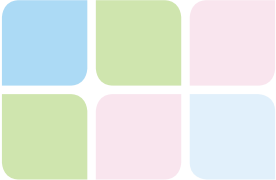
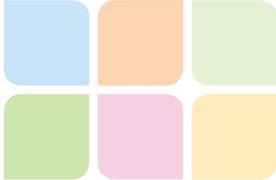


ANNUAL
REPORT
2017

A STRONG FOUNDATION
FOR THE NEXT CHAPTER



A STRONG FOUNDATION FOR THE NEXT CHAPTER



First REIT entered a year of transition in 2017 following 11 strong years of consistent growth. The year brought a renewal of leadership and talent while the Trust maintained its solid fundamentals and focused growth strategies. With its continued asset acquisitions, the Trust closed the year with a portfolio of 20 properties with total assets-under-management of S\$1.35 billion. **Standing on a strong foundation, a new and exciting chapter awaits First REIT.**



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CORPORATE PROFILE



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

Managed by Bowsprit Capital Corporation Limited ("**Bowsprit**" or the "**Manager**"), the Trust has a current asset portfolio of 20 properties across Asia, with total assets-under-management of S\$1.35 billion. These include 16 properties in Indonesia comprising hospitals, two integrated

hospital & malls, an integrated hospital & hotel and a hotel & country club, as well as three nursing homes in Singapore and one hospital in South Korea.

In Indonesia, the underlying healthcare properties are operated by PT Siloam International Hospitals Tbk. ("**Siloam**"), Indonesia's most progressive and innovative healthcare provider, which was successfully listed on the Indonesia Stock Exchange on 12 September 2013. Siloam is also a subsidiary of PT Lippo Karawaci Tbk ("**Lippo Karawaci**"), First REIT's Sponsor, which has a strong pipeline of around 40 hospitals to which First REIT has the right-of-first-refusal.

S\$1.35 billion
Total Assets-Under-
Management

350,850 sqm
Total GFA
of Properties

100%
Total Committed
Occupancy

5,092
Total No. of Beds /
Saleable Rooms

9.5 years
Weighted Average
Lease Expiry

101.47 S\$
Net Asset Value
Per Unit

AT A GLANCE



Blue-chip Sponsor with Strong Pipeline

- Our Sponsor, Lippo Karawaci, Indonesia's largest property group, has a strong pipeline of around 40 healthcare properties to be operated by Siloam
- Siloam is the largest and most prominent hospital group in Indonesia, currently operating more than 30 state-of-the-art hospitals across Indonesia
- First REIT has the right-of-first-refusal to Lippo Karawaci's healthcare properties



Diversified Portfolio of 20 Properties Valued at S\$1.35 billion

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



High Quality Healthcare Properties

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



Triple-net Leases

- Leases for Singapore properties are denominated in SGD and Indonesia properties' rentals are pegged to SGD to mitigate forex volatility
- Lease for South Korea property is denominated in USD
- Master Lessees bear all operating costs relating to the properties including maintenance, insurance and certain taxes



Stable and Strong Distribution Model

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

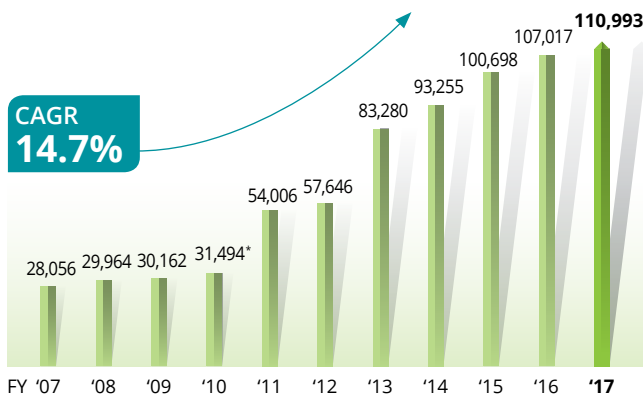


Well-defined Acquisition Strategy

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

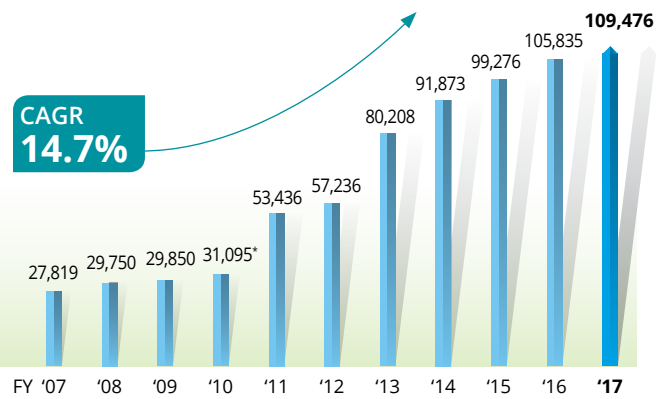
FINANCIAL HIGHLIGHTS

Gross Revenue (S\$'000)



* Includes deferred rental income from Adam Road property as at 31 December 2010, which was divested on 25 March 2011

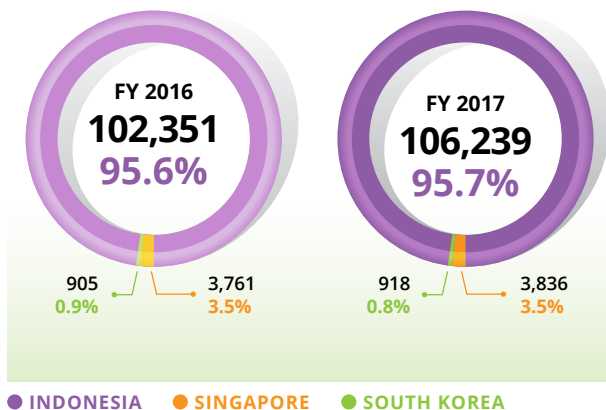
Net Property Income (S\$'000)



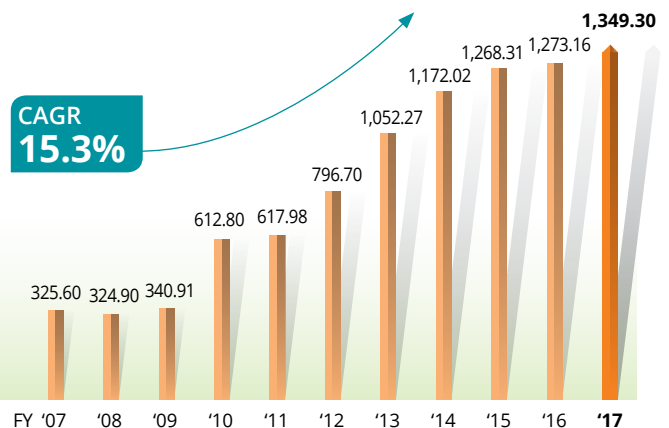
* Includes deferred rental income from Adam Road property as at 31 December 2010, which was divested on 25 March 2011

Rental Income

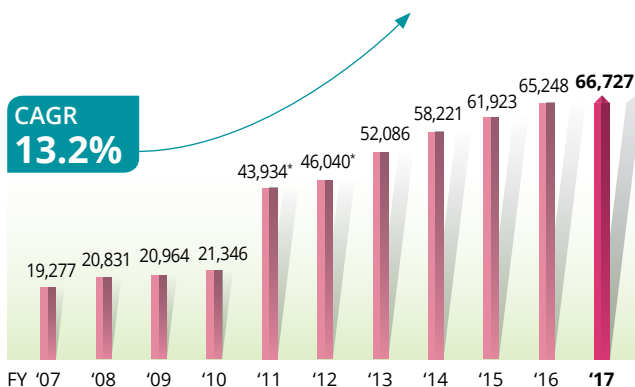
Breakdown by Geography (S\$'000)



Assets-Under-Management (S\$'million)

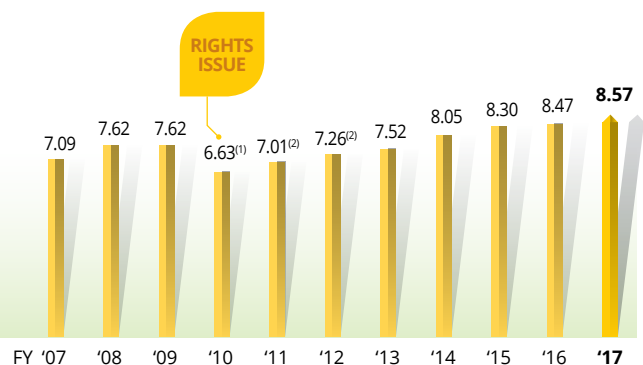


Distributable Amount (S\$'000)



* Including other gain distribution

Distribution Per Unit (S\$'cents)



⁽¹⁾ Based on enlarged share base as a result of rights issue

⁽²⁾ Including other gain distribution

FINANCIAL HIGHLIGHTS

Balance Sheet

In S\$'000	As at 31 Dec 2017	As at 31 Dec 2016
Total Assets	1,423,847	1,341,175
Total Liabilities	571,532	502,596
Unitholders' Funds	791,437	777,701
NAV Per Unit	101.47¢	100.79¢

Gearing

	As at 31 Dec 2017	As at 31 Dec 2016
Total Debt*	S\$478.6 million	S\$417.0 million
Interest Cover	5.5 times	5.2 times
Debt-to-Deposited Property	33.6%	31.1%

* Before transaction costs

Earnings Per Unit

	As at 31 Dec 2017	As at 31 Dec 2016
Earnings Per Unit	9.02¢	5.04¢
Number of Units	779,954,506	771,579,482
Weighted Average No. of Units	776,728,741	767,874,301

Rental Income

Tenant	%
PT Lippo Karawaci Tbk and subsidiaries ⁽¹⁾	82.42
PT Metropolis Propertindo Utama and subsidiary ⁽²⁾	12.86
Subsidiaries of PT Siloam International Hospitals Tbk ⁽³⁾	0.43
The Lantor Residence Pte. Ltd.	1.47
Pacific Healthcare Nursing Home Pte. Ltd.	1.01
Pacific Eldercare and Nursing Pte. Ltd.	0.98
Dr. Park Ki Ju	0.83

Notes

⁽¹⁾ The subsidiaries of PT Lippo Karawaci Tbk include PT East Jakarta Medika and PT Andromeda Sakti.

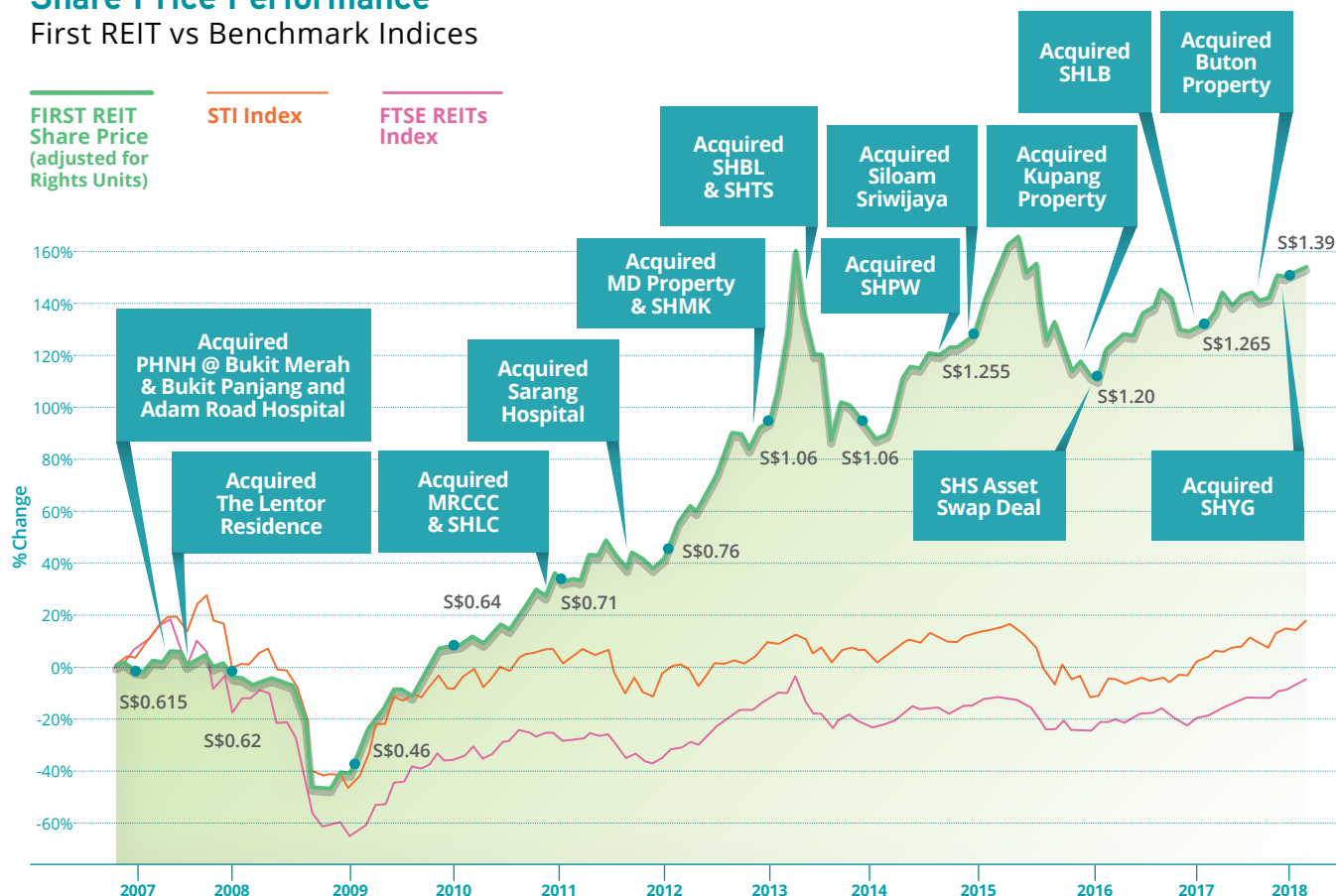
⁽²⁾ The subsidiary of PT Metropolis Propertindo Utama include PT Bumi Sarana Sejahtera.

⁽³⁾ The subsidiaries of PT Siloam International Hospitals Tbk are PT Bina Bahtera Sejati, PT Lintas Buana Jaya and PT Taruna Perkasa Megah.

FINANCIAL HIGHLIGHTS

Share Price Performance

First REIT vs Benchmark Indices



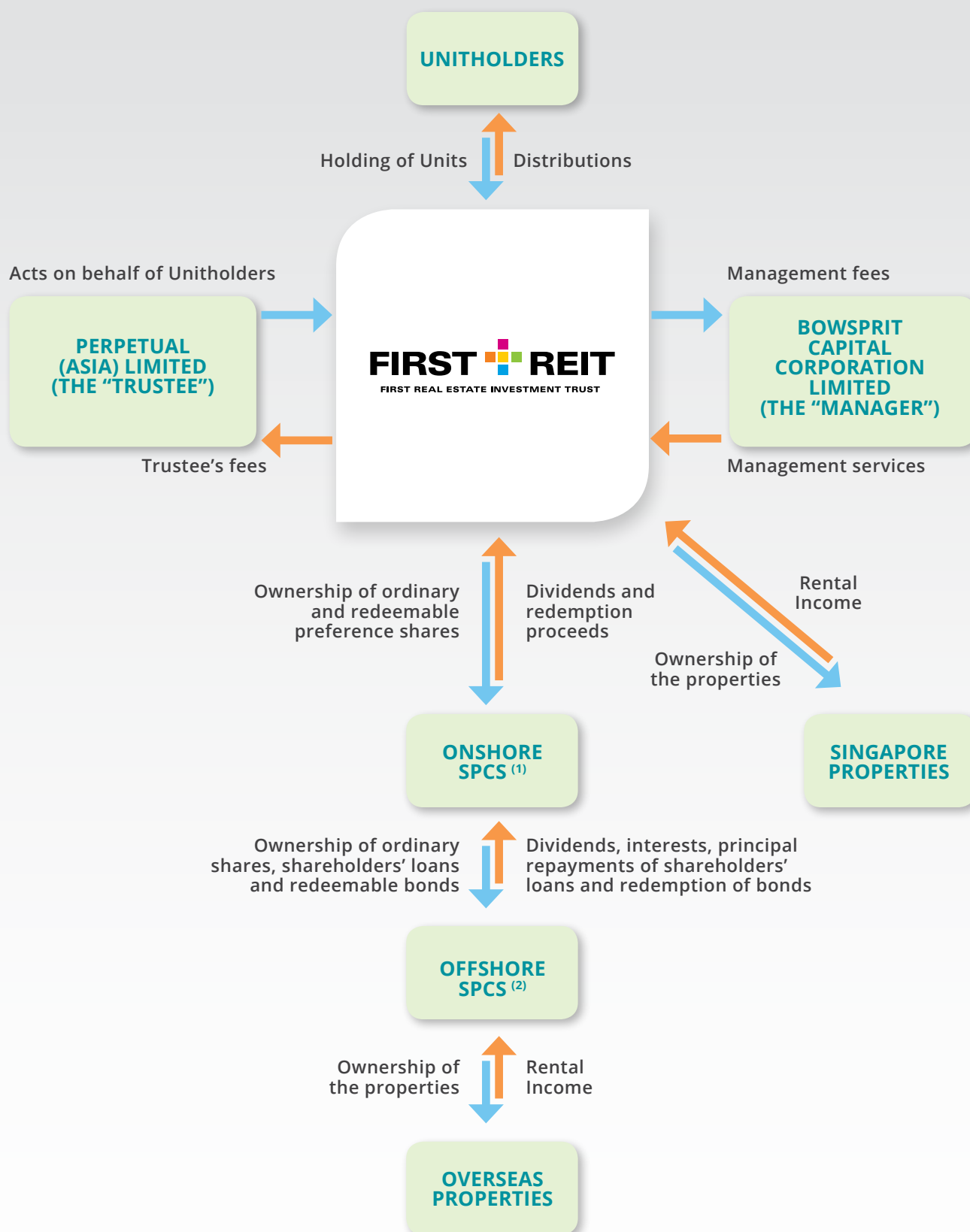
Unit Price Performance

	2017
IPO Offer Price (Dec 2006)	S\$0.710
As at last trading day of the year	S\$1.390
Highest	S\$1.420
Lowest	S\$1.265
Trading Volume (million units)	183.613

As at 31 December 2017

Number of Units in Issue	779,954,506
Market Capitalisation	S\$1,084.1 million

TRUST STRUCTURE



⁽¹⁾ Onshore SPCs refer to Singapore Special Purpose Companies

⁽²⁾ Offshore SPCs refer to Overseas Special Purpose Companies

LETTER TO UNITHOLDERS



Mr Carl Gabriel Florian Stubbe
Chairman

Mr Tan Kok Mian Victor
Chief Executive Officer

Dear Unitholders

A SOLID FOUNDATION

In our capacities as Chairman of the Board and Chief Executive Officer of the Manager, we are pleased to present our annual report for financial year ended 31 December 2017 ("FY 2017").

2017 marked a transition of First REIT following 11 strong years of consistent growth. Firstly, at the Board level, there were a few changes with the retirement of Mr Albert Saychuan Cheok as Chairman and Mr Goh Tiam Lock as Independent Director, after fulfilling 11 years of service since the listing of First REIT, as well as the retirement of Dr Ronnie Tan as Chief Executive Officer of the Manager.

We are honoured to take over the baton from our predecessors, who have done a tremendous job in providing invaluable counsel and guidance to the Trust, and working with the team to lay a solid foundation for further growth.

Building on strong fundamentals and focused strategies, the Trust has anchored itself as one of the key REIT players focused on investing in healthcare and healthcare-related real estate assets throughout Asia.

As at 31 December 2017, the Trust closed the financial year with a portfolio of 20 income-producing assets and a 6.0% year-on-year ("y-o-y") expansion in assets-under-management to S\$1.35 billion, achieving an 11-year compound annual growth rate of 15.3%. Total gross floor area grew 11.6% y-o-y to 350,850 square metres and the maximum number of hospital beds and saleable hotel rooms increased by 8.1% y-o-y to 5,092.

Having delivered sustained growth over the years, FY 2017 was no exception. First REIT achieved, yet again, record DPU of 8.57 Singapore cents, a 1.2% gain from the preceding year ("FY 2016"). This translated to a robust yield of 6.2% based on share price of S\$1.39 as at 29 December 2017, placing First REIT as one of the top 20 highest-yielding real estate investment trusts according to a report by Business Times on 6 January 2018.

Distribution income for the year edged up 2.3% to S\$66.7 million, compared to S\$65.2 million in FY 2016. FY 2017's gross revenue and net property income rose 3.7% and 3.4% to S\$111.0 million and S\$109.5 million, respectively. With our triple-net lease structure, where our tenants bear all operating costs relating to the properties, including maintenance, certain taxes and insurance, there are minimal property operating expenses incurred by the Trust.

LETTER TO UNITHOLDERS

SILOAM HOSPITALS YOGYAKARTA

SILOAM HOSPITALS BUTON
& LIPPO PLAZA BUTON

A FOCUSED ROADMAP

Since listing, First REIT has been guided by a strategic roadmap of investing in high quality income-producing assets to maximise returns to Unitholders. This was reinforced in FY 2017 with the addition of an integrated development comprising Siloam Hospitals Buton ("SHBN") and Lippo Plaza Buton ("LPB", and together with SHBN, the "**Buton Property**") and Siloam Hospitals Yogyakarta ("SHYG"), to further enhance our growth trajectory and diversify our presence in Indonesia.

Acquired in October 2017 for S\$28.5 million, the Buton Property is our second asset comprising a hospital and a connecting retail mall, following the acquisition of Siloam Hospitals Kupang & Lippo Plaza Kupang ("**Kupang Property**") in 2015. This was an attractive acquisition, providing an initial rental yield of 10.0% based on initial combined based rent of S\$2.84 million per annum.

The Buton Property is strategically located in Bau Bau city, which is the main city on Buton Island in Southeast Sulawesi. Bau Bau is a port city with transportation channels that serve as a hub between the East and West of Indonesia.

Operational since April 2016, SHBN is a Centre of Excellence for Emergency and Trauma, and is also one of the most advanced hospitals on Buton Island with a 160 bed capacity. It is fitted with modern medical facilities including operating theatres and equipment for medical services such as radiology, haemodialysis, physiotherapy and neurology.

LPB is a newly-built, stand-alone, single-storey retail mall connected to SHBN. With major tenants such as Matahari Department Store and Hypermart, it complements

the hospital and provides retail amenities to its patients and their accompanying families and friends.

Our second investment in FY 2017 was a joint venture with Lippo Malls Indonesia Retail Trust ("**LMIR Trust**") to acquire an integrated development in Yogyakarta comprising the hospital, SHYG and a retail mall component, Lippo Plaza Jogja ("**LPJ**") and together with SHYG, the "**Yogyakarta Property**". The acquisition of SHYG by First REIT was completed in December for S\$27.0 million.

Under the terms of the joint venture, First REIT is entitled to all the economic rights of all the assets and undertakings relating to SHYG and all the rights to the revenue, profits and dividends attributable to SHYG, as well as being responsible for all the liabilities, obligations, costs, expenses and losses attributable to SHYG. This delineation also applies to LMIR Trust with respect to LPJ.

The Yogyakarta Property is strategically located in a busy catchment area and together with the surrounding areas in Central Java, Yogyakarta has one of the highest population densities in Java. With a gross floor area of 12,474 square metres and a maximum capacity of 220 beds, SHYG commenced operations in July 2017 after obtaining all the relevant permits and licenses. A Centre of Excellence for Neuroscience and Cardiology, SHYG is one of the most modern and well-equipped facilities in the whole of Yogyakarta.

At an initial base rent of S\$2.43 million per annum, this was another accretive acquisition with a rental yield of 9.0%. Both the new properties have boosted First REIT's gross revenue in 4Q 2017, and Unitholders can look forward to further growth in the financial years ahead.

LETTER TO UNITHOLDERS

A PRUDENT CAPITAL MANAGEMENT

With an expanding asset base, First REIT continues to be vigilant with the management of its capital structure. As at 31 December 2017, gearing remained stable at 33.6% and interest cover stood at 5.5 times.

In January 2018, the Trust has secured up to S\$400.0 million syndicated secured financing facilities from Oversea-Chinese Banking Corporation Limited ("OCBC"). These syndicated financing facilities consist of a 3-year, a 4-year and a 5-year Singapore dollar term loan facility, as well as a 3-year dual currency revolving credit facility available in Singapore or US dollars, with each facility providing a quantum of up to S\$100.0 million. On 1 March 2018, the Trust has drawn down the facilities to refinance its existing loans.

A POSITIVE OUTLOOK

Indonesia will continue to be the Trust's focal market for growth, especially with Lippo Karawaci's strong pipeline of around 40 hospitals.

Indonesia's economy improved to 5.07% in 2017¹, from 5.02% in 2016. With its massive population, infrastructure development and a burgeoning middle class, the country's healthcare market continues to be marked as a sustainable growth sector.

It has an underserved healthcare market, with low hospital bed and doctor ratios relative to the size of the population. According to a 2015 Frost & Sullivan Healthcare Outlook report, the Indonesia healthcare sector is expected to triple from US\$7.0 billion in 2014 to US\$21.0 billion in 2019.

With the growing demand for healthcare services in Indonesia and the ongoing national health insurance scheme, Jaminan Kesehatan Nasional ("JKN"), which targets to cover the entire Indonesia population of 260 million by 2019, First REIT's portfolio of high-quality hospitals is well-positioned to serve the expanding healthcare market.

APPRECIATION

In closing, we would like to thank Mr Albert Saychuan Cheok and Mr Goh Tiam Lock for their contributions over the last decade, and welcome Mr Tan Chuan Lye, Lead Independent Director and Mr Martin Lechner, Independent Director, to the Board.

After more than 10 years of service, Dr Ronnie Tan retired as Chief Executive Officer of the Manager on 19 May 2017. On behalf of the Board, we would like to thank him for his stewardship and contributions during his tenure, and wish him a fulfilling retirement.

With such a strong foundation laid by the team, we are confident in leading First REIT through the next chapter of growth and endeavour to continue to reward our faithful Unitholders with strong returns.

Our appreciation goes out to you, our valued Unitholders for your continued confidence in First REIT, to the management and staff for your hard work, and to our Sponsor, business partners, bankers and tenants for your unflagging support.

Lastly, we would like to extend our gratitude to HSBC Institutional Trust Services (Singapore) Limited, who has retired from its capacity as trustee of First REIT, for their unwavering professional support over the last decade, and welcome our new trustee, Perpetual (Asia) Limited. With its market leadership in providing trustee services for Singapore REITs, and strong track record in managing several listed REITs, we look forward to starting this new working relationship and gaining access to best-in-industry advice and solutions that will continue to support First REIT's growth.

Mr Carl Gabriel Florian Stubbe
Chairman

Mr Tan Kok Mian Victor
Chief Executive Officer

Bowsprit Capital Corporation Limited
As Manager of First REIT

¹ Straits Times – Indonesia grows at best pace in 4 years but consumption still weak, 5 February 2018



CORPORATE INFORMATION

MANAGER

Bowsprit Capital Corporation Limited

REGISTERED OFFICE

50 Collyer Quay
#06-01 OUE Bayfront
Singapore 049321
Tel: (65) 6435 0168
Fax: (65) 6435 0167

TRUSTEE

Perpetual (Asia) Limited

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

Website Address

www.first-reit.com

UNIT REGISTRAR AND UNIT TRANSFER OFFICE Boardroom Corporate & Advisory Services Pte. Ltd.

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

INDEPENDENT AUDITORS

RSM Chio Lim LLP

8 Wilkie Road
#03-08 Wilkie Edge
Singapore 228095
Audit Partner-in-Charge: Mr Lock Chee Wee
Appointed from financial year 2014

RSM Indonesia

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

Shinhan Accounting Corporation (Member of RSM International)

6th Fl., Il-Heung Building
126-1 ChungMuRo 4ka,
Chung-Ku, Seoul, South Korea

INDEPENDENT SINGAPORE TAX ADVISER

Ernst & Young LLP

One Raffles Quay, North Tower
Level 18
Singapore 048583

INDEPENDENT INDONESIA ACCOUNTING AND TAX ADVISER

PT Artha Jasakonsulindo

Samudara Indonesia Building, 3rd Floor
Jl. Letjen. S. Parman Kav. 35
Jakarta 11480, Indonesia

INDEPENDENT SOUTH KOREA ACCOUNTING AND TAX ADVISER

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

6th Fl., Il-Heung Building
126-1 ChungMuRo 4ka
Chung-Ku, Seoul, South Korea

INVESTOR RELATIONS

August Consulting Pte. Ltd.

101 Thomson Road
#30-02 United Square
Singapore 307591
ir@first-reit.com

DIRECTORS OF THE MANAGER

Mr Carl Gabriel Florian Stubbe

Non-Executive Non-Independent Director
and Chairman

Mr Tan Chuan Lye

Lead Independent Director

Mr Wong Gang

Independent Director

Mr Martin Lechner

Independent Director

Mr Ketut Budi Wijaya

Non-Executive Non-Independent Director

Mr Tan Kok Mian Victor

Executive Director and Chief Executive Officer

AUDIT COMMITTEE

Mr Tan Chuan Lye (Chairman)
Mr Wong Gang
Mr Martin Lechner
Mr Carl Gabriel Florian Stubbe

NOMINATING & REMUNERATION COMMITTEE

Mr Wong Gang (Chairman)
Mr Tan Chuan Lye
Mr Ketut Budi Wijaya

COMPANY SECRETARY OF THE MANAGER

Mr Victor Lai Kuan Loong

BOARD OF DIRECTORS



From Right:

Front Row (Seated)

Mr Carl Gabriel Florian Stubbe	Non-Executive Non-Independent Director and Chairman
Mr Tan Kok Mian Victor	Executive Director and Chief Executive Officer

Back Row (Standing)

Mr Wong Gang	Independent Director
Mr Martin Lechner	Independent Director
Mr Ketut Budi Wijaya	Non-Executive Non-Independent Director
Mr Tan Chuan Lye	Lead Independent Director

BOARD OF DIRECTORS



MR CARL GABRIEL FLORIAN STUBBE
Non-Executive Non-Independent
Director and Chairman
Appointed on 11 May 2017

Mr Carl Gabriel Florian Stubbe is the Non-Executive Non-Independent Director and Chairman of the Board. He also serves as a member of the Audit Committee of the Manager.

Mr Stubbe is currently the Chief Executive Officer of Peredigm Private Limited, a company involved in packaging and marketing excess capacity for asset-heavy businesses. He founded the company in April 2013 and is responsible for the overall strategic direction of the company.

Prior to founding Peredigm Private Limited, Mr Stubbe was with Bank Julius Baer Singapore, where his last held position was director. From 2009 to 2010, he was chief executive officer of the Gaia Hotels Private Ltd., and from 2006 to 2008 he was with Grove International Partners LLP, a global real estate private equity firm, where his last held position was vice president. In 2006, Mr Stubbe was with Colony Capital Asia, Ltd., a private international investment firm focusing primarily on real estate-related assets and operating companies, and from 2003 to 2005 he was with Global Hyatt Corporation in Chicago, USA, where his last held position was manager of Acquisitions and Development.

Mr Stubbe graduated from the University of Massachusetts, USA with a Bachelor of Arts degree in English, and holds a Master of Business Administration from Johnson and Wales University, USA.

Mr Stubbe was an Independent Director of OUE Commercial REIT Management Pte. Ltd., the manager of OUE Commercial Real Estate Investment Trust.



MR TAN KOK MIAN VICTOR
Executive Director and
Chief Executive Officer
Appointed on 19 May 2017

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

Mr Tan joined Bowsprit in April 2008 as Senior Finance Manager, and was responsible for its financial operations. He was appointed as Chief Financial Officer of the Manager in July 2008. Mr Tan was appointed as Executive Director and Acting Chief Executive Officer in May 2017 and subsequently redesignated as Chief Executive Officer in September 2017.

Prior to joining Bowsprit, Mr Tan worked at Parkway Holdings Limited from 1997 to 2008. He joined them as an Accountant in 1997 and was promoted to the position of Group Accountant and subsequently to Financial Controller. His scope of work in Parkway included supervising the preparation of the financial accounts and handling accounting matters for the holding company as well as some of the subsidiary companies within Parkway Group. During his tenure, he also assisted Parkway's Chief Financial Officer in the preparation of the consolidated accounts for the Parkway Group.

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



MR KETUT BUDI WIJAYA
Non-Executive Non-Independent
Director
Appointed on 7 September 2012

Mr Ketut Budi Wijaya is the Non-Executive Non-Independent Director and a member of the Nominating & Remuneration Committee of the Manager.

Mr Wijaya graduated from Sekolah Tinggi Ekonomi Indonesia with an Accounting Major in 1982. He brings with him more than 30 years of in-depth expertise in accounting and corporate finance.

During his career, Mr Wijaya held various executive and supervisory positions within the Lippo Group, including PT Matahari Putra Prima Tbk, PT Multipolar Tbk and PT Bank Lippo Tbk. He had also previously worked for Darmawan & Co. Public Accountants and PT Bridgestone Tire Indonesia.

Mr Wijaya is the Chairman, Non-Independent Non-Executive Director of LMIRT Management Ltd, the manager of Lippo Malls Indonesia Retail Trust. He is also the President Director of PT Lippo Karawaci Tbk, the largest listed property company in Indonesia by total assets and revenue, with a highly focused, unique and integrated business model stretching across urban and large scale integrated developments, retail malls, healthcare, hospitality, property and portfolio management. Mr Wijaya is currently the President Director of PT Siloam International Hospitals Tbk, the largest listed private hospital network in Indonesia. He is also the President Commissioner of PT Lippo Cikarang Tbk, Vice President Commissioner of PT Gowa Makassar Tourism Development Tbk, as well as the Commissioner of PT Jababeka Tbk and other subsidiaries of PT Lippo Karawaci group.

BOARD OF DIRECTORS



MR TAN CHUAN LYE
Lead Independent Director
Appointed on 5 April 2017

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

Mr Tan is an Adjunct Associate Professor with the NUS Business School, National University of Singapore. He is also Chairman of the Audit & Risk Committee of the Asia Advisory Board of EFG Bank AG, and a member of the Audit Committee of A*Star. He retired as a Partner with Risk Consulting in KPMG Advisory LLP where his areas of focus included corporate governance, enterprise risk management, and internal audit.

Prior to KPMG, he spent more than 20 years with various international banks where he held senior management positions in internal audit and operational risk management including that of a regional head.

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

Mr Tan is a Trustee of The Brash Trust and Non-Executive Director of Singapore Repertory Theatre Ltd and All Saints Home.



MR WONG GANG
Independent Director
Appointed on 20 June 2012

Mr Wong Gang is the Independent Director of the Manager. He also serves as Chairman of the Nominating & Remuneration Committee and a member of the Audit Committee of the Manager.

Mr Wong graduated from the National University of Singapore in 1995 with a Bachelor of Law (Hons) and was admitted as advocate and solicitor to the Supreme Court of Singapore in 1996.

Mr Wong has been a partner since 2002 at Shook Lin & Bok LLP, a law firm in Singapore, and has more than 20 years of experience advising on a wide range of corporate finance and securities transactions, stock market flotations, securities regulation and compliance for public listed companies, mergers and acquisitions, as well as general corporate legal advisory work. He is also a member of Shook Lin & Bok LLP's China practice group and has advised multinational corporations and Singapore companies on cross border transactions in China, as well as on public offerings of securities in Singapore by companies from China, Taiwan and South-East Asia.

Mr Wong is an Independent Director of JEP Holdings Limited and Renewable Energy Asia Group Limited, both listed on SGX Catalyst.



MR MARTIN LECHNER
Independent Director
Appointed on 8 January 2018

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

Mr Lechner is the Founding Partner and Chief Investment Officer of Corecam Pte Ltd, a family office asset management company. Prior to founding Corecam Pte. Ltd, Mr Lechner was Founding Partner and Chairman of the Board of Directors of Proprietary Partners AG, a long/short equity hedge fund with focus on Germany and Switzerland. Mr Lechner started his career at Dresdner Kleinwort Benson in the Global Markets division as a proprietary trader for USD and local currency emerging market bonds.

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

Mr Lechner is an Executive Director of Corecam Pte. Ltd., Corecam Capital Partners Pte. Ltd., Pro-Inter Asia Pte. Ltd, Hydroinformatics Institute Pte. Ltd. and Corecam Digital Pte. Ltd.

KEY MANAGEMENT



MS NG CHWEE NGOR, VALERIE
Chief Financial Officer

Ms Ng Chwee Ngor, Valerie joined Bowsprit in September 2008 as Senior Finance Manager and was responsible for financial matters of First REIT and the Manager. She was the Financial Controller from January 2014 and was appointed Chief Financial Officer in February 2018, overseeing all matters relating to financial reporting, taxation, capital management, treasury and risk management.

Prior to joining Bowsprit, Ms Ng worked at Parkway Holdings Limited from 2001 to 2008. She joined them as Assistant Group Accountant and was subsequently promoted to Finance Manager. She assisted the Financial Controller in the preparation of the consolidated accounts for Parkway Group and was responsible for the preparation of the financial accounts and treasury functions of the holding company and subsidiaries. At Osprey Maritime Limited, she held the position of Group Accountant and supported the financial controllers for financial reporting of the Group and was responsible for the financial matters of the subsidiaries.

Ms Ng graduated with professional qualifications from the Association of Chartered Certified Accountants (ACCA). She is a Chartered Accountant of the Institute of Singapore Chartered Accountants and a fellow member of ACCA.



MR CHAN SENG LEONG, JACKY
Senior Asset and Investment Manager

Mr Chan Seng Leong, Jacky graduated from National University of Singapore in 1993 with a Bachelor of Science (Estate Management) (2nd Class Upper Honours) degree and subsequently in 1999 with a Master of Science (Real Estate) degree. In 2002, he obtained a Master in Business Administration degree from the University of Western Australia, Graduate School of Management, Perth, majoring in finance, and was awarded the Director's Letter for scoring full distinctions in the course. Being a member of the Singapore Institute of Surveyors and Valuers as well as a Licensed Appraiser (Lands & Buildings), Mr Chan has extensive real estate and property experience in Singapore, Hong Kong and the People's Republic of China.

