

ACHIEVED **26.8%** TOTAL RETURN
FOR FY 2014 AND **RECORD DPU**
OF **8.05** CENTS

ANNUAL REPORT 2014



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**ACHIEVED 26.8%
TOTAL RETURN FOR
FY 2014 AND RECORD
DPU OF 8.05 CENTS**

FY 2014 has proven to be a significant year for First REIT. The Trust delivered its strongest financial performance on the back of new acquisitions and higher contributions from existing properties. It also achieved the highest annualised distribution per unit of 8.05 cents since its listing on SGX in 2006. According to the SGX My Gateway Market Update on 5 January 2015, First REIT generated a total return of 26.8% for 2014 and was ranked the fifth top performer amongst the 34 trusts listed on SGX. Going forward, the Trust is committed to continue with this growth momentum and to deliver increasing returns to Unitholders.

In line with our commitment to reduce paper wastage and energy consumption, please support us by bringing along this Annual Report to the Annual General Meeting scheduled on 30 April 2015. You may also access the online version of this Annual Report at <http://www.first-reit.com>.

When it comes to saving the environment, every little step counts.

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, the Trust has a current asset portfolio of 16 properties across Asia, with assets-under-management of S\$1.17 billion. These include 12 properties in Indonesia comprising hospitals, a hotel & country club and an integrated hospital & hotel, 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., 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., First REIT's Sponsor, which has a strong pipeline of 30 hospitals to which First REIT has the right-of-first-refusal for the purpose of acquisition.

S\$1.17 billion

TOTAL ASSETS-UNDER-MANAGEMENT

251,339 sqm

TOTAL GFA OF PROPERTIES

100%

TOTAL COMMITTED OCCUPANCY

4,224

TOTAL NO. OF BEDS / SALEABLE ROOMS

11.2 years

WEIGHTED AVERAGE LEASE EXPIRY

101.81 S¢

NET ASSET VALUE PER UNIT



AT A GLANCE

01 BLUE-CHIP SPONSOR WITH STRONG PIPELINE

- Our Sponsor, Lippo Karawaci, Indonesia's largest property group, has a strong pipeline of 30 healthcare properties operated by PT Siloam International Hospitals Tbk., which is listed on the Indonesia Stock Exchange and the largest and most prominent hospital group in Indonesia
- First REIT has the right-of-first-refusal to Lippo Karawaci's healthcare properties

02 DIVERSIFIED PORTFOLIO OF 16 PROPERTIES VALUED AT S\$1.17 BILLION

- **Indonesia :**
10 hospitals, 1 integrated hotel & hospital and 1 hotel & country club
- **Singapore :**
3 nursing homes
- **South Korea :**
1 hospital

03 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 offers the largest rehabilitation treatment and nursing healthcare services in Yeosu City in South Korea

04 TRIPLE-NET LEASES DENOMINATED IN SGD AND USD

- Leases for Singapore and Indonesia properties are denominated in Singapore Dollar so rental income from Indonesia properties are relatively unaffected by Rupiah fluctuations
- Lease for South Korea property is denominated in US Dollar
- Master Lessees bear all operating costs relating to the properties including maintenance, insurance and certain taxes

05 STABLE AND STRONG DISTRIBUTION MODEL

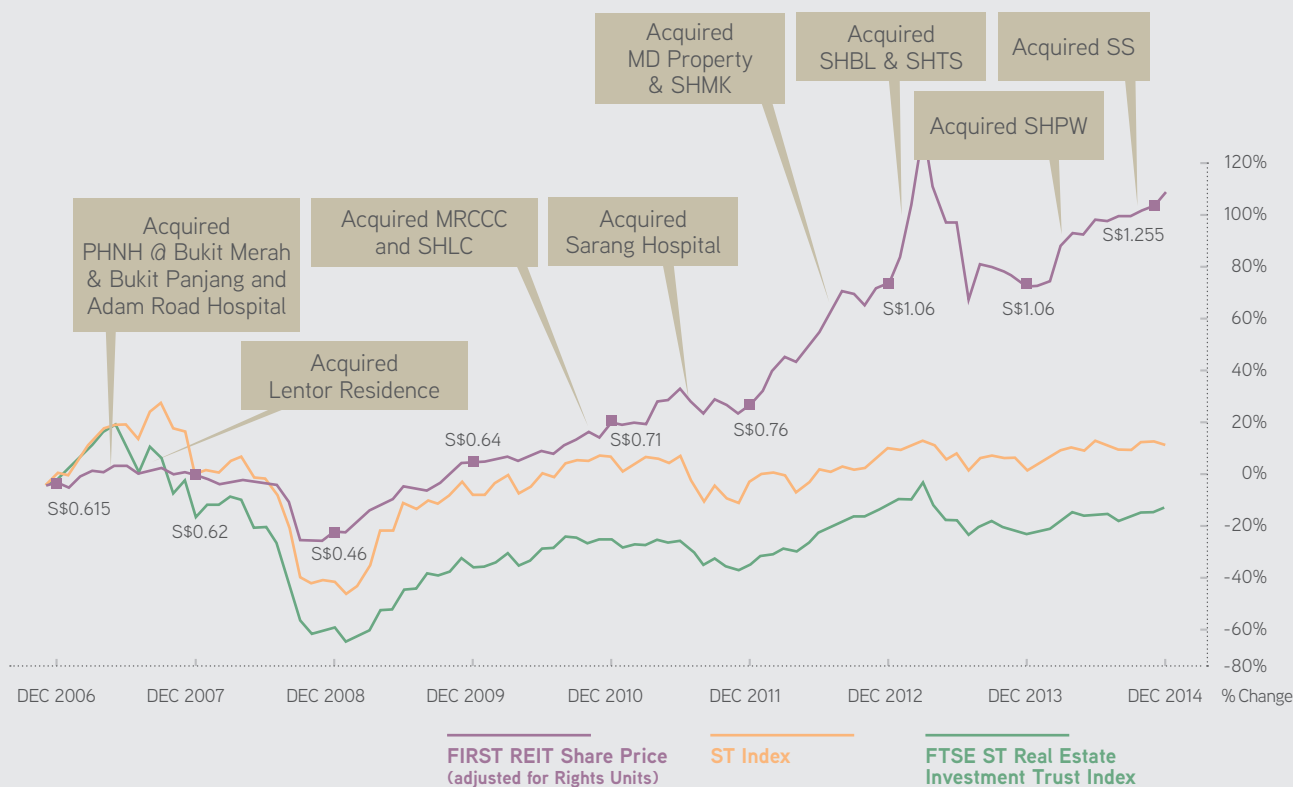
- Stable cash distributions and committed to distribute 100% of taxable income

06 WELL-DEFINED ACQUISITION STRATEGY

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

FINANCIAL HIGHLIGHTS

SHARE PRICE PERFORMANCE FIRST REIT VS BENCHMARK INDICES



UNIT PRICE PERFORMANCE

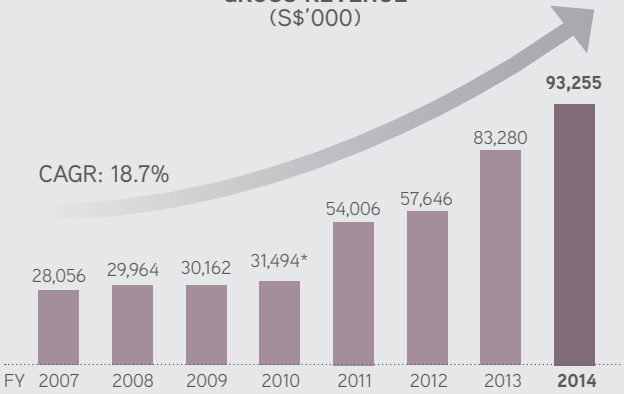
	2014
IPO Offering Price (Dec 2006)	S\$0.710
As at last trading day of the year	S\$1.255
Highest	S\$1.280
Lowest	S\$1.020
Trading Volume (million units)	95.524

