippo Plaza Buton)(the “**Non-Restructured Properties**”).

Please refer to the Circular dated 28 December 2020 for a detailed description of the Restructuring Exercise.

c. Singapore Properties

Market values of the 3 Singapore properties, being leasehold in nature and therefore with a decreasing overriding land lease tenure, have marginally decreased by 2.5% year-on-year from SGD 32.5 million to SGD 31.7 million.

d. Japan Properties

Market values of the 14 Japan properties, have decreased 0.1% year-on-year JPY on JPY and by 9.9% year-on-year from SGD 287.3 million to SGD 258.7 million due to the weakening of JPY against SGD.

1. Management Assessment of Discount Rates & Terminal Capitalization Rates for Indonesia Properties

a. Summary of Discount Rates & Terminal Capitalization Rates

Discount rates and terminal capitalization rates are inversely related to the market values of the appraised property. The key assumptions of the market value calculations by the Valuers for AV 2023 are tabulated as follows:

No.	Assumption	Indonesia		Singapore		Japan	
		2022	2023	2022	2023	2022	2023
1	Discount Rates ^(A)	9.84% to 13.52% ^(C)	9.00% to 13.80% ^(C)	8.75%	8.75%	4.00% to 5.00%	4.00% to 4.70%
2	Rental Growth Rates ^(B)	(D)	(D)	2.00%	2.00% to 2.50%	(D)	(D)
3	Terminal Rates	8.63% to 10.35% ^(E)	8.53% to 10.60% ^(E)	(F)	7.25% ^(G)	4.30% to 5.30%	4.30% to 5.00%
4	Material Date of Valuation	31-Dec	13-Dec	31-Dec	31-Dec	31-Dec	31-Dec

Notes

^(A) Pre-tax discount rates that reflect current market assessments of the risks specific to the properties

^(B) Growth rates based on escalation rate in the lease agreements

^(C) The Restructured Properties will receive rentals in Indonesia Rupiahs. Hence, a higher discount rate of 12.32% to 13.52% in 2022 and 12.30% to 13.80% in 2023 that takes into account rentals to be received in Indonesia Rupiahs rentals was adopted. For Non-Restructured Properties that continue to receive rentals in Singapore Dollars, the adopted discount rates ranged from 9.84% to 10.49% in 2022 and to 9.00% to 9.25% in 2023.

^(D) The growth rates of the base rents were consistent with the respective master leases.

^(E) No terminal rate was used for the valuation of Siloam Sriwijaya, Siloam Hospitals Kupang & Lippo Plaza Kupang and Siloam Hospitals Baubau & Lippo Plaza Baubau (formerly known as Siloam Hospitals Buton & Lippo Plaza Buton) whose respective agreements with the provincial governments only allow for a fixed lease period each, under a BOT scheme.

^(F) No terminal rate was used for the valuation for the Singapore properties as our valuers use a Direct Discounting Analysis whereby the cashflow period is projected until the end of the leasehold term

^(G) No terminal rate was used for the valuation of Pacific Healthcare Nursing Home @ Bukit Merah and Pacific Healthcare Nursing Home II @ Bukit Panjang as our valuers use a Direct Discounting Analysis whereby the cashflow period is projected until the end of the leasehold term. This method was not adopted for The Lentor Residence, which uses a 10-year discounted cashflow model with a terminal value to derive its final value. Management has checked the method used for The Lentor Residence and assessed that if the Direct Discounting Analysis with the cashflow period until the end of the leasehold term method was applied, the difference in value is immaterial. Any difference of value derived in both methods are solely due to rounding. Therefore, Management has accepted this approach.

b. Management Assessment of Discount Rate & Terminal Capitalization Rate Methodology for Indonesia Properties

This section addresses the general methodology of discount rates and terminal cap rates that the assigned valuers have adopted.

i. KJPP Willson and Rekan in association with Knight Frank (Knight Frank)

Knight Frank adopts a discount rate of 9.25% for the property that continue to receive rentals in Singapore Dollars (such as Siloam Hospitals Lippo Cikarang and Hotel Aryaduta Manado) and 12.50% for the Restructured Properties that receives rentals in Indonesia Rupiahs after the restructuring exercise (such as Siloam Hospitals Manado). Like previous years, Knight Frank has adopted the Band of Investment Method (“**BOIM**”) as the firm’s means to derive the discount rate, their assumptions for Restructured Properties and Non-Restructured Properties are stipulated as follows:

Discount Rate Calculation (BOIM)				
No.	Description	Real Estate		Source
		Restructured Properties	Non-Restructured Properties	
1	Debt to Equity Ratio (D/R)	185.71%	185.71%	Indonesian Valuer Society Discount Rate Workshop
2	Debt Portion (w_d)	65.00%	65.00%	
3	Equity Portion (w_e)	35.00%	35.00%	
4	Tax (for property is 0%)	0.00%	0.00%	Not Applicable for Property Valuation
5	Levered Beta	1.356	1.356	PEFINDO - Domestic credit rating agency
6	Risk Free Rate (R_f)	6.96%	2.92%	Indonesia 10-year government bond PHEI
7	Default Spread	2.04%	0.00%	
8	Risk Premium (R_m)	7.89%	7.89%	Damodaran
9	Specific Risk	2.61%	2.61%	Considers risk associated in terms of the quality of assets, location of its properties, market conditions, and overall stability of its cash flows
10	Cost of Equity (k_e) $k_e = (R_f + (\beta * R_m)) - DS$	18.23%	16.22%	-
11	Cost of Debt (K_d)	9.41%	5.50%	Indonesian Banking Statistic - Interest Rates by State Bank
12	Band Of Investment Method (BOIM) $BOIM = (W_d * K_d) + (W_e * K_e)$	12.50%	9.25%	

Knight Frank adopts a terminal cap rate ranging from 8.53% - 9.21% based on a standard proprietary methodology adopted by the firm for calculations involving all relevant Discounted Cash Flow Approach which requires terminal values, introduced by Indonesian Valuer Society (MAPPI).

Management Assessment

The Band of Investment Method is a common method used to derive the discount rate of real estate assets and the assumptions in the BOIM appear to be sound.

The terminal cap rate adopted by Knight Frank follows a specific methodology and formula which considers the asset class, master lease agreements, rental currency denomination, currency risk as well as age of the property, among other relevant factors in deriving the terminal cap rate.

Additionally, we also note that rentals have already taken into account the locational factors whereby properties located in the lower tier cities have lower rental and properties located in the higher tier cities command a higher rental.

Overall and broadly, the Management is satisfied with the methodology adopted by Knight Frank.

ii. KJPP Rengganis, Hamid & Rekan (CBRE)

CBRE assumes a discount rate of 12.30% for the hospitals held under HGB titles (such as Siloam Hospitals Kebon Jeruk, Purwakarta and Yogyakarta) and 12.98% for Siloam Sriwijaya which is a BOT Land Titled property. Similar to Knight Frank, CBRE adopts the BOIM as the firm's means to derive the discount rate, their assumptions are stipulated as follows:

Description	Discount Rate		Source
	HGB Land Titles	BOT Land Titles	
Cost of Equity			
Risk Free (R_f)	6.96%	6.90%	Indonesia 10-year government bond PHEI
Beta	1.28	1.28	Bloomberg
Market Risk Premium (R _{Pm})	7.89%	7.89%	Damodaran
Specific Risk	2.61%	4.61%	
Credit Default Spread	2.04%	2.04%	
Cost of Equity (k_e)	17.67%	19.61%	
Cost of Debt			
Cost of Debt (k_d)	9.41%	9.41%	Bank of Indonesia
Equity Portion (W_e)	35.00%	35.00%	
Debt Portion (W_d)	65.00%	65.00%	
Discount Rate	12.30%	12.98%	

CBRE adopts a terminal cap rate of 9.0% for Siloam Hospitals Kebon Jeruk and 10.0% for Siloam Hospitals Purwakarta & Siloam Hospitals Yogyakarta. For Siloam Sriwijaya there is no terminal cap rate as it is a BOT land titled property. The terminal cap rates are decided based on analyses done on revenue as well as investment property value of several comparable hospital REITs for the HGB Land Titled properties.

Management Assessment

The BOIM is a common method of deriving the discount rate of an investment. The assumptions to the BOIM appear to be sound.