From 1993 to 1998, his work responsibilities involved, among others, property valuations, property sales and marketing, property consulting, real estate research and feasibility studies. In 1998, he joined Chesterton International Property Consultants Pte Ltd as Assistant Manager (Valuations) and was subsequently promoted in rank and file to Executive Director (Valuations & Investment Advisory) where he performed valuations totalling more than S\$1 billion worth of real estate in Singapore and regionally, and advised in real estate transactions worth more than S\$600 million in total. His scope of responsibilities then included managing and advising real estate transactions, providing real estate market advisory and real estate financial advice, as well as managing key clients' accounts for strategic real estate services. Prior to joining the Manager, Mr Chan was with Ascendas-MGM Funds Management Ltd since early 2005 as the Investment Manager for Ascendas Real Estate Investment Trust. As Investment Manager, he was involved in spearheading multimillion dollar real estate acquisitions, structuring property investment and development deals (such as sale and leaseback, built-to suit and partial headlease), conducting property due diligence, as well as the planning and implementation of leasing and asset enhancement strategies to improve efficiency.

SIGNIFICANT EVENTS IN FY 2017

JANUARY

- Announced 4Q 2016 results on 17 Jan, DPU up 1.9% y-o-y to 2.13 Singapore cents
- Announced the revaluation of portfolio to S\$1,273.2 million as at 31 December 2016, an increase of S\$4.9 million (0.4%) over First REIT's book value as at 31 December 2015

APRIL

- Appointment of Mr Tan Chuan Lye as Independent Director
- Announced 1Q 2017 results on 17 Apr, DPU up 1.4% y-o-y to 2.14 Singapore cents
- Retirement of Mr Albert Saychuan Cheok as an Independent Director and Chairman of the Board
- Retirement of Mr Goh Tiam Lock as an Independent Director
- Appointment of Mr Tan Chuan Lye as Chairman of Audit Committee and member of Nominating & Remuneration Committee
- Eighth AGM held on 18 Apr

JULY

- Announced 2Q 2017 results on 17 Jul, DPU up 1.4% y-o-y to 2.14 Singapore cents
- Announced the proposed acquisition of an integrated property comprising Siloam Hospitals Buton & Lippo Plaza Buton ("**Buton Property**") for a purchase consideration of S\$28.5 million

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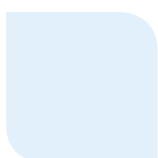
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FEBRUARY

- Issued 2,699,321 new units at an issue price of S\$1.2559 per new Unit to eligible Unitholders who have elected to participate in the DRP for 4Q 2016

MAY

- Appointment of Mr Carl Gabriel Florian Stubbe as Non-Executive Non-Independent Director of the Manager, Chairman of the Board and member of Audit Committee
- Appointment of Mr Tan Chuan Lye as Lead Independent Director
- Retirement of Dr Ronnie Tan Keh Poo as Chief Executive Officer of the Manager after 11 years at the helm
- Appointment of Mr Tan Kok Mian Victor as Executive Director and Acting Chief Executive Officer



SIGNIFICANT EVENTS IN FY 2017

AUGUST

- Secured a S\$50.0 million revolving credit facility and extended the maturity dates of two existing term loan facilities, totalling S\$122.0 million, from Oversea-Chinese Banking Corporation Limited
- Made the second progress payment of S\$9.0 million after completion of the foundation work for the New Siloam Hospitals Surabaya

OCTOBER

- Completed the acquisition of Buton Property
- Announced the proposed acquisition of Siloam Hospitals Yogyakarta ("SHYG") for a purchase consideration of S\$27.0 million
- Announced 3Q 2017 results on 23 Oct, DPU up 0.9% y-o-y to 2.14 Singapore cents

DECEMBER

- Received Unitholders' approval at an EGM for the acquisition of SHYG
- Completed the acquisition of SHYG

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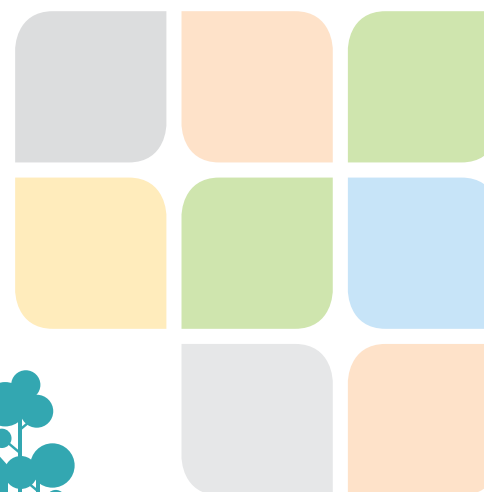
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SEPTEMBER

- Re-designation of Mr Tan Kok Mian Victor to Chief Executive Officer
- Received Unitholders' approval at an EGM for the acquisition of the Buton Property

NOVEMBER

- Announced the retirement of HSBC Institutional Trust Services (Singapore) Limited as trustee of First REIT, and appointment of Perpetual (Asia) Limited as the new trustee, effective from 1 Mar 2018



OUR NETWORK

South Korea



SARANG HOSPITAL

A 6-storey hospital, with one basement level, offering the largest rehabilitative treatment and nursing healthcare services in Yeosu City.



Indonesia



01



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01 SILOAM HOSPITALS YOGYAKARTA

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

02 SILOAM HOSPITALS BUTON & LIPKO PLAZA BUTON

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

03 SILOAM HOSPITALS LABUAN BAJO

A 3-storey hospital located in the growing tourism centre of Labuan Bajo, currently the only hospital facility in Labuan Bajo and the West Manggarai Regency.

04 SILOAM HOSPITALS KUPANG & LIPKO PLAZA KUPANG

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

05 SILOAM SRIWIJAYA

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

06 SILOAM HOSPITALS PURWAKARTA

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

07 SILOAM HOSPITALS BALI

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

08 SILOAM HOSPITALS TB SIMATUPANG

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

OUR NETWORK

Singapore



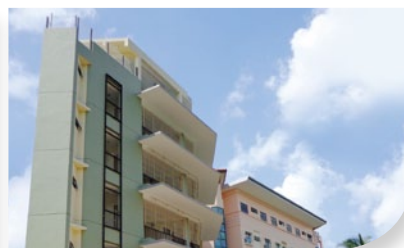
PACIFIC HEALTHCARE NURSING HOME @ BUKIT MERAH

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



PACIFIC HEALTHCARE NURSING HOME II @ BUKIT PANJANG

A 5-storey custom-built nursing home.



THE LENTOR RESIDENCE

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



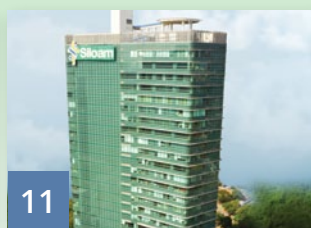
09 SILOAM HOSPITALS MANADO & HOTEL ARYADUTA MANADO

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



10 SILOAM HOSPITALS MAKASSAR

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



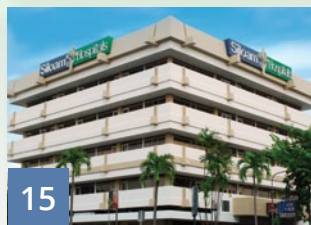
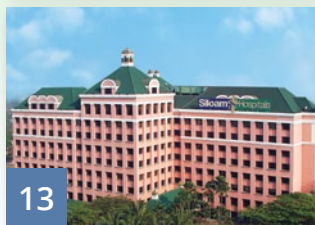
11 MOCHTAR RIADY COMPREHENSIVE CANCER CENTRE

Indonesia's first private comprehensive cancer treatment centre equipped with state-of-the-art facilities and diagnostic medical technologies, located in Central Jakarta.



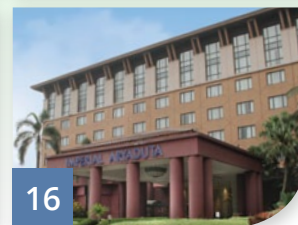
13 SILOAM HOSPITALS LIPPO VILLAGE

One of the largest private hospitals in the region with a strong brand name for excellent patient care, world-class Neuroscience and Cardiology specialties and a first-rate Trauma Centre.



12 SILOAM HOSPITALS LIPPO CIKARANG

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



16 IMPERIAL ARYADUTA HOTEL & COUNTRY CLUB

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

PROPERTY OVERVIEW

Indonesia



SILOAM HOSPITALS YOGYAKARTA

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

Property Type	Hospital
Centre of Excellence	Neuroscience and Cardiology
Land Area	13,715 sq metres
Gross Floor Area	12,474 sq metres
Purchase Price	S\$27.0 m
Appraised Value	S\$27.3 m
Annual Rental	S\$0.1 m ⁽¹⁾
Max. No. of Beds	220
Established	2015
Lease Commencement	22 December 2017
Lease Terms	15 years with option to renew for 15 years
Lease Expiry Date	21 December 2032

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

- Commenced operations in July 2017, the hospital is one of the most advanced and well-equipped healthcare facility in Yogyakarta City.
- The hospital is part of a 10-storey building with a basement, a mezzanine level and a helipad.
- It shares a multi-storey vehicle parking area with Lippo Plaza Jogja on the upper levels totalling 752 car lots and 875 motorcycle lots.
- It is newly furnished and fitted with state-of-the-art medical facilities and technologies, and is the only hospital in Yogyakarta with a Rapid Response System.
- Centrally located in Yogyakarta, it is highly accessible and situated approximately five kilometres from the Adisucipto International Airport.
- Yogyakarta is a city rich in culture and natural heritage, home to two UNESCO World Heritage sites.

Note

⁽¹⁾ As the property was acquired on 22 December 2017, the annual rental specified refers to rental income received from 22 December 2017 to 31 December 2017.



SILOAM HOSPITALS BUTON & LIPPO PLAZA BUTON

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

Property Type	Integrated Hospital & Mall
Centre of Excellence (Hospital Only)	Emergency & Trauma
Land Area	21,874 sq metres
Gross Floor Area	21,934 sq metres
Purchase Price	S\$28.5 m
Appraised Value	S\$29.6 m
Annual Rental	S\$0.6 m ⁽²⁾
Max. No. of Beds	160
Established	2016
Lease Commencement	10 October 2017
Lease Terms	15 years with option to renew for 15 years
Lease Expiry Date	9 October 2032

A newly-built three-storey stand-alone hospital integrated with the only modern mall within Bau Bau City, the main city on Buton Island.

- The hospital is newly-built and is currently the newest and most advanced hospital facility on Buton Island.
- It has medical facilities such as operating theatres, fast response ambulance services, delivery rooms, outpatient clinics, inpatient services, intensive care unit ("ICU"), Neonatal ICU, X-ray machine, 16-slice CT Scanner, haemodialysis, and ultrasonography amongst others.
- Various medical services offered include Neurology, General Surgery, Internal Medicine, Paediatrics, Obstetrics & Gynaecology, Radiology, ENT Specialities and Ophthalmology amongst others.
- The mall is a single-storey newly-built standalone retail mall, which commenced operations in December 2015 and provides complementary amenities to patients and visitors of the hospital.
- Its major tenants include Matahari Department Store and Hypermart.

⁽²⁾ As the property was acquired on 10 October 2017, the annual rental specified refers to rental income received from 10 October 2017 to 31 December 2017.

PROPERTY OVERVIEW

Indonesia



SILOAM HOSPITALS LABUAN BAJO

Jl. Gabriel Gampur, Labuan Bajo, West Manggarai Regency,
East Nusa Tenggara, Indonesia

Property Type	Hospital
Centre of Excellence	Emergency & Trauma, Internal Medicine and Neuroscience
Land Area	2,837 sq metres
Gross Floor Area	7,604 sq metres
Purchase Price	S\$20.0 m
Appraised Value	S\$21.0 m
Annual Rental	S\$1.9 m
Max. No. of Beds	153
Established	2015
Lease Commencement	30 December 2016
Lease Terms	15 years with option to renew for 15 years
Lease Expiry Date	29 December 2031

A 3-storey hospital located in the growing tourism centre of Labuan Bajo, currently the only hospital facility in Labuan Bajo and the West Manggarai Regency.

- Labuan Bajo is a gateway to the famous Komodo National Park (on Komodo Island), as well as Rinca Island.
- Commenced operations in January 2016, its medical facilities include emergency rooms, operating theatres, delivery rooms, outpatient clinics, inpatient services, isolation rooms, ICU, neonatal ICU, X-ray machines, Ultrasonography and 3-dimension Echocardiography.
- Offers various medical services including Mammography, Cardiology, Dentistry, Dermatology, General Surgery, Haemodialysis, Internal Medicine, Paediatrics, Obstetrics and Gynaecology, Medical Rehabilitation and Physiotherapy, Radiology and Trauma.



SILOAM HOSPITALS KUPANG & LIPPO PLAZA KUPANG

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

Property Type	Integrated Hospital & Mall
Centre of Excellence	Emergency & Trauma, Obstetrics, Gynaecology and Paediatrics
Land Area	66,060 sq metres
Gross Floor Area	55,368 sq metres
Purchase Price	S\$70.0 m
Appraised Value	S\$77.1 m
Annual Rental	S\$6.9 m
Max. No. of Beds	416
Established	2014
Lease Commencement	14 December 2015
Lease Terms	15 years with option to renew for 15 years
Lease Expiry Date	13 December 2030

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

- The hospital is a 4-storey building with one basement level and 133 vehicle parking spaces.
- Offers various specialties including Internal Medicine, Anaesthesiology, Cardiology, Obstetrics & Gynaecology, Neurology and General Surgery.
- The most modern and well-equipped facility in the East Nusa Tenggara province, fitted with state-of-the-art diagnostic medical technologies including a 128-slice dual source CT Scanner, X-ray systems, 4-Dimension USG, Mammography, Dental Panoramic system, MRI, Haemodialysis Facility, and a fully equipped medical check-up facility, among others.
- The mall is a 3-storey building with a rooftop, on which a cinema and parking lots are located. The mall was completed in December 2014 and commenced operations in March 2015.

PROPERTY OVERVIEW

Indonesia



SILOAM SRIWIJAYA

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

Property Type	Hospital
Centre of Excellence	Emergency & Trauma, Gastroenterology
Strata Floor Area	15,709 sq metres
Purchase Price	S\$39.2 m
Appraised Value	S\$43.1 m
Annual Rental	S\$3.9 m
Max. No. of Beds	357
Established	2012
Lease Commencement	29 December 2014
Lease Terms	15 years with option to renew for 15 years
Lease Expiry Date	28 December 2029

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

- Part of an integrated development comprising a hospital, shopping mall and 800 parking lots.
- Equipped with state-of-the-art diagnostic medical equipment.
- Well-positioned to serve the middle to upper middle-income segment of the healthcare market.
- Strategically located in Palembang, the second largest city of Sumatra, and also the seventh largest city in Indonesia.



SILOAM HOSPITALS PURWAKARTA

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

Property Type	Hospital
Centre of Excellence	Emergency & Trauma
Land Area	7,990 sq metres
Gross Floor Area	8,254 sq metres
Purchase Price	S\$31.0 m
Appraised Value	S\$41.0 m
Annual Rental	S\$3.4 m
Max. No. of Beds	202
Established	2005 & 2008
Lease Commencement	28 May 2014
Lease Terms	15 years with option to renew for 15 years
Lease Expiry Date	27 May 2029

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

- Strategically located between Jakarta and Bandung, accessible from Bandung via Cipularang Toll Road, also accessible to neighbouring suburban cities due east of Purwakarta via Cikopo-Palimanan Toll Road.
- Easily accessible by the city's residents as it is situated in a prime location within Purwakarta along the main road of Jalan Raya Bungursari.
- Provides international quality healthcare with state-of-the-art diagnostic medical technologies, including a 64-slice dual source CT scanner, X-Ray machine with Fluoroscopy and C-Arm, among others.
- Serves a population catchment of almost 1 million and is well-positioned to cater to the burgeoning middle income groups in the residential and industrial areas of the city.

PROPERTY OVERVIEW

Indonesia



SILOAM HOSPITALS BALI

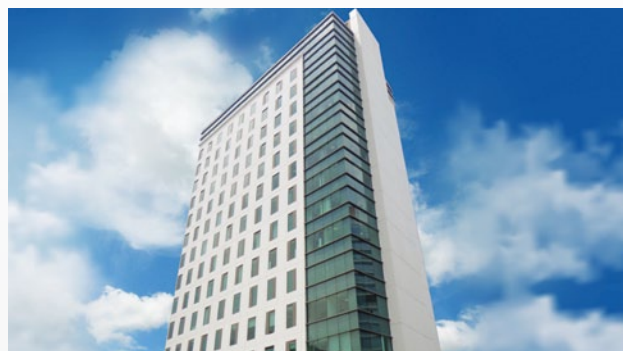
Jalan Sunset Road No. 818, Kuta, Badung, Bali, Indonesia

Property Type	Hospital
Centre of Excellence	Cardiology, Emergency & Trauma, Orthopaedics
Land Area	9,025 sq metres
Gross Floor Area	20,958 sq metres
Purchase Price	S\$97.3 m
Appraised Value	S\$124.0 m
Annual Rental	S\$9.9 m
Max. No. of Beds	281
Established	2012
Lease Commencement	13 May 2013
Lease Terms	15 years with option to renew for 15 years
Lease Expiry Date	12 May 2028

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

- Well-positioned to provide healthcare services to both the local population and tourists. Bali is a popular tourist destination with over 5.9 million tourist arrivals in 2017⁽¹⁾.
- Provides healthcare services of international standards with state-of-the-art diagnostic medical technologies, including 1.5 Tesla MRI, 256-slice CT scanner, Catheterisation Lab, Mammography, USG 3D & 4D, Digital X-Ray, among others.
- Houses an emergency department of international standards to which doctors, nurses and paramedical staff are well-trained in emergency procedures, and ambulances are fully-equipped with the latest life-sustaining devices and medical kits to respond to all emergencies.
- Notable developments in the vicinity include Carrefour, Bali Galleria Shopping Mall and Ngurah Rai International Airport.
- Accredited with the prestigious US-based Joint Commission International ("JCI") - the world's leading internationally recognised hospital accreditation awards since September 2017.

⁽¹⁾ Source: Bali Government Tourism Office



SILOAM HOSPITALS TB SIMATUPANG

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

Property Type	Hospital
Centre of Excellence	Cardiology, Emergency & Trauma, Neuroscience, Oncology
Land Area	2,489 sq metres
Gross Floor Area	18,605 sq metres
Purchase Price	S\$93.1 m
Appraised Value	S\$120.2 m
Annual Rental	S\$9.5 m
Max. No. of Beds	269
Established	2013
Lease Commencement	22 May 2013
Lease Terms	15 years with option to renew for 15 years
Lease Expiry Date	21 May 2028

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

- Notable developments in the vicinity include Metropolitan Tower Office Building, South Quarter which is a mixed-use development comprising integrated office towers, apartment and retail facilities, as well as Poin Square, a mixed-use development comprising retail facilities and apartments.
- Equipped with state-of-the-art diagnostic medical technologies including 3.0T MRI, 256-slice dual source CT scanner, Catheterisation Lab, IBA Cyclotron and the latest Linear Accelerator for radiotherapy, among others.
- Strategically located and positioned to provide healthcare services to the upper-middle class in South Jakarta.

PROPERTY OVERVIEW

Indonesia



SILOAM HOSPITALS MANADO & HOTEL ARYADUTA MANADO

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

Property Type	Integrated Hospital & Hotel
Centre of Excellence	Emergency & Trauma
Land Area	5,518 sq metres
Gross Floor Area	36,051 sq metres
Purchase Price	S\$83.6 m
Appraised Value	S\$104.9 m
Annual Rental	S\$8.7 m
Max. No. of Beds / Saleable Rooms	238 beds / 200 rooms
Established	2011
Lease Commencement	30 November 2012
Lease Terms	15 years with option to renew for 15 years
Lease Expiry Date	29 November 2027

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

- Strategically located within Manado City, surrounded by prominent developments such as IT Centre and Mega Mall Manado.
- Integrated hospital and 5-star hotel with a broad range of quality general and specialist services, including therapeutic services and an extensive range of diagnostic and preventive healthcare services.
- Fully-equipped with state-of-the-art diagnostic medical technologies and facilities: CT Scanner, MRI, Ultrasound, Catheterisation Lab, 50 specialist clinic suites and three operating theatres, among others.



SILOAM HOSPITALS MAKASSAR

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

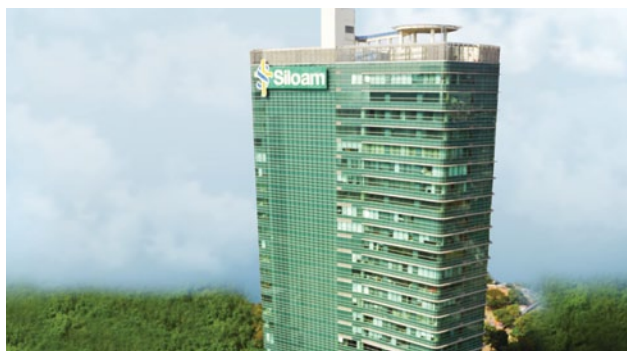
Property Type	Hospital
Centre of Excellence	Cardiology, Emergency & Trauma, Endocrinology
Land Area	3,963 sq metres
Gross Floor Area	14,307 sq metres
Purchase Price	S\$59.3 m
Appraised Value	S\$72.3 m
Annual Rental	S\$6.0 m
Max. No. of Beds	360
Established	2012
Lease Commencement	30 November 2012
Lease Terms	15 years with option to renew for 15 years
Lease Expiry Date	29 November 2027

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

- Provides a broad range of quality general and specialist services, including therapeutic services and an extensive range of diagnostic and preventive healthcare services.
- Equipped with comprehensive state-of-the-art diagnostic medical technologies and the latest generation of smart IT-systems in Indonesia, including CT scanner, MRI, Ultrasound, Mammography, Catheterisation Lab, 58 specialist outpatient clinic suites and three operating theatres, among others.
- Provides emergency and medical evacuation via designated ambulances and helicopter ambulance services, which are first-of-its-kind capabilities in South Sulawesi.
- Well-positioned to cater to the growing residential and commercial areas in Makassar City.

PROPERTY OVERVIEW

Indonesia



MOCHTAR RIADY COMPREHENSIVE CANCER CENTRE

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

Property Type	Hospital
Centre of Excellence	Emergency & Trauma, Gastroenterology, Oncology
Land Area	4,145 sq metres
Gross Floor Area	37,933 sq metres
Purchase Price	S\$170.5 m
Appraised Value	S\$262.0 m
Annual Rental	S\$21.1 m
Max. No. of Beds	334
Established	2010
Lease Commencement	30 December 2010
Lease Terms	15 years with option to renew for 15 years
Lease Expiry Date	29 December 2025

Indonesia's first private comprehensive cancer treatment centre equipped with state-of-the-art facilities and diagnostic medical technologies, located in Central Jakarta.

- A 29-storey hospital, with two basement levels.
- Strategically located in the prime district of Central Jakarta near Plaza Semanggi, Hotel Aryaduta Semanggi and other international 5-star hotels, serving both local and foreign patients.
- Provides Radio-Immunotherapy (RIT), High Dose Brachytherapy, Radiopeptide Therapy, Molecular Imaging with PET/Computed Tomography (PET/ CT) and Single Photon Emission Computed Tomography/Computed Tomography (SPECT/ CT), Chemotherapy, Complementary Therapy, Linear Accelerator Treatment, Multi Slice CT Scanner, High Field Strength MRI, Angiography, in-house clinical trials and integrated IT and PACS/RIS.
- Provides training in Medical Oncology, Radiation Therapy, Cancer Imaging and Surgical Oncology.



SILOAM HOSPITALS LIPPO CIKARANG

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

Property Type	Hospital
Centre of Excellence	Emergency & Trauma, Internal Medicine, Urology
Land Area	9,900 sq metres
Gross Floor Area	13,256 sq metres
Purchase Price	S\$35.0 m
Appraised Value	S\$52.0 m
Annual Rental	S\$4.2 m
Max. No. of Beds	114
Established	2002
Lease Commencement	31 December 2010
Lease Terms	15 years with option to renew for 15 years
Lease Expiry Date	30 December 2025

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

- Offers a broad range of quality general and specialist services, including A&E services, ambulance services with medical evacuation facilities, as well as inpatient and outpatient facilities.
- Features an ESWL unit to treat kidney stones, well respected for its Paediatric Neonatal Intensive Care Unit to treat premature and sick babies, and also equipped for minimally-invasive Laparoscopic Digestive Surgery.
- Strategically located to serve the growing residential and industrial areas in East Jakarta.
- Following the completion of an Asset Enhancement Initiative done at the Tenant's expense in 3Q2017, the gross floor area of the hospital has increased from 11,125 sqm to 13,256 sqm.

PROPERTY OVERVIEW

Indonesia



SILOAM HOSPITALS LIPPO VILLAGE
Jalan Siloam No. 6 Lippo Karawaci 1600,
Tangerang, Banten, Indonesia

Property Type	Hospital
Centre of Excellence	Cardiology, Emergency & Trauma, Neuroscience, Orthopaedics
Land Area	17,442 sq metres
Gross Floor Area	27,284 sq metres
Purchase Price	S\$94.3 m
Appraised Value	S\$163.3 m
Annual Rental	S\$14.5 m
Max. No. of Beds	274
Established	1995
Lease Commencement	11 December 2006
Lease Terms	15 years with option to renew for 15 years
Lease Expiry Date	10 December 2021

One of the largest private hospitals in the region with a strong brand name for excellent patient care, world-class Neuroscience and Cardiology specialties and a first-rate Trauma Centre.

- 10-storey hospital conveniently located in the first private sector township of Lippo Village.
- Offers holistic care for its patients with a comprehensive range of medical and surgical services, supported by senior and experienced specialists, qualified and attentive nurses and staff, and complemented by state-of-the-art diagnostic medical technologies and facilities.
- A "Hub" in Neuroscience, Cardiology, Radiology and Trauma for the Siloam network of hospitals via real-time Tele-medicine and Tele-radiology through which clinical information is transferred to specialists.
- First in Indonesia to be accredited since 2007 with the prestigious JCI – the world's leading internationally recognised hospital accreditation award – placing the hospital in the same league as other leading hospitals in the region.



SILOAM HOSPITALS KEBON JERUK
Jalan Raya Perjuangan Kav. 8, Kebon Jeruk,
West Jakarta, Indonesia

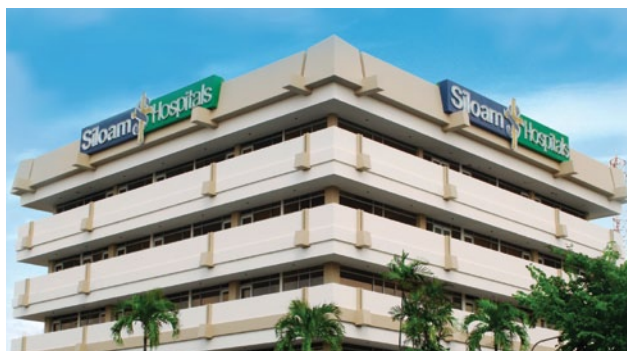
Property Type	Hospital
Centre of Excellence	Cardiology, Emergency & Trauma, Orthopaedics, Urology
Land Area	11,420 sq metres
Gross Floor Area	18,316 sq metres
Purchase Price	S\$50.6 m
Appraised Value	S\$96.8 m
Annual Rental	S\$8.2 m
Max. No. of Beds	215
Established	1991
Lease Commencement	11 December 2006
Lease Terms	15 years with option to renew for 15 years
Lease Expiry Date	10 December 2021

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

- Serves a large catchment of middle to upper income residents.
- One-stop centre which offers a multidisciplinary approach for urology services, in particular prostate and kidney stones diseases.
- A "Hub" in Orthopaedic, Urology, Cardiology and Radiology for the Siloam network of hospitals via real-time Tele-medicine and Tele-radiology through which clinical information is transferred to specialists.
- Received Indonesian Hospital Accreditation from the Ministry of Health in 2002 and accredited with the prestigious US-based JCI since August 2016.

PROPERTY OVERVIEW

Indonesia



SILOAM HOSPITALS SURABAYA

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

Property Type	Hospital
Centre of Excellence	Cardiology, Emergency & Trauma
Land Area	4,306 sq metres
Gross Floor Area	9,227 sq metres
Purchase Price	S\$16.8 m
Appraised Value	S\$29.2 m
Annual Rental	S\$3.2 m
Max. No. of Beds	160
Established	1977
Lease Commencement	11 December 2006
Lease Terms	15 years with option to renew for 15 years
Lease Expiry Date	10 December 2021

One of the most recognised and highly respected private hospitals in Surabaya, with excellent Trauma Centre facilities.

- 5-storey hospital located in the central area of Indonesia's second largest city, serving a large catchment area of potential patients given the relatively low number of high quality hospitals within the region.
- At the EGM held on 29 December 2015, First REIT has obtained Unitholders' approval for the transaction in relation to SHS pursuant to which, among others, development works will be undertaken to construct and develop the New SHS, which will be adjacent to the existing SHS. Upon completion of the New SHS which is expected in 2019, First REIT will acquire the New SHS. While the development works of the New SHS is in progress, the existing SHS remains operational. Please refer to First REIT's circular dated 14 December 2015 in relation to the New SHS for further details. In FY 2017, First REIT made the second progress payment of S\$9 million following the completion of the foundation work for the New SHS.



IMPERIAL ARYADUTA HOTEL & COUNTRY CLUB

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

Property Type	Hotel & Country Club
Land Area	54,410 sq metres
Gross Floor Area	17,427 sq metres
Purchase Price	S\$21.2 m
Appraised Value	S\$41.6 m
Annual Rental	S\$4.0 m
Max. No. of Saleable Rooms	190
Established	1994
Lease Commencement	11 December 2006
Lease Terms	15 years with option to renew for 15 years
Lease Expiry Date	10 December 2021

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

- A 5-star 7-storey hotel with six blocks of cabana houses and a 2-storey country club complete with a wide range of sports, recreational, convention and F&B services.
- Situated in the heart of Lippo Village's business and commercial district, and right next to Siloam Hospitals Lippo Village, providing convenient accommodation for out-of-town inpatients, outpatients and day-surgery patients and families.
- Attracts business travellers with its ideal location near the business and industrial areas of Cilegon.

PROPERTY OVERVIEW

Singapore



**PACIFIC HEALTHCARE NURSING HOME
@ BUKIT MERAH**
6 Lengkok Bahru, Singapore

Property Type	Nursing Home
Land Area	1,984 sq metres
Gross Floor Area	3,593 sq metres
Purchase Price	S\$11.8 m
Appraised Value	S\$9.8 m
Annual Rental	S\$1.1 m
Max. No. of Beds	259
Established	2004
Lease Commencement	11 April 2007
Lease Terms	10 years with option to renew for 10 years (tenant has exercised the option)
Lease Expiry Date	10 April 2027

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

- Conveniently located near Bukit Merah Town Centre, Redhill MRT Station and the city centre.
- Situated in close proximity to the restructured hospitals: Singapore General Hospital, National University Hospital and Alexandra Hospital.
- Staffed with a team of dedicated, experienced and friendly healthcare professionals to care for the needs of residents round the clock.



**PACIFIC HEALTHCARE NURSING HOME II
@ BUKIT PANJANG**
21 Senja Road, Singapore

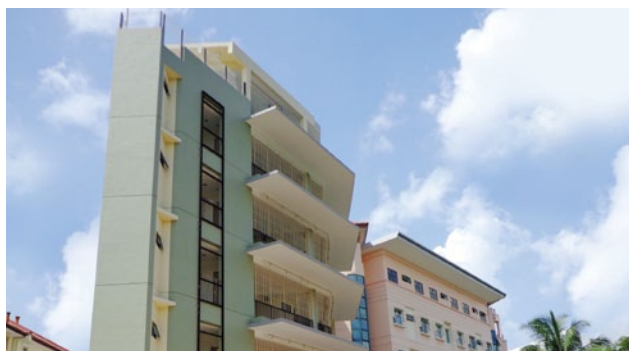
Property Type	Nursing Home
Land Area	2,000 sq metres
Gross Floor Area	3,563 sq metres
Purchase Price	S\$11.5 m
Appraised Value	S\$9.9 m
Annual Rental	S\$1.1 m
Max. No. of Beds	265
Established	2006
Lease Commencement	11 April 2007
Lease Terms	10 years with option to renew for 10 years (tenant has exercised the option)
Lease Expiry Date	10 April 2027

A 5-storey custom-built nursing home.

- Situated close to Bukit Panjang Town Centre, Bukit Panjang MRT Station and Senja LRT Station.
- Comprises a team of well-qualified and dedicated nursing staff to attend to the needs of residents.
- Houses a Rehabilitation Centre providing specialised treatments including occupational and speech therapy.

PROPERTY OVERVIEW

Singapore



THE LENTOR RESIDENCE
51 Lentor Avenue, Singapore

Property Type	Nursing Home
Land Area	2,486 sq metres
Gross Floor Area	4,005 sq metres
Purchase Price	S\$12.8 m
Appraised Value	S\$15.8 m
Annual Rental	S\$1.6 m
Max. No. of Beds	208
Established	1999 & 2013 (new extension building)
Lease Commencement	8 June 2007
Lease Terms	10 years with option to renew for 10 years (tenant has exercised the option)
Lease Expiry Date	7 June 2027

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

- Located in the Lentor vicinity surrounded by greenery.
- Completed the asset enhancement of an additional storey and a 5-storey extension building in February 2013.
- Provides comprehensive medical facilities which include in-house clinic and doctor in attendance, 24-hour nursing care with nurse-call system and telephone line at every bedside.
- Additional security featuring professionally managed security system eg. Public Address system with Closed Circuit Television security monitors.

South Korea



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

Property Type	Hospital
Land Area	2,142 sq metres
Gross Floor Area	4,982 sq metres
Purchase Price	US\$13.0 m
Appraised Value	US\$6.3 m
Annual Rental	US\$0.7 m
Max. No. of Beds	217
Established	2010
Lease Commencement	5 August 2011
Lease Terms	10 years with option to renew for 10 years
Lease Expiry Date	4 August 2021

A 6-storey hospital, with one basement level, offering the largest rehabilitative treatment and nursing healthcare services in Yeosu City.

- Easily accessible and centrally located in the beach resort city of Yeosu, near "Bongsan Market" in the Bongsan-Dong precinct of Yeosu City, Jeonranam-Do.
- The hospital also has X-ray and Ultrasound diagnostic facilities, clinics, a rehabilitation centre, cafeteria and restaurant.

Note

The valuations for the Indonesia properties were conducted by Colliers International Consultancy & Valuation (Singapore) Pte Ltd in alliance with KJPP Rinaldi, Alberth, Baroto & Partners, KJPP Willson & Rekan in association with Knight Frank and KJPP Rengganis, Hamid & Rekan in strategic alliance with CBRE Pte. Ltd. The valuations of the Singapore and South Korea properties were conducted by Cushman & Wakefield VHS Pte. Ltd.

The valuations of the respective properties were conducted as at 31 December 2017.

INVESTOR RELATIONS

OPEN, TIMELY AND ACCURATE COMMUNICATIONS

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

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



Analysts viewing facilities at the Mochtar Riady Comprehensive Cancer Centre during a site visit



INVESTOR RELATIONS

ENGAGEMENT WITH INVESTORS AND ANALYSTS

First REIT engages actively with both institutional and retail investors through various touchpoints. With the institutional investors, our management team connects with them through one-on-one meetings, conference calls as well as well investor conferences and roadshows. First REIT took part in the following conferences and non-deal roadshows in FY 2017:

Singapore

March	Daiwa REIT Day
August	Macquarie ASEAN Conference

Overseas

February	SGX-UOB Corporate Day, Taipei, Taiwan
March	RHB-Okasan Singapore REIT Day, Tokyo, Japan
April	Lippo Karawaci Non-Deal Roadshow, Tokyo, Japan
November	SGX-Mizuho Corporate Day, Tokyo, Japan
December	Macquarie Asia-Pac Emerging Leaders Corporate Day, New York, United States



On the helipad of Siloam Hospitals TB Simatupang during the site visit for analysts



CEO Victor Tan presenting at a results luncheon for analysts

First REIT also became a member of the REIT Association of Singapore ("REITAS") in FY 2018 and will be reaching out to more investors through events organised by REITAS.

Every year, research analysts are invited to results luncheons for the half-year and full-year results where they can discuss the Trust's performance with the management team. Site visits are also organised periodically and in September 2017, First REIT hosted a visit for analysts to some of its hospitals in Indonesia. Currently, First REIT is covered by OCBC Investment Research, CIMB Research, Phillip Securities Research and Macquarie Research.

COMMUNICATIONS TOUCH POINTS

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

FY 2018 Financial Calendar*

17 April 2018	1Q FY2018 Results Announcement	17 October 2018	3Q FY2018 Results Announcement
30 May 2018	1Q FY2018 Distribution Payment	29 November 2018	3Q FY2018 Distribution Payment
17 July 2018	2Q FY2018 Results Announcement	15 January 2019	4Q FY2018 Results Announcement
29 August 2018	2Q FY2018 Distribution Payment	28 February 2019	4Q FY2018 Distribution Payment

* Note: Dates are indicated and are subject to change.

SUSTAINABILITY REPORT



BOARD'S STATEMENT

Dear Stakeholders,

We are pleased to present our inaugural sustainability report within the annual report this year. This kick-starts our journey towards a structured approach of reporting the key material aspects of sustainability and how they impact on Environment, Social and Governance ("ESG") factors which we believe are of interest to our stakeholders.

As the Manager of First REIT, we recognise that sustainability plays an important role in our business while we pursue our objectives. Environmental and social aspects contribute to how the Trust is managed, our interactions with our operators, how we engage people who are employed under the Manager and our impact to the communities where our portfolio resides. We are always on the lookout to engage our lessees, operators and our employees to embark on the journey of a more holistic and sustainable business with us.

The Singapore Exchange Limited ("SGX") has made it mandatory for all listed companies to report on their ESG practices from the financial year ending 31 December 2017 onwards. In line with this new guideline, the Board has taken up the responsibility for oversight of the Manager's ESG initiatives relating to the Trust. The Board together with the Senior Management team has considered the sustainability topics and determined the material ESG factors that are important to the Trust. This Sustainability Report plays an important role in helping us to increase transparency, accountability and progress towards sustainable growth. As we continue to expand our portfolio, we remain vigilant in conducting our business and actively engage with our stakeholders to meet their concerns and needs. The success of our sustainability journey requires continual effort and we are confident that together with our stakeholders, we are able to achieve greater sustainability in our operations.

Mr Carl Gabriel Florian Stubbe

Chairman

Bowsprit Capital Corporation Limited

As Manager of First REIT

SUSTAINABILITY REPORT

ABOUT THIS REPORT

First Real Estate Investment Trust ("**First REIT**"), constituted as a real estate investment trust, is listed on the Mainboard of Singapore Exchange Securities Trading Limited ("**SGX-ST**"). It is externally managed by Bowsprit Capital Corporation Limited (the "**Manager**").