As at 31 December 2014

Number of Units in Issue	731,702,488
Market Capitalisation	S\$918.29 million

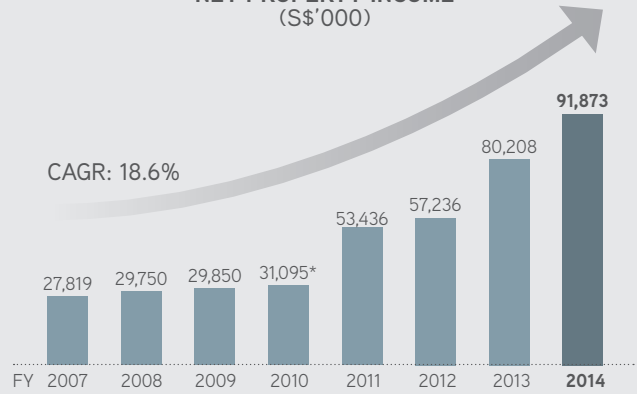
FINANCIAL HIGHLIGHTS

GROSS REVENUE
(S\$'000)



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

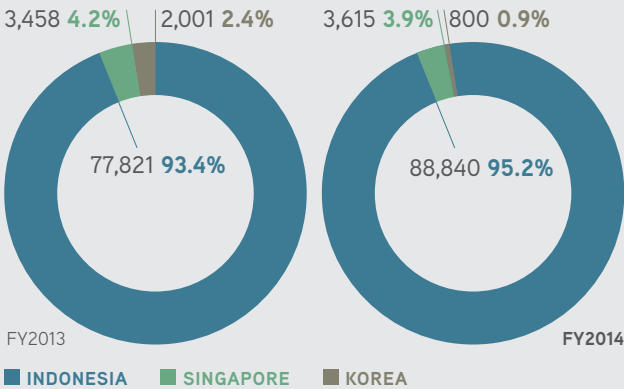
NET PROPERTY INCOME
(S\$'000)



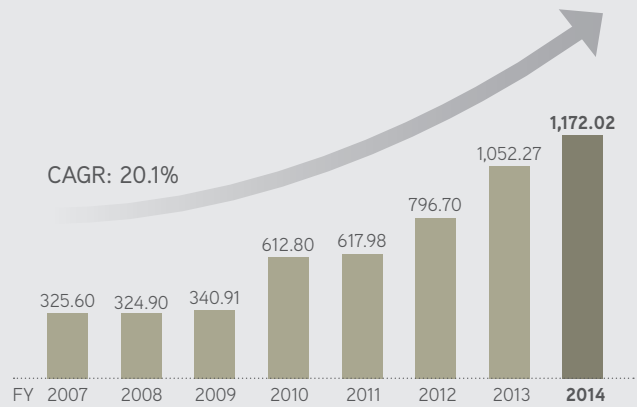
* Includes deferred rental income from Adam Road property as at 31 December 2010, which was divested on 25 March 2011

RENTAL INCOME

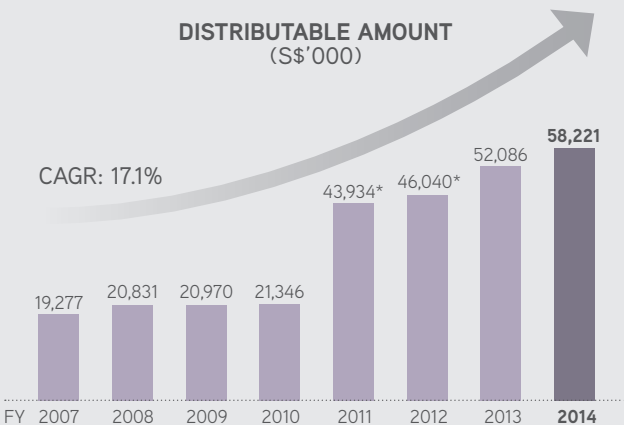
Breakdown by Geography (S\$'000)



ASSETS-UNDER-MANAGEMENT
(S\$ million)

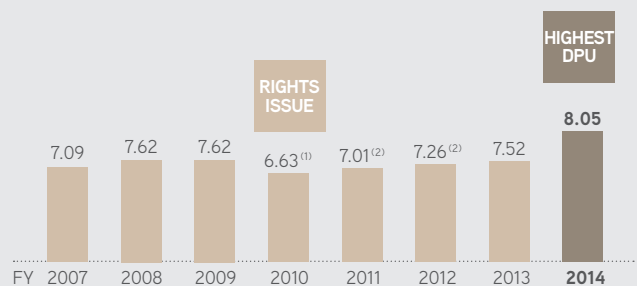


DISTRIBUTABLE AMOUNT
(S\$'000)



* 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

BALANCE SHEET

S\$'000	As at 31 Dec 2014	As at 31 Dec 2013
Total Assets	1,212,385	1,108,533
Total Liabilities	467,435	425,634
Unitholders' Funds	744,950	682,899
NAV Per Unit	101.81¢	96.64¢

GEARING

	As at 31 Dec 2014	As at 31 Dec 2013
Total Debt*	S\$401.3 million	S\$357.8 million
Interest Cover	5.3 times	5.7 times
Debt-to-Property	33.1%	32.3%

* Before transaction costs

EARNINGS PER UNIT

	As at 31 Dec 2014	As at 31 Dec 2013
Earnings Per Unit	12.59¢	16.99¢
Number of Units	731,702,488	706,629,453
Weighted Average No. of Units	719,509,561	693,448,811

RENTAL INCOME

TENANT	%
PT Lippo Karawaci Tbk.	88.42
PT East Jakarta Medika (Subsidiary of PT Lippo Karawaci Tbk.)	4.72
PT Metropolis Propertindo Utama	2.14
First Lentor Residence Pte. Ltd.	1.61
Pacific Healthcare Nursing Home Pte. Ltd.	1.18
Pacific Eldercare and Nursing Pte. Ltd.	1.07
Dr. Park Ki Ju	0.86



ALBERT SAYCHUAN CHEOK
CHAIRMAN

DR RONNIE TAN KEH POO
CHIEF EXECUTIVE OFFICER

JOINT CHAIRMAN & CEO MESSAGE

DEAR UNITHOLDERS

On behalf of the Board, we are pleased to report excellent results for financial year ended 31 December 2014 ("FY 2014"). The Trust has sustained strong steady growth since our listing on the Singapore Exchange ("SGX") in 2006. Our well tested resilient business model, with a keen focus on growing our portfolio through acquisition and prudent capital management, have enabled us to deliver increasing returns to our Unitholders.

In FY 2013, the Trust achieved its target of amassing over S\$1 billion in asset value, which we have continued to bolster in FY 2014 with the acquisitions of two high-quality hospitals in Indonesia, concluding the year with 16 assets-under-management. In addition, we also recorded our highest annualised distribution per unit ("DPU") of 8.05 cents in FY 2014, a 7.0% increase from 7.52 cents in FY 2013.

Based on a SGX My Gateway report published on 5 January 2015, First REIT generated a total return of 26.8% for 2014. This was attributable to the significant growth in our portfolio and distributable income since our IPO. We are extremely proud of this achievement and will endeavour to continue with this growth momentum.

Our well tested resilient business model, with a keen focus on growing our portfolio through acquisition and prudent capital management, have enabled us to deliver increasing returns to our Unitholders.



Siloam Hospitals Purwakarta

FINANCIAL REVIEW

For the year under review, First REIT's distributable income rose 11.8% to S\$58.2 million from S\$52.1 million in FY 2013. Net property income jumped 14.5% to S\$91.9 million from S\$80.2 million, boosted by a 12.0% increase in gross revenue to S\$93.3 million from S\$83.3 million of the preceding year.

The growth was attributable to contributions from newly acquired properties in the last two years, Siloam Hospitals Bali ("SHBL"), Siloam Hospitals TB Simatupang ("SHTS") and Siloam Hospitals Purwakarta ("SHPW"), as well as higher contributions from existing properties in Singapore and Indonesia.

The Trust maintained an attractive yield of 6.4% based on closing price of S\$1.255 as at 31 December 2014. Net Asset Value per unit increased 5.3% to 101.81 cents as at 31 December 2014 from 96.64 cents as at 31 December 2013.

BROADENING ASSET BASE

Our strategic focus of acquiring yield-accretive healthcare assets has continued to be our pillar of growth and success. Following the acquisitions of SHBL and SHTS in FY 2013, First REIT broadened our asset base further in FY 2014 with the addition of two premium healthcare assets in Indonesia, SHPW and Siloam Sriwijaya ("SS").

Bucking the trend from previous acquisitions in Indonesia, which had relied on acquiring assets from our Sponsor, both of these new properties were acquired from an unrelated

party, PT Metropolis Propertindo Utama. But these two new properties are operated by PT Siloam International Hospitals Tbk. ("Siloam"), a listed subsidiary of our Sponsor, PT Lippo Karawaci Tbk. ("Lippo Karawaci").