The terminal cap rate adopted by CBRE follows a widely accepted methodology in the industry and is based on acceptable assumptions, rooted in fundamental principles of valuation.

Additionally, we also note that rentals have already taken into account the locational factors where properties located in the lower tier cities have lower rental and properties located in the higher tier cities command a higher rental.

Overall and broadly, the Management is satisfied with the methodology adopted by CBRE.

iii. Cushman & Wakefield (C&W)

C&W has adopted the WACC to derive the discount rate for the Indonesia Properties assigned to them. C&W adopts a discount rate of 9.00% for the property that continue to receive rentals in Singapore Dollars (such as Lippo Plaza Kupang and Lippo Plaza Baubau) and 13.60% for HGB titled properties (such as Siloam Hospitals Labuan Bajo) and 13.80% for BOT Land Titled properties (such as Siloam Hospitals Kupang and Siloam Hospitals Baubau) for the Restructured Properties that receives rentals in Indonesia Rupiahs after the restructuring exercise. The breakdown and assumptions are stipulated as follows:

Weighted Average Cost of Capital (WACC)				
Description	Restructured Properties		Non-Restructured Properties	Source / Remarks
	HGB Land Titles	BOT Land Titles		
Capital Structure				
Debt-to-Total Capitalization	65.0%	65.0%	65.0%	
Equity-to-Total Capitalization	35.0%	35.0%	35.0%	
Cost of Debt				
Cost of Debt	9.41% ⁽¹⁾	9.41% ⁽¹⁾	5.50% ⁽²⁾	⁽¹⁾ Bank Indonesia - Investment loan rate ⁽²⁾ 10 year Singapore Sovereign bond (Bloomberg)
Tax Rate	22.0%	22.0%	17.0%	
After-tax Cost of Debt	7.34%	7.34%	4.57%	
Cost of Equity				
Risk-free Rate	6.79% ⁽³⁾	6.79% ⁽³⁾	2.75% ⁽⁴⁾	⁽³⁾ Indonesia 10-year government bond PHEI ⁽⁴⁾ 10-year Singapore bond Yield (MAS)
Market Risk Premium	7.89% ⁽⁵⁾	7.89% ⁽⁵⁾	5.00% ⁽⁶⁾	⁽⁵⁾ Damodaran with a Indonesia market risk premium of 7.89% ⁽⁶⁾ Damodaran with a Singapore market risk premium of 5.00%
Levered Beta	1.82	1.82	1.09	
Others	4.00%	4.50%	9.00%	Others refers to measure of the target specific risk, i.e. operation premium, size premium and quality of earnings discount associated with the asset which cannot be quantified directly
Cost of Equity	25.15%	25.65%	17.18	
WACC	13.57%	13.75%	9.00%	
WACC (rounded)	13.60%	13.80%	9.00%	

Siloam Hospitals Labuan Bajo is a HGB Land-Titled Property while Kupang Property and Baubau Property are BOT Land-Titled Properties, C&W has adopted a differential discount rate of 0.20% in the discount rate, due to the different risk profiles of land titles.

C&W adopts a terminal cap rate of 10.6% for Siloam Hospitals Labuan Bajo. There is no terminal cap rate for all BOT land-titled properties.

Management Assessment

C&W employs a certain level of professional judgement in deriving their discount rates and terminal cap rates, supplemented with relevant comparable data. To add on, the cap rates and discount rates for properties received in SGD currency (Non-Restructured Properties) includes country risk premium in Indonesia because the operations are in Indonesia hence the business is subjected to the market risk in Indonesia.

Overall and broadly, the Management is satisfied with the methodology adopted by C&W.

Concluding Statement

The Management is satisfied with the methodology of the discount rate and terminal cap rates adopted across the valuers for the Indonesia Portfolio. Each Valuation Firm has their own proprietary methodology in determining their respective approaches, discount rate and terminal cap rate as valuation is both an art and science discipline.

The Management is generally and broadly satisfied with the methodology adopted by the respective valuers.