The scope of this report covers the financial year from January to December 2017, in line with this annual report. As Global Reporting Initiative ("**GRI**") standards is the global standard for sustainability reporting, our sustainability report has been prepared in accordance with GRI standards, Core. Unless otherwise stated, the report covers the ESG performance of First REIT's properties across its core portfolio of properties in Indonesia, Singapore and South Korea. This report forms part of First REIT's Annual Report FY2017 and can be viewed or downloaded from <http://firstreit.listedcompany.com/ar.html>. As part of our continued efforts to improve our reporting, we welcome stakeholders to submit their feedback to ir@first-reit.com.

2017 Year In Review



26% of
Ground Level
Landscaped Area of
Singapore Properties
Dedicated to Green Spaces



172
Training Hours
Clocked by
Employees of
the Manager



2 New
Acquisition Completed -
Siloam Hospitals Buton
& Lippo Plaza Buton and
Siloam Hospitals Yogyakarta



45.5% of
Our Employees
Have Been With
the Manager for
More than 5 years

SUSTAINABILITY REPORT

STAKEHOLDER ENGAGEMENT

Stakeholders are parties that can affect or be affected by our business. As such, we recognise the importance of establishing an open and effective two-way communication with our key stakeholders. Regular interactions with our key stakeholders enable us to understand the different views and concerns that guide our business decisions and assist us in progressing towards our sustainability commitments. The following table summarises the insights that we have gained through various stakeholder interactions which are considered in the development of our sustainability commitments:

Stakeholders	Platforms	Frequency	Key Feedback/ Issues	Commitments to Sustainability
Employees	- Interviews/ Feedback sessions - Regular dialogue sessions with Senior Management - Performance appraisals - Team bonding sessions - Trainings	- Annual - Annual - Annual - Quarterly - Ad-hoc	- Employee safety and welfare - Staff training and development opportunities - Work-life balance - Remuneration and benefits - Fair and competitive employment practices	- Provide fair and equal opportunities to all employees - Create a safe and cohesive working environment
Investors, Unitholders, Analysts and Media	- Annual/ Extraordinary General meetings - Financial results announcements - SGX announcements, media releases and interviews - Annual reports and sustainability report - Company website - Events and meetings (non-deal road shows)	- Annual - Quarterly - Ad-hoc - Annual - Perpetual - Monthly	- Return on investment - Business growth - Business strategy and outlook - Risk management - Corporate governance - Sustainability performance and reporting standards - Timely and transparent reporting	- Strive to generate sustainable long-term returns on investment - Adhere to timely and transparent dissemination of accurate and relevant information to the market
Operators	- Meetings with key existing operators - Asset management reports - Property management hotline	- Annual - Quarterly - Perpetual	- Clean and safe working environment - Prompt response to feedback - Reliable and efficient building	- Protecting tenants' safety and security - Maximise resource efficiency of our properties
Trustee	Meetings, briefings and regular reporting	Half-yearly	- Corporate governance - Operational efficiency	Zero-tolerance for corruption
Third-Party Service Providers	- Service provider evaluations - Building audits	- Project-basis - Annual	- Occupational health and safety practices - Environmental compliance	-

SUSTAINABILITY REPORT

Stakeholders	Platforms	Frequency	Key Feedback/ Issues	Commitments to Sustainability
Government/ National Agencies	- Sustainability report - Meetings, briefings and regular reporting - Joining trade associations (e.g. REITAS, SIAS)	- Annual - Annual - Perpetual	- Sustainable building development - Stakeholder programmes to advocate greener operator behaviour - Laws and regulations relating to REITs/ real estate sector	Strict compliance with relevant laws and regulations
The Community	- Sustainability report - Corporate Social Responsibility ("CSR") activities	- Annual - Ad-hoc	- Advocating sustainable practices - Raising eco-awareness amongst the community through collaborations	- Management of impacts on the community - Caring for public health and safety - Understand and support initiatives by the local community/ government

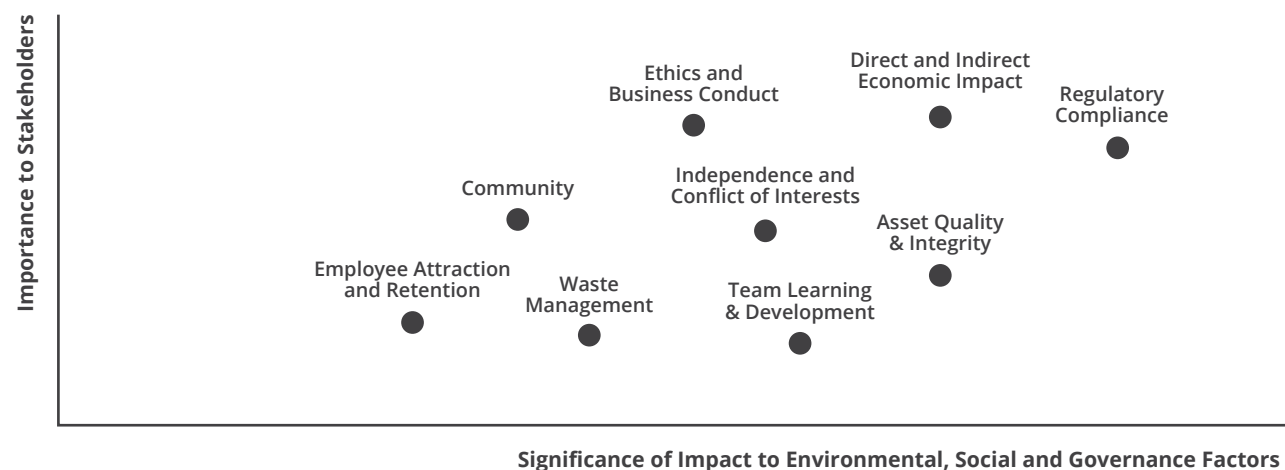
MATERIALITY ASSESSMENT

Through various engagement sessions involving the Management and Executives, the Manager has considered and assessed the topics that First REIT and its stakeholders are concerned about, as well as those that can potentially impact the long-term sustainability of our business. Our approach to materiality assessment aims to follow the reporting principles of:

1. Stakeholder Inclusiveness
2. Sustainability Context
3. Materiality

First REIT's material topics are derived from the materiality matrix. In accordance to the reporting principles, we take into account the materiality topic's influence on stakeholders' decisions as well as the significance of the topic's impact to Environmental, Social and Governance factors. The material topics are ranked in the materiality matrix and are further discussed in the subsequent pages of the report.

Materiality Matrix



Source: Baker Tilly FTW, First REIT

SUSTAINABILITY REPORT

Materiality Table

Material Topics	Why is this material to First REIT	How it relates to stakeholder's concerns	How the Manager is addressing the issue
Economic Dimensions			
 Direct and Indirect Economic Impact	As a business, we contribute to the local economy of the countries we operate in through our core business activities. We provide income for our employees, revenue for suppliers and contractors, as well as support public well-being and infrastructure through tax payments and fees. Further, through the provision of space for our tenants to operate, our tenants support the local economy by providing jobs and healthcare services.	Our stakeholders are the beneficiaries of our business operations, either directly or indirectly. Stakeholders are affected by First REIT's distributions per unit, cost of capital and the management of the rental leases. As such, they have an interest in the value generated by our business.	We focus on entering into yield-accretive property investments so that investors can receive stable and attractive dividends. In the lease agreements with First REIT's Indonesia tenants, rentals are based in Singapore Dollars. As such, foreign currency fluctuations will not adversely affect the distributions attributed from the Indonesia Portfolio.
 Asset Quality & Integrity	Our buildings are designed to provide a safe environment for our tenants and the community that they serve. We strive to achieve utmost confidence in our buildings by ensuring consistency in the safety and quality requirements. We believe that the structural quality and integrity of our buildings form the foundation of First REIT's business. We seek to establish reputation and trust in the communities we operate in through the quality of our assets.	Our tenants rely on the quality of our properties in their operations while we depend on our tenants for rental income. As such, stakeholders are largely concerned with the safety and quality of our properties. We will be able to maintain First REIT's reputation in the business when stakeholders are assured that our properties are of high quality and integrity.	As we prioritise the safety and comfort of our tenants and their end-consumers, we have engaged third-party real estate consultants to carry out building audits to identify building defects, and ensure the validity of operating licenses and permits. Subsequent to regular building audits, we ensure that rectification works are duly performed. In addition, we achieve long-term sustainability of our properties through asset enhancement initiatives. For this purpose, we have spent approximately S\$250,000 on professional fees in 2017.

SUSTAINABILITY REPORT

Material Topics	Why is this material to First REIT	How it relates to stakeholder's concerns	How the Manager is addressing the issue
Environmental Dimensions			
 Waste Management	As a healthcare REIT providing business space to healthcare providers, we are concerned with dangers associated with improper waste management. Improper waste disposal might lead to pollution of the environment, and poses a threat to the general public and biodiversity.	Improper waste disposal can pose a risk to the health and safety of communities surrounding our properties. Moreover, there is also a possibility of legal liability to our tenants which will indirectly affect our reputation as a healthcare REIT.	Our nursing homes in Singapore as well as hospitals in Indonesia engage licensed hospital waste disposal contractors to transport and dispose regulated medical waste properly. In addition, as part of the annual building audit exercise, the sewage treatment plants of our Indonesia properties are inspected to ensure that wastewater is being properly treated before releasing to the city's drainage line. At some of our Indonesia properties, wastewater is recycled for cooling tower consumption or irrigation.
Social Dimensions			
 Employee Attraction & Retention	Our business success hinges on our ability to attract and retain satisfied, passionate, and talented people. To achieve this, we ensure that efforts of our employees are recognised and there shall be no discrimination in remuneration due to factors other than meritocracy. We hope to be the employer of choice for our employees.	Satisfied and motivated employees translate to better workplace performance, greater productivity and better quality of outputs. These factors will inevitably benefit the Company's financial performance and ultimately, unitholder returns.	To attract and retain talent, we ensure the competitiveness of our employees' remuneration through market benchmarking and further ensure they are remunerated in accordance to their work performance. We are committed to providing equal opportunities for our employees. Moreover, we have in place feedback programmes to discuss our employees' career progression as well as opinions on the work environment.
 Team Learning & Development	As the long-term success of our business requires the commitment of our employees, we understand the importance of providing full support to maximise the potential of every employee. Creating the right environment to nurture our employees is crucial to the success of our business.	As our employees undergo relevant training and professional development, they become more adept at performing their roles. Their knowledge is also crucial to our business continuity. Investors will also feel secure, knowing that employees of the Manager possess the capabilities to perform their roles with excellence.	We strongly encourage our employees to pursue their professional development in order for them to progress in their career. We show our commitment by sponsoring their professional examinations and any continuous learning that is integral to our business.

SUSTAINABILITY REPORT

Material Topics	Why is this material to First REIT	How it relates to stakeholder's concerns	How the Manager is addressing the issue
Social Dimensions (continued)			
 Community	As a socially conscious business, we recognise the need to build long-term relationships and engage our community. As we grow our business, a clear focus to guide our community-engagement initiatives will allow the community to thrive along with us.	Besides focusing on the financial aspects of our operations, our stakeholders understand the importance of contributing to the community.	We organise volunteering activities to promote employee volunteerism. On 28 September 2017, we collaborated with our tenant at Pacific Healthcare Nursing Home II @ Bukit Panjang. Our employees distributed mooncakes to the residents of the home along with karaoke and danced with the residents. The event brought much joy and cheer to the residents over the Mid-Autumn Festival tea session. We also contributed to Stars of Christmas community project organised by OUE annually. This year, we contributed S\$250 to buying presents for children with special needs and illnesses in this Corporate Social Responsibility (CSR) project.
Governance Dimensions			
 Ethics and Business Conduct	We are committed to conducting our business activities with integrity and respect for the society. Being a good corporate citizen requires a strong foundation in business ethics and a commitment to maintain a balance of our financial and non-financial performance dimensions. This will in turn foster trust and build up our reputation as the employer of choice, a business partner and as a quality healthcare REIT.	Apart from maintaining profitability, stakeholders believe that businesses should also be concerned with the management of non-financial performance dimensions such as environmental and social impacts. In order to create long-term value for stakeholders, it is critical for us to incorporate an all-rounded view in various decision-making processes.	We have zero tolerance for breaches of our Code of Business Conduct. We educate our employees on existing policies to ensure compliance throughout our operations. We also have in place a whistleblowing policy. Our Board assumes responsibility at the highest level for environmental, social and governance issues relating to our operations. Our employees, including the Board of Directors, adhere to the Company's Code of Best Practices on Units' Transactions.

SUSTAINABILITY REPORT

Material Topics	Why is this material to First REIT	How it relates to stakeholder's concerns	How the Manager is addressing the issue
Governance Dimensions (continued)			
 Independence and Conflicts of Interest	Our Sponsor, Lippo Karawaci, owns the largest and most prominent hospital group in Indonesia. With the right-of-first-refusal to Lippo Karawaci's healthcare properties, we are offered with a pipeline of potential investments. Given the large pipeline of potential investments, we are committed to protect the interest of unitholders and maintain the trust that they have in us.	Our investors are interested in sustainable distribution per unit derived from yield-accretive investments. Due to the nature of our business and the special relationship with our Sponsor, investors are usually concerned with potential conflicts of interest between the REIT Manager and themselves.	We perform adequate due diligence on all investments to ensure that the intended investment is yield-accretive and fundamentally sound. Furthermore, we align our performance fee with the interest of First REIT's unitholders. The performance fee, which is based on Net Property Income, prevents the Manager from taking on excessive short-term risk; this in turn aligns the Manager's interest with that of the unitholders.
 Regulatory Compliance	With properties in Singapore, Indonesia and South Korea, we are subjected to regulations of the abovementioned countries. Furthermore, as a REIT listed on SGX, we are required to comply with Monetary Authority of Singapore's regulations, SGX Listing Rules and various other guidelines. Failure to comply with these regulations could pose a threat to business continuity.	In order to ensure business continuity, it is our priority to conform to all relevant regulations. Our business continuity will directly impact our stakeholders. We are committed to provide our unitholders with a stable source of income, our employees with job stability and our tenants with a business space to conduct their operations.	Our Board consists of business leaders and professionals with fund management, finance and legal backgrounds. We have processes in place to ensure that both our Board and our employees are kept up to date with the latest changes of all relevant regulations. These include scheduling for our board of directors to attend regulatory update sessions and putting in place a compliance checklist to ensure that the specific regulations are complied with. These measures will allow us to respond promptly to any regulatory changes and better shield our business from any regulatory impacts.

SUSTAINABILITY REPORT

GOVERNANCE

The Manager of First REIT is dedicated to maintaining the highest standards of corporate governance to create value for stakeholders.

Corporate Governance

The Manager is committed to attaining the highest standards of corporate governance as good corporate governance is an important foundation to protect the interests of the Trust's stakeholders which in turn, creates value for them. As part of the Manager's commitment to demonstrate good corporate governance, the Board and its committees assume responsibility at the highest level for ESG issues relating to the business of First REIT. This year, the Manager has also participated in the 8th Corporate Governance Week 2017 organised by the Securities Investor Association (Singapore).

The Corporate Governance Report, which sets out First REIT's corporate governance practices and policies with reference to the regulatory requirements and the Code of Corporate Governance (2012), can be found from pages 53 to 72 of the Annual Report. First REIT ensures that measures are taken to align the governance framework with the recommendations in the Code.

Corporate Policies

The Manager has its own set of sound policies that have been approved by its Board to set appropriate procedures and measures to implement and comply with. The internal policies are reviewed and updated on a timely basis to ensure that they are of relevance and applicable to current practices. The policies are also circulated and shared with all employees.

Other than the policies as highlighted in our Corporate Governance Report, an operations manual governs the core processes and procedures of business operations, specifically addressing acquisition, investment, equity fundraising, debt facilities review processes as well as treasury and reporting requirements.

Regulatory Compliance

As a listed REIT, we have a zero tolerance approach to regulatory breaches. We are required to comply with numerous legislations such as the Securities and Futures Act (SFA), SGX Listing Manual, Code of Collective Investment Scheme (CIS Code), obligations under the Trust Deed, and the Singapore Financial Reporting Standards. As such, the Manager has put in place relevant policies and procedures to ensure adherence to the relevant regulations.

The Board consists of business leaders and professionals with fund management, finance and legal backgrounds who are well equipped to tackle issues pertaining to our business. Our Directors are scheduled to attend regulatory update sessions, so as to keep abreast of changes in the regulatory environment.

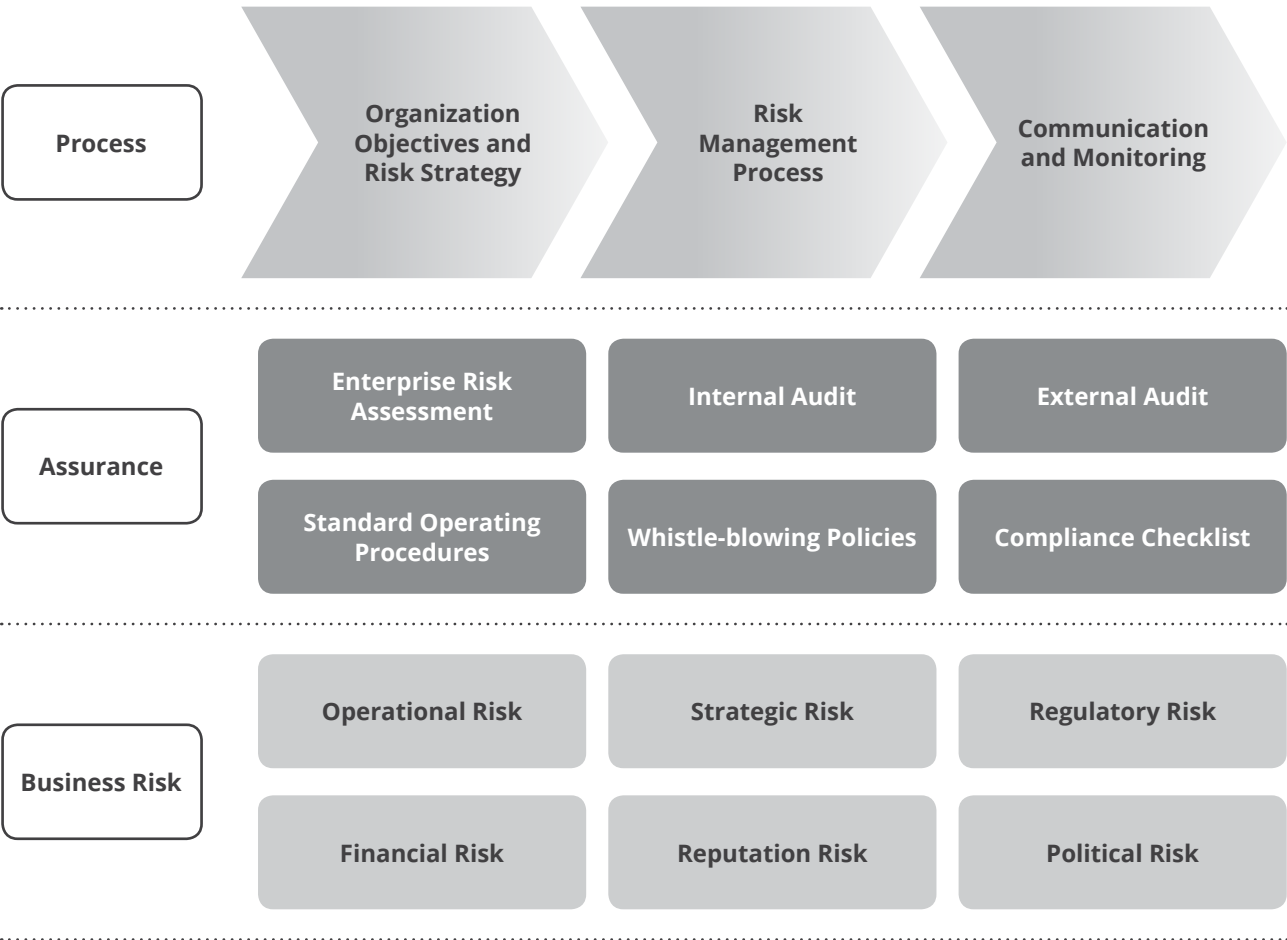
The Manager commits to maintaining a good compliance track record which is evident by zero reported instance of regulatory breach in FY 2017.

Enterprise Risk Management

Enterprise Risk Management ("ERM") is a process put in place by the Board and Management to identify and address top-tier risks and events that the Trust is exposed to and to manage them within its risk appetite. Proper risk management is a critical component to ensure the long-term sustainability of our business. On an annual basis, the Management will collaborate with the Trust's internal auditors to carry out an ERM exercise that identifies emerging risks, review existing risks and thereafter determine appropriate action plans. The Trust's ERM framework is aligned and integrated to its strategic objectives to maximise shareholder value.

SUSTAINABILITY REPORT

ERM Framework



What's Next?

The Manager understands the importance of constantly improving First REIT's risk management framework and internal processes to ensure that risks are properly managed throughout the organisation. Furthermore, the Manager strives to maintain the highest level of corporate governance by updating the Board with relevant regulations.

SUSTAINABILITY REPORT

ECONOMIC

Despite the uncertainties in the global market, we have demonstrated our strong financial capability through sustainable returns for our stakeholders.

Through acquisitions, First REIT's portfolio as at 31 December 2017 consists of 20 properties. Gross total revenue for FY 2017 was S\$110,993,000 and net income was S\$109,476,000.

For more information on First REIT's financial performance, please refer to pages 4 to 6 of the Annual Report.

Capital and Asset Management

The Manager strives to provide First REIT's Unitholders with sustainable and growing income distribution while achieving long-term capital appreciation. Good asset management and access to capital are required to achieve this long-term goal.

In order to meet its objectives, the Manager ensures conformance with the following strategies:

1. Investment in healthcare and healthcare-related assets in Asia
2. Acquisition of yield-accretive properties
3. Pro-active asset and capital management

The Board aims to strike a balance between Unitholder's expectations and the long-term sustainability of First REIT.

Economic Benefits

Asset Quality & Integrity

As First REIT's income generation depends on the quality and integrity of its properties, its assets are critical to the interest of its stakeholders. In line with our priority to ensure the health and safety of our tenants, the Manager engages independent property consultants to carry out building audits for First REIT's properties. The scope of the building audit includes identifying areas of defects and the expiry of relevant licenses. The Manager will then liaise with the tenants to follow up and address the audit findings so that rectification works are timely performed. By doing so, the Manager can be assured that the interest of First REIT's Unitholders is adequately safeguarded.



SUSTAINABILITY REPORT

Acquisitions for the year

Siloam Hospitals Buton & Lippo Plaza Buton



External View of SHBN

First REIT, through its wholly owned subsidiary, PT Buton Bangun Cipta, has acquired an integrated property on Buton Island, Indonesia. The integrated property comprises Siloam Hospitals Buton with ancillary healthcare-related space ("**SHBN**") and a connected retail mall, Lippo Plaza Buton. The investment had an attractive yield of 10%. The master lease agreements are for a lease term of 15 years with an option to renew for a further term of 15 years, which is exercisable at the option of the master lessees.

Siloam Hospitals Yogyakarta

First REIT completed the joint venture to acquire the hospital component known as Siloam Hospitals Yogyakarta ("**SHYG**"), part of an integrated development in Yogyakarta while the adjoining retail mall was acquired by Lippo Malls Indonesia Retail Trust ("**LMIR Trust**"). SHYG is newly furnished and fitted with state-of-the-art medical facilities and technologies, and is the only hospital in Yogyakarta with a Rapid Response System. The investment had an attractive rental yield of 9%. Similarly, the master lease agreement is for a lease term of 15 years with an option to renew for a further term of 15 years.



External View of SHYG

What's Next?

Amidst the challenging economic landscape, the Manager of the trust will continue to acquire yield-accretive properties to deliver healthy financial results.



SUSTAINABILITY REPORT

ENVIRONMENT

First REIT is committed to optimising the usage of natural resources and minimizing our ecological footprint.

Recognising the importance of operating in a healthy natural environment, we prioritise effective management of natural resources and reduction of ecological footprint in our operations. As the operations of our properties contribute largely to our ecological footprint, we believe that collaborating with our tenants is critical to our success in environmental conservation. We make conscious efforts to align our sustainability objectives with that of our tenants and emphasize that environmental protection is our combined responsibility as responsible corporate citizens.

Our properties are leased out on a triple-net basis where the master lessees bear all operating costs relating to the properties including maintenance. Our tenants are constantly looking for ways to improve efficiency on resources used and earn cost savings through the adoption of environmental friendly practices.



Swimming Pool at Imperial Aryaduta Hotel & Country Club

Water Recycling Initiatives

Recognising that water is a scarce resource, our tenants are always looking into conserving and recycling water whenever possible. Siloam Hospital Purwakarta has a Bio-med Sewage Treatment System that takes in wastewater and is able to output relatively clean water that can be used for irrigation. The aim of the sewage treatment plant is to ensure that treated wastewater released will not harm the environment.

The sewage treatment plants at Mochtar Riady Comprehensive Cancer Centre and Siloam Hospitals TB Simatupang possess water recycling capabilities where wastewater can be recycled and fed into the building's cooling tower after treatment.

Hotel Aryaduta Manado and Imperial Aryaduta Hotel have bed and linen cards placed in all hotel rooms to encourage guests to participate in their conservation efforts in reduction of energy use and use of detergent that could be harmful to the environment.

SUSTAINABILITY REPORT

Water Efficiency of Indonesia Hospitals

Hospital	Average water per month ¹ (m ³)	Average water usage / day / patient ¹ (litre)
Siloam Hospitals Lippo Village	10,801	1,721.6
Siloam Hospitals Surabaya	4,840	1,561.9
Siloam Hospitals Kebon Jeruk	10,355	2,415.8
Siloam Hospitals Lippo Cikarang	1,948	875.0
Mochtar Riady Comprehensive Cancer Centre	8,773	3,002.0
Siloam Hospitals Makassar	4,876	1,005.0
Siloam Hospitals Manado	3,394	896.9
Siloam Hospitals TB Simatupang	4,156	2,239.2
Siloam Hospitals Bali	3,956	1,639.2
Siloam Hospitals Purwakarta	1,963	457.1
Siloam Sriwijaya	2,959	1,011.5
Siloam Hospitals Kupang	785	340.4
Siloam Hospitals Labuan Bajo ²	–	–
Siloam Hospitals Buton	789	2,353.5
Siloam Hospitals Yogyakarta ²	–	–

¹ Based on latest available data

² Figures for Siloam Hospitals Labuan Bajo and Siloam Hospitals Yogyakarta were not available at time of printing.

According to Pergub DKI Jakarta 122/2005 (Jakarta, Indonesia Water Management Provisions), water efficiency standards for hospitals in Jakarta for a large and private hospital is at a recommended level of 1,000 litres per day per patient. We understand that the hospital operator is in the process of working towards achieving the recommended level.

Energy Saving Initiatives

Our various hospital buildings located in Indonesia are retrofitted with LED lightings which have longer lifespan and lower energy usage. The increased energy efficiency will lower maintenance costs and energy costs in the long run compared to traditional incandescent and fluorescent tubes. LED lightings will also reduce the amount of mercury waste and carbon dioxide emissions. Water heaters are turned off during the night from 11 pm to 6 am at Mochtar Riady Comprehensive Cancer Centre. All properties under the management of Siloam Hospitals Group have also commenced with electricity, water, diesel and gas usage tracking and is striving to have them monitored and reduced gradually over the years.

Green Ecosystem

Our Singapore properties boast green spaces that integrate seamlessly with the surrounding infrastructure. The landscape design of our nursing homes, dotted with lush greenery aims to provide a vibrant and green environment. Serving the dual-purpose of aesthetics and nature therapy, these green spaces addresses the needs of patients, their families, as well as visitors and staff. The total ground level landscaped area of each of our Singapore properties constitutes more than a quarter of the total site area.

SUSTAINABILITY REPORT

Data relating to Green Spaces

Name of Property	Total Site Area (m ²)	Green Spaces (m ²)	% of Site Area Dedicated to Green Spaces
The Lentor Residence	2,486	590	23.7%
Pacific Healthcare Nursing Home II @ Bukit Panjang	2,000	580	29.0%
Pacific Healthcare Nursing Home @ Bukit Merah	1,984	510	25.7%
Total	6,470	1,680	26.0%

Singapore

Pacific Healthcare Nursing Home II @ Bukit Panjang

The building façade is covered by plants and greenery, designed with the intention to integrate the environment into the building. This green façade is also part of a collaboration with National Parks Board under the Skyrise Greenery Incentive Scheme. The Manager commits to oversee the maintenance and upkeep of the vertical greenery for a period of five years. As part of the building's water conservation efforts, an auto-irrigation system was built to water the plants at regular intervals. This vertical greenery helps to reduce the overall temperature of the building, hence saving energy in the process.

The interior garden is also part of the nursing home's efforts to integrate green spaces into the urban building in order to improve the environment as well as patient well-being. The unique U-shape design of building's interior is also specially crafted for the purpose of facilitating natural ventilation. This unique design allows a constant influx of fresh air, thus helping to resolve indoor air quality issues prevalent in nursing homes.



Vertical Greenery at Pacific Healthcare Nursing Home II @ Bukit Panjang



Green spaces at Pacific Healthcare Nursing Home II @ Bukit Panjang (Source: HYL Architects)



Siloam Hospitals Lippo Village

Indonesia

Siloam Hospitals Lippo Village

Our Sponsor, Lippo Karawaci is a frontrunner for environment sustainability in Indonesia. As part of Lippo Karawaci's corporate social responsibility, they integrate eco-friendly concepts, and align green spaces with the best amenities. The township of Lippo Village has 21% of the total land area dedicated to green spaces, with more than 56,850 trees planted in the vicinity to anticipate the impact of climate change and curb rising temperatures and pollution.

First REIT's property, Siloam Hospitals Lippo Village, is also part of this green eco-system. As part of the effort to integrate the environment into our hospital, numerous trees are planted along the perimeter of the hospital building. These green spaces also provide other intangible benefits such as improving patient experience, promoting healing and reducing urban heat island effects, resulting in a better environment for the community.

SUSTAINABILITY REPORT

Waste Management

Singapore

In Singapore, the handling, transportation, treatment and disposal of toxic industrial waste is governed by the Environmental Public Health (Toxic Industrial Waste) Regulations 1988. Toxic industrial wastes are wastes which by their nature and quality may be potentially detrimental to human health and/or the environment, and require special management, treatment and disposal. These also include biohazardous wastes such as infectious waste, pathological waste, contaminated sharps and other contaminated waste from treatment areas.

Biohazardous wastes generated by First REIT's tenants in its Singapore properties require special handling and disposal by law. Such wastes are required to be properly segregated and disposed of by licensed hospital waste contractors. Biohazard waste disposal for First REIT's properties in Singapore are handled by NEA-licensed hospital waste collectors. The licensed hospital waste collectors have dedicated hospital waste incinerators to incinerate the biohazardous and used cytotoxic wastes.



Designated bins for different waste types located at Siloam Hospitals Lippo Village in Jakarta

Indonesia

Siloam Hospitals Group has in place its own set of policies to ensure that waste are properly segregated and properly handled and stored within the hospitals' premises before the appointed licensed vendors come to remove them for proper treatment and disposal. The hospitals also have designated bins and rooms to house medical (bio-hazardous), general and recyclable wastes.



Designated rooms to isolate the sorted waste at Siloam Hospitals Lippo Village

What's Next?

The Manager seeks to collaborate further with the tenants on the sustainability initiatives to minimise First REIT's environmental footprint. Going forward, the Manager will encourage tenants to actively measure the energy and water consumption level at all of the properties.

Besides engaging the tenants to be in line with First REIT's sustainability efforts, the Manager will incorporate sustainability criteria into the vendor assessments to ensure that the appointed vendor's practices are in line with the Trust's sustainability goals before engaging them. For Singapore properties, the Manager aims to embark on at least one environmental-related project in 2018.

SUSTAINABILITY REPORT

SOCIAL

Recognising that people are our most important assets, we have to operate ethically and empower our employees with opportunities for learning and development.

Our Employees

First REIT is externally managed by the Manager and has no personnel on its own. As at December 2017, the Manager has 11 full-time employees, 8 Singaporeans and 3 Permanent Residents. The Manager believes in fair hiring without discrimination to age, gender, nationality, ethnicity and providing equal opportunity for all employees. As at 31 December 2017, the gender composition was 36% male and 64% female.

Employee Demographics



Talent Attraction and Retention

First REIT's sustained growth is contributed by the Manager's ability to attract and retain talent. The Manager is responsible for the recruitment and the management of professional development of its employees in an environment that provides equal opportunities for all. We are committed to employing personnel based on meritocratic approach. Recognising the importance of attracting and retaining talents, the Manager ensures that employees are taken care of by offering comprehensive remuneration packages. In addition, the Manager constantly reviews employee benefits to ensure that they remain competitive and adequate. Opportunities for promotion, advancement, compensation and training are provided based on merit. Annual performance appraisals allow employees to receive performance reviews and at the same time, provide a platform for open communication between employees and their direct supervisors. Furthermore, through regular feedback sessions, the Manager is able to understand employees' concerns and identify areas for improvement. The open communication culture coupled with constant employee engagement have led to the Manager's success in retaining its employees. The average tenure of the employee is approximately 5.3 years and 45.5% of the employees have been with the Manager for more than 5 years.

Training and Development

The Manager believes in developing and nurturing employees to build a competent team to drive business goals. Employees are offered with sufficient opportunities to participate in learning and developing programmes in order to continuously upgrade their skills. The annual performance appraisal system allows employees to identify gaps in their performance and training needs.

SUSTAINABILITY REPORT

As at 31 December 2017, the average training hours attended by our employees are 15.6 hours. Employees here are granted paid training and examination leave for their course of study. Moreover, the Manager conducts reviews to ensure that employees remain competent throughout employment. Our employees' capability and personal traits are further nurtured through trainings, on-the-job exposure and mentoring.

Employee Benefits and Well-Being

The Manager strives to create a positive work environment to attract, motivate and retain talent by offering an extensive benefit and welfare scheme which includes comprehensive coverage for healthcare and dental care, annual leave and other work-family balance schemes such as childcare leave and family care leave.

In Singapore, the Central Provident Fund ("CPF") is a comprehensive social security system that allows working Singapore Citizens and Permanent Residents to set aside funds for retirement. Under the CPF scheme, the Manager makes timely monthly contributions to each employee's CPF account based on the prevailing rates of the employee's monthly gross salaries.

The Manager recognises the importance of creating an engaging working environment for its employees. Employees are gathered for various activities including the annual Chinese New Year lunch and lunches after every Annual General Meeting ("AGM"), Extraordinary General Meetings ("EGM"), quarterly company lunches and an annual company trip.

Our Tenants

The Manager commits to maintain high tenant satisfaction by understanding their concerns and needs and promptly resolving issues. Tenant engagement is carried out through a range of channels which includes the property management hotline, email correspondence and periodic site visits.

As we prioritise the safety of our tenants, we engage third-party real estate consultants to conduct annual building audits to ensure that our assets are well maintained and to identify areas for improvement.

Our Investors and Analyst Houses

First REIT plays an active role in engaging with investors through various platforms including AGM & EGMs, non-deal roadshows and meetings.



Analyst Trip 2017

Further details of our investor relations activities can be found in page 30 to 31 of the Annual Report.

SUSTAINABILITY REPORT

The Community

Locally, the Manager strives towards making positive contributions to the local communities where our Singapore properties are located. Besides monetary donations made to charities or approved Institution of a Public Character (IPC), the Manager believes in staff volunteerism to bring about greater impact to the community.



Stars of Christmas community project 2017 by OUE



Tea session for the residents at Pacific Healthcare Nursing Home II @ Bukit Panjang during Mid-Autumn Festival

What's Next?

For Our People

Keeping in mind that people are valuable assets, the Manager is dedicated to provide more learning and development opportunities for our employees by committing a total of 20 man-days per year per employee to employee training for the next year. The Manager will perform periodic assessments to better identify and assess individual employee knowledge gaps and learning needs. The Manager will continue to create a culture that supports the well-being of our employees by organising at least 5 team bonding sessions and activities to boost employee mental and physical wellness. Going forward, the progress on participation in well-being programs and the well-being drivers of employee engagement will be measured by the Manager.

For the Community

As the Manager has embarked on its journey to make positive contributions to the community, it aims to create greater positive impact by organising at least two community projects in 2018 and to ensure that at least 30% of our employees are involved these projects.