These new acquisitions have increased our portfolio to 16 properties and boosted our assets-under-management value by 11.4% to S\$1.17 billion as at 31 December 2014 from S\$1.05 billion as at 31 December 2013. Correspondingly, total gross floor area rose 10.5% to 251,339 square metres and the maximum number of hospital beds and hotel rooms increased 15.3% to 4,224.

SHPW, acquired in May 2014 for S\$31.0 million at an attractive 17.3% discount to valuation, is located in Purwakarta, West Java. The city, with a population of almost 1.0 million, has a growing manufacturing, trading and agricultural market. SHPW is a 203-bed hospital and a Centre of Excellence for emergency and trauma, and is also registered to treat patients under the Health Ministry's Social Security Management Agency Program. It is therefore well-positioned to cater to the burgeoning middle income group in the residential and industrial areas of the city.

The acquisition of SS was concluded towards the end of December 2014. It was purchased for S\$39.16 million with an expected initial base rent of approximately S\$3.9 million, offering an attractive initial gross rental yield of 9.95%. This is the Trust's first hospital in the South Sumatra province, which will help to enhance the diversification of our portfolio across locations.

JOINT CHAIRMAN & CEO MESSAGE

SS is part of an integrated development with 800 parking lots comprising a hospital and a shopping mall, located in Palembang City, which is the second largest city in Sumatra and seventh largest in Indonesia. A Centre of Excellence for emergency and trauma, and well-equipped with state-of-the-art medical equipment, SS represents an attractive and good quality international standard hospital that is well-positioned to serve the middle to upper-middle income segment of the Palembang City.

ACTIVE CAPITAL MANAGEMENT

First REIT has adopted an active and prudent approach in managing our capital structure. Despite an increased asset size over the years and the addition of two new assets in FY 2014, the Trust has successfully managed to keep our debt-to-asset ratio at a healthy 33.1% as at 31 December 2014, below the regulatory limit of 35.0%.

Furthermore, to mitigate the impact of fluctuations in interest rates, 95% of our current debt is on a fixed rate basis. During the fiscal year, the Trust has also managed to secure four loan facilities. As such, First REIT has no refinancing needs until 2017.

Our distribution reinvestment plan ("DRP") established in January 2014 and applied to our distribution since 4Q 2013, has seen increasingly more Unitholders participating in this plan. We have raised a total of approximately S\$17.4 million from this DRP, which has been used to repay existing loans or for general working capital.

The Trust will continue to be active and prudent in the management of our debt profile and will explore various viable financial tools to fund our future acquisitions and cash flow requirements.

OUTLOOK

Going forward, Indonesia will continue to be our key focal market for growth. Although its economy grew at a moderate 5.3% in 2014, the slowest since 2009, its healthcare market remains robust and we are optimistic about the long-term potential of the new Indonesian President Joko Widodo's reform agenda.

According to market research firm Frost & Sullivan, the healthcare expenditure per capita in Indonesia is projected to increase from US\$109 to US\$237 in 2018, representing a year-on-year growth of close to 14%. This is far higher than the growth of healthcare expenditure in Asia Pacific, which is expected to increase only 4.8% for the same period.

The country also has one of the fastest growing private hospital sectors in the region. Its imports of medical equipment have also been on the rise since 2004 indicating underlying domestic demand. Favourable government policies, expanding disposable income, changing demographics and increasing chronic disease burden will also drive growth in private hospitals. Siloam, the largest and most prominent hospital group in Indonesia, is well-positioned to meet this growing demand.

First REIT currently owns 11 of the Siloam hospitals and our Sponsor has been actively strengthening its footprint in Indonesia with a strong pipeline of 30 high-quality hospitals to which the Trust has the right-of-first-refusal to acquire. Aside from Indonesia, we will also look at opportunities in other parts of Asia to diversify our asset base.

To optimise the values of existing properties, the Trust has also identified three properties in Indonesia for potential asset enhancement initiatives over the next few years. They are Siloam Hospitals Surabaya, Siloam Hospitals Kebon Jeruk and Imperial Aryaduta Hotel & Country Club, with Siloam Hospitals Surabaya likely to be the first initiative.

ACKNOWLEDGEMENT

FY 2014 has been a significantly successful year for First REIT and we are therefore proud of the developments and achievements that the Trust has been able to deliver for the year. We would like to take this opportunity to express our gratitude to all who have contributed to the growth of the Trust. Firstly, to our fellow Board of directors, management team and staff, we thank you for your commitment and dedication. To our Sponsor, business partners, bankers and tenants, we thank you for your unwavering support.

Most importantly, to our valued Unitholders, we thank you for your support and your trust in First REIT. We look forward to your continuing support and another rewarding year as we strive to continue to deliver increasing returns to you.

ALBERT SAYCHUAN CHEOK
Chairman

DR RONNIE TAN KEH POO
CEO

Bowsprit Capital Corporation Limited
As Manager of First REIT



Our strategic focus of acquiring **yield-accretive healthcare assets** has continued to be our pillar of **growth and success.**



Siloam Sriwijaya

BOARD OF DIRECTORS



from left:

FRONT ROW (Seated) **MR ALBERT SAYCHUAN CHEOK** *Independent Director and Chairman*
DR RONNIE TAN KEH POO *Director and Chief Executive Officer*

BACK ROW (Standing) **MR GOH TIAM LOCK** *Independent Director*
MR KETUT BUDI WIJAYA *Non-Executive Director*
MR WONG GANG *Independent Director*

MR ALBERT SAYCHUAN CHEOK*Independent Director and Chairman*

Mr Albert Saychuan Cheok is an Independent Director of the Manager and also the Chairman of the Board. He graduated from the University of Adelaide, Australia with First Class Honours in Economics. Mr Cheok is a Fellow of the Australian Institute of Certified Public Accountants. He is a banker with over 30 years experience in banking in the Asia-Pacific region.

Between May 1979 and February 1982, Mr Cheok was an Adviser to the Australian Government Inquiry into the Australian financial system that introduced comprehensive reforms to the Australian banking system. He was Chief Manager at the Reserve Bank of Australia from October 1988 to September 1989 before becoming the Deputy Commissioner of Banking of Hong Kong for about three and a half years. He was subsequently appointed as the Executive Director in charge of Banking Supervision at the Hong Kong Monetary Authority from April 1993 to May 1995. He was the Chairman of Bangkok Bank Berhad from September 1995 to November 2005 and Vice Chairman of the Export and Industry Bank of the Philippines from February 2006 to April 2012.

Mr Cheok is the Independent Non-Executive Chairman of Auric Pacific Group Limited, LMIRT Management Ltd (Manager of Lippo Malls Indonesia Retail Trust), International Standard Resources Holdings Limited and Amplefield Limited. Mr Cheok also holds Independent Non-Executive directorships in HongKong Chinese Limited, AcrossAsia Limited, Adavale Resources Limited, Metal Reclamation Berhad and Macau Chinese Bank Limited.

Mr Cheok is a Vice Governor of the Board of Governors of the Malaysian Institute of Corporate Governance.

MR GOH TIAM LOCK*Independent Director*

Mr Goh Tiam Lock is an Independent Director of the Manager. Mr Goh is a Fellow of the Royal Institution of Chartered Surveyors, a Fellow of the Singapore Institute of Surveyors & Valuers and its President from 1986 to 1987, as well as a Fellow of the Singapore Institute of Arbitrators and its Vice-President from 1985 to 1987. Mr Goh is currently a member of the Strata Titles Board, a position he has held since 1999. In 1971, he held the position of Property Manager in Supreme Holdings Ltd. before joining Jones Lang Wootton as a senior executive in 1974.

In 1976, he became a partner in MH Goh, Tan & Partners, the legacy firm of Colliers International, and retired from the firm in 1991. He is currently the Managing Director of Lock Property Consultants Pte. Ltd., a position he has held since setting up the practice in 1993, and advises clients on real estate development and management. He was actively involved in civil and community work, holding positions such as Chairman of the Singapore Chinese Chamber of Commerce & Industry Property Management Sub-committee from 1987 to 1989, the Chairman of the Marine Parade Community Club Management Committee from 1984 to 2001, and was also a Master Mediator at the Marine Parade Community Mediation Centre. He is now a Patron of the Marine Parade Community Club Management Committee.

Mr Goh is an Independent Non-Executive Director of LMIRT Management Ltd, the manager of Lippo Malls Indonesia Retail Trust.

He has received awards in recognition of his contribution to Singapore, including the Pingkat Bakti Masyarakat (Public Service Medal) (PBM) in 1988 and the Bintang Bakti Masyarakat (Public Service Star) (BBM) in 1997.