2. Management Assessment of Other Valuation Metrics/Assumptions

a. Management Assessment of Long-Term Singapore CPI Rates

As stated in the MLAs for the Non-Restructured Properties, base rents are computed by adding an amount equivalent to the lower of two times the Consumer Price Index (CPI) percentage variation for the calendar year (the “**Preceding Calendar Year**”) preceding the calendar year in which the rent revision date occurs; or 2%.

The CPI rate assumption is an important factor of base rent calculation and affects the base rent proportionately. The adopted CPI and Base Rent Escalation rates generally adopted by the engaged valuers are summarized as follows:

Valuation Year	2021 (Actual)	2022 (Actual)	2023 & Beyond
CPI Rate of Preceding Calendar Year	-0.5%	3.8%	6.3%
Adopted Base Rent Escalation Rate based on the lower of: (i) two times Singapore CPI Percentage Variation for the Calendar Year (ii) or 2%	0.0%	2.0%	2.0%

Detailed calculations of the CPI Rates for 2022, 2023, 2024 and beyond can be found in Section 2(ii) and 2(iv) respectively.

i. Historical Singapore CPI Rates (2021)

The monthly CPI and the Percentage Variations across the months of 2021 are as follows:

Year 2021	CPI	Monthly CPI % Variation
Dec-20	100.5	-0.495%
Jan-21	100.4	0.200%
Feb-21	101.0	0.698%
Mar-21	101.2	1.301%
Apr-21	101.1	2.121%
May-21	101.9	2.412%
Jun-21	101.9	2.412%

Year 2021	CPI	Monthly CPI % Variation
Jul-21	101.7	2.520%
Aug-21	102.2	2.405%
Sep-21	102.7	2.597%
Oct-21	103.0	3.310%
Nov-21	104.0	3.896%
Dec-21	104.4	3.881%
Aggregate CPI % Variation for Year 2021:		3.821% (Rounded to 3.8%)

Management Assessment

Based on the average CPI percentage variation in Year 2021, the adopted CPI rate for the Year of 2021 is 3.8%. The Base Rent Escalation Rate is hence 2.0% for the Year of 2022.

ii. **Historical Singapore CPI Rates (2022)**

The monthly CPI and the Percentage Variations across the months of 2022 are as follows:

Year 2022	CPI	Monthly CPI % Variation
Dec-21	104.4	0.385%
Jan-22	104.5	0.096%
Feb-22	105.4	0.861%
Mar-22	106.7	1.233%
Apr-22	106.5	-0.187%
May-22	107.6	1.033%
Jun-22	108.7	1.022%
Jul-22	108.8	0.092%
Aug-22	109.9	1.011%
Sep-22	110.3	0.364%
Oct-22	109.9	-0.363%
Nov-22	111.0	1.001%
Dec-22	111.2	0.180%
Aggregate CPI % Variation for Year 2022:		6.344% (Rounded to 6.3%)

Management Assessment

Based on the average CPI percentage variation in Year 2022, the adopted CPI rate for the Year of 2022 is 6.3%. The Base Rent Escalation Rate is hence 2.0% for the Year of 2023.

iii. **CPI Rate in 2023:**

Based on MAS Survey of Professional Forecasters, the median CPI-All Items inflation for 2023 as a whole is forecasted to be 4.7%.

CPI-All Items inflation is forecast at 4.7% and MAS Core Inflation at 4.1% for 2023

CPI-All Items inflation and MAS Core Inflation in Q3 2023 are expected to come in at 4.0% and 3.5%, respectively. The median forecast for CPI-All Items inflation for the whole of 2023 is 4.7%, down from 5.0% in the June survey. The median forecast for MAS Core inflation is 4.1%, unchanged from the June survey. As for the labour market, the respondents expect the unemployment rate to be 2.0% at year-end.

Source: MAS Survey of Professional Forecasters, Sep 2023

iv. CPI Rate in 2024 and Beyond:

Based on MAS Survey of Professional Forecasters, the median CPI-All Items inflation for 2024 as a whole is forecasted to be 3.1%.

Both CPI-All Items inflation and MAS Core Inflation are expected to ease in 2024

CPI-All Items inflation is forecast at 3.1% in 2024, while MAS Core Inflation is expected to come in at 2.8%. The respondents assigned the highest probability to the 3.0 to 3.4% range for CPI-All Items, similar to the June survey. Meanwhile for MAS Core Inflation, the highest probabilities were almost equally spread between the probability ranges of 2.0 to 2.4% and 2.5 to 2.9%, compared to 3.0 to 3.4% in the previous survey.