SUSTAINABILITY REPORT

GRI CONTENT INDEX

GRI STANDARDS	Disclosure No.	Disclosure Title	Cross-Referenced Sections	Page
GRI 102: General Disclosures -Organizational profile	102-1	Name of the organization	Corporate Profile	2
	102-2	Activities, brands, products, and services	Corporate Profile At A Glance	2 3
	102-3	Location of headquarters	Corporate Profile	2
	102-4	Location of operations	Corporate Profile	2
	102-5	Ownership and legal form	Trust Structure	7
	102-6	Markets served	Corporate Profile At A Glance Our Network Property Overview	2 3 18-19 20-29
	102-7	Scale of the organization	Financial Highlights	4-6
	102-8	Information on employees and other workers	Social- Our Employees	48-49
	102-9	Supply chain	Trust Structure	7
	102-10	Significant changes to the organization and its supply chain	Significant Events	16-17
	102-11	Precautionary Principle or approach	Enterprise Risk Management Corporate Governance Report - Risk Management and Internal Controls	40-41 62
GRI 102: General Disclosures -Strategy	102-14	Statement from senior decision-maker	Board's Statement	32
GRI 102: General Disclosures -Ethics and integrity	102-16	Values, principles, standards, and norms of behaviour	Corporate Governance Report- Board's Leadership and Control	53-54
GRI 102: General Disclosures -Governance	102-18	Governance structure	Board of Directors Key Management Corporate Governance Report- Board Membership Corporate Governance Report- Audit Committee	13-14 15 57 63
GRI 102: General Disclosures -Stakeholder engagement	102-40	List of stakeholder groups	Stakeholder Engagement	34-35
	102-41	Collective bargaining agreements	No employees of First REIT are covered by collective bargaining agreements.	N.A.
	102-42	Identifying and selecting stakeholders	Stakeholder Engagement	34-35
	102-43	Approach to stakeholder engagement	Investor Relations	30-31
	102-44	Key topics and concerns raised		
GRI 102: General Disclosures -Reporting practice	102-45	Entities included in the consolidated financial statements	Notes to FS: Listing of investments in subsidiaries	138-143
	102-46	Defining report content and topic Boundaries	Materiality Assessment Materiality Table	35 36-39
	102-47	List of material topics		
	102-48	Restatements of information	Not applicable as this is the first Sustainability report	N.A.
	102-49	Changes in reporting	Not applicable	N.A.
	102-50	Reporting period	About this report	33
	102-51	Date of most recent report	Not applicable	N.A.
	102-52	Reporting cycle	About this report	33
	102-53	Contact point for questions regarding the report	About this report	33
	102-54	Claims of reporting in accordance with the GRI Standards	About this report	33
	102-55	GRI content index	GRI content index	51-52

SUSTAINABILITY REPORT

TOPIC SPECIFIC STANDARDS				
GRI STANDARDS	Disclosure No.	Disclosure Title	Cross-Referenced Sections	Page
GRI201: Economic Performance	201-1	Direct economic value generated and distributed	Financial Highlights Statement of Total Return, Statement of Distribution, Statement of Financial Position, Statement of Movements in Unitholders' Funds	3-6 79-82
	201-3	Defined benefit plan obligations and other retirement plans	Social- Employee Benefits and Well-Being	49
	201-4	Financial assistance received from government	Environment- Green Ecosystem	45-46
	202-2	Proportion of senior management hired from the local community	Social- Our Employees	48
GRI 205: Anti-Corruption	205-1	Operations assessed for risks related to corruption	Enterprise Risk Management Corporate Governance Report – Risk Management and Internal Controls	40-41 62
	205-3	Confirmed incidents of corruption and actions taken	Zero reported incidents of corruption	N.A.
GRI 307: Environmental Compliance	307-1	Non-compliance with environmental laws and regulations	Zero Incidents of non-compliance with environmental laws and regulations	N.A.
GRI 401: Employment	401-2	Benefits provided to full-time employees that are not provided to temporary or part-time employees	Not Applicable. All employees of First REIT are full-time employees	N.A.
	401-3	Parental leave	None	N.A.
GRI 404: Training and Education	404-1	Average hours of training per year per employee	Social- Our Employees	49
	404-2	Programs for upgrading employee skills and transition assistance programs		48
	404-3	Percentage of employees receiving regular performance and career development reviews		48
GRI 405: Diversity and Equal Opportunity	405-1	Diversity of governance bodies and employees	Social- Our Employees	48
GRI 406: Non-discrimination	406-1	Incidents of discrimination and corrective actions taken	Zero incidents of reported discrimination	N.A.
GRI 413: Local Communities	413-1	Operations with local community engagement, impact assessments, and development programs	Social- The Community	50
GRI 419: Socioeconomic Compliance	419-1	Non-compliance with laws and regulations in the social and economic area	No incidents of non-compliance with laws and regulations in the social and economic area	N.A.

CORPORATE GOVERNANCE REPORT

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

The Manager adopts the Code of Corporate Governance 2012 issued by the Monetary Authority of Singapore (the "**MAS**") on 2 May 2012 (the "**2012 Code**") as its benchmark for corporate governance policies and practices. Other than the deviations which are explained in this report, the Manager has complied with the principles of the Code in all material aspects. The following describes the Manager's main corporate governance policies and practices, with specific reference to the 2012 Code.

THE MANAGER OF FIRST REIT

The Manager has general powers of management over the assets of First REIT. The Manager's main responsibility is to manage the assets and liabilities of First REIT in the best interests of First REIT's unitholders (the "**Unitholders**").

The primary role of the Manager is to set the strategic direction of First REIT. This includes making recommendations to Perpetual (Asia) Limited, as trustee of First REIT (the "**Trustee**") on acquisition, divestment or enhancement of assets of First REIT. The research, analysis and evaluation required for this purpose are co-ordinated and carried out by the Manager. The Manager is also responsible for the risk management of First REIT.

Other functions and responsibilities of the Manager include:

- (i) Using its best endeavours to carry on and conduct its business in a proper and efficient manner and to conduct all transactions with, or on behalf of First REIT, at arm's length and on normal commercial terms;
- (ii) Preparing property plans on a regular basis which may contain proposals and forecasts on net income, capital expenditure, sales and valuations, explanation of major variances to approved budgets, written commentary on key issues and any other relevant assumptions. The purpose of these plans is to explain the performance of First REIT's properties;
- (iii) Ensuring compliance with the applicable provisions of the Securities and Futures Act, Chapter 289 ("**SFA**") and all other relevant legislation, the listing manual of the Singapore Exchange Securities Trading Limited ("**SGX-ST**") (the "**Listing Manual**"), the Code on Collective Investment Schemes issued by the Monetary Authority of Singapore ("**MAS**") (the "**CIS Code**") including Property Fund Guidelines in Part II Appendix 6 of the CIS Code (the "**Property Funds Guidelines**"), the Manager's obligations under the Trust Deed, Singapore Financial Reporting Standards, any tax ruling and all relevant contracts; and
- (iv) Attending to all regular communication with Unitholders.

The Manager has been granted a capital markets services ("**CMS**") licence by the MAS and its officers are authorised representatives under the SFA. The Manager appoints experienced and well-qualified management personnel to handle the day-to-day operations of the Manager.

BOARD MATTERS

Board's Conduct of its Affairs

Principle 1: Board's Leadership and Control

The Board of Directors of the Manager (the "**Board**") is entrusted with the responsibility of overall management of the Manager. The Board is responsible for the overall corporate governance of the Manager, including establishing goals for management and monitoring the achievement of these goals. The Manager is responsible for the strategic business direction and risk management of First REIT. All Board members participate in matters relating to corporate governance, business operations and risk management and financial performance. Decisions are taken objectively in the best interest of First REIT. The Manager has adopted guidelines, details of which are also set out in this report for related party transactions and dealing with conflict of interests.

CORPORATE GOVERNANCE REPORT

The Board has adopted an internal guide whereby certain key matters are specifically reserved for the Board's approval, such as business strategy and planning, acquisition of properties, material financial commitments, loan facilities and distribution to Unitholders. The Board has established a framework for the management of the Manager and First REIT, including a system of internal controls and an enterprise risk management ("**ERM**") framework.

The Board meets to review the Manager's key activities. Board meetings are held quarterly (or more often if necessary) to discuss and review the strategies and policies of First REIT, including any significant acquisitions and disposals, the annual budget, the financial performance of First REIT against previously approved budget, and to approve the release of the quarterly and full year results. The Board also reviews the risks to the assets of First REIT, and acts judiciously upon any comments from the auditors of First REIT. Management provides the Board with complete and adequate information in a timely manner, including board papers, budget, forecasts and management accounts. The Board reviews management reports and feasibility studies on individual development projects prior to approving major transactions. When necessary, additional Board meetings are held to address significant transactions or issues. The Constitution of the Manager provides for Board meetings to be held by way of telephone conference and videoconference. If required, time is set aside for discussions amongst the non-executive members of the Board without the presence of management, in line with the guidelines of the Code.

The Board has considered and reviewed sustainability issues as part of its strategic formulation. More information on the material sustainability issues of First REIT are set out on pages 32 to 52 of this Annual Report.

The Board is supported by the Audit Committee ("**AC**") and Nominating & Remuneration Committee ("**NRC**") in discharging its responsibilities. The Board has delegated specific responsibilities to these Board Committees and their composition and duties are described in this report. While these Board Committees have the authority to examine particular issues in their respective areas, the Board Committees report to the Board with their decisions and/or recommendations as the ultimate responsibility on all matters lies with the entire Board.

The Board has adopted a set of internal controls, which sets out approval limits on capital expenditure, investments, divestments and bank borrowings. The Board believes that the internal controls system adopted is adequate and appropriate delegations of authority have been provided to management to facilitate operational efficiency.

Changes to regulations, policies and accounting standards are monitored closely. Where the changes affect First REIT's business or have an important bearing on the Manager's or Directors' disclosure obligations, the Directors will be briefed either during Board meetings or at specially convened sessions involving relevant professionals. New and existing directors receive regular training, particularly on relevant new laws, regulations and changing commercial risks including training sponsored by SGX-ST, the Accounting and Corporate Regulatory Authority, Singapore Institute of Directors, Singapore Business Federation and by audit firms. The costs of the training are borne by the Manager. Directors are also encouraged to participate in industry conferences, seminars and training programmes and have access to professionals for consultation as and when they deem necessary, funded by the Manager. Site visits to properties located overseas are organised to familiarise Directors with First REIT's properties and to facilitate better understanding of the Group's operations. During the financial year 2017, the Directors were briefed on the regulatory and legislative changes such as the outsourcing risk management framework and the changes to the Companies Act, Chapter 50 as well as the changes to accounting standards.

Newly appointed Directors are briefed by management on the industry, business activities and strategic directions of First REIT and all relevant provisions that they need to comply with. Induction, orientation and training as well as site visits are given and/or given to new directors to ensure they are familiar with the Manager's business and governance practices. During the financial year 2017, the Manager conducted an orientation programme which also included site visits to the First REIT's properties in Singapore and Indonesia for the two newly-appointed Non-Executive Directors, Mr Carl Gabriel Florian Stubbe and Mr Tan Chuan Lye. The Manager will be arranging the orientation programme for Mr Martin Lechner who was appointed on 8 January 2018.

CORPORATE GOVERNANCE REPORT

The number of Board, AC and NRC meetings held in FY2017 and the attendance by each of the Directors at these meetings are set out below:

Name of Directors	Board Meetings	Audit Committee Meetings	Nominating & Remuneration Committee Meetings
	No. of meetings held in FY2017: 6	No. of meetings held in FY2017: 6	No. of meetings held in FY2017: 5
	Attended	Attended	Attended
Mr Carl Gabriel Florian Stubbe (Appointed on 11 May 2017)	4	4	1 ⁽¹⁾
Mr Tan Chuan Lye (Appointed on 5 April 2017)	5	5	2
Mr Tan Kok Mian Victor (Appointed on 19 May 2017)	6 ⁽¹⁾⁽²⁾	6 ⁽¹⁾	1 ⁽¹⁾
Mr Wong Gang	6	6	5
Mr Ketut Budi Wijaya	4	4 ⁽¹⁾	5
Mr Albert Saychuan Cheok (Retired on 17 April 2017)	2	2	3
Mr Goh Tiam Lock (Retired on 17 April 2017)	2	2	NA
Dr Ronnie Tan Keh Poo (Retired on 19 May 2017)	2	2 ⁽¹⁾	4 ⁽¹⁾

⁽¹⁾ Attendance by invitation.

⁽²⁾ Mr Tan Kok Mian Victor attended the Board and Audit Committee Meetings in the capacity of Chief Financial Officer before he was appointed as Executive Director and Acting Chief Executive Officer on 19 May 2017.

Board Composition and Guidance

Principle 2: Strong and Independent Board

The Board presently comprises six Directors of whom three are independent Directors. Each Director has been appointed on the strength of his calibre and experience. The composition of the Board is reviewed annually to ensure that the Board has the appropriate mix of expertise and experience. The Directors on the Board as at this report are as follows:

Mr Carl Gabriel Florian Stubbe (Chairman)	(Non-Independent Non-Executive Director)
Mr Tan Kok Mian Victor	(Executive Director and Chief Executive Officer ("CEO"))
Mr Tan Chuan Lye	(Lead Independent Director)
Mr Wong Gang	(Independent Director)
Mr Martin Lechner	(Independent Director)
Mr Ketut Budi Wijaya	(Non-Independent Non-Executive Director)

CORPORATE GOVERNANCE REPORT

During the financial year under review, both Mr Albert Saychuan Cheok and Mr Goh Tiam Lock, who had served on the Board for a continuous period of 9 years and in line with the enhanced independence requirements as set out in the draft amendments to the Securities and Futures (Licensing and Conduct of Business) Regulations (the “**Draft SF(LCB)R**”), stepped down as Directors on 17 April 2017.

As the current Board Chairman, Mr Carl Gabriel Florian Stubbe, is a Non-Independent Non-Executive Director, Mr Tan Chuan Lye has been appointed as Lead Independent Director on 11 May 2017. The Lead Independent Director is available to unitholders where they have concerns and for which contact through the normal channels of the CEO has failed to resolve or is inappropriate. Mr Tan Chuan Lye is also the Chairman of the Audit Committee.

No Alternate Director had been appointed to the Board during the year.

The Board comprises business leaders and professionals with fund management, legal and finance backgrounds. The profiles of the Directors are set out on pages 13 and 14 of this Annual Report.

The composition of the Board (including selection of candidates for new appointments as part of the Board’s renewal process) is determined using the following principles:

- The Chairman of the Board can be an Independent Director or a Non-Independent Director, provided that where the Chairman is a Non-Independent Director, a Lead Independent Director will also be appointed in line with the Code;
- The Board should comprise Directors with a broad range of commercial experience, including expertise in fund management, legal and the finance industry; and
- At least half of the Board should comprise Independent Directors.

The Board is of the view that its current composition comprises of persons who as a group, provide the necessary core competencies and that the current Board size is appropriate to facilitate effective decision making, robust deliberations and discussions and effective oversight over Management. The Board will continue to review its composition periodically, taking into account the need for progressive renewal of the Board to ensure that the Board has the appropriate balance and diversity to maximise its effectiveness.

The assessment of Director’s independence takes into account Guideline 2.3 of the 2012 Code as well as the enhanced independence requirements and the definition of “**independent director**” as set out in the Draft SF(LCB)R. Under the enhanced independence requirements set out in the Draft SF(LCB)R, an independent director is one who (i) is independent from any management and business relationship with the Manager and First REIT, (ii) is independent from any substantial shareholder of the Manager and any substantial unitholder of First REIT, and (iii) has not served on the Board for a continuous period of 9 years or longer. Further details on the review of the Director’s independence is found on page 58 of this report.

The Board and Management are given opportunities to engage in open and constructive debate for the furtherance of strategic objectives of the Manager and First REIT. The Non-Executive Directors meet at least once annually without the presence of Management.

Chairman and Chief Executive Officer

Principle 3: Clear division of responsibilities between the Chairman and Chief Executive Officer to ensure a balance of power and authority

The positions of Chairman of the Board and CEO are held by separate individuals in order to maintain effective segregation of duties. There is a clear separation of roles and duties between the Chairman and CEO. Mr Carl Gabriel Florian Stubbe was appointed as Chairman on 11 May 2017 after Mr Albert Saychuan Cheok retired as Chairman on 17 April 2017. Mr Tan Kok Mian Victor was appointed as Acting CEO on 19 May 2017 when Dr Ronnie Tan stepped down as CEO. Subsequently, Mr Tan Kok Mian Victor was re-designated as CEO on 19 September 2017. The Chairman and CEO are not related to each other. The Chairman is also not part of the management team.

CORPORATE GOVERNANCE REPORT

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

The CEO has full executive responsibilities over the business directions and operational decisions concerning the management of First REIT. He works closely with the Board to implement the policies set by the Board to realise the Manager's vision.

Board Membership

Principle 4: Formal and transparent process for appointment of directors

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

Mr Wong Gang (Chairman)	(Independent Director)
Mr Tan Chuan Lye	(Lead Independent Director)
Mr Ketut Budi Wijaya	(Non-Executive Non-Independent Director)

During the financial year under review, the NRC had five meetings.

The NRC is guided by its terms of reference which sets out its responsibilities, including:

- making recommendations to the Board on all Board appointments, including making recommendations on the composition and size of the Board generally and the balance between Executive and Non-Executive Directors and between Independent and Non-Independent Directors appointed to the Board;
- reviewing and making plans for succession for Directors, in particular for the Chairman of the Board and CEO;
- determining annually, and as and when required, if a Director is independent;
- assessing the performance and effectiveness of the Board as a whole and the Board Committees and the contribution of each Director to the effectiveness of the Board;
- deciding how the Board's performance will be evaluated and proposing objective performance criteria for the Board's approval;
- reviewing the training and professional development of the Board; and
- recommending to the Board a framework of remuneration covering all aspects of remuneration including but not limited to Directors' fees, salaries, allowances, bonuses, options, unit-based incentives and awards and benefits-in-kind for each member of the Board and key management personnel.

As part of the search and nomination process for new Directors, the NRC will identify the relevant or desired skills and experience which candidates should possess and may engage independent search companies if necessary, as well as leverage on business and other contacts. In addition, as part of the regulatory requirements, MAS also gives approval for any change of CEO or of any appointment of Director. Directors of the Manager are not subject to periodic retirement by rotation.

CORPORATE GOVERNANCE REPORT

The NRC has determined that a Director may hold a maximum of ten listed company board representations. Notwithstanding the Directors have multiple listed company board representations and/or other principal commitments, the NRC has assessed the individual Directors on their continuous contribution and commitment to the role and considered factors including but not limited to the full attendance of each Director at all the Board meetings in FY2017. Accordingly, it is satisfied that each Director has devoted sufficient time and attention and is able to and has adequately carried out his duties as a Director of the Manager.

Review of Directors' Independence

The independence of each Independent Director is reviewed annually by the NRC based on the criteria as set out in Guideline 2.3 of the 2012 Code and the enhanced independence requirements set out in the Draft SF(LCB)R. The Independent Directors are required to declare their independence annually and disclose any relationships or appointments which would impair their independence to the Board.

The NRC has ascertained that for the financial year under review, Mr Wong Gang and Mr Tan Chuan Lye, continued to be independent. Mr Martin Lechner was also subject to the independence review prior to his appointment. There are no relationships or circumstances which affect or would likely affect the judgment of the Independent Directors and their ability to act in the interest of all unitholders as a whole. None of the Independent Directors have served on the Board for more than nine years from the date of their first appointment.

Board Performance

Principle 5: Formal assessment of the effectiveness of the Board and contribution of each director

The Manager believes that Board performance is ultimately reflected in the long-term performance of First REIT. The Board has in place a process for evaluating the performance of the Board as a whole. A collective assessment is conducted annually by means of a questionnaire individually completed by each Director. The results of this assessment is collated by the Company Secretary and discussed by the NRC and the Board. Based on feedback from the Directors in the questionnaire, recommendations are implemented to further enhance the effectiveness of the Board, where appropriate. The Board believes that collective Board performance and that of individual Board members are reflected in their proper guidance, diligence oversight and leadership which the Board provides to management and the long-term performance of First REIT. The Board is also able to assess the Board Committees through their regular reports to the Board on their activities. Pursuant to the board evaluation process, the Board is satisfied that it has achieved its performance objectives for FY2017.

As part of the assessment of performance and composition of the Board for FY2017, the Board, after taking into account the NRC's views, is also satisfied that it has the appropriate size and mix of expertise and experience, taking into account the skills, experience, knowledge and contribution of the Directors in the financial year, including the level of attendance and participation at Board meetings.

Access to Information

Principle 6: Provision of complete, adequate and timely information prior to board meetings and on an on-going basis

Management has an on-going obligation to supply the Board with complete and adequate information in a timely manner. The Board is informed of all material events and transactions as and when they occur. The information that is provided by Management to the Board includes background or explanatory information relating to matters to be brought before the Board, budgets, forecasts and internal financial statements. In respect of budgets, any material variances between the projections and actual results are also disclosed and explained. In addition, the Board has separate and independent access to the Company's Management at all times. Request for information from the Board are dealt promptly by Management.

The Board is furnished with relevant and complete board papers at least a week prior to Board meetings in order to give them ample time to prepare for the Board meetings. For matters which require the Board's decision outside such meetings, Board papers will be circulated for the Board's consideration, with discussions and clarifications taking place between members of the Board and Management directly, before approval is granted.

CORPORATE GOVERNANCE REPORT

The Directors also have separate and independent access to the Company Secretary. The Company Secretary (or his nominees) attends all Board and Board Committee meetings and is responsible for ensuring that established procedures and all relevant statutes and regulations that are applicable to the Company are complied with. The Company Secretary assists the Chairman of the Board and the Chairman of each of the Board Committee and Management in the development of agendas for the various Board and Board Committee meetings. The appointment and the removal of the Company Secretary are subject to the Board's approval.

Should Directors, whether as a group or individually, need independent professional advice to fulfil their duties, such advice may be obtained from a professional firm, the cost of which will be borne by the Company.

REMUNERATION MATTERS

Procedures for Developing Remuneration Policies

Principle 7: Formal and transparent procedure for fixing remuneration packages of directors

Level and Mix of Remuneration

Principle 8: Appropriate remuneration to attract, retain and motivate directors and key management

Disclosure on Remuneration

Principle 9: Clear disclosure on remuneration policy, level and mix

The Manager, not First REIT, remunerates all Directors and employees of the Manager. The NRC supports the Board in the remuneration matters of the Manager in accordance with the NRC's written terms of reference. The NRC sets the remuneration framework of the Manager, taking into account industry practices, responsibilities and contributions and other conditions within the industry in relation to the Directors' remuneration.

Remuneration of Non-Executive Directors

The remuneration for each Non-Executive Director takes into account the relevant Directors' contribution and responsibilities, including attendance and time spent at Board and Board Committee meetings. The following are the components of the fee structure for Non-Executive Directors:

- 1) Base fee for membership of the Board
- 2) Fee for chairing the Board
- 3) Base fee for membership of the Board Committee
- 4) Fee for chairing the Board Committee
- 5) Attendance fees for meeting and offsite meeting

Remuneration of Non-Executive Directors for FY2017

	Directors Fees (S\$)
Mr Carl Gabriel Florian Stubbe*	80,212
Mr Tan Chuan Lye*	75,827
Mr Wong Gang	85,500
Mr Ketut Budi Wijaya	67,000
Mr Albert Saychuan Cheok*	36,057
Mr Goh Tiam Lock*	21,253

* The Director's fees are pro-rated from their date of appointment or to their date of resignation.

The NRC had recommended to the Board a total amount of S\$410,110 as Directors' Fees for the financial year ending 31 December 2018, to be paid quarterly in arrears. In addition, the NRC had also recommended an additional Directors' Fees of S\$30,000 to be paid to the Non-Executive Directors for the additional time spent on the acquisition of Siloam Hospitals Yogyakarta. This recommendation had been endorsed by the Board and will be tabled for approval at the Manager's forthcoming AGM for shareholder approval.

CORPORATE GOVERNANCE REPORT

Remuneration of Executive Director/CEO

The Manager advocates a performance-based remuneration package for the CEO. The CEO has a service agreement with the Manager and his remuneration and terms of appointment were negotiated and recommended by the NRC and is endorsed by the Board. The remuneration of the CEO comprises fixed salary, performance bonus and other benefits (such as transport allowance and car benefit).

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

- 1) Unit price performance and distribution per unit yield;
- 2) Containment of corporate and operation costs;
- 3) Effective capital management, including competitive cost of funds and fund raising fees;
- 4) Efforts to improve and maximize profit at Manager and REIT levels; and
- 5) Effectiveness and productivity of acquisitions from Sponsor/Group and third parties.

For the avoidance of doubt, the CEO, Mr Tan Kok Mian Victor was not involved in the decision of the Board on his own remuneration. A breakdown in percentage of the aggregate remuneration of Mr Tan Kok Mian Victor is set out below:

Remuneration of CEO for FY2017

	Salary	Bonus	Allowances and Benefits	Total
<u>Between S\$500,000 to S\$750,000</u>				
Dr Ronnie Tan Keh Poo*	75.5%	22.5%	2.0%	100.0%
<u>Between S\$250,000 to S\$500,000</u>				
Mr Tan Kok Mian Victor	72.8%	24.8%	2.4%	100.0%

* Remuneration was prorated as Dr Ronnie Tan stepped down as CEO on 19 May 2017

The Manager is aware of the 2012 Code's requirement and the Notice to All Holders of a Capital Markets Service Licence for Real Estate Investment Trust Management (issued pursuant to Section 101 of the Securities and Futures Act) (the "**Notice to REIT Manager**") to disclose the exact quantum of the remuneration of the CEO. The Board has assessed and decided against the disclosure of the exact quantum of the CEO and has instead disclosed the remuneration of the CEO in bands of S\$250,000. The Manager believes that such disclosure is sufficient for providing transparency to Unitholders without prejudicing the interests of Unitholders. In view of the highly competitive REIT management industry, the Manager believes that opting not to disclose the exact quantum of the remuneration of the CEO will minimise the risk of potential staff movements and loss of key personnel which would cause undue disruptions to the management of First REIT and which would not be in the interests of Unitholders.

Remuneration of Key Management Personnel

The remuneration of key management personnel comprises fixed salary, performance bonus and other benefits (such as transport allowance).

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

CORPORATE GOVERNANCE REPORT

Remuneration of Key Management Personnel for FY2017:

	Salary	Bonus	Allowances and Benefits	Total
<u>Between S\$250,000 to S\$500,000</u>				
Mr Chan Seng Leong Jacky	74.4%	23.5%	2.1%	100%
<u>Between S\$0 to S\$250,000</u>				
Ms Ng Chwee Ngor Valerie	70.3%	28.3%	1.4%	100%

The 2012 Code as well as the Notice to REIT Manager also encourages the disclosure of the remuneration of the top five key management personnel (who are not directors or the CEO) on a named basis in bands of S\$250,000; as well as the aggregate remuneration paid to the said key management personnel. The Board has identified only two key management personnel because only these two executives have the authority and responsibility to assist the CEO in planning, directing and controlling the activities of the Manager. Due to the wage disparities in the highly competitive REIT management industry and the likely competitive pressures, the Board has assessed and decided against the disclosure of the aggregate remuneration paid to the key management personnel. The Board is of the view that the disadvantage of such disclosure in terms of risk of potential staff movement and loss of key personnel will outweigh the benefits to Unitholders.

There is no existing service agreement entered into by the Directors or key management personnel with the Manager that provides for benefits upon termination of appointment or post-employment. During FY2017, the Manager has also not set aside nor accrued any amounts to provide for pension, retirement or similar benefits for the Directors and key management personnel.

The Manager currently does not have any unit/share option scheme or unit/share plan. The remuneration of the Directors, the CEO and the key management personnel is in cash.

No Director or executive is involved in the deliberation and decision in respect of his own individual fees/remuneration.

No remuneration consultants were engaged in FY2017. The NRC may seek expert advice from remuneration consultants on remuneration matters, as and when necessary.

There were no employees of the Manager and its subsidiaries who were immediate family members of a Director or the CEO and whose remuneration exceeded S\$50,000 in FY2017. "Immediate family member" refers to the spouse, child, adopted child, step-child, sibling or parent.

ACCOUNTABILITY AND AUDIT

Accountability

Principle 10: Board presents the company's performance, position and prospects

The Manager provides unitholders with quarterly and annual financial statements which present a balanced, clear and informed assessment of First REIT's performance, position and prospects through announcements on SGX-ST and, on First REIT's website.

Other material information is also disseminated to Unitholders through announcements via SGXNET, press releases and First REIT's website.

Management provides the Board with management accounts on a quarterly basis and as the Board may require from time to time. Such reports enable the Board members to make a balanced and informed assessment of the Group's performance, position and prospects.

CORPORATE GOVERNANCE REPORT

Risk Management and Internal Controls

Principle 11: Sound system of risk management and internal controls

Effective risk management is a fundamental part of First REIT's business strategy. Recognising and managing risk is central to the business and to protecting Unitholders' interests. The Manager has in place an ERM framework and policies which have been approved by the Board that provide a structured approach to identifying and managing the material risks that would arise in the course of managing First REIT. The ERM framework and policies are monitored and reviewed by the Board and major developments or significant revision to the ERM framework or policies will be submitted to the Board for approval. An independent consultant has been engaged to review the ERM framework, the identified risks and the controls annually. Material risks at both the Manager and First REIT are managed through this ERM framework.

The Board reviews the financial performance of the Manager and First REIT against a previously approved budget. The Board will also review the business risks of First REIT, examine liability management and will act upon any comments from the auditors of First REIT. In assessing business risk, the Board considers the economic environment and risk relevant to the property industry. The Board reviews management reports and feasibility studies on individual development projects prior to approving major transactions. Management meets regularly to review the operations of the Manager and First REIT and discuss any disclosure issues.

A risk register is maintained by the Manager to track and monitor risks faced by First REIT in the areas of strategic, operational, financial, compliance and information technology. The risk register is updated on a periodic basis and top-tier risks, as well as risk mitigation measures for top-tier risks, are reported to the AC and the Board for review.

Internal Controls

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

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

For the financial year under review, the CEO (who is also assuming the CFO role until the new CFO is appointed) had provided assurance to the Board that (1) the financial records of First REIT have been properly maintained and the financial statements give a true and fair view of the operations and finances of First REIT and (2) the risk management and internal control systems in place within the Group were adequate and effective as at 31 December 2017 in addressing the material risks in the Group, including material financial, operational, compliance and information technology risks.

For FY2017, based on the system of risk management and internal controls established and maintained by the Manager, work performed by the internal auditors, information furnished by management and observations made, the Board with the concurrence of the AC, is of the view that the present risk management systems and internal controls are adequate and effective in addressing financial, operational, compliance and information technology risks. The Manager has complied with Rule 1207(10) of the Listing Manual.

CORPORATE GOVERNANCE REPORT

Audit Committee

Principle 12: Establishment of an Audit Committee with written terms of reference

Principle 13: Establishment of an internal audit function that is independent of the functions it audits

The AC is appointed by the Board from among the Directors of the Manager and comprises the following four members, majority of whom (including the Chairman of the AC) are Independent Directors. As at the date of this report, the members are as follows:

Mr Tan Chuan Lye (Chairman)	(Lead Independent Director)
Mr Wong Gang	(Independent Director)
Mr Martin Lechner	(Independent Director)
Mr Carl Gabriel Florian Stubbe	(Non-Executive Non-Independent Director)

The members of the AC are appropriately qualified to discharge their responsibilities and have relevant accounting and related financial management experience and expertise. None of the AC members were previous partners or directors of, or hold any financial interest in, the Manager's current auditing firm.

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

The AC is guided by its terms of reference endorsed by the Board and its principal duties include:

- reviewing and approving Related Party Transactions including ensuring compliance with the provisions of the Listing Manual relating to "**interested person transactions**" (as defined therein) and the provisions of the Property Funds Guidelines relating to "**interested party transactions**" (as defined therein) (both such types of transactions constituting "**Related Party Transactions**");
- reviewing external and internal audit reports to ensure that where deficiencies in internal controls have been identified, appropriate and prompt remedial action is taken by management, including that the guidelines and procedures established to monitor Related Party Transactions have been complied with;
- ensuring that the internal audit function is effective, adequately resourced and has appropriate standing within the Manager;
- monitoring the procedures in place to ensure compliance with applicable legislation, the Listing Manual and the CIS Code, including the Property Funds Guidelines;
- reviewing, on an annual basis, the independence and objectivity of the external auditors, and the nature and extent of non-audit services performed by the external auditors;
- making recommendations to the Board on the appointment, re-appointment and removal of external auditors, including approving their remuneration and terms of engagement;
- reviewing the adequacy and effectiveness of internal controls including financial, operational, compliance and information technology controls;

CORPORATE GOVERNANCE REPORT

- reviewing the financial statements and the audit report, as well as any announcements relating to the financial results of First REIT;
- investigating any matters within the AC's terms of reference, whenever it deems necessary;
- reporting to the Board on material matters, findings and recommendations; and
- the whistle blowing policy.

The AC meets at least 4 times a year and has full access to and co-operation from management and enjoys full discretion to invite any Director and executive officer of the Manager to attend its meetings. The AC has full access to reasonable resources to enable it to discharge its functions properly. The AC is kept abreast of changes to the financial reporting standards and regulatory updates, through briefings by professionals during the quarterly meetings, or as and when appropriate.

The AC meets with the internal and external auditors, without the presence of management, at least once a year.

Attendance at the AC meetings in FY2017 is set out on page 55 of this Annual Report.

In FY2017, the AC:

- (i) held six meetings during the year;
- (ii) reviewed and approved the Internal and External Audit Plans, including the nature and scope of work before commencement of these audits;
- (iii) reviewed and approved the Enterprise Risk Assessment Report;
- (iv) met with the internal and external auditors without the presence of management, to discuss their findings as set out in their respective reports to the AC. Both the internal and external auditors had confirmed no restrictions were placed on the scope of audits;
- (v) reviewed and recommended to the Board, the quarterly and full-year financial statements and audit report;
- (vi) reviewed all services provided by the external auditors and were satisfied that the provision of such services did not affect their independence. The external auditors had also affirmed their independence in their report to the AC;
- (vii) reviewed related party/interested person transactions on a quarterly basis;
- (viii) reviewed and determined the adequacy and effectiveness of risk management and internal control systems, including financial, operational, compliance and information technology controls and made the requisite recommendation to the Board; and
- (ix) received the Manager's compliance report for FY2017.

CORPORATE GOVERNANCE REPORT

In the review of the financial statements for FY2017, the AC had discussed with management the accounting principles that were applied and AC's judgement of matters that might have impact on the financial statements. The following significant matters were discussed with management and the external auditors and reviewed by the AC:

Key Audit Matters	How the AC reviewed these matters and what decisions were made
Valuation of investment properties	The AC had considered the methodology and approach applied by the independent professional valuers in assessing the valuation of investment properties. The AC had reviewed and discussed with management the reasonableness of the key assumptions and judgements used in the valuation models, namely, future rentals income and growth, discount rates and terminal rates. The AC is satisfied that the accounting policies and treatments are appropriate and in line with the Singapore Financial Reporting Standards and Recommended Accounting Practice 7 "Reporting Framework for Units Trusts" ("RAP 7"). The valuation of investment properties was an area of focus for the external auditors. The external auditors had included this item as a key audit matter in their audit report for FY2017. Please refer to pages 75 to 76 of this Annual Report.

The AC had conducted a review of all non-audit services provided by the external auditors and is satisfied that the extent of such services will not prejudice the independence and objectivity of the external auditors. The aggregate amount of fees paid/payable to external auditors was S\$359,000, of which audit and non-audit services fees amounted to S\$280,000 and S\$79,000 respectively for the financial year under review.

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

The AC, with the concurrence of the Board, had recommended the re-appointment of RSM Chio Lim LLP as the external auditors by Unitholders at the forthcoming Annual General Meeting ("**AGM**") of First REIT.

Internal Audit

The Manager has put in place a system of internal controls of procedures and processes to safeguard First REIT's assets, Unitholders' interest as well as to manage risk.

The internal audit function of the Manager is outsourced to Baker Tilly Consultancy (S) Pte Ltd, a member firm of Baker Tilly International. The AC approves the hiring, removal and evaluation of the internal auditors. The internal auditors report directly to the AC on audit matters and to the management on administrative matters. The AC is of the view that the internal auditors are adequately resourced, qualified to perform their function, have appropriate standing within the Group and have maintained their independence from the activities that they audit.

The internal auditors' activities are guided by the International Standards for the Professional Practice of Internal Auditing set by The Institute of Internal Auditors.

During the year, the internal auditors conducted audit reviews based on the Internal Audit Plan approved by the AC and had unfettered access to all the documents, records, properties and personnel of the Manager, including access to the AC. Upon completion of each audit assignment, the internal auditors report their findings and recommendations to management who would respond on the actions to be taken. The internal auditors submit the internal audit reports to the AC for deliberation and also validate the follow up actions taken by management on the audit findings.

CORPORATE GOVERNANCE REPORT

UNITHOLDER RIGHTS AND RESPONSIBILITIES

Unitholder Rights

Principle 14: Fair and equitable treatment of Unitholders

Communication with Unitholders

Principle 15: Regular, effective and fair communication with Unitholders

Conduct of Unitholder Meetings

Principle 16: Greater unitholder participation at AGM

The Listing Manual requires that a listed entity discloses to the market matters that would likely have a material effect on the price of the entity's securities. The Manager strives to uphold a strong culture of timely disclosure and transparent communication with Unitholders and the investing community.

The Manager's disclosure policy requires timely and full disclosure of all material information relating to First REIT by way of public releases or announcements through the SGX-ST via SGXNET at first instance and then including the release on First REIT's website at www.first-reit.com.

The Manager maintains an active dialogue with Unitholders and also conducts regular briefings for analysts and media representatives, which generally coincide with the release of First REIT's results. During these briefings, management will review First REIT's most recent performance as well as discuss the business outlook for First REIT. The Manager assesses feedback from Unitholders and implements suggestions where feasible. One such implementation is the Distribution Reinvestment Plan ("**DRP**") which gives Unitholders the option to acquire fully paid units in First REIT without incurring additional transactional costs, in lieu of cash amount of any distribution that the DRP applies.

Unitholders are accorded the opportunity to raise relevant questions on First REIT's business activities, financial performance and other business related matters and to communicate their views at the general meetings. The Directors, Chairmen of the Board Committees, representative(s) from the Trustee, external auditors, company secretary and other professionals attend the annual general meetings to address Unitholders' queries. Unitholders are encouraged to participate in the question and answer sessions, whereby minutes of the proceedings, including any substantial queries raised by Unitholders in relation to the agenda and the accompanying responses from the Board and management, are subsequently prepared.

Registered Unitholders who are unable to attend general meetings can appoint up to 2 proxies to attend, participate and vote in general meetings on his/her behalf. Corporations providing nominee and custodial services can appoint more than 2 proxies to attend, participate and vote in general meetings on behalf of Unitholders who hold Units through such corporations.

As recommended by the Code, all resolutions at general meetings are voted on by way of poll. This allows all Unitholders present or represented at the meetings to vote on a one-Unit-one-vote basis. At general meetings, Unitholders are briefed on the voting procedures and the results of all votes cast for or against each resolution with the respective percentages are announced at the meeting and on the SGXNET after the meeting. All polls are conducted in the presence of independent scrutineers. The outcome of the general meeting is also promptly announced on SGXNET after each general meeting.

The Trust Deed does not allow a Unitholder to vote in absentia at general meetings but allows any Unitholder to appoint proxies during his absence to attend and vote on his behalf at the general meetings.

First REIT targets to provide sustainable distribution payout.

CORPORATE GOVERNANCE REPORT

ADDITIONAL INFORMATION

Dealings in First REIT Units

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

- on short-term considerations;
- during the period commencing one month before the public announcement of First REIT's full year results and (where applicable) property valuation and two weeks before the public announcement of First REIT's quarterly results, and ending on the date of announcement of the relevant results or, as the case may be, property valuation; and

at any time while in possession of price sensitive information.

The Manager issues quarterly reminders to its Directors, relevant officers and employees on the restrictions in dealing in Units as set out above.

In addition, as part of its undertaking to the MAS, the Manager has undertaken that it will not deal in Units during the period commencing one month before the public announcement of First REIT's full year results and (where applicable) property valuation and two weeks before the public announcement of First REIT's quarterly results, and ending on the date of announcement of the relevant results or, as the case may be, property valuation.