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BOARD OF DIRECTORS

MR KETUT BUDI WIJAYA

Non-Executive Director

Mr Ketut Budi Wijaya is a Non-Executive Director of the Manager. Mr Wijaya graduated with an academy of accountancy in Indonesia in 1982. He brings with him more than 20 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 currently 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. He is also the President Commissioner of PT Lippo Cikarang Tbk. and PT Gowa Makassar Tourism Development Tbk., as well as the Commissioner of PT Multifiling Mitra Indonesia Tbk. and other subsidiaries of PT Lippo Karawaci group.

MR WONG GANG

Independent Director

Mr Wong Gang is an Independent Director of the Manager. He graduated from the National University of Singapore in 1995 with 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 18 years' 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.

Mr Wong 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 (listed on SGX Catalyst) and Renewable Energy Asia Group Limited (listed on SGX Catalyst).

Mr Wong was an Independent Director of Fujian Zhenyun Plastics Co., Ltd from May 2007 to May 2013, Tianjin Zhongxin Pharmaceutical Group Corporation Limited from May 2008 to May 2014 and China Animal Healthcare Limited from December 2007 to June 2014.

DR RONNIE TAN KEH POO

Director and Chief Executive Officer

Dr Ronnie Tan is a Director as well as the Chief Executive Officer of the Manager since May 2006. Dr Tan qualified as a Medical Doctor from the University of Melbourne in 1977. He worked in various government and private healthcare facilities in Australia and Singapore as a Medical Practitioner until 1987. After receiving his Master of Health Administration from Loma Linda University, he joined Parkway Holdings Limited as its international business development manager, and also served as Chief Executive Officer of Gleneagles Hospital. In 1995, he worked in Indonesia as Executive Director of Lippo Group and Chief Executive Officer of Siloam group of hospitals.

From 1998 to September 2004, he took various postings as Chief Executive Officer and Director of AsiaMedic Limited and Senior Executive in Parkway Holdings Limited.

Dr Tan was appointed an Executive Director of Auric Pacific Group Limited responsible for the areas of Business Development (non-food related) as well as Property and Strategic Investments on 1 October 2004.

Dr Tan currently serves as Non-Executive Director and Audit Committee Member of Auric Pacific Group Limited. He retired as Non-Executive Director of Food Junction Holdings Limited on 23 April 2012.

KEY MANAGEMENT

DR RONNIE TAN KEH POO

Director and Chief Executive Officer

Dr Ronnie Tan is a Director as well as the Chief Executive Officer of the Manager since May 2006. Dr Tan qualified as a Medical Doctor from the University of Melbourne in 1977. He worked in various government and private healthcare facilities in Australia and Singapore as a Medical Practitioner until 1987. After receiving his Master of Health Administration from Loma Linda University, he joined Parkway Holdings Limited as its international business development manager, and also served as Chief Executive Officer of Gleneagles Hospital. In 1995, he worked in Indonesia as Executive Director of Lippo Group and Chief Executive Officer of Siloam group of hospitals.

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MR TAN KOK MIAN, VICTOR

Chief Financial Officer

Mr Tan Kok Mian, Victor joined Bowsprit in April 2008 as Senior Finance Manager, and was responsible for its financial operations. He was appointed as Chief Financial Officer in July 2008.

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 in the 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 the professional qualification from the Association of Chartered Certified Accountants (ACCA).

MR CHAN SENG LEONG, JACKY

Senior Asset and Investment Manager

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

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

SIGNIFICANT EVENTS IN FY 2014

JANUARY

- Announced 4Q 2013 results on 17 Jan, DPU up 14.5% y-o-y to 1.97 cents

MARCH

- Utilised S\$3.3 million from DRP to repay existing loans
- Announced the proposed acquisition of Siloam Hospitals Purwakarta ("SHPW") at a purchase consideration of S\$31.0 million

MAY

- Completed the acquisition of SHPW
- Issued 3,805,175 new units at issue price of S\$1.1826 for the payment of SHPW
- Issued 4,557,342 new units on 29 May at issue price of S\$1.0931 per unit to eligible Unitholders who have elected to participate in the DRP for 1Q 2014 DPU of 1.99 cents

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FEBRUARY

- Issued 3,381,100 new units on 28 Feb at issue price of S\$1.0163 per unit to eligible Unitholders who have elected to participate in the DRP for 4Q 2013 DPU of 1.97 cents

APRIL

- Announced 1Q 2014 results on 14 Apr, DPU up 14.4% y-o-y to 1.99 cents
- Fifth AGM held on 30 Apr
- EGM held on 30 Apr for the proposed acquisition of SHPW
- Secured a S\$165.0 million transferrable term loan facility from OCBC

JUNE

- Utilised S\$5.0 million from DRP to repay existing loan

FY 2015 FINANCIAL CALENDAR (TENTATIVE)

DATE	EVENTS
15 January 2015	4Q 2014 Results Announcement
Tentative	
14 April 2015	1Q 2015 Results Announcement
29 May 2015	1Q 2015 Distribution to Unitholders
13 July 2015	2Q 2015 Results Announcement
28 August 2015	2Q 2015 Distribution to Unitholders
14 October 2015	3Q 2015 Results Announcement
27 November 2015	3Q 2015 Distribution to Unitholders
15 January 2016	4Q 2015 Results Announcement
29 February 2016	4Q 2015 Distribution to Unitholders

JULY

- Announced 2Q 2014 results on 15 Jul, DPU up 8.1% y-o-y to 2.00 cents

SEPTEMBER NOVEMBER

- Utilised S\$3.7 million from DRP to repay existing loans

- Issued 4,395,530 new units on 28 Nov at issue price of S\$1.1784 per unit to eligible Unitholders who have elected to participate in the DRP for 3Q 2014 DPU of 2.02 cents

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AUGUST

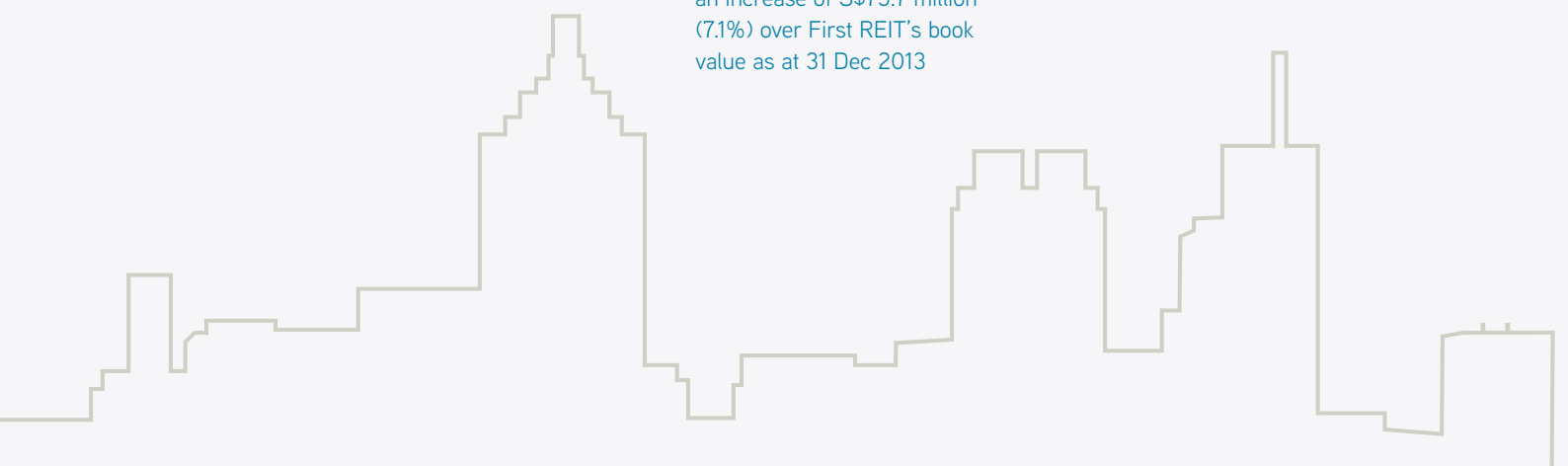
- Issued 3,171,926 new units on 29 Aug at issue price of S\$1.1887 per unit to eligible Unitholders who have elected to participate in the DRP for 2Q 2014 DPU of 2.00 cents