Source: MAS Survey of Professional Forecasters, Sep 2023

Management Assessment

The Manager is of the view that the adopted CPI rate for 2022, 2023, 2024 and beyond by the Valuers of 2.0% is reasonable and reflective of the current inflationary environment. Hence, given that the base rent escalation cap is 2.0%, the base rent escalation of 2.0% is reasonable.

For Lippo Plaza Baubau, according to its master lease agreement, the rental escalation rate must not exceed 5.0% in five years hence the Manager has adopted a 1.0% escalation rate in each year for five years to even out the effects of the escalation rate.

Concluding Statement

The Asset Management and Finance teams have reviewed the CPI rates and assumptions. Overall and broadly, the Management is satisfied and agreeable with the adopted CPI rates and assumptions adopted by the valuers.

b. Management Assessment of Primary Inputs provided by Hospital/Hotel Operators

The historical and projected Gross Operating Revenues (GOR) are primary information provided by the hospital and hotel operators to input in the valuers' 10-year DCF to determine the variable rent component of the valuations. The operators have provided historical GORs based on their audited financials and a 6-year GOR projection based on their internal assessment.

Hence, based on the historical information and operators' projections, the valuers exercised their professional judgement in the assumptions of the GOR Projections.

i. Gross Operating Revenue (GOR) Assumptions by Knight Frank and C&W

The 2022 Audited GOR growth rate and Projected GOR growth rates from FY 2023 to FY 2033^(F) are tabulated for the 14 Indonesia Properties as follows:

No.	Properties	Growth Rate based on Audited GOR for 2022	Projected GOR Growth Rates FY 2023 – FY 2033 ^(E)	
			Siloam / Aryaduta's Projections	AV 2023 Adopted By Valuers
1	Siloam Hospitals Lippo Village	12.8%	5.0% to 13.4%	5.0% to 7.0%
2	Siloam Hospitals Kebon Jeruk	10.5%	5.0% to 10.7%	-2.8% to 3.6%
3	Siloam Hospitals Lippo Cikarang	4.3%	5.0% to 16.0%	5.0% to 6.0%
4	Mochtar Riady Comprehensive Cancer Centre	15.1%	5.0% to 13.0%	5.0% to 8.9%
5	Siloam Hospitals Makassar	-4.0%	3.8% to 17.6%	5.0% to 12.2%
6	Siloam Hospitals Manado	-1.2	2.7% to 21.6%	5.0% to 14.1%
7	Siloam Hospitals TB Simatupang	13.8%	5.0% to 20.0%	5.0% to 10.1%
8	Siloam Hospitals Bali	19.4%	5.0% to 24.5%	5.0% to 14.7%
9	Siloam Hospitals Purwakarta	-14.0%	0.2% to 13.5%	0.7% to 7.4%
10	Siloam Sriwijaya	2.7%	5.0% to 15.3%	-7.7% to 7.3%
11	Siloam Hospitals Kupang	-10.9%	0.9% to 24.6%	0.9% to 23.70%
12	Siloam Hospitals Labuan Bajo	16.9%	3.2% to 27.1%	3.2% to 26.30%
13	Siloam Hospitals Baubau	6.3%	4.1% to 11.3%	4.1% to 10.3%
14	Siloam Hospitals Yogyakarta	-12.8%	14.2% to 28.9%	-11.5% to 16.3%

Notes

^(E) Except for properties that are under BOT titles whereby the GOR is up to the land lease expiry.

Management Assessment

The Management has reviewed and discussed with Siloam regarding the above projections provided by the Siloam team to further understand the rationale behind these projections.

These rationale and responses from the Siloam team in AV 2023 have also been forwarded to the respective valuers. Through discussions with operators onsite during valuation site visits and valuers' professional judgement, the valuers have considered the justifications and based their forward projections on the available information.