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

Dealing with Conflict of Interest

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

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

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

CORPORATE GOVERNANCE REPORT

Whistle Blowing Policy

The AC has put in place procedures to provide employees of the Manager and external parties such as supplier, customers, contractors and other stakeholder with well defined and accessible channels to report on suspected fraud, corruption, dishonest practices or other similar matters relating to First REIT or the Manager, and for the independent investigation of any reports and appropriate follow up action. The aim of the whistle blowing policy is to encourage the reporting of such matters in good faith, with the confidence that the person making such reports will be treated fairly, and to the extent possible, be protected from reprisal. Details of this Policy have been disseminated and are made publicly available to all employees and external parties on the Manager's website. Reports can be lodged via email at Bowsprit.Whistleblow@boardroomlimited.com.

Related Party Transactions

The Manager has established procedures to ensure that all Related Party Transactions are undertaken on normal commercial terms and not prejudicial to the interests of First REIT and the Unitholders. As a general rule, the Manager must demonstrate to its AC that such transactions satisfy the foregoing criteria, which may entail obtaining (where practicable) quotations from parties unrelated to the Manager, or obtaining one or more valuations from independent professional valuers (in accordance with the Property Funds Guidelines).

In addition, the following procedures will be undertaken:

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

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

CORPORATE GOVERNANCE REPORT

Role of the Audit Committee for Related Party Transactions

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

The Manager maintains a register to record all Related Party Transactions (and the bases, including any quotations from unrelated third parties and independent valuations obtained to support such bases, on which they are entered into) which are entered into by First REIT. The Manager incorporates into its internal audit plan a review of all Related Party Transactions entered into by First REIT. The AC reviews the internal audit reports to ascertain that the guidelines and procedures established to monitor Related Party Transactions have been complied with. In addition, the Trustee will also have the right to review such audit reports to ascertain that the Property Funds Guidelines have been complied with. The AC periodically reviews all Related Party Transactions to ensure compliance with the Manager's internal control procedures and with the relevant provisions of the Property Funds Guidelines and/or the Listing Manual. The review includes the examination of the nature of the transactions and its supporting documents or such other data deemed necessary by the AC.

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

The Manager discloses in First REIT's annual report the aggregate value of Related Party Transactions entered into during the relevant financial year.

CORPORATE GOVERNANCE REPORT

Directorships in Listed Companies and Principal Commitments

(As at 8 March 2018)

Name of Director	Directorships in Listed Companies/ Principal Commitments	Appointment
Mr Carl Gabriel Florian Stubbe	Directorships in Listed Companies: NIL	
	Principal Commitments: Peredigm Private Limited	Director and Chief Executive Officer
Mr Wong Gang	Directorships in Listed Companies: JEP Holdings Limited Renewable Energy Asia Group Limited	Independent Non-Executive Director Independent Non-Executive Director
	Principal Commitments: Shook Lin & Bok LLP	Partner
Mr Martin Lechner	Directorships in Listed Companies: NIL	
	Principal Commitments: Corecam Pte. Ltd. Corecam Capital Partners Pte. Ltd. Pro-Inter Asia Pte. Ltd. Corecam Digital Pte. Ltd.	Executive Director Executive Director Executive Director Executive Director
Mr Ketut Budi Wijaya	Directorships in Listed Companies: LMIRT Management Ltd (as manager of LMIR Trust)	Non-Independent Non-Executive Director and Chairman of the Board
	Principal Commitments: Peninsula Investment Limited PT Lippo Karawaci Tbk PT Siloam International Hospitals Tbk PT Lippo Cikarang Tbk PT Gowa Makassar Tourism Development Tbk PT Jababeka Tbk	Non-Executive Director President Director President Director President Commissioner Vice President Commissioner Commissioner
Mr Tan Chuan Lye	Directorships in Listed Companies: NIL	
	Principal Commitments: NIL	
Mr Tan Kok Mian Victor	Directorships in Listed Companies: NIL	
	Principal Commitments: Bowsprit Capital Corporation Limited (in its capacity as manager of First REIT)	Executive Director and Chief Executive Officer

CORPORATE GOVERNANCE REPORT

Manager's Management Fees

Pursuant to clauses 14.1.1 and 14.1.2 of the Trust Deed, the Manager is entitled to (i) a base fee of 0.4% per annum of the value of all the assets for the time being of the Trust or deemed to be held upon the Trust constituted under the Trust Deed ("**Deposited Property**"), and (ii) an annual performance fee of 5.0% per annum of the Net Property Income (as defined in the Trust Deed) (which is to be calculated before accounting for this additional fee in that financial year) of the Trust or (as the case may be) the Net Property Income of the relevant Special Purpose Vehicles (as defined in the Trust Deed) for each financial year.

Pursuant to clauses 14.1.1 and 14.1.2 of the Trust Deed, the management fees will be paid in the form of cash and/or Units (as the Manager may elect). The management fees payable in Units will be issued at the volume weighted average price for a Unit for all trades on the SGX-ST in the ordinary course of trading on the SGX-ST for the period of 10 Business Days (as defined in the Trust Deed) immediately preceding the relevant Business Day.

Pursuant to clause 14.1.4 of the Trust Deed, the Manager's management fees are payable quarterly in arrears.

For FY2017, breakdown of the management fees was as follows:

	Group and Trust	
	2017	2016
	S\$'000	S\$'000
Base fees	5,403	5,292
Performance fees	5,474	5,292
	10,877	10,584

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

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

Justification of Fees Payable to the Manager

1. Base fee

The Manager receives a base fee of 0.4% per annum of the value of all the assets for the time being of the Trust or deemed to be held upon the Trust constituted under the Trust Deed, representing the remuneration to the Manager for executing its core responsibility. The base fee compensates the Manager for the costs incurred in managing First REIT, which includes day-to-day operational costs, compliance costs and costs incurred in managing and monitoring the portfolio. The base fee is calculated at a fixed percentage of asset value as the scope of the Manager's duties is commensurate with the size of First REIT's asset portfolio.

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

As at 31 December 2017, First REIT's existing portfolio comprises twenty properties comprising sixteen located in Indonesia, three in Singapore and one in South Korea, and has a combined gross floor area of 350,850 square metres and total assets-under-management of S\$1.35 billion.

CORPORATE GOVERNANCE REPORT

2. *Performance fee*

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

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

3. *Acquisition and divestment fees*

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

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

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

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

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

STATEMENT OF THE TRUSTEE

Perpetual (Asia) Limited (the “**Trustee**”) is under a duty to take into custody and hold the assets of First Real Estate Investment Trust (the “**Trust**”) and its subsidiaries (collectively, the “**Group**”) in trust for the holders (“**Unitholders**”) of units in the Trust (the “**Units**”). In accordance with the Securities and Futures Act (Cap. 289), its subsidiary legislation and the Code on Collective Investment Schemes (collectively referred to as the “**laws and regulations**”), the Trustee shall monitor the activities of Bowsprit Capital Corporation Limited (the “**Manager**”) for compliance with the limitations imposed on the investment and borrowing powers as set out in the trust deed dated 19 October 2006 (subsequently amended by First Supplemental Deed dated 6 September 2007, Second Supplemental Deed dated 19 April 2010, Third Supplemental Deed dated 26 April 2011, Fourth Supplemental Deed dated 1 April 2013, First Amending and Restating Deed dated 23 March 2016 and Supplement Deed of Retirement and Appointment of Trustee dated 1 November 2017) (the “**Trust Deed**”) between the Manager and the Trustee in each annual financial reporting year and report thereon to unitholders in an annual report.

To the best knowledge of the Trustee, the Manager has, in all material respects, managed the Trust during the financial reporting year covered by these financial statements, set out on pages 79 to 143, in accordance with the limitations imposed on the investment and borrowing powers set out in the Trust Deed.

For and on behalf of the Trustee,
Perpetual (Asia) Limited

.....
Ms Sin Li Choo
Managing Director

Singapore
15 March 2018

STATEMENT OF THE **MANAGER**

In the opinion of the directors of Bowsprit Capital Corporation Limited (the “**Manager**”), the accompanying financial statements of First Real Estate Investment Trust (the “**Trust**”) and its subsidiaries (the “**Group**”) set out on pages 79 to 143 comprising the statements of total return, statements of distribution, statements of financial position, statements of changes in unitholders’ funds, statements of cash flows, statements of portfolio and summary of significant accounting policies and other explanatory notes of the Group and the Trust, are drawn up so as to present fairly, in all material respects, the financial position and portfolio of the Group and of the Trust as at 31 December 2017, the total return, distributions, changes in unitholders’ funds and cash flows of the Group and of the Trust for the reporting year ended on that date in accordance with the provisions of the Trust Deed and the recommendations of Statement of Recommended Accounting Practice 7 “Reporting Framework for Unit Trusts” issued by the Institute of Singapore Chartered Accountants. At the date of this statement, there are reasonable grounds to believe that the Group will be able to meet its financial obligations as and when they materialise.

For and on behalf of the Manager,
Bowsprit Capital Corporation Limited

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

Singapore
15 March 2018

INDEPENDENT AUDITOR'S REPORT

TO THE UNITHOLDERS OF FIRST REAL ESTATE INVESTMENT TRUST

Report on the audit of the financial statements

Opinion

We have audited the accompanying financial statements of First Real Estate Investment Trust (the “**Trust**”) and its subsidiaries (the “**Group**”), set out on pages 79 to 143, which comprise the consolidated statement of financial position and consolidated statement of portfolio of the Group and statement of financial position and statement of portfolio of the Trust as at 31 December 2017, and the consolidated statement of total return, consolidated statement of distribution, consolidated statement of movements in unitholders’ funds and consolidated statement of cash flows of the Group and the statement of total return, statement of distribution, statement of movements in unitholders’ funds and statement of cash flows of the Trust for the reporting year then ended, and notes to the financial statements, including significant accounting policies.

In our opinion, the accompanying consolidated financial statements of the Group and the statement of financial position, statement of portfolio, statement of total return, statement of distribution, statement of movements in unitholders’ funds and statement of cash flows of the Trust are properly drawn up in accordance with the recommendations of Statement of Recommended Accounting Practice 7 “Reporting Framework for Unit Trusts” (“**RAP 7**”) issued by the Institute of Singapore Chartered Accountants so as to present fairly, in all material respects, the consolidated financial position and consolidated portfolio holdings of the Group and the financial position and portfolio holdings of the Trust as at 31 December 2017 and the total return, distributable income, movements in unitholders’ funds and cash flows of the Group and of the Trust for the reporting year ended on that date.

Basis for opinion

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

Key audit matters

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

Valuation of investment properties

Please refer to Note 2A on accounting policies, 2C on critical judgements, assumptions and estimation uncertainties; Note 12 on investment properties and the annual report on the section on the audit committee’s views and responses to the reported key audit matters.

The Group owns a portfolio of investment properties which are primarily used for healthcare purposes. The investment properties are stated at fair value of S\$1.35 billion as at 31 December 2017. The valuation of the portfolio is a significant judgement area and the fair values are impacted by a number of assumptions and factors including future rental income, discount rates, and terminal rates. All the valuations are carried out by professionally qualified external valuers who perform their work in accordance with international valuation professional standards. The investment properties are mainly valued through the use of expected future cash flows of each investment property over the years and discounted by a discount rate. The valuation exercise also relies on the accuracy of the underlying leases and financial information provided to the valuers by Bowsprit Capital Corporation Limited, the manager of the Trust (the “**Manager**” or “**Management**”).

INDEPENDENT AUDITOR'S REPORT

TO THE UNITHOLDERS OF FIRST REAL ESTATE INVESTMENT TRUST

Valuation of investment properties (continued)

We assessed the processes used by the Management including the selection of the external valuers and the review of the valuations reported by these valuers. The valuers engaged by the Manager have considerable experience in the markets in which the properties are located.

With assistance from our own valuation specialist, we assessed the independence, competence and experience of the external valuers. We obtained all the valuers' reports and confirmed that the valuations were performed in accordance with international valuation professional standards and are appropriate by reference to acceptable valuation practice and the Singapore Financial Reporting Standards.

We discussed with the Manager and challenged the valuation process and performance of the sampled properties, and key assumptions by benchmarking to external market data and understanding of the reasons for significant or unusual movement with reference to the key assumptions noted above. We compared the information provided by management to the external valuers, such as rental income and property costs, to supporting documentation. We also considered the adequacy of the disclosures about the degree of critical judgement and estimation made when valuing these properties.

The key assumptions applied in measuring the fair values of the investment properties are within an acceptable range and are supportable in light of available and comparable market evidence.

Other information

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

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

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

Responsibilities of the Manager for the financial statements

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

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

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

INDEPENDENT AUDITOR'S REPORT

TO THE UNITHOLDERS OF FIRST REAL ESTATE INVESTMENT TRUST

Auditor's responsibilities for the audit of the financial statements

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

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

- a) Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- b) Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- c) Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Manager.
- d) Conclude on the appropriateness of the Management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- e) Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- f) Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

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

INDEPENDENT AUDITOR'S REPORT

TO THE UNITHOLDERS OF FIRST REAL ESTATE INVESTMENT TRUST

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

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

The engagement partner on the audit resulting in this independent auditor's report is Mr Lock Chee Wee.

RSM Chio Lim LLP
Public Accountants and
Chartered Accountants
Singapore

15 March 2018

Engagement partner - effective from year ended 31 December 2014

STATEMENTS OF TOTAL RETURN

YEAR ENDED 31 DECEMBER 2017

		Group		Trust	
	Notes	2017 S\$'000	2016 S\$'000	2017 S\$'000	2016 S\$'000
Gross revenue	4	110,993	107,017	62,110	60,515
Property operating expenses	5	(1,517)	(1,182)	(227)	(253)
Net property and dividend income		109,476	105,835	61,883	60,262
Interest income		1,429	1,131	1,756	1,890
Manager's management fees	6	(10,877)	(10,584)	(10,877)	(10,584)
Trustee fees	3	(405)	(398)	(405)	(398)
Finance costs	7	(17,818)	(17,768)	(17,818)	(17,768)
Other expenses	8	(1,056)	(3,318)	(722)	(3,411)
Net income before the undernoted		80,749	74,898	33,817	29,991
Net fair value gains/(losses) on investment properties	12	13,367	(8,915)	(1,423)	(1,276)
Gains on divestment of investment property		-	512	-	-
Net fair value losses of derivatives financial instruments	25	(558)	(2,249)	(558)	(2,249)
Total return for the year before income tax		93,558	64,246	31,836	26,466
Income tax (expense)/benefit	9	(20,120)	(23,905)	242	217
Total return for the year after income tax		73,438	40,341	32,078	26,683
Other comprehensive income:					
Items that may be reclassified subsequently to profit or loss:					
Exchange differences on translating foreign operations, net of tax		(649)	143	-	-
Total comprehensive return for the year		72,789	40,484	32,078	26,683
Total return attributable to:					
Unitholders of Trust		70,030	38,688	28,670	25,030
Perpetual securities holders		3,408	1,653	3,408	1,653
		73,438	40,341	32,078	26,683
Total comprehensive return attributable to:					
Unitholders of Trust		69,381	38,831	28,670	25,030
Perpetual securities holders		3,408	1,653	3,408	1,653
		72,789	40,484	32,078	26,683
Earnings per unit in cents					
Basic and diluted	10	9.02	5.04	N/A	N/A

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

STATEMENTS OF DISTRIBUTION

YEAR ENDED 31 DECEMBER 2017

	Group		Trust	
	2017 S\$'000	2016 S\$'000	2017 S\$'000	2016 S\$'000
Amount available for distribution to unitholders at beginning of the year	16,514	15,711	16,514	15,711
Total return for the year after income tax	73,438	40,341	32,078	26,683
Adjustments for tax purposes (Note A)	(6,779)	24,895	34,581	38,553
	66,659	65,236	66,659	65,236
Amount available for distribution to unitholders	83,173	80,947	83,173	80,947
Total distribution paid to unitholders (Note 11)	(66,396)	(64,433)	(66,396)	(64,433)
Amount available for distribution to unitholders at end of the year (Note 11A and Note 30)	16,777	16,514	16,777	16,514
Distribution per unit (cents)	8.57	8.47	8.57	8.47
Note A - Adjustments for tax purposes:				
Manager's management fees settled in units	8,892	7,148	8,892	7,148
Change in fair values of investment properties, net of deferred tax	(11,062)	15,443	1,181	1,059
Net losses in fair value of derivatives financial instruments	558	2,249	558	2,249
Capital repayment	-	-	28,273	27,600
Gains on divestment of investment property, net of tax	-	(122)	-	-
Amount reserved for distribution to perpetual securities holders	(3,408)	(1,653)	(3,408)	(1,653)
Foreign exchange adjustment (gains)/losses	(1,526)	461	(1,526)	461
Other non-tax deductible items and adjustments	(233)	1,369	611	1,689
	(6,779)	24,895	34,581	38,553

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

STATEMENTS OF FINANCIAL POSITION

YEAR ENDED 31 DECEMBER 2017

		Group		Trust	
	Notes	2017 S\$'000	2016 S\$'000	2017 S\$'000	2016 S\$'000
ASSETS					
Non-current assets					
Investment properties	12	1,349,303	1,273,159	35,500	36,800
Investments in subsidiaries	13	-	-	804,472	756,461
Loan receivable, non-current	16	-	-	44,239	49,138
Deferred tax assets	9	1,213	971	1,213	971
Other receivable, non-current	14	27,035	18,035	-	-
Total non-current assets		1,377,551	1,292,165	885,424	843,370
Current assets					
Trade and other receivables, current	15	25,982	11,754	13,287	7,270
Loan receivable, current	16	-	-	4,191	4,191
Other assets, current	17	4,573	3,680	25	51
Cash and cash equivalents	18	15,741	33,576	8,194	22,719
Total current assets		46,296	49,010	25,697	34,231
Total assets		1,423,847	1,341,175	911,121	877,601
Non-current liabilities					
Deferred tax liabilities	9	51,396	48,849	-	-
Other financial liabilities, non-current	22	278,125	271,642	278,125	271,642
Derivatives financial instruments	25	512	118	512	118
Total non-current liabilities		330,033	320,609	278,637	271,760
Current liabilities					
Income tax payable	9A	2,000	1,194	-	-
Trade and other payables, current	23	18,216	16,879	23,931	26,872
Other financial liabilities, current	22	198,324	141,967	198,324	141,967
Other liabilities, current	24	22,795	21,947	1,926	1,888
Derivatives financial instruments	25	164	-	164	-
Total current liabilities		241,499	181,987	224,345	170,727
Total liabilities		571,532	502,596	502,982	442,487
Represented by:					
Issued equity	19A	406,603	423,654	406,603	423,654
Retained earnings/(accumulated losses)	19A	383,791	352,355	(59,342)	(49,418)
Foreign exchange reserve	19A	1,043	1,692	-	-
Net assets attributable to unitholders		791,437	777,701	347,261	374,236
Perpetual securities holders	20	60,878	60,878	60,878	60,878
Net assets attributable to perpetual securities holders		60,878	60,878	60,878	60,878
Net assets values		852,315	838,579	408,139	435,114
Units in issue ('000)	19	779,955	771,579	779,955	771,579
Net asset value per unit in cents attributable to unitholders	19	101.47	100.79	44.52	48.50

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

STATEMENTS OF MOVEMENTS IN UNITHOLDERS' FUNDS

YEAR ENDED 31 DECEMBER 2017

	Group		Trust	
	2017 S\$'000	2016 S\$'000	2017 S\$'000	2016 S\$'000
OPERATIONS				
Balance at 1 January	777,701	791,101	374,236	401,437
Total return attributable to unitholders of Trust	73,438	40,341	32,078	26,683
UNITHOLDERS' TRANSACTIONS (Note 19)				
Manager's acquisition-related fees settled in units	485	-	485	-
Manager's management fees settled in units	6,876	4,459	6,876	4,459
Manager's divestment-related fees settled in units	-	39	-	39
Distribution settled in units	3,390	7,704	3,390	7,704
Change in net assets resulting from creation of units	10,751	12,202	10,751	12,202
Amount reserved for distribution to perpetual securities holders	(3,408)	(1,653)	(3,408)	(1,653)
Distributions to unitholders (Note 11)	(66,396)	(64,433)	(66,396)	(64,433)
Net decrease in net assets resulting from unitholders' transactions	(59,053)	(53,884)	(59,053)	(53,884)
FOREIGN EXCHANGE RESERVE				
Net movement in other comprehensive income	(649)	143	-	-
Total unitholders' funds at 31 December	791,437	777,701	347,261	374,236
PERPETUAL SECURITIES				
Balance at 1 January	60,878	-	60,878	-
Issue of perpetual securities	-	60,000	-	60,000
Issue expenses	-	(775)	-	(775)
Total return attributable to perpetual securities holders	3,408	1,653	3,408	1,653
Distribution to perpetual securities holders	(3,408)	-	(3,408)	-
Balance at 31 December	60,878	60,878	60,878	60,878
Total	852,315	838,579	408,139	435,114

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

STATEMENTS OF CASH FLOWS

YEAR ENDED 31 DECEMBER 2017

	Group		Trust	
	2017	2016	2017	2016
	S\$'000	S\$'000	S\$'000	S\$'000
Cash flows from operating activities				
Total return before income tax	93,558	64,246	31,836	26,466
Adjustments for:				
Interest income	(1,429)	(1,131)	(1,756)	(1,890)
Interest expense	15,733	16,076	15,733	16,076
Amortisation of borrowing costs	2,085	1,692	2,085	1,692
Foreign exchange (gains)/losses	(1,526)	461	(1,526)	461
Gains on divestment of investment property	-	(512)	-	-
Dividend income	-	-	(58,274)	(56,754)
Net (gains)/losses in fair value of investment properties	(13,367)	8,915	1,423	1,276
Net losses in fair value of derivatives financial instruments	558	2,249	558	2,249
Manager's management fees settled in units	4,419	3,578	4,419	3,578
Operating cash flows before changes in working capital	100,031	95,574	(5,502)	(6,846)
Trade and other receivables, current	(14,178)	2,677	(6,022)	(4,829)
Other assets, current	(893)	(1,048)	27	277
Trade and other payables, current	3,882	520	(397)	155
Other liabilities, current	848	693	38	23
Net cash flows from/(used in) operating activities before income tax	89,690	98,416	(11,856)	(11,220)
Income taxes paid	(17,010)	(16,960)	-	-
Net cash flows from/(used in) operating activities	72,680	81,456	(11,856)	(11,220)
Cash flows from investing activities				
Increase in investment properties	(63,479)	(21,209)	(123)	(176)
Net movements in amounts due from subsidiaries	-	-	86,547	84,353
Acquisition of subsidiaries	-	-	(71,385)	(30,979)
Interest received	1,432	1,148	1,760	1,907
Net proceeds from divestment of investment property	-	8,161	-	-
Progress payment for development of Siloam Hospitals Surabaya	(9,000)	(18,035)	-	-
Net cash flows (used in)/from investing activities	(71,047)	(29,935)	16,799	55,105
Cash flows from financing activities				
Distribution to unitholders	(63,006)	(56,729)	(63,006)	(56,729)
Increase in borrowings	63,070	25,945	63,070	25,945
Repayment of borrowings	-	(57,000)	-	(57,000)
Interest paid	(16,124)	(16,213)	(16,124)	(16,213)
Distribution to perpetual securities holders	(3,408)	-	(3,408)	-
Net proceeds from issuance of perpetual securities	-	59,225	-	59,225
Net cash flows used in financing activities	(19,468)	(44,772)	(19,468)	(44,772)
Net (decrease)/increase in cash and cash equivalents	(17,835)	6,749	(14,525)	(887)
Cash and cash equivalents, statement of cash flows, beginning balance	33,576	26,827	22,719	23,606
Cash and cash equivalents, statement of cash flows, ending balance (Note 18)	15,741	33,576	8,194	22,719

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

STATEMENTS OF PORTFOLIO

AS AT 31 DECEMBER 2017

	Carrying value as at 31.12.2017 S\$'000	Percentage of net assets attributable to unitholders as at 31.12.2017 %	Carrying value as at 31.12.2016 S\$'000	Percentage of net assets attributable to unitholders as at 31.12.2016 %
Group:				
Investment properties in Indonesia	1,305,380	164.94	1,227,100	157.79
Investment properties in Singapore	35,500	4.49	36,800	4.73
Investment property in South Korea	8,423	1.06	9,259	1.19
Portfolio of investment properties at valuation – total	1,349,303	170.49	1,273,159	163.71
Other net liabilities	(496,988)	(62.80)	(434,580)	(55.88)
Net assets	852,315	107.69	838,579	107.83
Perpetual securities	(60,878)	(7.69)	(60,878)	(7.83)
Net assets attributable to unitholders	791,437	100.00	777,701	100.00
	Carrying value as at 31.12.2017 S\$'000	Percentage of net assets attributable to unitholders as at 31.12.2017 %	Carrying value as at 31.12.2016 S\$'000	Percentage of net assets attributable to unitholders as at 31.12.2016 %
Trust:				
Investment properties in Singapore	35,500	10.22	36,800	9.83
Portfolio of investment properties at valuation – total	35,500	10.22	36,800	9.83
Investments in subsidiaries	804,472	231.66	756,461	202.13
Other net liabilities	(431,833)	(124.35)	(358,147)	(95.70)
Net assets	408,139	117.53	435,114	116.26
Perpetual securities	(60,878)	(17.53)	(60,878)	(16.26)
Net assets attributable to unitholders	347,261	100.00	374,236	100.00

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

STATEMENTS OF PORTFOLIO

AS AT 31 DECEMBER 2017

By Geographical Area

Description of Property/ Location/ Acquisition Date/ Type of Property/ Land Title Type/ Term of Lease ^(a) / Remaining Term of Lease ^(b)	Gross floor area in square metres	Carrying value as at 31.12.2017 S\$'000	Percentage of net assets attributable to unitholders as at 31.12.2017 %	Carrying value as at 31.12.2016 S\$'000	Percentage of net assets attributable to unitholders as at 31.12.2016 %
Singapore					
Pacific Healthcare Nursing Home @ Bukit Merah 6 Lengkok Bahru, Singapore 159051 11 April 2007, Nursing Home 30 years leasehold from 2002 10+10 years/ 10 years	3,593	9,800	1.24	10,000	1.29
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/ 10 years	3,563	9,900	1.25	10,000	1.29
The Lentor Residence 51 Lentor Avenue, Singapore 786876 8 June 2007, Nursing Home 99 years leasehold from 1938 10+10 years/ 20 years	4,005	15,800	2.00	16,800	2.15
Portfolio of Investment Properties held under the Trust at Valuation – Sub-total		35,500	4.49	36,800	4.73
Indonesia					
Siloam Hospitals Lippo Village Jalan Siloam No. 6 Lippo Karawaci 1600 Tangerang 15811, Banten, Indonesia 11 December 2006, Hospital Hak Guna Bangunan ("HGB") 15+15 years/ 19 years	27,284	163,300	20.63	161,700	20.79
Siloam Hospitals Kebon Jeruk Jalan Raya Perjuangan Kav. 8 Kebon Jeruk, Jakarta 11530, Indonesia 11 December 2006, Hospital HGB 15+15 years/ 19 years	18,316	96,800	12.23	96,000	12.34
Siloam Hospitals Surabaya Jalan Raya Gubeng No. 70 Surabaya 60281, Indonesia 11 December 2006, Hospital HGB 15+15 years/ 19 years (Also see Note 27)	9,227	29,200	3.69	30,190	3.88

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

STATEMENTS OF PORTFOLIO

AS AT 31 DECEMBER 2017

By Geographical Area

Description of Property/ Location/ Acquisition Date/ Type of Property/ Land Title Type/ Term of Lease ^(a) / Remaining Term of Lease ^(b)	Gross floor area in square metres	Carrying value as at 31.12.2017 S\$'000	Percentage of net assets attributable to unitholders as at 31.12.2017 %	Carrying value as at 31.12.2016 S\$'000	Percentage of net assets attributable to unitholders as at 31.12.2016 %
Indonesia (continued)					
Imperial Aryaduta Hotel & Country Club Jalan Boulevard Jenderal Sudirman, Kav 401, Lippo Village 1300, Tangerang 15811, Banten, Indonesia 11 December 2006, Hotel & Country Club HGB 15+15 years/ 19 years	17,427	41,600	5.26	41,800	5.38
Mochtar Riady Comprehensive Cancer Centre Jalan Garnisun Dalam No. 2-3, Semanggi Jakarta 12930, Indonesia 30 December 2010, Hospital HGB 15+15 years/ 23 years	37,933	262,000	33.10	252,800	32.51
Siloam Hospitals Lippo Cikarang Jalan Mohammad Husni Thamrin Kav. 105 Lippo Cikarang, Bekasi, Indonesia 17550 31 December 2010, Hospital HGB 15+15 years/ 23 years	13,256	52,000	6.57	48,700	6.26
Siloam Hospitals Manado & Hotel Aryaduta Manado Jalan Sam Ratulangi No. 22, Komplek Boulevard Center and at Jalan Piere Tendean No. 1 Wenang Utara Sub-District, Wenang District, Manado North Sulawesi Indonesia 95111 30 November 2012, Hospital & Hotel HGB 15+15 years/ 25 years	36,051	104,900	13.25	104,300	13.41
Siloam Hospitals Makassar Jalan Metro Tanjung Bunga Kav 3-5 Makassar City, South Sulawesi Province, Indonesia 30 November 2012, Hospital HGB 15+15 years/ 25 years	14,307	72,300	9.14	73,700	9.48

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

STATEMENTS OF PORTFOLIO

AS AT 31 DECEMBER 2017

By Geographical Area

Description of Property/ Location/ Acquisition Date/ Type of Property/ Land Title Type/ Term of Lease ^(a) / Remaining Term of Lease ^(b)	Gross floor area in square metres	Carrying value as at 31.12.2017 S\$'000	Percentage of net assets attributable to unitholders as at 31.12.2017 %	Carrying value as at 31.12.2016 S\$'000	Percentage of net assets attributable to unitholders as at 31.12.2016 %
Indonesia (continued)					
Siloam Hospitals Bali Jalan Sunset Road No. 818, Kuta, Badung, Bali, Indonesia 13 May 2013, Hospital HGB 15+15 years/ 26 years	20,958	124,000	15.67	124,700	16.04
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/ 26 years	18,605	120,200	15.19	119,400	15.35
Siloam Hospitals Purwakarta Jalan Raya Bungursari No. 1, Purwakarta, West Java, Indonesia 28 May 2014, Hospital HGB 15+15 years/ 27 years	8,254	41,000	5.18	41,000	5.27
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 years	15,709	43,100	5.45	42,700	5.49
Siloam Hospitals Kupang & Lippo Plaza Kupang Jalan Veteran, No. 4, Arena Pameran Fatululi, Kupang, East Nusa Tenggara, Indonesia 14 December 2015, Hospital & Mall Build, Operate and Transfer scheme 15+15 years/ 28 years	55,368	77,100	9.74	69,530	8.94

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

STATEMENTS OF PORTFOLIO

AS AT 31 DECEMBER 2017

By Geographical Area

Description of Property/ Location/ Acquisition Date/ Type of Property/ Land Title Type/ Term of Lease ^(a) / Remaining Term of Lease ^(b)	Gross floor area in square metres	Carrying value as at 31.12.2017 S\$'000	Percentage of net assets attributable to unitholders as at 31.12.2017 %	Carrying value as at 31.12.2016 S\$'000	Percentage of net assets attributable to unitholders as at 31.12.2016 %
Indonesia (continued)					
Siloam Hospitals Labuan Bajo Jalan Gabriel Gampur, Gorontalo, Komodo, Manggarai Barat, Nusa Tenggara Timur, Indonesia 30 December 2016, Hospital HGB 15+15 years/ 29 years	7,604	21,000	2.65	20,580	2.65
Siloam Hospitals Buton & Lippo Plaza Buton Jalan Sultan Hasanuddin No. 50, 52, 54 and 58, Bau Bau, Sulawesi Tenggara, Indonesia 10 October 2017, Hospital & Mall Build, Operate and Transfer scheme 15+15 years/ 30 years	21,934	29,600	3.74	-	-
Siloam Hospitals Yogyakarta Jalan Laksda Adisucipto No. 32-34 Yogyakarta, Indonesia 22 December 2017, Hospital HGB 15+15 years/ 30 years	12,474	27,280	3.45	-	-
South Korea					
Sarang Hospital No. 9 Bongsannam 3rd Street, Yeosu City Jeonranam-do, South Korea 5 August 2011, Hospital Freehold 10+10 years/ 14 years	4,982	8,423	1.06	9,259	1.19
Portfolio of Investment Properties at Valuation Held under the Group – Total		1,349,303	170.49	1,273,159	163.71

Notes:

^(a): This refers to the tenure of underlying land 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): Remaining terms of lease includes option to renew the land leases except for Siloam Sriwijaya which is held under strata title basis under a BOT scheme and Siloam Hospitals Kupang & Lippo Plaza Kupang and Siloam Hospitals Buton & Lippo Plaza Buton which are under BOT schemes.

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2017

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 (“**Trust Deed**”) (subsequently amended by First Supplemental Deed dated 6 September 2007, Second Supplemental Deed dated 19 April 2010, Third Supplemental Deed dated 26 April 2011, Fourth Supplemental Deed dated 1 April 2013, First Amending and Restating Deed dated 23 March 2016 and Supplemental Deed dated 1 November 2017) entered into between Bowsprit Capital Corporation Limited (the “**Manager**”) and Perpetual (Asia) Limited (the “**Trustee**”), governed by the laws of Singapore.

The Trust has entered into Supplemental Deed of Retirement and Appointment of Trustee with Perpetual (Asia) Limited (“**new Trustee**”) and HSBC Institutional Trust Services (Singapore) Limited (“**retiring Trustee**”) on 1 November 2017. On 1 March 2018, the retirement of retiring Trustee and appointment of new Trustee were announced (See Note 30(f)).

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

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

The registered office of the Manager is: 50 Collyer Quay #06-01 OUE Bayfront Singapore 049321.

The financial statements were approved and authorised for issue by the board of directors of the Manager on 15 March 2018. The financial statements are for the Trust and the Group.

The current liabilities are more than the current assets. The financial position of the Group, its cash flows, liquidity position and borrowing facilities are described in the notes to the financial statements. In addition to the notes to the financial statements include the Group’s objectives, policies and processes for managing its capital; financial risk management objectives; details of its financial instruments; and its exposures to credit risk and liquidity risk. The Group’s forecasts and projections, taking into account of reasonably possible changes in performance, show that the Group should be able to operate within the level of its current facility. The Group has considerable financial resources together with some good arrangements with the bankers, tenants and suppliers. As a consequence, the Manager believes that the Group is well placed to manage its business risks successfully. Accordingly, the management continues to adopt the going concern basis in preparing the financial statements.

Accounting convention

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

Other comprehensive income comprises items of income and expense (including reclassification adjustments) that are not recognised in profit or loss, as required or permitted by FRS.

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

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

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2017

1. GENERAL (CONTINUED)

Basis of presentation

The consolidated financial statements include the financial statements made up to the end of the reporting year of the company and all of its subsidiaries. The consolidated financial statements are the financial statements of the group in which the assets, liabilities, equity, income, expenses and cash flows of the parent and its subsidiaries are presented as those of a single economic entity and are prepared using uniform accounting policies for like transactions and other events in similar circumstances. All significant intragroup balances and transactions, including income, expenses and cash flows are eliminated on consolidation. Subsidiaries are consolidated from the date the reporting entity obtains control of the investee and cease when the reporting entity loses control of the investee. Control exists when the group has the power to govern the financial and operating policies so as to gain benefits from its activities.

Changes in the group's ownership interest in a subsidiary that do not result in the loss of control are accounted for within equity as transactions with owners in their capacity as owners. The carrying amounts of the group's and non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiary. When the group loses control of a subsidiary it derecognises the assets and liabilities and related equity components of the former subsidiary. Any gain or loss is recognised in profit or loss. Any investment retained in the former subsidiary is measured at fair value at the date when control is lost and is subsequently accounted as available-for-sale financial assets in accordance with FRS 39.

The company's separate financial statements have been prepared on the same basis, and as permitted by the Companies Act, Chapter 50, the company's separate statement of profit or loss and other comprehensive income is not presented.

Basis of preparation of the financial statements

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

Net assets attributable to unitholders

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

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2017

2. SIGNIFICANT ACCOUNTING POLICIES AND OTHER EXPLANATORY INFORMATION

2A. Significant accounting policies

Revenue recognition

The revenue amount is the fair value of the consideration received or receivable from the gross inflow of economic benefits during the reporting year arising from the course of the ordinary activities of the entity and it is shown net of any related sales taxes and discounts. Revenue from rendering of services that are of short duration is recognised when the services are completed. Revenue is recognised as follows:

Rental income from operating leases

Rental revenue is recognised on a time-proportion basis that takes into account the effective yield on the asset on a straight-line basis over the leased term.

Interest income

Interest income is recognised on a time-proportion basis using the effective interest rate that takes into account the effective yield on the asset.

Dividend income

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

Borrowing costs

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

Foreign currency transactions

The functional currency of the Trust is the Singapore dollar as it reflects the primary economic environment in which the entity operates. Transactions in foreign currencies are recorded in the functional currency at the rates ruling at the dates of the transactions. At each end of the reporting year, recorded monetary balances and balances measured at fair value that are denominated in non-functional currencies are reported at the rates ruling at the end of the reporting year and fair value measurement dates respectively. All realised and unrealised exchange adjustment gains and losses are dealt with in profit or loss except when recognised in other comprehensive income and if applicable deferred in unitholders' funds such as for qualifying cash flow hedges. The presentation is in the functional currency.

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2017

2. SIGNIFICANT ACCOUNTING POLICIES AND OTHER EXPLANATORY INFORMATION (CONTINUED)

2A. Significant accounting policies (continued)

Translation of financial statements of foreign entities

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

Income tax

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

Segment reporting

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

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2017

2. SIGNIFICANT ACCOUNTING POLICIES AND OTHER EXPLANATORY INFORMATION (CONTINUED)

2A. Significant accounting policies (continued)

Subsidiaries

A subsidiary is an entity including unincorporated and special purpose entity that is controlled by the reporting entity and the reporting entity is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. The existence and effect of substantive potential voting rights that the reporting entity has the practical ability to exercise (that is, substantive rights) are considered when assessing whether the reporting entity controls another entity.

In the reporting entity's separate financial statements, an investment in a subsidiary is accounted for at cost less any allowance for impairment in value. Impairment loss recognised in profit or loss for a subsidiary is reversed only if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. The carrying value and the net book value of the investment in a subsidiary are not necessarily indicative of the amount that would be realised in a current market exchange.