OCTOBER

- Secured a S\$40.0 million term loan facility from HSBC
- Announced 3Q 2014 results on 17 Oct, DPU up 3.1% y-o-y to 2.02 cents
- Extension of HGB titles for Siloam Hospitals Lippo Village, Imperial Aryaduta Hotel & Country Club and Siloam Hospitals Surabaya for a period of 20 years
- Announced the revaluation of portfolio to S\$1,128.0 million, an increase of S\$75.7 million (7.1%) over First REIT's book value as at 31 Dec 2013

DECEMBER

- Announced and completed the acquisition of Siloam Sriwijaya for a purchase consideration of S\$39.16 million
- Secured two loan facilities totalling S\$45.0 million from CIMB
- Utilised S\$5.0 million from DRP to repay existing loan



OUR NETWORK

KOREA

01 Sarang Hospital

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



SINGAPORE

01 Pacific Healthcare Nursing Home @ Bukit Merah

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

02 Pacific Healthcare Nursing Home II @ Bukit Panjang

A 5-storey custom-built nursing home

03 The Lentor Residence

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



INDONESIA

01 Siloam Sriwijaya

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

02 Siloam Hospitals Purwakarta

A 3-storey and 5-storey adjoining hospital building located in the fast growing city of Purwakarta in West Java, between Jakarta and Bandung

03 Siloam Hospitals Bali

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

04 Siloam Hospitals TB Simatupang

A 16-storey hospital, with two basement levels, strategically located to serve the upper-middle class residential areas

05 Siloam Hospitals Manado & Hotel Aryaduta Manado

An 11-storey integrated hospital and hotel located in Manado City, North Sulawesi

06 Siloam Hospitals Makassar

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

07 Mochtar Riady Comprehensive Cancer Centre

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

08 Siloam Hospitals Lippo Cikarang

A 6-storey hospital reputed for international standards of medical care, with a broad range of general and specialist services

09 Siloam Hospitals Lippo Village

One of the largest private hospitals in the region with a strong brand name for excellent patient care, its world-class Neuroscience and Heart Centre and its Trauma Centre

10 Siloam Hospitals Kebon Jeruk

Renowned for its authority in the diagnosis and treatment of disorders of the urinary tract or urogenital system

11 Siloam Hospitals Surabaya

The largest and one of the most highly recognised and respected private hospitals in Surabaya, with excellent fertility and Trauma Centre facilities

12 Imperial Aryaduta Hotel & Country Club

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

PROPERTY OVERVIEW

INDONESIA



SILOAM SRIWIJAYA

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

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

- Well-positioned to serve the middle to upper middle-income segment of the healthcare market.
- A Centre of Excellence for emergency and trauma, and equipped with state-of-the-art medical equipment.
- Part of an integrated development comprising a hospital, shopping mall and 800 parking lots.
- Located in Palembang, which is the capital city of South Sumatra, the second largest city in Sumatra and the seventh largest in Indonesia.

Property Type	Hospital
Centre of Excellence	Emergency, Trauma
Strata Floor Area	15,709 sqm
Purchase Price	S\$39.2 m
Appraised Value	S\$43.8 m
Max. No. of Beds	347
Established	2012
Lease Commencement	29 December 2014
Lease Terms	15 years with option to renew for 15 years
Lease Expiry Date	28 December 2029

Note
As the property was acquired on 29 December 2014, rental income will be recorded in FY 2015



SILOAM HOSPITALS PURWAKARTA

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

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

- Located in a prime location in Purwakarta, Jalan Bungursari, which is a busy main road and is easily accessible by the neighbourhood.
- Serves a population 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.
- Strategically located in between Jakarta and Bandung, accessible via the Purwakarta-Bandung highway, offering convenience to residents from Indramayu and Subang.
- Provides international quality healthcare with state-of-the-art technology including a 64-slice dual source CT Scanner, X-Ray machine with Fluoroscopy and C-Arm.

Property Type	Hospital
Centre of Excellence	Emergency, Trauma, Health Ministry's BPJS Program ¹
Land Area	7,990 sqm
Gross Floor Area	8,254 sqm
Purchase Price	S\$31.0 m
Appraised Value	S\$38.1 m
Annual Rental	S\$2.0 m ²
Max. No. of Beds	203
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

¹ Siloom Hospitals Purwakarta is registered to treat patients under the Health Ministry's Social Security Management Agency (Badan Penyelenggara Jaminan Sosial/BPJS) Program

² Rental received from 28 May 2014 to 31 December 2014

INDONESIA



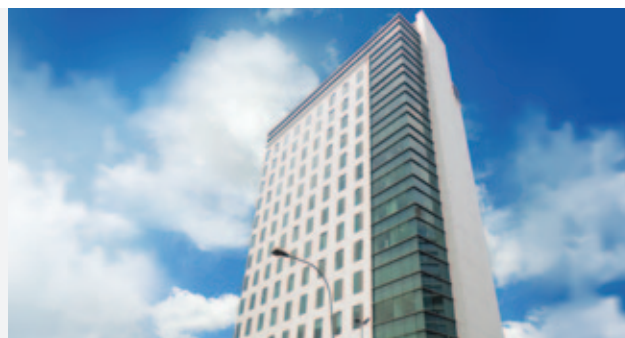
SILOAM HOSPITALS BALI

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

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

- Well-positioned to serve the local population and potentially about 3 million tourists every year.
- Provides international quality healthcare with state-of-the-art technology, including 1.5 Tesla MRI, 256 slice CT Scan, Cath Lab, Mammography, USG 3D & 4D, Digital X-Ray, etc.
- 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.

Property Type	Hospital
Centre of Excellence	Trauma, Orthopaedics, Cardiology
Land Area	9,025 sqm
Gross Floor Area	20,958 sqm
Purchase Price	S\$97.3 m
Appraised Value	S\$121.6 m
Annual Rental	S\$9.7 m
Max. No. of Beds	295
Established	2012
Lease Commencement	13 May 2013
Lease Terms	15 years with option to renew for 15 years
Lease Expiry Date	12 May 2028



SILOAM HOSPITALS TB SIMATUPANG

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

A 16-storey hospital, with two basement levels, strategically located to serve the upper-middle class residential areas.

- Equipped with advanced diagnostic technologies including 3.0T MRI, 256-slice dual source CT scanner, catheterisation lab, IBA cyclotron and the latest linear accelerator for radiotherapy.
- Will implement its clinical operation based on the US-based Joint Commission International (JCI) accreditation protocols.
- Attractive partnership and revenue sharing models for its doctors through its Siloam Doctor Partnership Development Programme, driving practice excellence.
- Notable developments in the close vicinity include Metropolitan Tower Office Building, upcoming South Quarter (a mixed-use development comprising integrated office towers, apartment and retail facilities) and Point Square Superblock (a mixed-use development comprising apartment and retail facilities).

Property Type	Hospital
Centre of Excellence	Trauma, Cardiology, Oncology, Neuroscience
Land Area	2,489 sqm
Gross Floor Area	18,605 sqm
Purchase Price	S\$93.1 m
Appraised Value	S\$116.5 m
Annual Rental	S\$9.3 m
Max. No. of Beds	271
Established	2013
Lease Commencement	22 May 2013
Lease Terms	15 years with option to renew for 15 years
Lease Expiry Date	21 May 2028

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

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

- Located on the primary roads in Manado City, and surrounded by notable developments: IT Centre and Mega Mall Manado.
- Integrated hospital and 5-star hotel with broad range of quality general and specialist services, including therapeutic services and an extensive range of diagnostic and preventive healthcare services.
- Fully-equipped with the latest medical equipment and facilities: CT, MRI, ultrasound, cardiac catheterisation lab, 50 specialist clinic suites and three operating theatres.