The Manager is of the view that the adopted projections by Knight Frank and C&W are reasonable and achievable.

ii. GOR Assumptions by CBRE

CBRE has done a sense check on their end by computing the GOR for each hospital based on tariff rates (rate at which a patient pays for a bed stay in the hospital per night) and included other revenue sources such as Outpatient Department (OPD), Accident and Emergency (A&E), Medical Check Up (MCU) as well as rental revenue.

Concurrently they had worked out the growth of the tariff rates by comparing the tariff in the past (based on their historical data) as well as the tariff rates they had gathered. Once they have derived this tariff growth rate based on their understanding and expertise of the market, they then cross checked the GOR growth rate with the Siloam's projections.

Management Assessment

The Management has reviewed and discussed CBRE and understood that they have done this approach as a form of due diligence and to be more comprehensive in terms of the GOR projections adopted in the DCF. The Manager is of the opinion that the GOR projections adopted in the DCF calculation are reasonable.

Concluding Statement

Both the Asset Management and Finance teams have reviewed the above-mentioned primary inputs provided. Overall and broadly, the Management is satisfied with the explanations provided.

c. Management Assessment of Adopted Capital Expenditure (CAPEX) Rates

CAPEX are funds used by a company to acquire, upgrade, and maintain physical assets such as Mechanical & Electrical equipment and structural elements in the properties. CAPEX is one of the factors accounted for in our Discounted Cash Flow method in valuing the properties. For each CAPEX rate adopted, it usually accounts for the building age, building type, building condition, historical and upcoming CAPEX data.

Our analysis of the CAPEX adopted is included in the Appendix 1.

Management Assessment

The Management has assessed the adopted CAPEX rates in the valuations based on the building age, building type as well as building condition, etc. Overall and broadly, the management is of the view that the adopted CAPEX rate by the valuers falls within 1% of our Final Adjusted Average CAPEX and is thus reasonable.

3. Management Assessment of Discount Rate & Terminal Capitalization Rates for Singapore and Japan Properties

The valuation of the Japan and Singapore's portfolio is relatively straightforward. The key parameters and assumptions adopted by our valuers align with their respective master lease agreements and are consistent with our panel of valuers.

a. Discount Rates & Terminal Capitalization Rates for Japan Properties

As presented above in 1.a, generally the Japan Properties' discount rates and terminal capitalization rates are stable and the economy is largely stagnant.

No.	Assumption	Japan	
		2022	2023
1	Discount Rates ^(A)	4.00% to 5.00%	4.00% to 4.70%
2	Rental Growth Rates ^(B)	(D)	(D)
3	Terminal Rates	4.30% to 5.30%	4.30% to 5.00%
4	Material Date of Valuation	31-Dec-22	31-Dec-23

However, there are some exceptions for the following properties:

No.	Property	AV 2022 Discount Rate (as at 31 Dec 2022)	AV 2023 Discount Rate (as at 31 Dec 2023)	Valuation % Change (JPY on JPY)	% of Portfolio	Remarks
28	Orchard Amanohashidate	4.8%	4.7%	-0.9%	0.7%	The occupancy of the property is good (100%) and during the valuer's site inspection, they are of the view that the business outlook improved, hence the drop in discount rate. However, the increased CAPEX amount from 2023 Engineering Report has resulted in an overall decrease in the valuation.
31	Bon Sejour Komaki	5.0%	4.7%	+4.6%	1.3%	The valuer has inspected the property and found that the key considerations of the property is similar to that of Orchard Amanohashidate hence the same discount rate has been adopted.

Management Assessment

The management is of the view that the discount rates and terminal cap rates adopted by the Japan valuers adhere to a methodology commonly used by all valuers in the country.

Overall and broadly, the Management is satisfied with the methodology adopted by the Japan valuers.

4. Management Assessment of Valuation of Imperial Aryaduta Hotel and Country Club ("IAHCC")

The Manager had identified IAHCC as a non-core asset and appointed a marketing agent to procure a suitable purchaser for IAHCC since May 2021. While we have received some interest for the land during this exercise, it has not been fruitful till date. The sales and marketing exercise remains ongoing with a target to find an interested buyer by mid of next year.

The Manager has renewed the master lease agreement of IAHCC which has expired on 31 December 2023. The renewed lease provides some revenue stability from IAHCC while still allowing the Manager strategic flexibility as it further refines its longer-term business plans following the restructuring of its Indonesian hospital master leases.