Joint arrangements – joint operations

A joint arrangement (that is, either a joint operation or a joint venture, depending on the rights and obligations of the jointly controlling parties to the arrangement), is one in which the reporting entity is party to an arrangement of which two or more parties have joint control, which is the contractually agreed sharing of control of the arrangement; it exists only when decisions about the relevant activities (that is, activities that significantly affect the returns of the arrangement) require the unanimous consent of the parties sharing control. In a joint operation, the parties with joint control have rights to the assets, and obligations for the liabilities, relating to the arrangement. The reporting entity recognises its share of the operation's assets, liabilities, income and expenses that are combined line by line with similar items in the reporting entity's financial statements and accounts for the assets, liabilities, revenues and expenses relating to its interest in a joint operation in accordance with the FRSs applicable to the particular assets, liabilities, revenues and expenses. When the reporting entity enters into a transaction with a joint operation, such as a sale or contribution of assets, the reporting entity recognises gains and losses resulting from such a transaction only to the extent of the other parties' interests in the joint operation. At the end of the reporting year, there were no joint venture.

Business combinations

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

Investment properties

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

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2017

2. SIGNIFICANT ACCOUNTING POLICIES AND OTHER EXPLANATORY INFORMATION (CONTINUED)

2A. Significant accounting policies (continued)

Unit-based payments

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

Leases

Leases are classified as finance leases if substantially all the risks and rewards of ownership are transferred to the lessee. All other leases are classified as operating leases. At the commencement of the lease term, a finance lease is recognised as an asset and as a liability in the statement of financial position at amounts equal to the fair value of the leased asset or, if lower, the present value of the minimum lease payments, each measured at the inception of the lease. The discount rate used in calculating the present value of the minimum lease payments is the interest rate implicit in the lease, if this is practicable to determine, the lessee's incremental borrowing rate is used. Any initial direct costs of the lessee are added to the amount recognised as an asset. The excess of the lease payments over the recorded lease liability are treated as finance charges which are allocated to each reporting year during the lease term so as to produce a constant periodic rate of interest on the remaining balance of the liability. The assets are depreciated as owned depreciable assets. Leases where the lessor effectively retains substantially all the risks and benefits of ownership of the leased assets are classified as operating leases. For operating leases, lease payments are recognised as an expense in profit or loss on a straight-line basis over the term of the relevant lease unless another systematic basis is representative of the time pattern of the user's benefit, even if the payments are not on that basis. Lease incentives received are recognised in profit or loss as an integral part of the total lease expense. Rental income from operating leases is recognised in profit or loss on a straight-line basis over the term of the relevant lease unless another systematic basis is representative of the time pattern of the user's benefit, even if the payments are not on that basis. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised on a straight-line basis over the lease term.

Impairment of non-financial assets

Irrespective of whether there is any indication of impairment, an annual impairment test is performed at about the same time every year on an intangible asset with an indefinite useful life or an intangible asset not yet available for use. The carrying amount of other non-financial assets is reviewed at each end of the reporting year for indications of impairment and where an asset is impaired, it is written down through profit or loss to its estimated recoverable amount. The impairment loss is the excess of the carrying amount over the recoverable amount and is recognised in profit or loss.

The recoverable amount of an asset or a cash-generating unit is the higher of its fair value less costs of disposal and its value in use. When the fair value less costs of disposal method is used, any available recent market transactions are taken into consideration. When the value in use method is adopted, in assessing the value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units). At each end of the reporting year non-financial assets other than goodwill with impairment loss recognised in prior periods are assessed for possible reversal of the impairment. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been measured, net of depreciation or amortisation, if no impairment loss had been recognised.

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2017

2. SIGNIFICANT ACCOUNTING POLICIES AND OTHER EXPLANATORY INFORMATION (CONTINUED)

2A. Significant accounting policies (continued)

Financial assets

Initial recognition, measurement and derecognition:

A financial asset is recognised on the statement of financial position when, and only when, the entity becomes a party to the contractual provisions of the instrument. The initial recognition of financial assets is at fair value normally represented by the transaction price. The transaction price for financial asset not classified at fair value through profit or loss includes the transaction costs that are directly attributable to the acquisition or issue of the financial asset. Transaction costs incurred on the acquisition or issue of financial assets classified at fair value through profit or loss are expensed immediately. The transactions are recorded at the trade date. When the settlement date accounting is applied, any change in the fair value of the asset to be received during the period between the trade date and the settlement date is recognised in net profit or loss for assets classified as trading.

Irrespective of the legal form of the transactions performed, financial assets are derecognised when they pass the "substance over form" based on the derecognition test prescribed by FRS 39 relating to the transfer of risks and rewards of ownership and the transfer of control. Financial assets and financial liabilities are offset and the net amount is reported in the statement of financial position if there is currently a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis, to realise the assets and settle the liabilities simultaneously.

Subsequent measurement:

Subsequent measurement based on the classification of the financial assets in one of the following categories under FRS 39 is as follows:

1. Financial assets at fair value through profit or loss: Assets are classified in this category when they are incurred principally for the purpose of selling or repurchasing in the near term (trading assets) or are derivatives (except for a derivative that is a designated and effective hedging instrument) or have been classified in this category because the conditions are met to use the "fair value option" and it is used. All changes in fair value relating to assets at fair value through profit or loss are recognised directly in profit or loss.
2. Loans and receivables: Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Assets that are for sale immediately or in the near term are not classified in this category. These assets are carried at amortised costs using the effective interest method (except that short-duration receivables with no stated interest rate are normally measured at original invoice amount unless the effect of imputing interest would be significant) minus any reduction (directly or through the use of an allowance account) for impairment or uncollectibility. Impairment charges are provided only when there is objective evidence that an impairment loss has been incurred as a result of one or more events that occurred after the initial recognition of the asset (a 'loss event') and that loss event (or events) has an impact on the estimated future cash flows of the financial asset or group of financial assets that can be reliably estimated. The methodology ensures that an impairment loss is not recognised on the initial recognition of an asset. Losses expected as a result of future events, no matter how likely, are not recognised. For impairment, the carrying amount of the asset is reduced through use of an allowance account. The amount of the loss is recognised in profit or loss. An impairment loss is reversed if the reversal can be related objectively to an event occurring after the impairment loss was recognised. Typically the trade and other receivables are classified in this category.

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2017

2. SIGNIFICANT ACCOUNTING POLICIES AND OTHER EXPLANATORY INFORMATION (CONTINUED)

2A. Significant accounting policies (continued)

Financial assets (continued)

Subsequent measurement: (continued)

3. Held-to-maturity financial assets: As at end of the reporting year date there were no financial assets classified in this category.
4. Available-for-sale financial assets: As at end of the reporting year date there were no financial assets classified in this category.

Cash and cash equivalents

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

Financial liabilities

Initial recognition, measurement and derecognition:

A financial liability is recognised on the statement of financial position when, and only when, the entity becomes a party to the contractual provisions of the instrument and it is derecognised when the obligation specified in the contract is discharged or cancelled or expires. The initial recognition of financial liability is at fair value normally represented by the transaction price. The transaction price for financial liability not classified at fair value through profit or loss includes the transaction costs that are directly attributable to the acquisition or issue of the financial liability. Transaction costs incurred on the acquisition or issue of financial liability classified at fair value through profit or loss are expensed immediately. The transactions are recorded at the trade date.

Subsequent measurement:

Subsequent measurement based on the classification of the financial liabilities in one of the following two categories under FRS 39 is as follows:

1. Liabilities at fair value through profit or loss: Liabilities are classified in this category when they are incurred principally for the purpose of selling or repurchasing in the near term (trading liabilities) or are derivatives (except for a derivative that is a designated and effective hedging instrument) or have been classified in this category because the conditions are met to use the "fair value option" and it is used. All changes in fair value relating to liabilities at fair value through profit or loss are charged to profit or loss as incurred.
2. Liabilities at amortised cost: All liabilities, which have not been classified as in the previous category fall into this residual category. These liabilities are carried at amortised cost using the effective interest method.

Fair value measurement

When measuring fair value, management uses the assumptions that market participants would use when pricing the asset or liability under current market conditions, including assumptions about risk. It is a market-based measurement, not an entity-specific measurement. The entity's intention to hold an asset or to settle or otherwise fulfil a liability is not taken into account as relevant when measuring fair value.

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2017

2. SIGNIFICANT ACCOUNTING POLICIES AND OTHER EXPLANATORY INFORMATION (CONTINUED)

2A. Significant accounting policies (continued)

Fair value measurement (continued)

In making the fair value measurement, management determines the following: (a) the particular asset or liability being measured (these are identified and disclosed in the relevant notes below); (b) for a non-financial asset, the highest and best use of the asset and whether the asset is used in combination with other assets or on a stand-alone basis; (c) the market in which an orderly transaction would take place for the asset or liability; and (d) the appropriate valuation techniques to use when measuring fair value. The valuation techniques used maximise the use of relevant observable inputs and minimise unobservable inputs. These inputs are consistent with the inputs a market participant may use when pricing the asset or liability.

The fair value measurements categorise the inputs used to measure fair value by using a fair value hierarchy of three levels. These are recurring fair value measurements unless stated otherwise in the relevant notes to the financial statements. Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date. Level 2 inputs are inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly. Level 3 inputs are unobservable inputs for the asset or liability. The level is measured on the basis of the lowest level input that is significant to the fair value measurement in its entirety. Transfers between levels of the fair value hierarchy are deemed to have occurred at the beginning of the reporting year. If a financial instrument measured at fair value has a bid price and an ask price, the price within the bid-ask spread or mid-market pricing that is most representative of fair value in the circumstances is used to measure fair value regardless of where the input is categorised within the fair value hierarchy. If there is no market, or the markets available are not active, the fair value is established by using an acceptable valuation technique.

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

2B. Other explanatory information

Provisions

A liability or provision is recognised when there is a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. A provision is made using best estimates of the amount required in settlement and where the effect of the time value of money is material, the amount recognised is the present value of the expenditures expected to be required to settle the obligation using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the obligation. The increase in the provision due to passage of time is recognised as interest expense. Changes in estimates are reflected in profit or loss in the reporting year they occur.

Units and Perpetual securities

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

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2017

2. SIGNIFICANT ACCOUNTING POLICIES AND OTHER EXPLANATORY INFORMATION (CONTINUED)

2C. Critical judgements, assumptions and estimation uncertainties

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

Fair values of investment properties:

The Group carries the investment properties at fair value in the statement of financial position and engages professionally qualified external valuers to undertake annual valuations. The determination of fair value of the investment properties are based on certain calculations which require the use of estimates and assumptions in relation to factors such as future rental income, future cash flows, and the suitable discount rate, as disclosed in Note 12.

Allowance for doubtful trade and other receivables:

An allowance is made for doubtful trade and other receivables for estimated losses resulting from the subsequent inability of the customers and debtors to make required payments. If the financial conditions of the customers and debtors were to deteriorate, resulting in an impairment of their ability to make payments, additional allowances may be required in future periods. To the extent that it is feasible impairment and uncollectibility is determined individually for each item. In cases where that process is not feasible, a collective evaluation of impairment is performed. At the end of the reporting year, the trade and other receivables carrying amount approximates the fair value and the carrying amounts might change materially within the next reporting year but these changes may not arise from assumptions or other sources of estimation uncertainty at the end of the reporting year. The carrying amount is disclosed in the Note 15 on trade and other receivables.

Income tax amounts:

The Group recognises tax liabilities and assets tax based on an estimation of the likely taxes due, which requires significant judgement as to the ultimate tax determination of certain items. Where the actual amount arising from these issues differs from these estimates, such differences will have an impact on income tax and deferred tax amounts in the period when such determination is made. In addition management judgement is required in determining the amount of current and deferred tax recognised and the extent to which amounts should or can be recognised. A deferred tax asset is recognised for unused tax losses if it is probable that the entity will earn sufficient taxable profit in future periods to benefit from a reduction in tax payments. This involves the management making assumptions within its overall tax planning activities and periodically reassessing them in order to reflect changed circumstances as well as tax regulations. As a result, due to their inherent nature assessments of likelihood are judgemental and not susceptible to precise determination. The income tax amounts are disclosed in the Note 9 on income tax.

Deferred tax: recovery of underlying assets:

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

Revenue recognition:

Certain transactions require management to make judgements as to whether, and to what extent, revenue should be recognised. Management considers whether it is probable that the economic benefits associated with the transactions will flow to the Group. These complexities include the calculation of variable components of the base rent and the variable rent.

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2017

3. RELATED PARTY RELATIONSHIPS AND TRANSACTIONS

FRS 24 on related party disclosures requires the reporting entity to disclose: (a) transactions with its related parties; and (b) relationships between parents and subsidiaries irrespective of whether there have been transactions between those related parties. A party is related to a party if the party controls, or is controlled by, or can significantly influence or is significantly influenced by the other party.

The ultimate controlling party is PT Lippo Karawaci Tbk.

3A. Related party transactions:

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

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

Significant related party transactions:

	Group		Trust	
	2017	2016	2017	2016
	S\$'000	S\$'000	S\$'000	S\$'000
The parent company of Manager				
Property rental income	91,957	88,111	-	-
The Manager				
Management fees	(10,877)	(10,584)	(10,877)	(10,584)
Acquisition-related fees	(555)	(200)	(555)	(200)
Divestment-related fees	-	(39)	-	(39)
The Trustee				
Trustee fees	(405)	(398)	(405)	(398)

The parent company of the Manager is PT Lippo Karawaci Tbk, incorporated in Indonesia.

The lessees of the Indonesia properties are subsidiaries of PT Lippo Karawaci Tbk. The lessees have provided bank guarantees and performance bond guarantees of S\$50,000,000 (2016: S\$45,562,000) in lieu of the security deposits for rental income from the properties. These guarantees which expired in 2017 have been renewed up to May, November and December 2018 as appropriate.

Acquisition related fees payable to the Manager are disclosed in Note 19.

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

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2017

3. RELATED PARTY RELATIONSHIPS AND TRANSACTIONS (CONTINUED)

3A. Related party transactions: (continued)

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

(A) Manager's Fees

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

- (i) A base fee of 0.4% (2016: 0.4%) per annum of the value of the Deposited Property. Any increase in the rate of the base fee above the permitted limit or any change in the structure of the base fee shall be approved by an extraordinary resolution of a meeting of unitholders. The Manager may opt to receive the base fee in the form of units and/or cash.
- (ii) A performance fee fixed at 5.0% (2016: 5.0%) per annum of the Group's Net Property Income ("NPI") or the NPI of the relevant Special Purpose Companies ("SPCs") for each year. NPI in relation to a real estate in the form of land, whether directly held by the Trustee or indirectly held by the Trustee through a SPC, and in relation to any year or part thereof, means its property income less property operating expenses for such real estate for that year or part thereof. The Manager may opt to receive the performance fee in the form of units and/or cash. Based on the First Amending & Restating Deed dated 23 March 2016, the performance fees for the financial year is computed based on audited accounts relating to the relevant SPCs.
- (iii) Manager's acquisition fee determined at 1.0% (2016: 1.0%) of the value or consideration as defined in the Trust Deed for any real estate or other investments (subject to there being no double-counting).
- (iv) A divestment fee at 0.5% (2016: 0.5%) of the value or consideration as defined in the Trust Deed for any real estate or other investments (subject to there being no double-counting).

(B) Trustee Fees

Under the Trust Deed, the Trustee is entitled to an annual fee not exceeding 0.1% (2016: 0.1%) of the value of the Deposited Property (as defined in the Trust Deed).

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

3B. Key management compensation

The Trust obtains key management personnel services from the Manager.

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

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2017

3. RELATED PARTY RELATIONSHIPS AND TRANSACTIONS (CONTINUED)

3C. Interest in the Trust:

	Units held		% interest held	
	2017	2016	2017	2016
The Manager				
Bowsprit Capital Corporation Limited	49,903,498	44,227,795	6.40	5.73
The director of the Manager				
Mr Tan Kok Mian Victor	51,755	50,893	*	*

* Amount is less than 1%

4. GROSS REVENUE

	Group		Trust	
	2017	2016	2017	2016
	S\$'000	S\$'000	S\$'000	S\$'000
Rental income	110,993	107,017	3,836	3,761
Dividend income from subsidiaries	-	-	58,274	56,754
	110,993	107,017	62,110	60,515

5. PROPERTY OPERATING EXPENSES

	Group		Trust	
	2017	2016	2017	2016
	S\$'000	S\$'000	S\$'000	S\$'000
Property tax expense	169	217	169	217
Valuation expenses	243	248	28	30
Professional fees	689	579	30	6
Impairment allowance on trade receivables	228	-	-	-
Others	188	138	-	-
	1,517	1,182	227	253

6. MANAGER'S MANAGEMENT FEES

	Group and Trust	
	2017	2016
	S\$'000	S\$'000
Base fees (Note 3A)	5,403	5,292
Performance fees (Note 3A)	5,474	5,292
	10,877	10,584

NOTES TO THE FINANCIAL STATEMENTS

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7. FINANCE COSTS

	Group and Trust	
	2017	2016
	S\$'000	S\$'000
Interest expense	15,733	16,076
Amortised borrowing costs	2,085	1,692
	17,818	17,768

8. OTHER EXPENSES

	Group		Trust	
	2017	2016	2017	2016
	S\$'000	S\$'000	S\$'000	S\$'000
Foreign exchange (gains)/losses	(1,127)	346	(1,461)	439
Handling and processing fees	214	428	214	428
Professional fees	947	381	947	381
Project expenses	936	1,972	936	1,972
Others	86	191	86	191
	1,056	3,318	722	3,411

Included in professional fees are expenses in respect of the change in Trustee of S\$600,000 (2016: NIL) (Note 1).

Total fees to the auditors:

	Group		Trust	
	2017	2016	2017	2016
	S\$'000	S\$'000	S\$'000	S\$'000
Audit fees to independent auditors of the Trust	280	261	166	163
Audit fees to other independent auditors	226	188	-	-
Non-audit fees to independent auditors of the Trust	79	74	69	74

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

9. INCOME TAX

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

	Group		Trust	
	2017	2016	2017	2016
	S\$'000	S\$'000	S\$'000	S\$'000
<u>Current tax expense:</u>				
Current tax expense	17,815	17,377	-	-
Subtotal	17,815	17,377	-	-
<u>Deferred tax expense/(income):</u>				
Deferred tax expense/(income)	2,305	6,528	(242)	(217)
Subtotal	2,305	6,528	(242)	(217)
Total income tax expense/(income)	20,120	23,905	(242)	(217)

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2017

9. INCOME TAX (CONTINUED)

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

The income tax in profit or loss varied from the amount of income tax amount determined by applying the Singapore income tax rate of 17% (2016: 17%) to profit or loss before income tax as a result of the following differences:

	Group		Trust	
	2017	2016	2017	2016
	S\$'000	S\$'000	S\$'000	S\$'000
Total return before income tax	93,558	64,246	31,836	26,466
Income tax expense at the above rate	15,905	10,922	5,412	4,499
Non-deductible/(not liable to tax) items	12,752	20,273	(6,058)	(5,070)
Effect of different tax rates in different countries	(8,941)	(7,644)	-	-
Tax transparency ^(a)	404	354	404	354
Total income tax expense/(income)	20,120	23,905	(242)	(217)

The amount of current income taxes payable as at the end of the reporting year was S\$2,000,000 (2016: S\$1,194,000) for the Group. Such an amount is net of tax advances, which, according to the tax rules, were paid before the end of the reporting year.

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

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

	Group		Trust	
	2017	2016	2017	2016
	S\$'000	S\$'000	S\$'000	S\$'000
Deferred tax relating to the changes in fair value of investment properties	2,305	6,528	(242)	(217)

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

	Group		Trust	
	2017	2016	2017	2016
	S\$'000	S\$'000	S\$'000	S\$'000
Deferred tax (liabilities)/assets recognised in profit or loss:				
Deferred tax relating to the changes in fair value of investment properties	(50,183)	(47,878)	1,213	971

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2017

9. INCOME TAX (CONTINUED)

9C. Deferred tax balance in the statement of financial position (continued):

Presented in the statements of financial position as follows:

	Group		Trust	
	2017	2016	2017	2016
	S\$'000	S\$'000	S\$'000	S\$'000
Deferred tax liabilities	(51,396)	(48,849)	-	-
Deferred tax assets	1,213	971	1,213	971
Net balance	(50,183)	(47,878)	1,213	971

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

At the end of the reporting year, the aggregate amounts of temporary differences associated with investments in investees for which deferred tax liabilities have not been recognised were in relation to the fair value gains on investment properties in the foreign subsidiaries which may be subject to withholding tax if paid as dividends on realisation of the fair value gains. As mentioned in the accounting policy in Note 2, no liability has been recognised in respect of these differences:

	Group	
	2017	2016
	S\$'000	S\$'000
Foreign subsidiaries	67,691	64,001

10. EARNINGS PER UNIT

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

	Group	
	2017	2016
Denominator: Weighted average number of units outstanding during the year ('000)	776,729	767,874
Numerator: Earnings attributable to unitholders		
Total return after income tax (S\$'000)	70,030	38,688
Earnings per unit (in cents)		
Basic and diluted	9.02	5.04

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

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

NOTES TO THE FINANCIAL STATEMENTS

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11. DISTRIBUTIONS TO UNITHOLDERS

	Group and Trust	
	2017	2016
	S\$'000	S\$'000
<u>Total distribution paid during the year:</u>		
Distribution of 2.09 cents per unit for the period from 1 October 2015 to 31 December 2015	-	15,706
Distribution of 2.11 cents per unit for the period from 1 January 2016 to 31 March 2016	-	16,168
Distribution of 2.11 cents per unit for the period from 1 April 2016 to 30 June 2016	-	16,235
Distribution of 2.12 cents per unit for the period from 1 July 2016 to 30 September 2016	-	16,324
Distribution of 2.13 cents per unit for the period from 1 October 2016 to 31 December 2016	16,447	-
Distribution of 2.14 cents per unit for the period from 1 January 2017 to 31 March 2017	16,608	-
Distribution of 2.14 cents per unit for the period from 1 April 2017 to 30 June 2017	16,654	-
Distribution of 2.14 cents per unit for the period from 1 July 2017 to 30 September 2017	16,687	-
	66,396	64,433

11A. Distribution per unit

	Group and Trust			
	2017	2016	2017	2016
	Cents per unit	Cents per unit	S\$'000	S\$'000
Based on the number of units in issue at the dates of distributions	8.57	8.47	66,727	65,248

Distribution Type

Name of Distribution Distribution during the period (interim distributions)

Distribution Type Income/Capital

	Group and Trust			
	2017	2016	2017	2016
	Cents per unit	Cents per unit	S\$'000	S\$'000
Distribution Rate				
Taxable Income ^(a) :	0.21	0.23	1,634	1,768
Tax-Exempt Income ^(b) :	3.53	3.41	27,465	26,212
Capital ^(c) :	2.68	2.70	20,851	20,754
Subtotal:	6.42	6.34	49,950	48,734

NOTES TO THE FINANCIAL STATEMENTS

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11. DISTRIBUTIONS TO UNITHOLDERS

11A. Distribution per unit (continued)

Distribution Type (continued)

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

Distribution Type Income/Capital

Distribution Rate		Group and Trust			
		2017 Cents per unit	2016 Cents per unit	2017 S\$'000	2016 S\$'000
	Taxable Income ^(a) :	0.08	0.07	598	566
	Tax-Exempt Income ^(b) :	1.12	1.16	8,772	9,006
	Capital ^(c) :	0.95	0.90	7,407	6,942
	Subtotal:	2.15	2.13	16,777	16,514

Total annual distribution paid or declared

Taxable Income ^(a) :	0.29	0.30	2,232	2,334
Tax-Exempt Income ^(b) :	4.65	4.57	36,237	35,218
Capital ^(c) :	3.63	3.60	28,258	27,696
Total:	8.57	8.47	66,727	65,248

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

Qualifying foreign non-individual investors will receive their distributions after deduction of tax at the rate of 10%. The Monetary Authority of Singapore has announced that the 10% tax concession has been extended till 31 March 2020.

All other investors will receive their distributions after deduction of tax at the rate of 17% (2016: 17%).

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

Current Distribution Policy:

The Trust's current distribution policy is to distribute at least 90.0% (2016: 90.0%) of its taxable and tax-exempt income (after deduction of applicable expenses) and certain capital receipts. The capital receipts comprise amounts received by the Trust from redemption of redeemable preference shares and shareholder loans in the Singapore subsidiaries.

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12. INVESTMENT PROPERTIES

	Group		Trust	
	2017	2016	2017	2016
	S\$'000	S\$'000	S\$'000	S\$'000
At fair value:				
Balance at beginning of the year	1,273,159	1,268,306	36,800	37,900
Additions at cost #a	63,479	21,209	123	176
Disposal #b	-	(7,649)	-	-
Translation differences	(702)	208	-	-
Change in fair value included in statements of total return (Level 3)	13,367	(8,915)	(1,423)	(1,276)
Balance at end of the year	1,349,303	1,273,159	35,500	36,800
Rental income from investment properties	110,993	107,017	3,836	3,761
Direct operating expenses (including repairs and maintenance) arising from investment properties that generated rental income during the reporting year	(1,517)	(1,182)	(227)	(253)

The increase in fair value is due to the acquisitions during the year and improvements in fair value estimates due to changes in key inputs. The Group's portfolio consists of properties located in Indonesia, Singapore and South Korea (see the statements of portfolio). These investment properties include the mechanical and electrical equipment located in the respective properties.

#a. The additions in 2017 are mainly for the acquisition of Siloam Hospitals Buton & Lippo Plaza Buton (Note 19) and Siloam Hospitals Yogyakarta. This includes capitalised transaction costs of S\$1,875,000. The non-cancellable leases were entered into on 10 October 2017 and 22 December 2017 respectively.

The addition in 2016 was mainly for the acquisition of Siloam Hospitals Labuan Bajo (Note 19). This includes capitalised transaction costs of S\$796,000. The non-cancellable lease was entered into on 30 December 2016.

#b. The disposal in 2016 is for the divestment of Plot B of Siloam Hospitals Surabaya. In 2015, the Group entered into an asset-enhancement transaction in relation to Siloam Hospitals Surabaya (Note 27).

The fair value of each investment property was measured in November 2017 and updated on 31 December 2017 based on the highest and best use method to reflect the actual market state and circumstances as of the end of the reporting year. The valuations were based on the discounted cash flow and direct capitalisation methods as appropriate. The fair values were based on valuations made by independent valuers on a systematic basis at least once yearly. In relying on the valuation reports, the management is satisfied that the independent valuers have appropriate professional qualifications, are independent and have recent experience in the location and category of the properties being valued. There have been no changes to the valuation techniques during the year. Management determined that the highest and best use of the assets are the current use and that it would provide maximum value to market participants principally through its use in combination with other assets.

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12. INVESTMENT PROPERTIES (CONTINUED)

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

	2017	2016
1. <u>Estimated discount rates using pre-tax rates that reflect current market assessments at the risks specific to the properties</u>		
Indonesia	9.54% to 9.87%	9.43% to 10.25%
Singapore	8.50% to 8.75%	8.25%
South Korea	Note 1	Note 1
2. <u>Growth rates based on escalation rate in the lease agreements</u>		
Indonesia	#(A)	#(A)
Singapore	2.00%	2.00%
South Korea	Note 1	Note 1
3. <u>Cash flow forecasts derived from recent budget (assuming renewal of current leases where applicable)</u>		
Indonesia	3 to 27 years	4 to 24 years
Singapore	10 years	10 years
South Korea	Note 1	Note 1
4. <u>Terminal rate #(B)</u>		
Indonesia	8.13% to 10.50%	8.00% to 13.22%
Singapore	7.00% to 7.50%	6.25% to 6.50%
South Korea	Note 1	Note 1
5. <u>Dates of valuations</u>		
Indonesia	30 Sep and 6 Nov	19 Oct and 4 Nov
Singapore	6 Nov	4 Nov
South Korea	6 Nov	4 Nov

#(A) The growth rate for the base rent is capped at 2.00% (2016: 2.00%) of the preceding 12 months' base rent depending on the Consumer Price Index of Singapore. The variable rent is the amount equivalent from 0% to 2.00% (2016: 0.75% to 2.00%) of the tenant's gross revenue for the preceding calendar year, depending on the tenant's gross revenue growth. There is no variable rent for the first three years of the lease of Siloam Hospitals Kupang and the first five years of the lease of Siloam Hospitals Labuan Bajo, Siloam Hospitals Buton and Siloam Hospitals Yogyakarta.

#(B) No terminal rate was used for the valuation of Siloam Sriwijaya, Siloam Hospitals Kupang & Lippo Plaza Kupang and Siloam Hospitals Buton & Lippo Plaza Buton whose respective agreements with the provincial governments only allow for a fixed lease period each. The terminal value for Siloam Hospitals Surabaya used the same contractual value included in the asset enhancement transaction with a subsidiary of PT Lippo Karawaci Tbk (Note 27).

Note 1: The valuations of the South Korea property for 2017 and 2016 were based on the direct capitalisation method. The direct capitalisation method is a valuation method used to convert a single year's income expectancy into a value estimate. The income used is the market rental of this property adjusted for operating expenses (net operating income). An overall capitalisation rate of 10.00% (2016: 10.25%) is applied to the net operating income to arrive at the fair value of the property. The overall capitalisation rate used takes into account the level of risk associated with the property.

NOTES TO THE FINANCIAL STATEMENTS

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12. INVESTMENT PROPERTIES (CONTINUED)

The valuations for 2017 were made by the following professionally qualified external valuers:

1. Six Indonesia properties – KJPP Willson & Rekan in association with Knight Frank (2016: Three)
2. Five Indonesia properties – KJPP Rengganis, Hamid & Rekan in strategic alliance with CBRE Pte. Ltd. (2016: Four)
3. Five Indonesia properties – Colliers International Consultancy & Valuation Pte. Ltd. in alliance with KJPP Rinaldi Alberth Baroto & Partners (2016: Nil)
4. Three Singapore properties – Cushman & Wakefield VHS Pte. Ltd. (2016: Nil)
5. South Korea property – Cushman & Wakefield VHS Pte. Ltd. (2016: Nil)

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

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

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

(a) Hak Guna Bagunan ("**HGB**") Title

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

(b) Build, Operate and Transfer Scheme ("**BOT Scheme**")

This scheme is a structure in Indonesia for the construction of commercial buildings where Indonesia government owns the relevant land ("**BOT land**"). Under the BOT scheme, the Indonesia government which owns BOT land ("**BOT grantor**") agrees to grant certain rights over the BOT land to another party ("**BOT grantee**"). The BOT grantee can develop the site, subject to the relevant approvals and then operate the buildings constructed on the BOT land for a particular period of time as stipulated in the BOT agreement, including obtaining Strata title certificates on the BOT land. A BOT scheme is granted for an initial period of 20 to 30 years and is extendable upon agreement of both the grantor and grantee. Upon expiration of the term of the BOT agreement, the BOT grantee must return the land, together with any buildings and fixtures on top of the land, without either party providing any form of compensation to the other.

(c) Strata Title

This title gives the party who holds the property the ownership of common areas, common property and common land proportionately with other Strata title owners.

The commencement date of each title varies.

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

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12. INVESTMENT PROPERTIES (CONTINUED)

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

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

Description	Fair value at 31 December 2017 (in S\$'000)	Valuation technique(s)	Key unobservable inputs	Range of unobservable inputs (probability-weighted average)	Relationship of unobservable inputs to fair value
Investment properties	1,340,880	Discounted cash flow method	Discount rate	8.50% to 9.87% (2016: 8.25% to 10.25%)	The higher the discount rate, the lower the fair value.
	(2016: 1,263,900)		Terminal rate	7.00% to 10.50% (2016: 6.25% to 13.22%)	The higher the terminal rate, the lower the fair value.
	8,423	Direct capitalisation method	Capitalisation rate	10.00% (2016: 10.25%)	The higher the capitalisation rate, the lower the fair value.
	(2016: 9,259)				

There were no significant inter-relationships between unobservable inputs.

Sensitivity analysis on key estimates:

Indonesia and Singapore properties:

1. Discount rates

A hypothetical increase or decrease in the pre-tax discount rate applied to the discounted cash flows would have a lower or higher effect on total return before tax respectively.

2. Growth in rental income

A hypothetical increase or decrease in the rental income would have a higher or lower effect on total return before tax respectively.

3. Terminal rates

A hypothetical increase or decrease in the terminal rate would have a lower or higher effect on total return before tax respectively.

South Korea property:

1. Growth in rental income

A hypothetical increase or decrease in the rental income would have a higher or lower effect on total return before tax respectively.

2. Capitalisation rates

A hypothetical increase or decrease in the capitalisation rate would have a lower or higher effect on total return before tax respectively.

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12. INVESTMENT PROPERTIES (CONTINUED)

Valuation processes of the Group

The Group's finance department works with a team that oversees the valuations of investment properties by external valuers required for financial reporting, including fair values. This Asset and Investment team ("**valuation team**") reports directly to the Chief Executive Officer ("**CEO**"). Discussions of valuation processes and results are held between the CEO and the valuation team. The team engages external, independent and qualified valuers to determine the fair value of the Group's properties every reporting year.

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

- Discount rates**
 The discount rates have been determined using the valuers' model to calculate a pre-tax rate that reflects current market assessments of the time value of money and the risk specific to the asset.
- Terminal rates**
 The terminal rates have been determined using the valuers' model of the location, building quality, its surrounding local market condition, the competitive positioning of the property, the perceived market conditions in the future, estimated cash flow profile and the overall physical condition and age of the property.
- Expected net rental cashflows**
 These are estimated by management based on existing lease agreements and market conditions as at 31 December 2017. The estimates are largely consistent with management's knowledge of actual conditions and situations.

13. INVESTMENTS IN SUBSIDIARIES

	Trust	
	2017	2016
	S\$'000	S\$'000
Movements during the year. At cost:		
Balance at beginning of the year	756,461	748,258
Additions at cost	71,385	30,979
Redemption of redeemable preference shares	(23,374)	(22,776)
Cost at the end of the year	804,472	756,461
Total cost comprising:		
Unquoted equity shares at cost	414,292	400,025
Redeemable preference shares at cost	398,316	364,572
Allowance for impairment	(8,136)	(8,136)
Total at cost	804,472	756,461
Movement in allowance for impairment:		
Balance at beginning and end of the year	(8,136)	(8,136)

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

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14. TRADE AND OTHER RECEIVABLES, NON-CURRENT

	Group	
	2017 S\$'000	2016 S\$'000
Balance at the end of the year	27,035	18,035

The amount relates to progress payments made in relation to the development works of Siloam Hospitals Surabaya. The progress payments, which yield a return of 6% per annum, will be reclassified to investment properties upon completion. The details are disclosed in Note 27 below.

15. TRADE AND OTHER RECEIVABLES, CURRENT

	Group		Trust	
	2017 S\$'000	2016 S\$'000	2017 S\$'000	2016 S\$'000
<u>Trade receivables:</u>				
Outside parties	7,766	7,515	198	485
Less impairment allowance	(3,333)	(3,360)	-	-
Related parties	14,192	6,149	8	8
Net trade receivables – subtotal	18,625	10,304	206	493
<u>Other receivables:</u>				
Subsidiaries	-	-	13,413	7,252
Less impairment allowance	-	-	(567)	(567)
Outside parties	7,357	1,450	235	92
Net other receivables – subtotal	7,357	1,450	13,081	6,777
Total trade and other receivables	25,982	11,754	13,287	7,270

The other receivables from outside parties are mainly recoverable taxes to be paid over to the vendors of the properties acquired.

	Group		Trust	
	2017 S\$'000	2016 S\$'000	2017 S\$'000	2016 S\$'000
<u>Movement in above allowance:</u>				
Balance at beginning of the year	(3,360)	(3,282)	(567)	(567)
Impairment allowance included in statement of total return	(228)	-	-	-
Foreign exchange difference	255	(78)	-	-
Balance at the end of the year	(3,333)	(3,360)	(567)	(567)

16. LOAN RECEIVABLE

	Trust	
	2017 S\$'000	2016 S\$'000
Loan receivable from subsidiary:		
Non-current portion	44,239	49,138
Current portion	4,191	4,191
Total	48,430	53,329

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16. LOAN RECEIVABLE (CONTINUED)

The agreement for the loan receivable provides that it is unsecured, with interest at 0% to 3.39% (2016: 0% to 3.39%) per annum and is repayable by quarterly instalments over 20 years from 30 December 2010. The loan is carried at amortised cost using the effective interest method. A portion of the loan receivable has no interest and repayment is dependent on the cash flows of the borrower. The fair value is not determinable as the timing of the cash flows arising from the loan amount cannot be estimated reliably. The amount is not past due.

17. OTHER ASSETS, CURRENT

	Group		Trust	
	2017	2016	2017	2016
	S\$'000	S\$'000	S\$'000	S\$'000
Prepayments	48	51	25	51
Prepaid other taxes	4,525	3,629	-	-
	4,573	3,680	25	51

18. CASH AND CASH EQUIVALENTS

	Group		Trust	
	2017	2016	2017	2016
	S\$'000	S\$'000	S\$'000	S\$'000
Not restricted in use	15,741	33,576	8,194	22,719

The rate of interest for the cash on interest-earning accounts ranged from 0.52% to 1.00% (2016: 0.67% to 1.00%) per annum.

18A. Non-cash transactions:

Group

- (a) There were units issued as settlement of the Manager's management and acquisition fees (Note 19).
- (b) Eligible unitholders that have elected to participate in the Distribution Reinvestment Plan ("DRP") received their distributions in units (Note 19).

Trust

- (a) Dividend income amounting to S\$58,274,000 (2016: S\$56,754,000) were offset against the amount due to subsidiaries.
- (b) Redeemable preference shares amounting to S\$23,374,000 (2016: S\$22,776,000) redeemed during the financial year were offset against the amount due to subsidiaries.
- (c) The repayment of loan receivable amounting to S\$4,899,000 (2016: S\$4,823,000) were offset against the amount due to a subsidiary.

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18. CASH AND CASH EQUIVALENTS (CONTINUED)

18B. Reconciliation of liabilities arising from financing activities:

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

		Cash flows		Non-cash changes				
	Notes	2016 S\$'000	Proceeds S\$'000	Borrowing cost capitalised during the year S\$'000	Amortisation S\$'000	Foreign exchange differences S\$'000	Reclassification* S\$'000	2017 S\$'000
Non-current borrowings	22	271,642	33,499	–	1,136	–	(28,152)	278,125
Current borrowings	22	141,967	29,571	(789)	949	(1,526)	28,152	198,324
Total liabilities from financing activities		413,609	63,070	(789)	2,085	(1,526)	–	476,449

* Reclassification between long-term borrowings and short-term borrowings due to change in maturity of the borrowings.