Property Type	Integrated Hospital & Hotel
Centre of Excellence	Trauma
Land Area	5,518 sqm
Gross Floor Area	36,051 sqm
Purchase Price	S\$83.6 m
Appraised Value	S\$104.2 m
Annual Rental	S\$8.4 m
Max. No. of Beds / Saleable Rooms	224 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



SILOAM HOSPITALS MAKASSAR

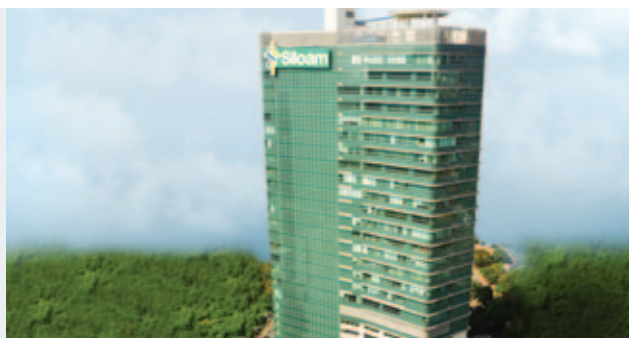
Jalan Metro Tanjung Bunga Kav. 3-5, Makassar City, South Sulawesi, Indonesia

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 equipment and the latest generation of smart IT-systems in Indonesia, including CT, MRI, ultrasound, mammography and cardiac catheterisation system, 58 specialist outpatient clinic suites and three operating theatres.
- Provides emergency and medical evacuation via designated ambulances and helicopter ambulance services, first-of-its-kind capabilities in South Sulawesi.
- Well-positioned to cater to the growing residential and commercial areas in Makassar City.

Property Type	Hospital
Centre of Excellence	Trauma, Cardiology
Land Area	3,963 sqm
Gross Floor Area	14,307 sqm
Purchase Price	S\$59.3 m
Appraised Value	S\$72.3 m
Annual Rental	S\$5.8 m
Max. No. of Beds	416
Established	2012
Lease Commencement	30 November 2012
Lease Terms	15 years with option to renew for 15 years
Lease Expiry Date	29 November 2027

INDONESIA



MOCHTAR RIADY COMPREHENSIVE CANCER CENTRE

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

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

- 29-storey hospital with two basement levels.
- Strategically located in the prime district in Central Jakarta near Plaza Semanggi, the Aryaduta Apartments and international 5-star hotels, serving both the international and Indonesian patients.
- Provides high dose brachytherapy, radio-immunotherapy (RIT), radiopeptide therapy, molecular imaging with PET/Computed Tomography (PET/ CT) and Single Photon Emission Computed Tomography/CT (SPECT/ CT) scanning, chemotherapy, complementary therapy, linear accelerator treatment, Multi Slice CT, 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.

Property Type	Hospital
Centre of Excellence	Oncology Digestive Unit
Land Area	4,145 sqm
Gross Floor Area	37,933 sqm
Purchase Price	S\$170.5 m
Appraised Value	S\$253.2 m
Annual Rental	S\$20.4 m
Max. No. of Beds	375
Established	2010
Lease Commencement	30 December 2010
Lease Terms	15 years with option to renew for 15 years
Lease Expiry Date	29 December 2025



SILOAM HOSPITALS LIPPO CIKARANG

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

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

- Strategically located to serve the growing residential and industrial areas of East Jakarta.
- 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.

Property Type	Hospital
Centre of Excellence	Urology, Internal Medicine, Trauma
Land Area	9,900 sqm
Gross Floor Area	11,125 sqm
Purchase Price	S\$35.0 m
Appraised Value	S\$46.0 m
Annual Rental	S\$4.4 m
Max. No. of Beds	126
Established	2002
Lease Commencement	31 December 2010
Lease Terms	15 years with option to renew for 15 years
Lease Expiry Date	30 December 2025

PROPERTY OVERVIEW

INDONESIA



SILOAM HOSPITALS LIPPO VILLAGE

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

One of the largest private hospitals in the region with a strong brand name for excellent patient care, world-class Neuroscience and Heart Centre, and its 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 complimented by state-of-the-art medical equipment and technology.
- A “Hub” in Neurosciences, 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 in 2007 and 2010 with the prestigious US-based Joint Commission International (JCI) - the world’s leading internationally recognised hospital accreditation award – putting it in the same league as other leading hospitals in the region.

Property Type	Hospital
Centre of Excellence	Neuroscience, Cardiology
Land Area	17,442 sqm
Gross Floor Area	27,284 sqm
Purchase Price	S\$94.3 m
Appraised Value	S\$162.1 m
Annual Rental	S\$14.0 m
Max. No. of Beds	260
Established	1995
Lease Commencement	11 December 2006
Lease Terms	15 years with option to renew for 15 years
Lease Expiry Date	10 December 2021



SILOAM HOSPITALS KEBON JERUK

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

Renowned for its authority in the diagnosis and treatment of disorders of the urinary tract or urogenital system.

- 6-storey hospital with a 3-storey extension building, serving a large catchment of middle to upper income residents in West Jakarta.
- 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.

Property Type	Hospital
Centre of Excellence	Urology, Orthopaedics
Land Area	11,420 sqm
Gross Floor Area	18,316 sqm
Purchase Price	S\$50.6 m
Appraised Value	S\$91.9 m
Annual Rental	S\$7.9 m
Max. No. of Beds	201
Established	1991
Lease Commencement	11 December 2006
Lease Terms	15 years with option to renew for 15 years
Lease Expiry Date	10 December 2021

INDONESIA



SILOAM HOSPITALS SURABAYA

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

The largest and one of the most highly recognised and respected private hospitals in Surabaya, with excellent fertility and 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 lower number of higher quality hospitals in the region.
- Successfully performed 1,022 ovum pick-ups and has a 49% pregnancy rate from 973 embryo transfers in year 2014.
- Highly experienced medical team capable of handling all emergencies including medical evacuation to Jakarta or any overseas destination.

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IMPERIAL ARYADUTA HOTEL & COUNTRY CLUB

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

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.

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Property Type	Hospital
Centre of Excellence	Fertility, Stroke
Land Area	6,862 sqm
Gross Floor Area	9,227 sqm
Purchase Price	S\$16.8 m
Appraised Value	S\$33.2 m
Annual Rental	S\$3.1 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

Property Type	Hotel & Country Club
Land Area	54,410 sqm
Gross Floor Area	17,427 sqm
Purchase Price	S\$21.2 m
Appraised Value	S\$42.1 m
Annual Rental	S\$3.9 m
Max. No. of Saleable Rooms	197
Established	1994
Lease Commencement	11 December 2006
Lease Terms	15 years with option to renew for 15 years
Lease Expiry Date	10 December 2021

PROPERTY OVERVIEW

SINGAPORE



PACIFIC HEALTHCARE NURSING HOME @ BUKIT MERAH

6 Lengkok Bahru, Singapore

A 4-storey custom-built nursing home with 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.

Property Type	Nursing Home
Land Area	1,984 sqm
Gross Floor Area	3,593 sqm
Purchase Price	S\$11.8 m
Appraised Value	S\$10.5 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 exercised
Lease Expiry Date	10 April 2027



PACIFIC HEALTHCARE NURSING HOME II @ BUKIT PANJANG

21 Senja Road, Singapore

A 5-storey custom-built nursing home.

- Situated close to Bukit Panjang Town Centre 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 Type	Nursing Home
Land Area	2,000 sqm
Gross Floor Area	3,563 sqm
Purchase Price	S\$11.5 m
Appraised Value	S\$10.6 m
Annual Rental	S\$1.0 m
Max. No. of Beds	265
Established	2006
Lease Commencement	11 April 2007
Lease Terms	10 years with option to renew for 10 years exercised
Lease Expiry Date	10 April 2027

SINGAPORE



THE LENTOR RESIDENCE

51 Lentor Avenue, Singapore

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.

Property Type	Nursing Home
Land Area	2,486 sqm
Gross Floor Area	4,005 sqm
Purchase Price	S\$12.8 m
Appraised Value	S\$17.6 m
Annual Rental	S\$1.5 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 exercised
Lease Expiry Date	7 June 2027

SOUTH KOREA



SARANG HOSPITAL

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

A 6-storey hospital, with one basement, 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 clinics, x-ray and ultrasound diagnostic facilities, a rehabilitation centre, a cafeteria and a restaurant.