Management Assessment

Similar to last year, we have discussed and sought the Valuers' opinion on the methodology of valuing IAHCC. The Valuers are of the same view that the methodology of land sale comparable method used is reasonable.

Conclusion

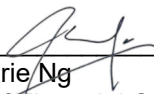
Overall and broadly, the Management is satisfied with the various valuation methodology and metrics used in the AV 2023 Exercise.

Thank you.

Yours Faithfully,



Name : Victor Tan Kok Mian
Designation : Executive Director and CEO
First REIT Management Limited as Manager of First REIT



Name : Valerie Ng
Designation : Chief Financial Officer
First REIT Management Limited as Manager of First REIT



Name : Jacky Chan Seng Leong
Designation : SVP, Asset & Investment Management
First REIT Management Limited as Manager of First REIT

Appendix 1

The Management has assessed the CAPEX assumptions used by all three valuers. The CAPEX assumptions used by all three valuers have taken into account the data provided by the Management as follows:

No.	Property	(A)	(B)	(C)	(D) = (B) + (C)	(E) = (D) ± 1%
		Average CAPEX over the past 3 years	Adjusted CAPEX figures (Accounted for one-off CAPEX)	CAPEX Premium	Final Adjusted Average CAPEX	CAPEX Assumption adopted by Valuers
1	SHLV	0.78%	0.56%	2.00%	2.56%	3.50%
2	SHKJ	3.19%	1.38%	3.00%	4.38%	5.00%
3	SHLC	5.62%	1.39%	2.00%	3.39%	3.50%
4	MRCCC	2.38%	1.49%	1.00%	2.49%	2.50%
5	SHMK	1.11%	0.95%	1.00%	1.95%	2.50%
6	SHMD	4.77%	1.60%	2.50%	4.10%	5.00%
7	HAMD	12.45%	5.27%	2.50%	7.77%	8.00%
8	SHTS	1.93%	1.93%	-	1.93%	2.00%
9	SHBL	3.07%	1.50%	1.00%	2.50%	3.00%
10	SHPW	2.73%	2.00%	1.00%	3.00%	4.00%
11	SS	2.94%	1.67%	1.00%	2.67%	3.00%
12	SHKP	0.65%	0.32%	2.50%	2.82%	3.00%
13	LPK	16.20%	4.15%	2.50%	6.65%	7.00%
14	SHLB	4.52%	1.99%	-	1.99%	2.00%
15	SHBB	4.26%	1.22%	-	1.22%	2.00%
16	LPBB ^(a)	-	-	1.00%	1.00%	1.50%
17	SHYG	2.35%	0.63%	2.50%	3.13%	3.00%

Notes

- (a) The Tenant of Lippo Plaza Baubau has not made any CAPEX claims to First REIT over the past three years. However, the management has referred to information from Building Auditors' Lippo Plaza Baubau ("LPBB") 2023 Priority List to ascertain that some CAPEX works would still be required to be done for the property, hence, a 1.00% CAPEX Premium has been considered based on Management's judgement of the property condition.

(A) The Average CAPEX figures are the direct average of the total historical CAPEX spending over the past three years, as a percentage of its respective year's rental amount (i.e. from 2021 to 2023).

(B) The Adjusted CAPEX Figures have been derived by the Manager via line-by-line checks on each CAPEX works undertaken by the REIT over the past 3 years. The Manager has identified CAPEX works that are common and uncommon. While the amount for common CAPEX had been considered in its entirety for the CAPEX assumption adopted, the Manager has adjusted the amount for uncommon CAPEX works to derive a more realistic figure to be adopted in the CAPEX assumptions.

The uncommon CAPEX had been identified as "one-off" CAPEX works. These works are typically not repeated in the following year because they are accompanied by warranties. Furthermore, the Manager had considered each type of work and adjusted them based on a "Sinking-Fund" concept. To simplify, the Manager will consider how long it would take before the same or similar work would need to be conducted again. For example, for rooftop waterproofing works, the Manager, in line with common local practice, assumes that the waterproofing works are accompanied by a warranty of at least 1 year and would typically last for 5 years after the works

had been completed before having to conduct waterproofing works again. If the rooftop waterproofing works cost IDR 1 billion, the manager would adopt IDR 200 million as the amount to be considered for the CAPEX assumption. (IDR 1 billion / 5 years = IDR 200 million)

The Manager theoretically sets aside a sum of money each year in anticipation of the CAPEX matter to resurface again for uncommon or one-off items. The reason this method was adopted is to arrive at a more realistic CAPEX assumption that is not an inflated or underestimated figure.