19. UNITS IN ISSUE AND NET ASSETS VALUE ATTRIBUTABLE TO UNITHOLDERS

	Group and Trust	
	2017 '000	2016 '000
Units at beginning of the year	771,579	761,567
Issuance of new units as settlement of management fees (a)	5,314	3,642
Issuance of new units as settlement of acquisition fees (b)	362	–
Issuance of new units pursuant to the Distribution Reinvestment Plan (c)	2,700	6,370
Units at end of the year	779,955	771,579

(a) A total of 5,314,000 (2016: 3,642,000) new units at an issue price range from S\$1.2666 to S\$1.3387 (2016: S\$1.1846 to S\$1.3651) per unit were issued in respect of the settlement for the Manager's management fees to the Manager.

At the end of the reporting year, 1,538,000 (2016: 741,000) units were issuable as settlement for the Manager's management fees for the last quarter of the reporting year.

The issue price for determining the number of units issued and issuable as Manager's management fees is calculated based on the volume weighted average traded price ("VWAP") for all trades done on SGX-ST in the ordinary course of trading for 10 business days immediately preceding the respective last business day of the respective quarter end date.

The Trust completed the divestment of Plot B of Siloam Hospitals Surabaya in 2016.

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19. UNITS IN ISSUE AND NET ASSETS VALUE ATTRIBUTABLE TO UNITHOLDERS (CONTINUED)

- (b) On 27 January 2017, the Trust announced the issue of 155,000 units to the Manager of the Trust with an issue price of S\$1.2947 per unit as acquisition fees of S\$200,000 of Siloam Hospitals Labuan Bajo, which equivalent to 1.0% of the purchase consideration.

On 16 November 2017, the Trust announced the issue of 207,000 units to the Manager of the Trust with an issue price of S\$1.3744 per unit as acquisition fees of S\$285,000 of Siloam Hospitals Buton & Lippo Plaza Buton, which equivalent to 1.0% of the purchase consideration.

- (c) The Trust introduced and implemented a Distribution Reinvestment Plan ("DRP") in 2014 whereby the unitholders have the option to receive their distribution in units instead of cash or a combination of units and cash.

A total of 2,700,000 (2016: 6,370,000) new units at an issue price of S\$1.2559 for a quarter (2016: S\$1.1388 to S\$1.3165 for two quarters) per unit were issued pursuant to the DRP.

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

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

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

Further, unitholders cannot give directions to the Trustee or the Manager (whether at a meeting of unitholders duly convened and held in accordance with the provisions of the Trust Deed or otherwise) if it would require the Trustee or the Manager to do or omit doing anything which may result in:

- The Trust ceasing to comply with applicable laws and regulations; or
- The exercise of any discretion expressly conferred on the Trustee or the Manager by the Trust Deed or the determination of any matter which, under the Trust Deed, requires the agreement of either or both of the Trustee and the Manager.

The Trust Deed contains provisions that are designed to limit the liability of a unitholder to the amount paid or payable for any unit. The provisions seek to ensure that if the issue price of the units held by a unitholder has been fully paid, no such unitholder, by reason alone of being a unitholder, will be personally liable to indemnify the Trustee or any creditor of the Trust in the event that the liabilities of the Trust exceeds its assets.

	Group		Trust	
	2017	2016	2017	2016
	S\$'000	S\$'000	S\$'000	S\$'000
Net assets value attributable to unitholders	791,437	777,701	347,261	374,236
Net assets value per unit (in cents) attributable to unitholders	101.47	100.79	44.52	48.50

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19. UNITS IN ISSUE AND NET ASSETS VALUE ATTRIBUTABLE TO UNITHOLDERS (CONTINUED)

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

	Unitholders' funds					Perpetual securities S\$'000	Total S\$'000
	Issued Equity S\$'000	Retained earnings S\$'000	Foreign exchange reserve S\$'000	Subtotal S\$'000			
Group:							
Current year:							
Opening balance at 1 January 2017	423,654	352,355	1,692	777,701	60,878	838,579	
Total comprehensive return for the year	-	70,030	(649)	69,381	3,408	72,789	
Manager's acquisition-related fees settled in units	485	-	-	485	-	485	
Manager's management fees settled in units	6,876	-	-	6,876	-	6,876	
Distributions to perpetual securities holders	-	-	-	-	(3,408)	(3,408)	
Distribution settled in units	3,390	-	-	3,390	-	3,390	
Distributions	(27,802)	(38,594)	-	(66,396)	-	(66,396)	
Closing balance at 31 December 2017	406,603	383,791	1,043	791,437	60,878	852,315	
Previous year:							
Opening balance at 1 January 2016	439,045	350,507	1,549	791,101	-	791,101	
Total comprehensive return for the year	-	38,688	143	38,831	1,653	40,484	
Issuance of perpetual securities	-	-	-	-	60,000	60,000	
Issuance costs	-	-	-	-	(775)	(775)	
Manager's divestment-related fees settled in units	39	-	-	39	-	39	
Manager's management fees settled in units	4,459	-	-	4,459	-	4,459	
Distribution settled in units	7,704	-	-	7,704	-	7,704	
Distributions	(27,593)	(36,840)	-	(64,433)	-	(64,433)	
Closing balance at 31 December 2016	423,654	352,355	1,692	777,701	60,878	838,579	

NOTES TO THE FINANCIAL STATEMENTS

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19. UNITS IN ISSUE AND NET ASSETS VALUE ATTRIBUTABLE TO UNITHOLDERS (CONTINUED)

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

	Unitholders' funds				Perpetual securities S\$'000	Total S\$'000
	Issued Equity S\$'000	Accumulated losses S\$'000	Sub-total S\$'000			
Trust:						
Current year:						
Opening balance at 1 January 2017	423,654	(49,418)	374,236	60,878	435,114	
Total comprehensive return for the year	-	28,670	28,670	3,408	32,078	
Manager's acquisition-related fees settled in units	485	-	485	-	485	
Manager's management fees settled in units	6,876	-	6,876	-	6,876	
Distributions to perpetual securities holders	-	-	-	(3,408)	(3,408)	
Distribution settled in units	3,390	-	3,390	-	3,390	
Distributions	(27,802)	(38,594)	(66,396)	-	(66,396)	
Closing balance at 31 December 2017	406,603	(59,342)	347,261	60,878	408,139	
Previous year:						
Opening balance at 1 January 2016	439,045	(37,608)	401,437	-	401,437	
Total comprehensive return for the year	-	25,030	25,030	1,653	26,683	
Manager's divestment-related fees settled in units	39	-	39	-	39	
Manager's management fees settled in units	4,459	-	4,459	-	4,459	
Issuance of perpetual securities	-	-	-	60,000	60,000	
Issuance costs	-	-	-	(775)	(775)	
Distribution settled in units	7,704	-	7,704	-	7,704	
Distributions	(27,593)	(36,840)	(64,433)	-	(64,433)	
Closing balance at 31 December 2016	423,654	(49,418)	374,236	60,878	435,114	

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19. UNITS IN ISSUE AND NET ASSETS VALUE ATTRIBUTABLE TO UNITHOLDERS (CONTINUED)

Capital management:

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

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

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

	Group		Trust	
	2017	2016	2017	2016
	S\$'000	S\$'000	S\$'000	S\$'000
Net debt:				
All external borrowings	476,449	413,609	476,449	413,609
Less cash and cash equivalents	(15,741)	(33,576)	(8,194)	(22,719)
Net debt	460,708	380,033	468,255	390,890
Adjusted capital:				
Issued equity	406,603	423,654	406,603	423,654
Retained earnings/(Accumulated losses)	383,791	352,355	(59,342)	(49,418)
Foreign exchange reserve	1,043	1,692	-	-
Perpetual securities	60,878	60,878	60,878	60,878
Adjusted capital	852,315	838,579	408,139	435,114
Debt-to-adjusted capital ratio	54.05%	45.32%	114.73%	89.84%

The unfavourable change in the Group's debt-to-adjusted capital ratio for the reporting year resulted primarily from the increase in new debts.

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

In accordance with the Code on Collective Investment Schemes issued by the Monetary Authority of Singapore, the total borrowings and deferred payments of the Group should not exceed 45% of the Group's deposited property. It was 33.6% (2016: 31.1%) as at end of the reporting year, which exclude the effect of perpetual securities which had been classified as equity by the Manager.

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

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20. PERPETUAL SECURITIES

In 2016, the Trust issued S\$60 million of subordinated perpetual securities at a fixed rate of 5.68% per annum, with the first distribution rate reset on 8 July 2021 and subsequent resets occurring every five years thereafter. The perpetual securities have no fixed redemption date and redemption is at the option of the Trust in accordance with the terms and conditions of the securities. The distribution will be payable semi-annually at the discretion of the Trust and will be non-cumulative.

In terms of distribution payments or in the event of winding-up of the Trust:

- These perpetual securities rank pari passu with holders of preferred units (if any) and rank ahead of the unitholders of Trust but junior to the claims of all present and future creditors of the Trust.
- The Trust shall not declare or pay any distributions to the unitholders, or make redemption, unless the Trust declares or pays any distributions to the perpetual securities holders.

These perpetual securities are classified as equity (see Note 19). In 2016, the perpetual securities were issued net of issue expenses of S\$775,000. An amount of S\$3,408,000 and S\$1,653,000 are reserved for distribution to perpetual securities holders for the year ended 31 December 2017 and 2016 respectively. As a result, management has taken the view that as there is no contractual obligation to repay the principal or to pay any distributions, and that the perpetual securities do not meet the definition for classification as a financial liability under FRS 32 Financial Instruments: Disclosure and Presentation. The perpetual securities are presented within equity, and distribution treated as dividends.

21. FINANCIAL RATIOS

	Group		Trust	
	2017	2016	2017	2016
Expenses to average net assets attributable to unitholders ratio - excluding performance related fees ⁽¹⁾	0.87%	1.15%	1.81%	2.35%
Expenses to average net assets attributable to unitholders ratio - including performance related fees ⁽¹⁾	1.57%	1.82%	3.33%	3.71%
Portfolio turnover ratio ⁽²⁾	NM	NM	NM	NM
Rent/EBITDA ratio of Indonesia properties ⁽³⁾	55.92%	55.22%	–	–
Total operating expenses (S\$'000) ⁽⁴⁾	33,975	39,387	11,989	14,429
Total operating expenses to net asset value ratio ⁽⁴⁾	4.29%	5.06%	3.45%	3.86%

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

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

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21. FINANCIAL RATIOS (CONTINUED)

- (3) The Manager has given an undertaking to SGX-ST that for so long as it remains the Manager of the Trust, and PT Lippo Karawaci Tbk in Indonesia and/or any of its related corporations remains a controlling shareholder of the Manager, it will disclose the Rent/EBITDA ratio of the Indonesia properties, except for Siloam Hospitals Purwakarta, Siloam Sriwijaya and Siloam Hospitals Kupang & Lippo Plaza Kupang. The EBITDA (unaudited) for the operations renting the Indonesia properties, except for Siloam Hospitals Purwakarta, Siloam Sriwijaya and Siloam Hospitals Kupang & Lippo Plaza Kupang, is calculated before rental expenses.
- (4) The revised Code on Collective Investment Schemes dated 1 January 2016 requires disclosure of the total operating expenses of the property fund, including all fees and charges paid to the Manager and interested parties (in both absolute terms, and as a percentage of the property fund's net asset value as at the end of the financial year) and taxation incurred in relation to the property fund's real estate assets.

N/M – Not meaningful as there was no sale of investment property in 2016 and 2017.

22. OTHER FINANCIAL LIABILITIES

	Group and Trust	
	2017	2016
	S\$'000	S\$'000
<u>Current:</u>		
Bank loans (secured) (Note 22A) (a)	99,031	142,563
Transaction cost to be amortised	(615)	(596)
	98,416	141,967
 Fixed rate notes (Note 22B)	100,000	–
Transaction cost to be amortised	(92)	–
	99,908	–
Current, total	198,324	141,967

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22. OTHER FINANCIAL LIABILITIES (CONTINUED)

	Group and Trust	
	2017	2016
	S\$'000	S\$'000
<u>Non-current:</u>		
Bank loans (secured) (Note 22A)	269,550	164,475
Transaction cost to be amortised	(1,382)	(2,397)
	<u>268,168</u>	<u>162,078</u>
Fixed rate notes (Note 22B)	-	100,000
Transaction cost to be amortised	-	(360)
	<u>-</u>	<u>99,640</u>
Bank loan (unsecured) (b)	10,000	10,000
Transaction cost to be amortised	(43)	(76)
	<u>9,957</u>	<u>9,924</u>
Non-current, total	<u>278,125</u>	<u>271,642</u>
Total other financial liabilities	<u>476,449</u>	<u>413,609</u>

(a) For 2017, the loans are due in December 2018. For 2016, the secured loans are due in November and December 2017.

(b) The above loan is due in March 2019.

22A. Bank loans (secured)

	Group and Trust	
	2017	2016
	S\$'000	S\$'000
<u>Current:</u>		
Bank loan A (secured)	-	91,600
Transaction cost to be amortised	-	(310)
	<u>-</u>	<u>91,290</u>
Bank loan B (secured)	33,160	20,000
Transaction cost to be amortised	(119)	(103)
	<u>33,041</u>	<u>19,897</u>
Bank loan C (secured)	36,300	30,963
Transaction cost to be amortised	(202)	(183)
	<u>36,098</u>	<u>30,780</u>
Bank loan E (secured)	29,571	-
Transaction cost to be amortised	(294)	-
	<u>29,277</u>	<u>-</u>
Current, total	<u>98,416</u>	<u>141,967</u>

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22. OTHER FINANCIAL LIABILITIES (CONTINUED)

22A. Bank loans (secured) (continued)

	Group and Trust	
	2017	2016
	S\$'000	S\$'000
Non-current:		
Bank loan A (secured)	91,600	-
Transaction cost to be amortised	(76)	-
	91,524	-
Bank loan B (secured)	-	13,160
Transaction cost to be amortised	-	(155)
	-	13,005
Bank loan C (secured)	101,950	108,815
Transaction cost to be amortised	(542)	(1,156)
	101,408	107,659
Bank loan D (secured)	45,000	42,500
Transaction cost to be amortised	(398)	(1,086)
	44,602	41,414
Bank loan F (secured)	31,000	-
Transaction cost to be amortised	(366)	-
	30,634	-
Non-current, total	268,168	162,078

During the year, the final maturity date of Bank loan A is extended under a floating rate loan facility of up to S\$92,000,000. The loan is due in January 2019. In 2016, Bank loan A was under a fixed rate loan facility. There are amounts under Bank loan B due in December 2018 and under multi-currency transferable term loan facilities of up to S\$40,000,000. There are amounts under Bank loan C due in December 2018 and December 2019, and under multi-currency transferable term loan facilities of up to S\$165,000,000. Bank loan D, is due in May 2020 and under multi-currency transferable term loan facilities of up to S\$26,500,000 and revolving facilities with floating interest rates of up to S\$18,500,000. Bank loan E is due in December 2018 and is under a revolving facility of up to S\$50,000,000. Bank loan F is due in December 2019 and under revolving facility of up to S\$31,500,000.

All the amounts are at floating interest rates or arranged with interest rate swaps except for S\$26,102,000 of Bank loan D.

The fixed interest rates of Bank loan D is 3.75% (2016: 3.75%) per annum. The range of floating interest rates for the Bank loan A, B, C, D, E (partial) and F are from 2.33% to 3.98% (2016: 2.30% to 3.98%) per annum.

The range of effective interest rates for the above borrowings is from 3.42% to 4.72% (2016: 3.42% to 4.72% per annum).

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22. OTHER FINANCIAL LIABILITIES (CONTINUED)

22A. Bank loans (secured) (continued)

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

- 1) First and second legal mortgage over all the properties of the Group except for Sarang Hospital, Siloam Hospitals Surabaya, Siloam Sriwijaya, Siloam Hospitals Labuan Bajo, Siloam Hospitals Buton & Lippo Plaza Buton and Siloam Hospitals Yogyakarta.
- 2) Assignment to the banks of all of the Group's rights, titles, interests and benefits under any leases, tenancies, sales proceeds and cash flows in respect of the Indonesia properties and the Singapore properties except for Siloam Hospitals Surabaya, Siloam Sriwijaya, Siloam Hospitals Labuan Bajo, Siloam Hospitals Buton & Lippo Plaza Buton and Siloam Hospitals Yogyakarta.
- 3) Assignment to the banks of all of the Group's rights, titles and interests under the insurance policies in respect of the Indonesia properties and the Singapore properties, with the bank named as a **"loss payee"** except for Siloam Hospitals Surabaya, Siloam Sriwijaya, Siloam Hospitals Labuan Bajo, Siloam Hospitals Buton & Lippo Plaza Buton and Siloam Hospitals Yogyakarta.
- 4) A debenture containing first fixed and floating charges over all assets and undertakings of the Trust's Singapore subsidiaries and subsidiaries of Trust's Singapore subsidiaries except for Great Capital Pte. Ltd., Key Capital Pte. Ltd., Kalmore Investments Pte. Ltd., IAHCC Investment Pte. Ltd., Finura Investments Pte. Ltd., Glamis Investments Pte. Ltd., Surabaya Hospitals Investment Pte. Ltd., Sriwijaya Investment I Pte. Ltd., Sriwijaya Investment II Pte. Ltd., SHLB Investment I Pte. Ltd. and SHLB Investment II Pte. Ltd., SHButon Investment I Pte. Ltd., SHButon Investment II 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 Kalmore Investments Pte. Ltd., Finura Investments Pte. Ltd., Glamis Investments Pte. Ltd., IAHCC Investment Pte. Ltd., Surabaya Hospitals Investment Pte. Ltd., Sriwijaya Investment I Pte. Ltd., Sriwijaya Investment II Pte. Ltd., SHLB Investment I Pte. Ltd., SHLB Investment II Pte. Ltd., SHButon Investment I Pte. Ltd., SHButon Investment II Pte. Ltd., and Icon1 Holdings Pte. Ltd..
- 6) Charge of all of the Singapore subsidiaries' shares in the Indonesia subsidiaries except for (i) PT Tata Prima Indah, PT Sriwijaya Mega Abadi, PT Prima Labuan Bajo, PT Buton Bangun Cipta and (ii) Joint-operation company PT Yogya Central Terpadu.
- 7) A debenture by the Group covering first fixed and floating charges over all assets and undertakings in respect of the Singapore properties.
- 8) PT Lippo Karawaci Tbk's interest in the Trust is not less than 25.0%.
- 9) Compliance with certain financial covenants.

NOTES TO THE FINANCIAL STATEMENTS

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22. OTHER FINANCIAL LIABILITIES (CONTINUED)

22A. Bank loans (secured) (continued)

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

The carrying amount and fair value of the non-current fixed rate bank loans are as follows:

	Carrying amounts		Fair values	
	2017	2016	2017	2016
	S\$'000	S\$'000	S\$'000	S\$'000
<u>Group and Trust</u>				
Bank loan D (non-current)	26,102	25,951	26,363	26,602

The fair value of the loans was estimated by discounting the future cash flows payable under the terms of the loan using 3.2% (2016: 3.2%) per annum applicable to loans of similar credit risk, terms and conditions (Level 2).

22B. Fixed rate notes

In 2013, the Trust established the S\$500,000,000 Multicurrency Medium Term Note Programme ("**Programme**").

Under this Programme, the Trust may, subject to compliance with all relevant laws, regulations and directives, from time to time issue notes in series or tranches in Singapore dollars or any other currency agreed with the dealer(s). Notes may be issued at par or at a discount, or premium, to par.

Each series or tranche of notes may be issued in various amounts and tenors, and may bear interest at fixed, floating, variable or hybrid rates or may not bear interest. The Trust needs to observe certain financial covenants.

The notes and coupons of all series will constitute direct, unconditional, unsubordinated and unsecured obligations of the Trust ranking pari passu, without any preference or priority among themselves, and pari passu with all other present and future unsecured obligations of the Trust.

The total facility drawn down as at 31 December 2017 under the Programme was S\$100,000,000 (2016: S\$100,000,000). It will mature on 22 May 2018 and bears a fixed interest rate of 4.125% (2016: 4.125%) per annum payable semi-annually in arrears. The effective interest rate per annum is 4.37% (2016: 4.37%).

The carrying amount and fair value (Level 1) of the fixed-rate notes are as follows:

	Carrying amounts		Fair values	
	2017	2016	2017	2016
	S\$'000	S\$'000	S\$'000	S\$'000
<u>Group and Trust</u>				
Fixed rate notes	99,908	99,640	99,908	101,025

The notes were listed on the Singapore Exchange Securities Trading Limited.

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23. TRADE AND OTHER PAYABLES, CURRENT

	Group		Trust	
	2017	2016	2017	2016
	S\$'000	S\$'000	S\$'000	S\$'000
<u>Trade payables:</u>				
Outside parties and accrued liabilities	157	187	78	74
Related party	8,326	6,406	8,326	6,406
Trade payables – subtotal	8,483	6,593	8,404	6,480
<u>Other payables:</u>				
Subsidiaries	-	-	11,392	17,116
Related party	22	22	-	-
Other payables	9,711	10,264	4,135	3,276
Other payables – subtotal	9,733	10,286	15,527	20,392
Total trade and other payables	18,216	16,879	23,931	26,872

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

24. OTHER LIABILITIES, CURRENT

	Group		Trust	
	2017	2016	2017	2016
	S\$'000	S\$'000	S\$'000	S\$'000
Deferred income	20,949	20,137	80	78
Security deposits	1,846	1,810	1,846	1,810
	22,795	21,947	1,926	1,888

The deferred income is from rental received in advance from certain tenants.

25. DERIVATIVES FINANCIAL INSTRUMENTS

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

	Group and Trust	
	2017	2016
	S\$'000	S\$'000
<u>Liabilities – Derivatives with negative fair values:</u>		
Interest rate swaps (Note 25A) – Non-current	(512)	(118)
Interest rate swaps (Note 25A) – Current	(164)	-
	(676)	(118)
 The movements during the year were as follows:		
Balance at beginning of the year	(118)	2,131
Losses recognised in profit or loss	(558)	(2,249)
Total net balance at end of the year	(676)	(118)

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25. DERIVATIVES FINANCIAL INSTRUMENTS (CONTINUED)

25A. Interest rate swaps

As at 31 December 2017, the notional amount of four interest rate swaps for 2017 was S\$90,815,000 (2016: S\$166,937,000). The Group paid a fixed rate interest at a range of 3.88% to 3.98% (2016: 2.94% to 3.98%) per annum and received a variable rate equal to the swap offer rate ("**SOR**") on the notional contract amount (Level 2). The interest rate swaps will expire between 24 December 2018 to 23 December 2019.

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

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

26. FINANCIAL INFORMATION BY OPERATING SEGMENTS

Information about reportable segment profit or loss and assets

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

The Group is engaged in a single business of investing in investment properties in the healthcare and/or healthcare-related sector. During the reporting year the Group had three reportable operating segments: Indonesia operations, Singapore operations and South Korea operations. For management purposes the Group is organised into one major strategic operating segment that offers all the investment properties for healthcare and/or healthcare-related purposes.

The geographical segment represents the Group's distinguishable components which provide products or services within a particular economic environment (location) and this component contains risks and returns that are different from those components which operate in other economic environments (locations). The liabilities are not analysed as the largest amount, namely the borrowings, are centrally managed.

There are no significant inter-segment transactions. The accounting policies of the operating segments are the same as those described in the summary of significant accounting policies.

NOTES TO THE FINANCIAL STATEMENTS

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26. FINANCIAL INFORMATION BY OPERATING SEGMENTS (CONTINUED)

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

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

	Indonesia 2017 S\$'000	Singapore 2017 S\$'000	South Korea 2017 S\$'000	Total 2017 S\$'000
2017				
Profit or loss reconciliation				
Gross revenue	106,239	3,836	918	110,993
Impairment allowance on trade receivables	-	-	(228)	(228)
Net property income	105,535	3,390	551	109,476
Interest income	1,352	77	-	1,429
Manager's management fees				(10,877)
Trustee fees				(405)
Finance costs				(17,818)
Other expenses				(1,056)
Net income before the undernoted				80,749
Change in fair value of investment properties	14,936	(1,423)	(146)	13,367
Net losses in fair value of derivatives financial instrument				(558)
Total return before income tax				93,558
Income tax (expense)/benefit	(20,283)	242	(79)	(20,120)
Total return after income tax				73,438
Assets				
Segment assets including properties	1,368,897	45,467	9,483	1,423,847
Total assets				1,423,847

NOTES TO THE FINANCIAL STATEMENTS

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26. FINANCIAL INFORMATION BY OPERATING SEGMENTS (CONTINUED)

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

	Indonesia 2016 S\$'000	Singapore 2016 S\$'000	South Korea 2016 S\$'000	Total 2016 S\$'000
2016				
Profit or loss reconciliation				
Gross revenue	102,351	3,761	905	107,017
Net property income	101,734	3,318	783	105,835
Interest income	940	191	–	1,131
Manager's management fees				(10,584)
Trustee fees				(398)
Finance costs				(17,768)
Other expenses				(3,318)
Net income before the undernoted				74,898
Gain on divestment of investment property	512	–	–	512
Change in fair value of investment properties	(7,731)	(1,276)	92	(8,915)
Net losses in fair value of derivatives financial instrument				(2,249)
Total return before income tax				64,246
Income tax (expense)/benefit	(23,967)	217	(155)	(23,905)
Total return after income tax				40,341
Assets				
Segment assets including properties	1,269,821	61,306	10,048	1,341,175
Total assets				1,341,175

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

Revenue from the Group's top one customer in Indonesia amounted to S\$91,957,000 (2016: S\$88,111,000).

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27. CAPITAL COMMITMENTS

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

	2017 S\$'000	2016 S\$'000
Commitments in relation to Siloam Hospitals Surabaya	63,000	72,000

The above commitment pertains to the asset-enhancement transaction in relation to Siloam Hospitals Surabaya ("**SHS**"). The above commitment excludes the interest income earned from progress payments at 6% per annum, till 2019.

The transaction is a joint arrangement and asset swap with PT Saputra Karya ("**PT SK**") (a limited liability company incorporated in Indonesia and an indirect wholly-owned subsidiary of PT Lippo Karawaci Tbk ("**PT LKT**"), the ultimate controlling party of the Trust) which involves:

(a) Divestment of Plot B

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

(b) Development Works

The development works on Plot B and PT LKT's land adjacent to Plot B;

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

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

(d) Divestment of the Existing SHS

The divestment of the Existing SHS to PT SK.

In 2016, the divestment of Plot B and the first progress payment were completed.

On 18 August 2017, the second progress payment of S\$9 million was completed.

Based on the Development Works agreement signed by PT SK and PT TPI, should the development works be uncompleted, PT TPI has the right to terminate the agreement and progress payments committed, inclusive of all other related costs (except for value-added tax), are to be returned to PT TPI.

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28. OPERATING LEASE INCOME COMMITMENTS – AS LESSOR

At the end of the reporting year, the total of future minimum lease receivables committed under non-cancellable operating leases (assuming no renewal of option for extension) are as follows:

	Group		Trust	
	2017	2016	2017	2016
	S\$'000	S\$'000	S\$'000	S\$'000
Not later than one year	116,533	110,173	3,927	3,850
Later than one year and not later than five years	434,769	440,619	16,509	16,186
More than five years	420,698	445,603	14,812	19,062

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

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

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

One of the tenants in Singapore also provided a bank guarantee in lieu of the security deposits of S\$1,372,000 (2016: S\$1,345,000) for rental income from one of the Singapore properties.

29. FINANCIAL INSTRUMENTS: INFORMATION ON FINANCIAL RISKS

29A. Categories of financial assets and liabilities

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

	Group		Trust	
	2017	2016	2017	2016
	S\$'000	S\$'000	S\$'000	S\$'000
<u>Financial assets:</u>				
Cash and cash equivalents	15,741	33,576	8,194	22,719
Loans and receivables	53,017	29,789	61,717	60,599
At end of the year	68,758	63,365	69,911	83,318
<u>Financial liabilities:</u>				
Borrowings measured at amortised cost	476,449	413,609	476,449	413,609
Trade and other payables measured at amortised cost	18,216	16,879	23,931	26,872
Derivatives financial instruments at fair value	676	118	676	118
At end of the year	495,341	430,606	501,056	440,599

NOTES TO THE FINANCIAL STATEMENTS

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29. FINANCIAL INSTRUMENTS: INFORMATION ON FINANCIAL RISKS (CONTINUED)

29A. Categories of financial assets and liabilities (continued)

Further quantitative disclosures are included throughout these financial statements.

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

29B. Financial risk management

The main purpose for holding or issuing financial instruments is to raise and manage the finances for the entity's operating, investing and financing activities. There are exposures to the financial risks on the financial instruments such as credit risk, liquidity risk and market risk comprising interest rate, currency risk and price risk exposures. Management has certain practices for the management of financial risks. However these are not formally documented in written form. The guidelines include the following:

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

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

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

29C. Credit risk on financial assets

Financial assets that are potentially subject to concentrations of credit risk and failures by counterparties to discharge their obligations in full or in a timely manner consist principally of cash balances with banks, cash equivalents and receivables and other financial assets. The maximum exposure to credit risk is: the total of the fair value of the financial assets; the maximum amount the entity could have to pay if the guarantee is called on; and the full amount of any payable commitments at the end of the reporting year. Credit risk on cash balances with banks and any other financial instruments is limited because the counter-parties are entities with acceptable credit ratings. Credit risk on other financial assets is limited because the other parties are entities with acceptable credit ratings.

Note 18 discloses the maturity of the cash and cash equivalents balances.

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2017

29. FINANCIAL INSTRUMENTS: INFORMATION ON FINANCIAL RISKS (CONTINUED)

29C. Credit risk on financial assets (continued)

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

	Moody's Ratings	
	2017	2016
Bank of East Asia	A3	A3
CIMB Berhad	A3	A3
Hongkong & Shanghai Banking Corp Ltd	Aa3	Aa2
Oversea-Chinese Banking Corp Ltd	Aa1	Aa1
United Overseas Bank Ltd	Aa1	Aa1

For credit risk on debtors, an ongoing credit evaluation is performed on the financial condition of the debtors and a loss from impairment is recognised in profit or loss. The exposure to credit risk with debtors is controlled by setting limits on the exposure to individual debtors and these are disseminated to the relevant persons concerned and compliance is monitored by management. There is significant concentration of credit risk on debtors, as the exposure is spread over a small number of counter-parties and debtors as disclosed in Note 26 on financial information by operating segments. The debtors are not credit rated.

- (a) Ageing analysis of the age of trade receivable amounts that are past due as at the end of reporting year but not impaired:

	Group		Trust	
	2017 S\$'000	2016 S\$'000	2017 S\$'000	2016 S\$'000
<u>Trade receivables:</u>				
1 to 90 days overdue	3,655	4,155	198	485
91 to 180 days overdue	778	–	–	–
	4,433	4,155	198	485

- (b) Ageing analysis as at the end of reporting year of trade receivable amounts that are impaired:

	Group		Trust	
	2017 S\$'000	2016 S\$'000	2017 S\$'000	2016 S\$'000
<u>Trade receivables:</u>				
Over 180 days overdue	3,333	3,360	–	–

The allowance which is disclosed in the Note 15 on trade and other receivables is based on individual amounts totalling S\$3,333,000 (2016: S\$3,360,000) that are determined to be impaired at the end of the reporting year. These are not secured.

Other receivables are normally with no fixed terms and therefore there is no maturity unless stated otherwise.

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2017

29. FINANCIAL INSTRUMENTS: INFORMATION ON FINANCIAL RISKS (CONTINUED)

29D. Liquidity risk – financial liabilities maturity analysis

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

	Less than 1 year S\$'000	More than 1 year but less than 5 years S\$'000	Total S\$'000	
Non-derivatives financial liabilities				
<u>Group</u>				
<u>2017:</u>				
Borrowings	213,789	286,096	499,885	
Trade and other payables	18,216	-	18,216	
	232,005	286,096	518,101	
<u>2016:</u>				
Borrowings	158,177	288,614	446,791	
Trade and other payables	16,879	-	16,879	
	175,056	288,614	463,670	
<u>Trust</u>				
<u>2017:</u>				
Borrowings	213,789	286,096	499,885	
Trade and other payables	23,931	-	23,931	
	237,720	286,096	523,816	
<u>2016:</u>				
Borrowings	158,177	288,614	446,791	
Trade and other payables	26,872	-	26,872	
	185,049	288,614	473,663	
	Notional Amount S\$'000	Less than 1 year S\$'000	More than 1 year but less than 5 years S\$'000	Total S\$'000
Derivatives financial liabilities				
<u>Group and Trust</u>				
<u>2017:</u>				
Interest rate swaps (net settled)	90,815	(164)	(512)	(676)
<u>2016:</u>				
Interest rate swaps (net settled)	166,937	-	(118)	(118)

The remaining contractual maturity of derivatives financial liabilities of the Group and Trust are between 12 months to 5 years, amounting to loss of S\$676,000 (2016: S\$118,000) (Note 25).

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

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2017

29. FINANCIAL INSTRUMENTS: INFORMATION ON FINANCIAL RISKS (CONTINUED)

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

The liquidity risk refers to the difficulty in meeting obligations associated with financial liabilities that are settled by delivering cash or another financial asset. It is expected that all the liabilities will be settled at their contractual maturity. The average credit period taken to settle trade payables is about 30 days (2016: 30 days). The classification of the financial assets is shown in the statement of financial position as they may be available to meet liquidity needs and no further analysis is deemed necessary.

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

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

	Group and Trust	
	2017	2016
	S\$'000	S\$'000
<u>Bank facilities:</u>		
Undrawn facilities	20,429	34,000

The undrawn facilities are available for refinancing existing loans, general corporate funding and working capital requirements of the Trust. The facilities expire in 2018 to 2020. Also see Note 30: Events after the end of the reporting year.

29E. Interest rate risk

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

	Group and Trust	
	2017	2016
	S\$'000	S\$'000
<u>Financial liabilities:</u>		
Bank loans at floating rates	350,439	196,728
Bank loans at fixed rates	126,010	216,881
Total at the end of the year	476,449	413,609

The floating rate debt instruments are with interest rates that are re-set regularly every one to three months. The interest rates are disclosed in the respective notes.

The Trust enters into interest rate swap agreements to manage the interest rate risk exposure arising from bank loans at floating rates (Note 25A). The notional amount of the interest rate swaps was S\$90,815,000 (2016: S\$166,937,000) as at 31 December 2017.

They are designed to manage floating rate borrowings' exposure till 23 December 2018 and 23 December 2019 respectively at 3.88% to 3.98% (2016: 2.94% to 3.98%) per annum. Information on the maturity of the financial instruments with floating interest rate is provided in Note 22. The fair value (Level 2) of interest rate swaps is at a loss of S\$676,000 (2016: S\$118,000).

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2017

29. FINANCIAL INSTRUMENTS: INFORMATION ON FINANCIAL RISKS (CONTINUED)

29E. Interest rate risk (continued)

Sensitivity analysis:

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

A hypothetical change of 50 basis points (2016: 50 basis points) in interest rates with all variables including foreign exchange rates held constant, would increase (decrease) the total return by the amounts below:

	Statement of Total Return	
	50 basis points increase S\$'000	50 basis points decrease S\$'000
<u>Group and Trust</u>		
<u>2017</u>		
Borrowings	(1,087)	1,087
Interest rate swaps	794	(794)
Net (decrease) increase	(293)	293
<u>2016</u>		
Borrowings	(1,077)	1,077
Interest rate swaps	879	(879)
Net (decrease) increase	(198)	198

29F. Foreign currency risk

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

	2017 S\$'000	2016 S\$'000
<u>Financial liabilities:</u>		
<u>US Dollar</u>		
Borrowings	18,608	20,135

Sensitivity analysis: A hypothetical 10% (2016: 10%) strengthening in the exchange rate of the functional currency against the US dollar, with all other variables held constant would have a favourable effect on post-tax profit of S\$1,861,000 (2016: S\$2,014,000). For similar rate weakening of the functional currency against the relevant foreign currency above, there would be comparable impact in the opposite direction on the profit or loss.

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2017

30. EVENTS AFTER THE END OF THE REPORTING YEAR

- a) On 16 January 2018, the Trust signed a mandate and commitment letter ("**Letter**") with Oversea-Chinese Banking Corporation Limited ("**OCBC**") to secure up to S\$400 million in syndicated secured financing facilities (the "**Facilities**") from OCBC. OCBC is the lead arranger and will fully underwrite the Facilities subject to the terms and conditions in the Letter. On 1 March 2018, the Trust drawn down the Facilities to refinance existing loans.

These Facilities consist of a 3-year Singapore dollar term loan facility, a 4-year Singapore dollar term loan facility, a 5-year Singapore dollar term loan facility and a 3-year dual currency revolving credit facility available in Singapore or US dollar, where the quantum of each facility provides for up to S\$100 million.

All mortgages, assignments of the Group's rights, titles, interest and benefits, debentures and charges of the existing loans with OCBC and The Hongkong and Shanghai Banking Corporation Limited were discharged and now executed in favour of OCBC for the Facilities (Note 22A).

- b) On 17 January 2018, a final distribution of 2.15 cents per unit was declared totalling S\$16,777,000 in respect of the period from 1 October 2017 to 31 December 2017.
- c) On 17 January 2018, a total of 801,000 new units were issued at the issue price of S\$1.3971 per unit to the Manager as payment of 80% of the base fee component of management fee for the quarter ended 31 December 2017. The issue price was based on the volume weighted average traded price for all trades done on the SGX-ST in the ordinary course of trading for the last 10 business days of the quarter.
- d) On 17 January 2018, a total of 737,000 new units were issued at the issue price of S\$1.2666 per unit to the Manager as payment of 70% of the performance fee component of the management fee for the quarter ended 31 December 2016. The issue price was based on the volume weighted average traded price for all trades done on the SGX-ST in the ordinary course of trading for the last 10 business days of the quarter.
- e) On 26 January 2018, a total of 192,000 new units were issued at the issue price of S\$1.4078 per unit to the Manager as payment of acquisition fee of S\$270,000 for Siloam Hospitals Yogyakarta, which is equal to 1% of the purchase consideration.
- f) On 1 March 2018, the Trust announced the retirement of HSBC Institutional Trust Services (Singapore) Limited as Trustee and Perpetual (Asia) Limited was appointed as the new Trustee.