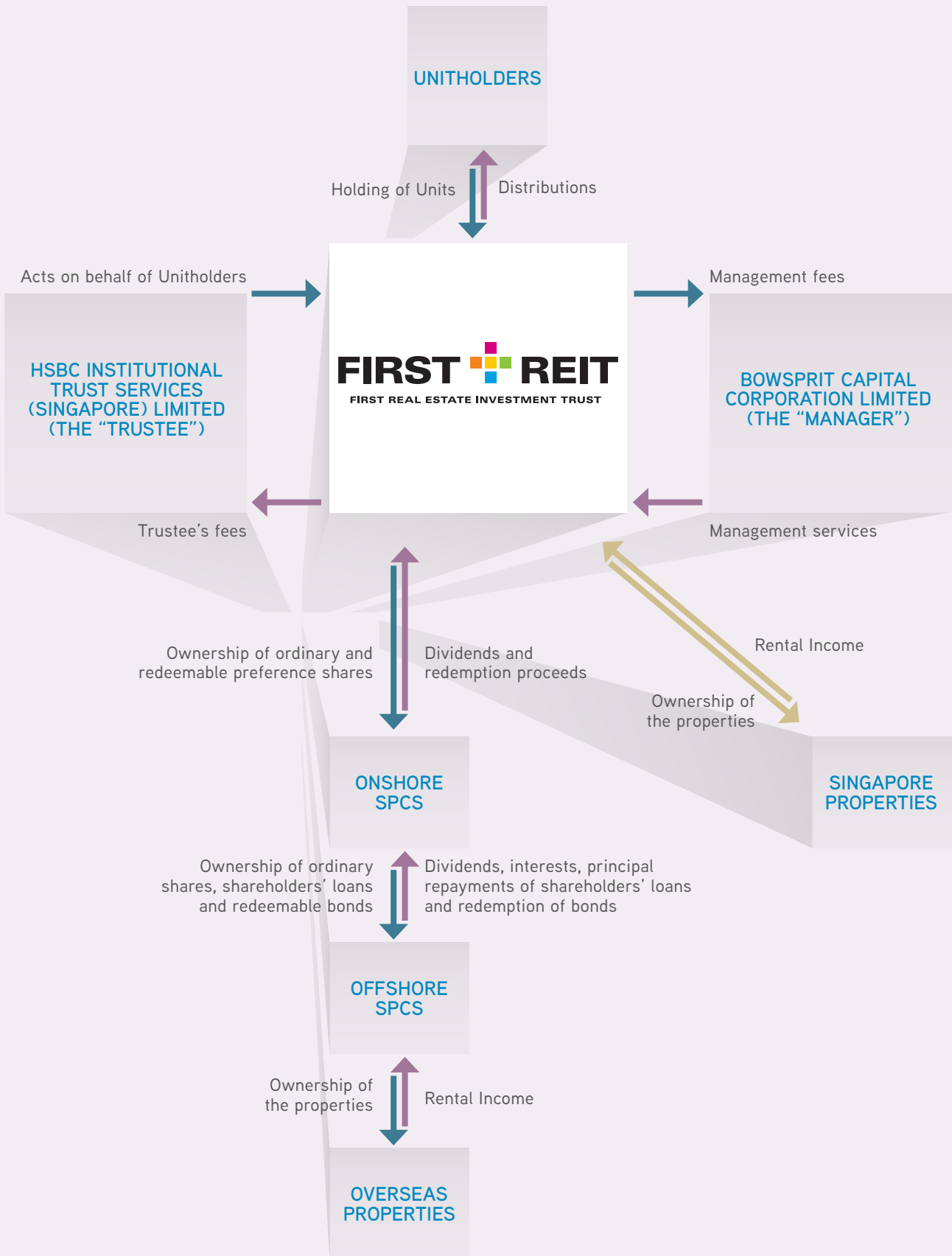
Property Type	Hospital
Land Area	2,142 sqm
Gross Floor Area	4,982 sqm
Purchase Price	US\$13.0 m
Appraised Value	US\$6.3 m
Annual Rental	US\$0.6 m
Max. No. of Beds	217
Established	2010
Lease Commencement	5 August 2011
Lease Terms	10 years with option to renew for 10 years
Lease Expiry Date	4 August 2021

Note

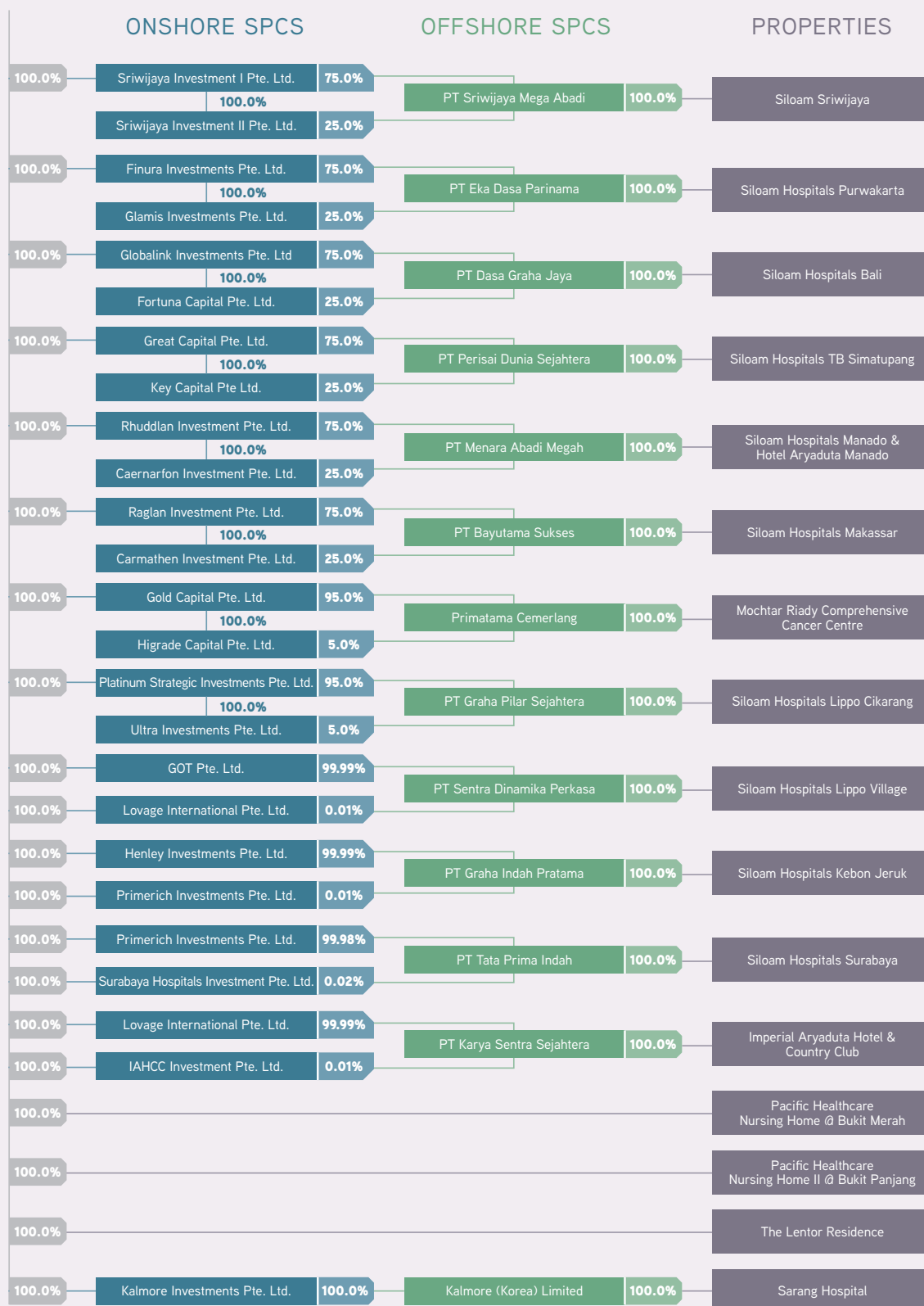
The valuations for Indonesia properties were conducted by KJPP Willson & Rekan in association with Knight Frank and KJPP Rengganis, Hamid & Rekan in strategic alliance with CBRE Pte. Ltd. and KJPP Rinaldi, Alberth, Baroto and Partners in association with DTZ while the Singapore and Korea properties were conducted by CBRE Pte. Ltd. The valuations of the respective properties were announced as at 31 October 2014 and for the Korea property, it is based on the exchange rate of US\$1 = S\$1.3214 as at 31 December 2014.

The valuation of the newly acquired Siloam Sriwijaya was conducted by KJPP Winarta & Rekan in association with Jones Lang LaSalle as at 1 October 2014.