(C) CAPEX Premium

A CAPEX Premium has been considered for most of the Properties in the list and mainly follows the following metric based on the building’s age and condition.

i. Age of Property

CAPEX Premium = Additional CAPEX provision based on age of property	Building Age more than 10 years old	1%
	Building Age more than 20 years old	2%
	Building Age more than 30 years old	3%

For example, SHKJ is a 32-year-old building – which is more than 30 years old. The Manager believes that older buildings would require a higher CAPEX spending in general. Therefore, a 3% CAPEX Premium was added to the Adjusted Average CAPEX figure to arrive at a more realistic Final Adjusted Average CAPEX assumption. This is applied to all the properties based on their age except for Siloam Hospitals Kupang, Lippo Plaza Kupang, Siloam Hospitals Manado, Hotel Aryaduta Manado, Siloam Hospitals Yogyakarta and Lippo Plaza Baubau.

ii. Condition of Property

A 2.5% CAPEX Premium has been applied for Siloam Hospitals Kupang, Lippo Plaza Kupang, Siloam Hospitals Manado, Hotel Aryaduta Manado and Siloam Hospitals Yogyakarta. The Manager visited Kupang and Manado twice in 2023, in April and August for Kupang; in June and August for Manado. Throughout these visits, the Manager has considered and assessed the condition of the buildings and has applied for the 2.5% CAPEX Premium accordingly. These two locations, Kupang and Manado, are similar in that they are properties close to coastal areas and are very prone to adverse environmental conditions. More typically, they experience more frequent typhoons and heavy storms compared to the other locations within the First REIT portfolio. This ultimately translates to a higher rate of equipment and structural degradation regardless of the building’s age.

For Siloam Hospitals Yogyakarta, although the Management has not made a site visit to the property recently, the management have relied on its general knowledge of the property and past visits. The Management understands that based on its location, the property is prone to the effects of earthquakes and volcanic activities in the locality (i.e. volcanic gases in the environment causes accelerated rate of equipment degradation). The effects of earthquake and volcanic activities would result in a higher rate of equipment and structural degradation regardless of the building’s age. Therefore, the Management has accounted for a 2.5% CAPEX premium on top of the adjusted CAPEX figures.

The Manager is of the view that it is viable to make considerations for a higher CAPEX outlay to be included within the CAPEX assumption based on environmental factors, therefore, had included a CAPEX Premium of 2.5% for these 5 properties.

iii. Data Anomalies

Although there have been no historical CAPEX requests made for Lippo Plaza Baubau over the past three years, the Management has included a 1.00% CAPEX Premium for this property. It is unlikely that the property requires no CAPEX and this lack of CAPEX can be considered an anomaly. To have a more realistic estimate, the Management has provisioned for the 1.00% CAPEX Premium to be made from the Management's judgement and understanding of the property. The Management has referred to the Lippo Plaza Baubau Priority List Report that our Building Auditors have compiled. This report shows that there are very few areas in Lippo Plaza Baubau that require CAPEX works to be done. With that consideration, the Management believes that the additional 1.00% CAPEX Premium is reasonably applied for Lippo Plaza Baubau.

(D) The Final Average Adjusted CAPEX is the range of CAPEX based on the amalgamation of the Adjusted CAPEX figures and the property's respective CAPEX Premium.

(E) Column E is the actual CAPEX Assumption adopted by the valuers. If the Valuer's assumption falls within 1% allowance of the "Final Adjusted Average CAPEX" in Column (D), the Manager believes the adopted CAPEX Assumption is reasonable.

Based on the information and analysis above, the Management is of the opinion that the CAPEX assumption adopted by the Valuers is reasonable and justifiable as they fall within the range of Final Adjusted Average CAPEX figures.