31. CHANGES AND ADOPTION OF FINANCIAL REPORTING STANDARDS

For the current reporting year new or revised Financial Reporting Standards in Singapore and the related Interpretations to FRS ("**INT FRS**") were issued by the Singapore Accounting Standards Council. Those applicable to the reporting entity are listed below. These applicable new or revised standards did not require any modification of the measurement methods or the presentation in the financial statements.

FRS No.	Title
FRS 7	Amendments to FRS 7: Disclosure Initiative
FRS 112	Amendments to FRS 112: Disclosure of Interests in Other Entities

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2017

32. NEW OR AMENDED STANDARDS IN ISSUE BUT NOT YET EFFECTIVE

For the future reporting years new or revised Singapore Financial Reporting Standards (International) and the related Interpretations to SFRS(I)s ("**SFRS(I) INT**") were issued by the Singapore Accounting Standards Council and these will only be effective for future reporting years. Those applicable to the reporting entity for future reporting years are listed below.

SFRS(I) No.	Title	Effective date for periods beginning on or after
SFRS(I) 1-40	Amendments to, Transfer of Investment Property	1 Jan 2018
SFRS(I) 1	First-time Adoption of Singapore Financial Reporting Standards (International)	1 Jan 2018
SFRS(I) 9	Financial Instruments	1 Jan 2018
SFRS(I) 16	Leases and Leases – Illustrative Examples & Amendments to Guidance on Other Standards	1 Jan 2019
SFRS(I) INT 22	Foreign Currency Transaction and Advance Consideration	1 Jan 2018
SFRS(I) INT 23	Uncertainty over Income Tax Treatments	1 Jan 2019

The transfer to the applicable new or revised standards from the effective dates is not expected to result in material adjustments to the financial position, results of operations, or cash flows for the following year from the known or reasonably estimable information relevant to assessing the possible impact that application of the new or revised SFRS(I)s will have on the entity's financial statements in the period of initial application.

Companies listed on the Singapore Exchange ("**SGX**") currently reporting under SFRSs are required to comply with new Singapore Financial Reporting Standards (International) (SFRS(I)s) (issued by the Singapore Accounting Standards Council) that would be equivalent to the International Financial Reporting Standards ("**IFRS**") (issued by the International Accounting Standards Board (IASB)) for reporting years beginning on after 1 January 2018. The new framework is referred to as SFRS(I)s. Non-listed companies may elect to voluntarily apply SFRS(I)s. SFRS(I) 1 First-time Adoption of Singapore Financial Reporting Standards (International) will be adopted in the financial statements when it becomes mandatory. Based on the current accounting treatment of the account balances management does not anticipate that the application of SFRS(I) 1 will have a material impact on the financial position and/or financial performance of the entity.

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2017

33. LISTING OF INVESTMENTS IN SUBSIDIARIES

All the subsidiaries are wholly owned. The subsidiaries held by the Trust and the Group are listed below:

Name of Subsidiaries, Country of Incorporation, Place of Operations and Principal Activities	Carrying Value of Investments	
	2017 S\$'000	2016 S\$'000
<u>Held by the Trust</u>		
Gold Capital Pte. Ltd. ^(b) Singapore Investment holding	100,556	100,556
GOT Pte. Ltd. ^(b) Singapore Investment holding	84,759	85,793
Henley Investments Pte. Ltd. ^(b) Singapore Investment holding	42,608	43,497
Kalmore Investments Pte. Ltd. ^(b) Singapore Investment holding	7,966	7,966
Lovage International Pte. Ltd. ^(b) Singapore Investment holding	13,648	14,945
Platinum Strategic Investments Pte. Ltd. ^(b) Singapore Investment holding	25,610	27,256
Primerich Investments Pte. Ltd. ^(b) Singapore Investment holding	33,153	24,294
Raglan Investments Pte. Ltd. ^(b) Singapore Investment holding	48,382	50,861
Rhuddlan Investments Pte. Ltd. ^(b) Singapore Investment holding	77,225	78,957
Globalink Investments Pte. Ltd. ^(b) Singapore Investment holding	81,071	85,049
Great Capital Pte. Ltd. ^(b) Singapore Investment holding	77,527	81,464

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2017

33. LISTING OF INVESTMENTS IN SUBSIDIARIES (CONTINUED)

Name of Subsidiaries, Country of Incorporation, Place of Operations and Principal Activities	Carrying Value of Investments	
	2017 S\$'000	2016 S\$'000
<u>Held by the Trust (continued)</u>		
Finura Investments Pte. Ltd. ^(b) Singapore Investment holding	27,095	28,477
Sriwijaya Investment I Pte. Ltd. ^(b) Singapore Investment holding	35,102	36,746
IAHCC Investment Pte. Ltd. ^(b) Singapore Investment holding	1*	1*
Surabaya Hospitals Investment Pte. Ltd. ^(b) Singapore Investment holding	1*	1*
SHKP Investment I Pte. Ltd. ^(b) Singapore Investment holding	72,610	69,804
Icon1 Holdings Pte. Ltd. ^(b) Singapore Investment holding	27,882	1*
SHLB Investment I Pte. Ltd. ^(b) Singapore Investment holding	20,052	20,796
SHButon Investment I Pte. Ltd. ^(b) Singapore Investment holding (Incorporated on 1 June 2017)	29,226	–
	804,472	756,461
<u>Held by subsidiaries</u>		
Higrade Capital Pte. Ltd. ^(b) Singapore Investment holding	853	853
Ultra Investments Pte. Ltd. ^(b) Singapore Investment holding	321	321

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2017

33. LISTING OF INVESTMENTS IN SUBSIDIARIES (CONTINUED)

Name of Subsidiaries, Country of Incorporation, Place of Operations and Principal Activities	Carrying Value of Investments	
	2017 S\$'000	2016 S\$'000
<u>Held by subsidiaries (continued)</u>		
Carmathen Investments Pte. Ltd. ^(b) Singapore Investment holding	1,033	1,033
Caernarfon Investments Pte. Ltd. ^(b) Singapore Investment holding	1,324	1,324
Fortuna Capital Pte. Ltd. ^(b) Singapore Investment holding	22	22
Key Capital Pte. Ltd. ^(b) Singapore Investment holding	3,826	3,826
Glamis Investments Pte. Ltd. ^(b) Singapore Investment holding	1,377	1,377
Sriwijaya Investment II Pte. Ltd. ^(b) Singapore Investment holding	1,722	1,722
SHKP Investment II Pte. Ltd. ^(b) Singapore Investment holding	13,916	13,916
SHLB Investment II Pte. Ltd. ^(b) Singapore Investment holding	1,040	1,040
SHButon Investment II Pte. Ltd. ^(b) Singapore Investment holding (Incorporated on 1 June 2017)	1,442	–
Kalmore (Korea) Limited ^(a) South Korea Owners of Sarang Hospital	3,887	3,887
PT Bayutama Sukses ^(a) Indonesia Owners of Siloam Hospitals Makassar	6,356	6,356

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2017

33. LISTING OF INVESTMENTS IN SUBSIDIARIES (CONTINUED)

Name of Subsidiaries, Country of Incorporation, Place of Operations and Principal Activities	Carrying Value of Investments	
	2017 S\$'000	2016 S\$'000
<u>Held by subsidiaries (continued)</u>		
PT Graha Indah Pratama ^(a) Indonesia Owners of Siloam Hospitals Kebon Jeruk	10,333	10,333
PT Graha Pilar Sejahtera ^(a) Indonesia Owners of Siloam Hospitals Lippo Cikarang	8,306	8,306
PT Karya Sentra Sejahtera ^(a) Indonesia Owners of Imperial Aryaduta Hotel & Country Club	20,019	20,019
PT Menara Abadi Megah ^(a) Indonesia Owners of Siloam Hospitals Manado & Hotel Aryaduta Manado	5,500	5,500
PT Primatama Cemerlang ^(a) Indonesia Owners of Mochtar Riady Comprehensive Cancer Centre	17,065	17,065
PT Sentra Dinamika Perkasa ^(a) Indonesia Owners of Siloam Hospitals Lippo Village	8,779	8,779
PT Tata Prima Indah ^(a) Indonesia Owners of Siloam Hospitals Surabaya	8,013	8,013
PT Dasa Graha Jaya ^(a) Indonesia Owners of Siloam Hospitals Bali	16,553	16,553
PT Perisai Dunia Sejahtera ^(a) Indonesia Owners of Siloam Hospitals TB Simatupang	15,305	15,305
PT Eka Dasa Parinama ^(a) Indonesia Owners of Siloam Hospitals Purwakarta	5,509	5,509
PT Sriwijaya Mega Abadi ^(a) Indonesia Owners of Siloam Sriwijaya	6,887	6,887

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2017

33. LISTING OF INVESTMENTS IN SUBSIDIARIES (CONTINUED)

Name of Subsidiaries, Country of Incorporation, Place of Operations and Principal Activities	Carrying Value of Investments	
	2017 S\$'000	2016 S\$'000
<u>Held by subsidiaries (continued)</u>		
PT Nusa Bahana Niaga ^(a) Indonesia Owners of Siloam Hospitals Kupang & Lippo Plaza Kupang	50,668	50,668
PT Prima Labuan Bajo ^(a) Indonesia Owners of Siloam Hospitals Labuan Bajo	4,160	4,160
PT Buton Bangun Cipta ^(a) Indonesia Owners of Siloam Hospitals Buton & Lippo Plaza Buton (Incorporated on 1 June 2017)	5,768	–
<u>Joint Operation held by subsidiary, Icon1 Holdings Pte. Ltd.</u>		
PT Yogya Central Terpadu ^(a) (Note A) Indonesia Owners of Siloam Hospitals Yogyakarta	6,615	*

^(a) Audited by RSM Indonesia and Shinhan Accounting Corporation in South Korea, member firms of RSM International of which RSM Chio Lim LLP is a member.

^(b) Audited by RSM Chio Lim LLP in Singapore.

* Amount is less than \$1,000

The investments include investments in redeemable preference shares that are redeemable at the option of the Singapore subsidiaries.

Note A

In 2016, the Trust and Lippo Malls Indonesia Retail Trust (“**LMIR Trust**”), a Singapore-domiciled unit trust, had entered into a Joint Venture Agreement (“**JVA**”) to jointly own a property, which has a hospital and a retail mall component (“**Yogyakarta Property**”) through an Indonesia subsidiary, PT Yogya Central Terpadu (“**PT YCT**”).

PT YCT is jointly controlled by a wholly owned subsidiary, Icon1 Holdings Pte. Ltd. (the “**company**”) and Icon2 Investment Pte. Ltd. (“**Icon2**”), a subsidiary of LMIR Trust as a result of a contractual agreement. The contractual agreement determines the participation shares of Classes A and B and establishes joint control of the arrangement. In addition, the assets and liabilities relating to the arrangement are held in PT YCT. The main feature of PT YCT’s legal form is that the company and Icon2, not PT YCT, have rights to the assets and obligations for the liabilities of PT YCT. PT YCT is accounted as a joint operation. In a joint operation, the company and Icon2 recognise in their financial statements their share of the assets and liabilities resulting from the arrangement on the basis of their agreed participation.

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2017

33. LISTING OF INVESTMENTS IN SUBSIDIARIES (CONTINUED)

Note A (continued)

In January 2017, the Trust announced the termination of JVA for PT YCT, as well as the Conditional Sales and Purchase Agreement ("**CSPA**") for the Yogyakarta Property. The parties have decided to terminate the JVA and CSPA in order to provide more time for the vendor to obtain the relevant licenses for the operation of the hospital as well as to carry out asset enhancement to the retail mall.

On 13 October 2017, the Trust and LMIR Trust entered into a new Joint Venture Deed (the "**Deed**") to jointly own the Yogyakarta Property through PT YCT subsequent to the approval of the relevant licenses. On 20 December 2017, the company transferred 18,850,000 of its existing Class A shares to Icon2. As a result, the company holds 66,150,000,000 Class A shares and Icon2 holds 142,500,000,000 Class B shares in PT YCT. As holders of Class A shares, the company has the exposure to all the economic rights, obligations, revenue, profits and dividends in respect of the hospital component. Icon2 has exposure to all the economic rights, obligations, revenue, profits and dividends in respect of the retail mall component.

Any non-property-related common expenses of the hospital and retail mall component are borne by the company and Icon2 in the proportion of 31% and 69% respectively. All property-related common expenses of the hospital component are borne by the company.

INTERESTED PERSON TRANSACTIONS

The transactions entered into with interested persons during the financial year ended 31 December 2017, which fall within the Listing Manual of Singapore Exchange Securities Trading Limited ("SGX-ST") and the Property Funds Appendix of the Code on Collective Investment Scheme (excluding transactions of less than S\$100,000 each) are as follows:

Name of Interested Person	Aggregate value of all interested person transactions during the financial year under review (excluding transactions less than S\$100,000 and transactions conducted under unitholders' mandate pursuant to Rule 920)	Aggregate value of all interested person transactions conducted under unitholders' mandate pursuant to Rule 920 (excluding transactions less than S\$100,000)
Bowsprit Capital Corporation Limited		
- Manager's management fees	S\$10,877,000	-
- acquisition fees	S\$555,000	-
HSBC Institutional Trust Services (Singapore) Limited		
- Trustee's fees	S\$405,000	-
PT Lippo Karawaci TBK and its subsidiaries		
- Rental income	S\$91,957,000	-

Saved as disclosed above, there will no additional interested person transactions (excluding transactions of less than S\$100,000 each) entered into during the financial year under review or any material contracts entered into by the Trust that involved the interests of the CEO, any Director or any controlling shareholder of the Trust.

Fees payable to the Manager in accordance with the terms and conditions of the Trust Deed dated 19 October 2016 (subsequently amended by First Supplemental Deed dated, Second Supplemental Deed dated 19 April 2010, Third Supplemental Deed dated 26 April 2011, Fourth Supplemental Deed dated 1 April 2013 and First Amending and Restating Deed dated 23 March 2016 and Supplemental Deed dated 1 November 2017) are not subject to Rules 905 and 906 of the SGX-ST's Listing Manual. Accordingly, such fees are not subject to aggregation and other requirements under Rules 905 and 906 of the SGX-ST's Listing Manual.

Please see significant related party transactions on Note 3 in the financial statements.

Subscription of the Trust Units

During the financial year ended 31 December 2017, 5,313,865 new units and 361,838 new units were issued as payment of management fees and acquisition fee.

STATISTICS OF UNITHOLDINGS

AS AT 8 MARCH 2018

DISTRIBUTION OF UNITHOLDINGS

Size of Unitholdings	Number of Unitholders	%	Number of Units	%
1 - 99	211	2.33	8,956	0.00
100 - 1,000	661	7.31	505,994	0.07
1,001 - 10,000	4,741	52.44	25,314,336	3.23
10,001 - 1,000,000	3,398	37.59	163,737,875	20.90
1,000,001 and above	30	0.33	593,699,088	75.80
TOTAL	9,041	100.00	783,266,249	100.00

TWENTY LARGEST UNITHOLDERS

No.	Name of Unitholders	Number of Units	%
1.	OCBC SECURITIES PRIVATE LIMITED	170,512,048	21.77
2.	DB NOMINEES (SINGAPORE) PTE LTD	91,792,013	11.72
3.	CITIBANK NOMINEES SINGAPORE PTE LTD	61,483,840	7.85
4.	DBS NOMINEES (PRIVATE) LIMITED	59,154,772	7.55
5.	BOWSPRIT CAPITAL CORPORATION LIMITED	47,633,431	6.08
6.	UOB KAY HIAN PRIVATE LIMITED	39,502,190	5.04
7.	HSBC (SINGAPORE) NOMINEES PTE LTD	27,272,798	3.48
8.	RAFFLES NOMINEES (PTE) LIMITED	21,668,737	2.77
9.	DBSN SERVICES PTE. LTD.	12,974,341	1.66
10.	UNITED OVERSEAS BANK NOMINEES (PRIVATE) LIMITED	10,274,208	1.31
11.	BPSS NOMINEES SINGAPORE (PTE.) LTD.	7,237,452	0.92
12.	OCBC NOMINEES SINGAPORE PRIVATE LIMITED	6,096,650	0.78
13.	CGS-CIMB SECURITIES (SINGAPORE) PTE. LTD.	5,756,305	0.73
14.	PHILLIP SECURITIES PTE LTD	4,192,168	0.54
15.	MAYBANK KIM ENG SECURITIES PTE. LTD.	2,927,558	0.37
16.	BMT AC ESTATE OF MSE ANGULLIA DECEASED WAKAFF CLAUSE 7 TRUST	2,659,652	0.34
17.	ABN AMRO CLEARING BANK N.V.	2,346,782	0.30
18.	TEH KIU CHEONG @TEONG CHENG @ CHENG CHIU CHANG	2,317,683	0.30
19.	DBS VICKERS SECURITIES (SINGAPORE) PTE LTD	2,191,171	0.28
20.	LOW SENG JOO	2,000,010	0.26
	TOTAL	579,993,809	74.05

STATISTICS OF UNITHOLDINGS

AS AT 8 MARCH 2018

SUBSTANTIAL UNITHOLDERS

(As recorded in the Register of Substantial Unitholders' Unitholdings as at 8 March 2018)

No.	Name of Unitholders	No. of Units Direct Interest	No. of Units Deemed Interest
1.	Bridgewater International Ltd	167,187,367	-
2.	PT Sentra Dwimandiri	-	167,187,367 ⁽¹⁾
3.	PT Lippo Karawaci Tbk ("LPKR")	-	218,820,798 ⁽²⁾
4.	PT Inti Anugerah Pratama ("PT IAP")	-	218,820,798 ⁽³⁾
5.	PT Trijaya Utama Mandiri ("PT TUM")	-	218,820,798 ⁽³⁾
6.	James Tjahaja Riady ("JTR")	-	218,820,798 ⁽³⁾
7.	Bowsprit Capital Corporation Limited	51,633,431	-

Notes:

- PT Sentra Dwimandiri is deemed to be interested in 167,187,367 Units held by its subsidiary, Bridgewater International Ltd.
- LPKR is deemed to be interested in (i) 167,187,367 Units held by its indirect wholly-owned subsidiary, Bridgewater International Ltd; and (ii) 51,633,431 Units held by its wholly-owned subsidiary, Bowsprit Capital Corporation Limited.
- JTR is the sole shareholder of PT TUM, which in turn holds 60% interest in PT IAP. PT IAP directly holds 23.56% interest in LPKR and indirectly holds 10.93% interest in LPKR. Therefore, JTR, PT TUM and PT IAP are deemed to be interested in LPKR's interest.

MANAGER'S DIRECTORS' UNITHOLDINGS

(As recorded in the Register of Directors' Unitholdings as at 21 January 2018)

	No. of Units Direct Interest	No. of Units Deemed Interest
1. Tan Kok Mian Victor	51,755	-

FREE FLOAT

Based on the information made available to the Manager as at 8 March 2018, approximately 72.06% of the Units in First REIT are held in hands of the Public. Accordingly, First REIT is in compliance with Rule 723 of the Listing Manual of the SGX-ST.

TREASURY UNITS AND SUBSIDIARY HOLDINGS

As at 8 March 2018, First REIT does not hold any treasury units and there is no subsidiary holding.

NOTICE OF ANNUAL GENERAL MEETING

FIRST REAL ESTATE INVESTMENT TRUST

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

NOTICE IS HEREBY GIVEN that the Ninth Annual General Meeting ("**AGM**") of the holders of units of First Real Estate Investment Trust ("**First REIT**", and the holders of units of First REIT, the "**Unitholders**") will be held at Mandarin Ballroom III, Level 6, Main Tower, Mandarin Orchard Singapore, 333 Orchard Road, Singapore 238867 on Monday, 23 April 2018 at 9:30 a.m. to transact the following business:

(A) AS ORDINARY BUSINESS

1. To receive and adopt the Statement of Perpetual (Asia) Limited, as trustee of First REIT (the "**Trustee**"), the Statement by Bowsprit Capital Corporation Limited, as manager of First REIT (the "**Manager**") and the Audited Financial Statements of First REIT for the financial year ended 31 December 2017 together with the Auditors' Report thereon. **(Ordinary Resolution 1)**
2. To re-appoint RSM Chio Lim LLP as Auditors of First REIT and to hold office until the conclusion of the next AGM and to authorise the Manager to fix their remuneration. **(Ordinary Resolution 2)**

(B) AS SPECIAL BUSINESS

To consider and if thought fit, to pass, with or without any modifications, the following resolution as an Ordinary Resolution:

3. That pursuant to Clause 5 of the trust deed constituting First REIT (as amended) (the "**Trust Deed**") and the listing rules of Singapore Exchange Securities Trading Limited (the "**SGX-ST**"), the Manager be authorised and empowered to: **(Ordinary Resolution 3)**
 - (a) (i) issue units in First REIT ("**Units**") whether by way of rights, bonus or otherwise; and/or
 - (ii) make or grant offers, agreements or options (collectively, "**Instruments**") that might or would require Units to be issued, including but not limited to the creation and issue of (as well as adjustments to) options, warrants, debentures or other instruments convertible into Units,

at any time and upon such terms and conditions and for such purposes and to such persons as the Manager may in its absolute discretion deem fit; and

 - (b) issue Units in pursuance of any Instrument made or granted by the Manager while this Resolution was in force (notwithstanding that the authority conferred by this Resolution may have ceased to be in force at the time such Units are issued),

provided that:

- (1) the aggregate number of Units to be issued pursuant to this Resolution (including Units to be issued in pursuance of the Instruments made or granted pursuant to this Resolution) shall not exceed fifty per cent (50.0%) of the total number of issued Units (excluding treasury Units, if any) (as calculated in accordance with sub-paragraph (2) below), of which the aggregate number of Units to be issued other than on a pro rata basis to existing Unitholders (including Units to be issued in pursuance of Instruments to be made or granted pursuant to this Resolution) shall not exceed twenty per cent (20.0%) of the total number of issued Units (excluding treasury Units, if any) (as calculated in accordance with sub-paragraph (2) below);

NOTICE OF ANNUAL GENERAL MEETING

- (2) subject to such manner of calculation as may be prescribed by the SGX-ST, for the purpose of determining the aggregate number of Units and Instruments that may be issued under sub-paragraph (1) above, the percentage of issued Units and Instruments shall be based on the total number of issued Units (excluding treasury Units, if any) at the time of the passing of this Resolution, after adjusting for:
 - (a) any new Units arising from the conversion or exercise of the Instruments or any convertible securities which are outstanding or subsisting at the time of the passing of this Resolution; and
 - (b) any subsequent bonus issue, consolidation or subdivision of Units;
- (3) in exercising the authority conferred by this Resolution, the Manager shall comply with the provisions of the Listing Manual of the SGX-ST for the time being in force (unless such compliance has been waived by the SGX-ST) and the Trust Deed constituting First REIT (as amended) for the time being in force (unless otherwise exempted or waived by the Monetary Authority of Singapore);
- (4) unless revoked or varied by Unitholders in a general meeting of First REIT, the authority conferred by this Resolution shall continue in force (i) until (a) the conclusion of the next AGM of First REIT or (b) the date by which the next AGM of First REIT is required by the applicable laws and regulations or the Trust Deed to be held, whichever is earlier or (ii) in the case of Units to be issued in pursuance of the Instruments, made or granted pursuant to this Resolution, until the issuance of such Units in accordance with the terms of the Instruments;
- (5) where the terms of the issue of the Instruments provide for adjustment to the number of Instruments or Units into which the Instruments may be converted in the event of rights, bonus or other capitalisation issues or any other events, the Manager is authorised to issue additional Instruments or Units pursuant to such adjustment notwithstanding that the authority conferred by this Resolution may have ceased to be in force at the time the Instruments or Units are issued; and
- (6) the Manager and the Trustee be and are hereby severally authorised to complete and do all such acts and things (including executing all such documents as may be required) as the Manager or, as the case may be, the Trustee may consider expedient or necessary or in the interest of First REIT to give effect to the authority conferred by this Resolution.

(Please see Explanatory Note)

4. That:

- (a) approval be and is hereby given to amend the Trust Deed to include provisions regarding electronic communications of notices and documents to Unitholders in the manner set out in Annex A of the appendix to the Notice of Annual General Meeting (the **"Appendix"**) dated 29 March 2018 (the **"Proposed Electronic Communications Trust Deed Supplement"**); and

**(Extraordinary
Resolution 4)**

NOTICE OF ANNUAL GENERAL MEETING

- (b) the Manager and the Trustee be and are hereby severally authorised to complete and do all such acts and things (including executing all such documents as may be required) as the Manager or, as the case may be, the Trustee, may consider expedient or necessary or in the interests of First REIT to give effect to the Proposed Electronic Communications Trust Deed Supplement.

(Please see Explanatory Note)

By Order of the Board
Bowsprit Capital Corporation Limited
as Manager of First Real Estate Investment Trust
Company Registration No. 200607070D

Victor Lai Kuan Loong
Company Secretary
Singapore
29 March 2018

Explanatory Note:

Resolution 3

If passed, will empower the Manager from the date of this AGM until (i) the conclusion of the next AGM of the Unitholders of First REIT, or (ii) the date by which the next AGM of the Unitholders of First REIT is required by the applicable laws and regulations or the Trust Deed to be held, or (iii) such authority is varied or revoked by the Unitholders in a general meeting, whichever is the earliest, to issue Units, make or grant Instruments and to issue Units pursuant to such Instruments, up to a number not exceeding, in total, fifty per cent (50.0%) of the total number of issued Units (excluding treasury Units, if any), with a sub-limit of twenty per cent (20.0%) for issues other than on a pro rata basis to Unitholders.

For the purpose of determining the aggregate number of Units that may be issued, the percentage of issued Units will be calculated based on the total number of issued Units (excluding treasury Units, if any) at the time this Ordinary Resolution is passed, after adjusting for new Units arising from the conversion or exercise of any Instruments which are outstanding or subsisting at the time when this Ordinary Resolution is passed and any subsequent bonus issue, consolidation or subdivision of Units.

Resolution 4

In connection with the amendments to the Companies Act, Chapter 50 of Singapore (the “**Companies Act**”), companies are allowed to send notices and documents electronically to their shareholders with the express, deemed or implied consent (the “**Deemed Consent Regime**” and the “**Implied Consent Regime**”, respectively) of the shareholders if the constitution of the company provides for it and the specified modes of electronic communications are set out in the constitution of the company (the “**Companies Act Electronic Communications Amendments**”). The SGX-ST has recently amended the listing rules of the SGX-ST (the “**Listing Rules**”) to align the Listing Rules with the Companies Act Electronic Communications Amendments, with issuers allowed to transmit certain types of notices and documents to shareholders (or unitholders, in the case of a listed real estate investment trust (“**REIT**”) such as First REIT) electronically with the express, deemed or implied consent of shareholders.

NOTICE OF ANNUAL GENERAL MEETING

Although First REIT is not bound by the Companies Act, it is nonetheless bound by the Listing Rules as a listed REIT. Accordingly, the Manager proposes to amend the Trust Deed to adopt certain provisions of the Listing Rules to implement the Implied Consent Regime and the Deemed Consent Regime and allow for such electronic transmission of notices and documents in relation to First REIT.

(See the Appendix in relation to the Proposed Electronic Communications Trust Deed Supplement for further details.)

Important Notice:

1. A Unitholder who is not a relevant intermediary and entitled to attend and vote at the AGM is entitled to appoint one or two proxies to attend and vote in his or her stead. A proxy need not be a Unitholder. Where a Unitholder appoints more than one proxy, the appointments shall be invalid unless he or she specifies the proportion of his or her holding (expressed as a percentage of the whole) to be represented by each proxy.
2. A Unitholder who is a relevant intermediary entitled to attend and vote at the AGM is entitled to appoint more than two proxies to attend and vote instead of the Unitholder, but each proxy must be appointed to exercise the rights attached to a different Unit or Units held by such Unitholder. Where such Unitholder appoints more than one proxy, the appointment shall be invalid unless the Unitholder specifies the number of Units in relation to which each proxy has been appointed in the Proxy Form (defined below).

"Relevant intermediary" means:

 - (a) a banking corporation licensed under the Banking Act, Chapter 19 of Singapore, or a wholly-owned subsidiary of such a banking corporation, whose business includes the provision of nominee services and who holds Units in that capacity;
 - (b) a person holding a capital markets services licence to provide custodial services for securities under the Securities and Futures Act, Chapter 289 of Singapore, and who holds Units in that capacity; or
 - (c) the Central Provident Fund Board ("**CPF Board**") established by the Central Provident Fund Act, Chapter 36 of Singapore, in respect of Units purchased under the subsidiary legislation made under that Act providing for the making of investments from the contributions and interest standing to the credit of members of the Central Provident Fund, if the CPF Board holds those Units in the capacity of an intermediary pursuant to or in accordance with that subsidiary legislation.
3. The instrument appointing a proxy or proxies (the "**Proxy Form**") must be deposited at the Unit Registrar's Office at Boardroom Corporate & Advisory Services Pte. Ltd. at 50 Raffles Place, #32-01 Singapore Land Tower, Singapore 048623 not less than seventy-two (72) hours before the time appointed for holding the AGM.

Personal data privacy:

By submitting an instrument appointing a proxy(ies) and/or representative(s) to attend, speak and vote at the AGM and/or any adjournment thereof, a Unitholder (i) consents to the collection, use and disclosure of the Unitholder's personal data by First REIT (or its agents) for the purpose of the processing and administration by First REIT (or its agents) of proxies and representatives appointed for the AGM (including any adjournment thereof) and the preparation and compilation of the attendance lists, minutes and other documents relating to the AGM (including any adjournment thereof), and in order for First REIT (or its agents) to comply with any applicable laws, listing rules, regulations and/or guidelines (collectively, the "**Purposes**"), (ii) warrants that where the Unitholder discloses the personal data of the Unitholder's proxy(ies) and/or representative(s) to First REIT (or its agents), the Unitholder has obtained the prior consent of such proxy(ies) and/or representative(s) for the collection, use and disclosure by First REIT (or its agents) of the personal data of such proxy(ies) and/or representative(s) for the Purposes, and (iii) agrees that the Unitholder will indemnify First REIT (or its agents) in respect of any penalties, liabilities, claims, demands, losses and damages as a result of the Unitholder's breach of warranty.

PROXY FORM

ANNUAL GENERAL MEETING

(Please see notes overleaf before completing this Form)

FIRST REAL ESTATE INVESTMENT TRUST

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

IMPORTANT:

1. A relevant intermediary may appoint more than two proxies to attend and vote at the Annual General Meeting (please see Note 2 for the definition of "relevant intermediary").
2. For investors who have used their CPF monies to buy units in First Real Estate Investment Trust, this Report is forwarded to them at the request of the CPF Approved Nominees and is sent **FOR INFORMATION ONLY**.
3. This Proxy Form is not valid for use by CPF investors and shall be ineffective for all intents and purposes if used or purported to be used by them.
4. **PLEASE READ THE NOTES TO THE PROXY FORM.**

Personal data privacy

By submitting an instrument appointing a proxy(ies) and/or representative(s), the Unitholder accepts and agrees to the personal data privacy terms set out in the Notice of Annual General Meeting dated 29 March 2018.

I/We, ... NRIC/Passport No.

of

being a Unitholder/Unitholders of First Real Estate Investment Trust ("**First REIT**"), hereby appoint:

Name	NRIC/Passport No.	Proportion of Unitholdings	
		No. of Units	%
Address			

and/or (delete as appropriate)

Name	NRIC/Passport No.	Proportion of Unitholdings	
		No. of Units	%
Address			

or failing the person, or either or both of the persons, referred to above, the Chairman of the Meeting as my/our proxy/proxies to vote for me/us on my/our behalf at the Ninth Annual General Meeting (the "**Meeting**") of Unitholders of First REIT to be held at Mandarin Ballroom III, Level 6, Main Tower, Mandarin Orchard Singapore, 333 Orchard Road, Singapore 238867 on Monday, 23 April 2018 at 9:30 a.m. and at any adjournment thereof. I/We direct my/our proxy/proxies to vote for or against the Resolutions proposed at the Meeting as indicated hereunder. If no specific direction as to voting is given or in the event of any other matter arising at the Meeting and at any adjournment thereof, the proxy/proxies will vote or abstain from voting at his/her/their discretion.

No.	Resolutions	No. of votes 'For'*	No. of votes 'Against'*
ORDINARY BUSINESS			
1	To receive and adopt the Statement of the Trustee, the Statement by the Manager, the Audited Financial Statements of First REIT for the financial year ended 31 December 2017 and the Auditors' Report thereon (Ordinary Resolution)		
2	To re-appoint RSM Chio Lim LLP as Auditors of First REIT and to authorise the Manager to fix the Auditors' remuneration (Ordinary Resolution)		
SPECIAL BUSINESS			
3	To authorise the Manager to issue new Units and to make or grant convertible instruments (Ordinary Resolution)		
4	To approve the Proposed Electronic Communications Trust Deed Supplement (Extraordinary Resolution)		

* If you wish to exercise all your votes 'For' or 'Against', please tick (✓) within the box provided. Alternatively, please indicate the number of votes as appropriate.

Dated this day of 2018

Total number of Units held:

.....
Signature of Unitholder(s) / Common Seal of Corporate Unitholder

IMPORTANT: PLEASE READ THE NOTES TO PROXY FORM BELOW

Notes to the Proxy Form:

1. A Unitholder of First REIT ("**Unitholder**") who is not a relevant intermediary and entitled to attend and vote at the Meeting is entitled to appoint one or two proxies to attend and vote in his or her stead. A proxy need not be a Unitholder. Where a Unitholder appoints more than one proxy, the appointments shall be invalid unless he or she specifies the proportion of his or her holding (expressed as a percentage of the whole) to be represented by each proxy.
2. A Unitholder who is a relevant intermediary entitled to attend and vote at the Meeting is entitled to appoint more than two proxies to attend and vote instead of the Unitholder, but each proxy must be appointed to exercise the rights attached to a different Unit or Units held by such Unitholder. Where such Unitholder appoints more than one proxy, the appointments shall be invalid unless the Unitholder specifies the number of Units in relation to which each proxy has been appointed in the Proxy Form (defined below).

"Relevant intermediary" means:

 - (a) a banking corporation licensed under the Banking Act, Chapter 19 of Singapore, or a wholly-owned subsidiary of such a banking corporation, whose business includes the provision of nominee services and who holds Units in that capacity;
 - (b) a person holding a capital markets services licence to provide custodial services for securities under the Securities and Futures Act, Chapter 289 of Singapore, and who holds Units in that capacity; or
 - (c) the Central Provident Fund Board ("**CPF Board**") established by the Central Provident Fund Act, Chapter 36 of Singapore, in respect of Units purchased under the subsidiary legislation made under that Act providing for the making of investments from the contributions and interest standing to the credit of members of the Central Provident Fund, if the CPF Board holds those Units in the capacity of an intermediary pursuant to or in accordance with that subsidiary legislation.
3. A Unitholder should insert the total number of Units held in the Proxy Form. If the Unitholder has Units entered against his or her name in the Depository Register maintained by The Central Depository (Pte) Limited ("**CDP**"), he or she should insert that number of Units. If the Unitholder has Units registered in his or her name in the Register of Unitholders, he or she should insert that number of Units. If the Unitholder has Units entered against his or her name in the said Depository Register and Units registered in his or her name in the Register of Unitholders, he or she should insert the aggregate number of Units entered against his or her name in the Depository Register and registered in his or her name in the Register of Unitholders. If no number is inserted, the Proxy Form will be deemed to relate to all the Units held by the Unitholder.

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4. The instrument appointing a proxy or proxies (the "**Proxy Form**") must be deposited at the Unit Registrar's Office at Boardroom Corporate & Advisory Services Pte. Ltd. at 50 Raffles Place, #32-01 Singapore Land Tower, Singapore 048623 not less than 72 hours before the time appointed for holding the Meeting.
5. The Proxy Form must be executed under the hand of the appointor or of his or her attorney duly authorised in writing. Where the Proxy Form is executed by a corporation, it must be executed either under its common seal or under the hand of an officer or attorney duly authorised. Where the Proxy Form is executed by an attorney on behalf of the appointor, the letter or power of attorney or a notarially certified copy thereof must be lodged with the Proxy Form, failing which the Proxy Form may be treated as invalid.
6. Completion and return of this Proxy Form shall not preclude a Unitholder from attending and voting at the Meeting. Any appointment of a proxy or proxies shall be deemed to be revoked if a Unitholder attends the Meeting in person, and in such event, the Manager reserves the right to refuse to admit any person or persons appointed under the Proxy Form to the Meeting.
7. The Manager shall have the right to reject any Proxy Form which is incomplete, improperly completed or illegible or where the true intentions of the appointor are not ascertainable from the instructions of the appointor specified on the Proxy Form. In addition, in the case of Units entered in the Depository Register, the Manager (a) may reject any Proxy Form if the Unitholder, being the appointor, is not shown to have Units entered against his or her name in the Depository Register as at 72 hours before the time appointed for holding the Meeting, as certified by CDP to the Manager; and (b) shall be entitled and bound to accept as accurate the number of Units entered against the name of that Unitholder as shown in the Depository Register as at a time not earlier than 72 hours prior to the time of the Meeting, supplied by CDP to the Trustee and to accept as the maximum number of votes which in aggregate that Unitholder and his proxy/ies (if any) are able to cast on poll a number which is the number of Units entered against the name of that Unitholder as shown in the Depository Register, whether that number is greater or smaller than that specified by the Unitholder or in the Proxy Form.
8. All Unitholders will be bound by the outcome of the Meeting regardless of whether they have attended or voted at the Meeting.
9. On a poll, every Unitholder who is present in person or by proxy shall have one vote for every Unit of which he or she is a Unitholder. There shall be no division of votes between a Unitholder who is present and voting at the Meeting and his or her proxy(ies). A person entitled to more than one vote need not use all his or her votes or cast them the same way.

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Affix
Postage
Stamp

The Company Secretary
Bowsprit Capital Corporation Limited
(as manager of First Real Estate Investment Trust)
c/o Boardroom Corporate & Advisory Services Pte. Ltd.
50 Raffles Place
#32-01 Singapore Land Tower
Singapore 048623

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www.first-reit.com

Managed by:

Bowsprit Capital

BOWSPRIT CAPITAL CORPORATION LIMITED

50 Collyer Quay, #06-01 OUE Bayfront, Singapore 049321
Tel: (65) 6435 0168 | Fax: (65) 6435 0167



In line with First REIT's commitment to sustainability, this annual report has been printed on paper with a high recycled content.