TRUST STRUCTURE



OWNERSHIP STRUCTURE



CORPORATE INFORMATION

Manager**Bowsprit Capital Corporation Limited****Registered Office**

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

Trustee**HSBC Institutional Trust Services (Singapore) Limited**

21 Collyer Quay
#10-02 HSBC Building
Singapore 049320
Tel: (65) 6658 6906
Fax: (65) 6534 5526

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
#04-08 Wilkie Edge
Singapore 228095
Audit Partner in Charge:
Mr Lock Chee Wee
Appointed from financial year 2014

RSM AAJ Associates

Plaza ABDA, 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 Indonesian 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

Independent Valuers**KJPP Willson & Rekan in association with Knight Frank**

Wisma Nugra Santana #17-08
Jl. Jend. Sudirman Kav. 7-8
Jakarta 10220, Indonesia

KJPP Rengganis, Hamid & Rekan in strategic alliance with CBRE Pte. Ltd

Menara Kuningan, 8th Floor
Jl. HR. Rasuna Said Blok X-7 Kav. 5
Jakarta 12940, Indonesia

KJPP Rinaldi, Alberth, Baroto and Partners in association with DTZ

Graha Binakarsa, 4th floor
Jl. HR Rasuna Said Kav. C-18
Jakarta Selatan 12940, Indonesia

KJPP Winarta & Rekan in association with Jones Lang LaSalle

Gedung Bursa Efek
Indonesia Tower 2
Lantai 19 Suite 190
Jl. Jendral Sudirman Kav. 52-53
Jakarta 12190, Indonesia

CBRE Pte. Ltd.

6 Battery Road, #32-01
Singapore 049909

Directors of the Manager**Mr Albert Saychuan Cheok**

Independent Director & Chairman

Mr Goh Tiam Lock

Independent Director

Mr Ketut Budi Wijaya

Non-Executive Director

Mr Wong Gang

Independent Director

Dr Ronnie Tan Keh Poo

Director & Chief Executive Officer

Company Secretary of the Manager**Ms Elizabeth Krishnan****Audit Committee**

Mr Albert Saychuan Cheok (Chairman)

Mr Goh Tiam Lock

Mr Wong Gang

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CORPORATE GOVERNANCE REPORT

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

The Board of Directors of the Manager sets out in this report, the corporate governance practices and policies in reference to regulatory requirements and the Code of Corporate Governance 2012 (the “**Code**”).

THE MANAGER OF FIRST REIT

The Manager has general powers of management over the assets of First REIT.

The Manager’s main responsibility is to manage the assets and liabilities of First REIT in the best interests of First REIT’s unitholders (the “**Unitholders**”).

The primary role of the Manager is to set the strategic direction of First REIT and make recommendations to HSBC Institutional Trust Services (Singapore) Limited, as trustee of First REIT (the “**Trustee**”) on the acquisition, divestment or enhancement of assets of First REIT in accordance with its stated investment strategy. 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 forecast on net income, capital expenditure, sales and valuations, explanation of major variances to previous forecasts, 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 legislations, 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 Standard, any tax ruling and all relevant contracts; and
- (iv) Attending to all regular communications with Unitholders.

The Manager has procedures in place to comply with existing regulations that govern REITs and listed REITs. The Manager and its officers have been granted capital markets services (“**CMS**”) licence and representative’s licences by MAS under the SFA.

The Manager appoints experienced and well-qualified management personnel to handle the day-to-day operations of the Manager. The Manager, and not First REIT remunerates all directors and employees of the Manager. It is therefore not necessary for the Manager to have a remuneration committee or to include a report on remuneration of its Directors and key executives.

CORPORATE GOVERNANCE REPORT

BOARD OF DIRECTORS OF THE MANAGER

Role of the Board

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. 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 control and risk management process.

The Board meets to review the Manager’s key activities. Board meetings are held once every quarter (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. It reviews management reports and feasibility studies on individual development projects prior to approving major transactions. Where necessary, additional Board meetings would be held to address significant transactions or issues. The Articles of Association (the “**Articles**”) of the Manager provides for Board meetings to be held by way of telephone conference and videoconference.

The Board is supported by the Audit Committee that provides independent supervision of management. The Audit Committee members (including the Chairman of the Audit Committee) comprise Independent Directors.

The Board has adopted a set of internal controls, which sets out approval limits on capital expenditure, investments and divestments and bank borrowings. The Board believes that the internal controls system adopted is adequate and appropriate delegations of authority have been provided to the 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. Management provides the Board with complete and adequate information on a timely manner through regular updates on financial results, market trends and business developments. During the financial year, the Directors received training on regulatory updates and directors’ duties and liabilities conducted by external legal advisors. Directors are also encouraged to participate in industry conferences, seminars and training programmes in connection with their duties, funded by the Manager. On-site visits, including to properties located overseas are organised to familiarise Directors with the Reit’s properties and to facilitate better understanding of the Group’s operations.

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.

Five Board meetings were held during the financial year 2014. The attendance at the Board meetings is set out on page 37 of this Annual Report.

Board Composition and Balance

The Board presently consists of five Directors and the Board considers this number to be appropriate for the current scope of First REIT’s operations. Messrs Albert Saychuan Cheok, Goh Tiam Lock and Wong Gang are Non-Executive Independent Directors. The Chairman of the Board is Mr Albert Saychuan Cheok and the Chief Executive Officer is Dr Ronnie Tan Keh Poo. The other Board member is Mr Ketut Budi Wijaya, who is a Non-Executive Director.

CORPORATE GOVERNANCE REPORT

The Board comprises business leaders and professionals with healthcare, property, banking, legal and finance backgrounds. The profiles of the Directors are set out on pages 11 and 12 of this Annual Report.

The composition of the Board is determined using the following principles:

- The Chairman of the Board should be a non-executive independent Director;
- The Board should comprise Directors with a broad range of commercial experience, including expertise in fund management, healthcare, legal and the property industry; and
- At least one-third of the Board should comprise Independent Directors.

Since the Directors are appointed by the Manager which is not itself a listed entity, the Board does not consider it necessary to establish a Nominating Committee. As part of the assessment of performance of the Board and the Audit Committee, the composition of the Board is reviewed to ensure that the Board has the appropriate size and mix of expertise and experience. The independence of each Director is reviewed upon appointment and thereafter annually by the Board. The Board has determined that a Director may hold a maximum of ten listed company board representations. Notwithstanding that the Directors have multiple listed-company Board representations and/or other principal commitments, the Board has considered and is satisfied that each of them is able to and has adequately carried out his duties as a Director of the Manager.

The Code states that the independence of any director who has served on the Board beyond nine years from the date of his first appointment should be subject to particularly rigorous review. Both Mr Albert Saychuan Cheok and Mr Goh Tiam Lock were first appointed to the Board on 17 May 2006 and would have served nine years on the Board beginning 16 May 2015.

The Board reviewed Mr Cheok and Mr Goh's independence. The Board was of the view that Mr Cheok and Mr Goh contributed significantly to the discussions and demonstrated independent judgement in the discharge of their duties at board and board committee meetings. Further, the Board is not aware of any factors that would impair Mr Cheok and Mr Goh's independence and concluded that both Mr Cheok and Mr Goh be considered independent.

CHAIRMAN AND CHIEF EXECUTIVE OFFICER

The positions of Chairman of the Board and Chief Executive Officer are separately held by two persons. The Chairman, Mr Albert Saychuan Cheok is an Independent Director while the Chief Executive Officer, Dr Ronnie Tan Keh Poo is an Executive Director. Their responsibilities are clearly defined. The Chairman and the Chief Executive Officer are not related to each other.

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

The majority of the Directors are non-executive and independent of management. This enables management to benefit from their external, diverse and objective perspective on issues that are brought before the Board. It also enables the Board to work with management through robust exchange of ideas and views to help shape the strategic process. This, together with a clear separation of the roles between the Chairman and Chief Executive Officer, provides a healthy professional relationship between the Board and management, with clarity of roles and robust oversight as they deliberate on business activities of First REIT and the Manager.

The Board has separate and independent access to senior management and the company secretary at all times and vice versa. The company secretary attends to corporate secretarial administration matters and attends all Board meetings. The Board also has access to independent professional advice where appropriate.

CORPORATE GOVERNANCE REPORT

AUDIT COMMITTEE

The Audit Committee is appointed by the Board from among the Directors of the Manager and is composed of three members, all of whom (including the Chairman of the Audit Committee) are Independent Directors.

Presently, the Audit Committee consists of the following members:

Mr Albert Saychuan Cheok (Chairman)	(Non-executive and Independent)
Mr Goh Tiam Lock	(Non-executive and Independent)
Mr Wong Gang	(Non-executive and Independent)

The role of the Audit Committee is to monitor and evaluate the effectiveness of the Manager's internal controls. The Audit Committee 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 Audit Committee also assesses changes in accounting standards and accounting issues that may impact First REIT.

The Audit Committee's responsibilities also include:

- monitoring the procedures established to regulate 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 audit reports to ensure that where deficiencies in internal controls have been identified, appropriate and prompt remedial action is taken by management;
- reviewing internal audit reports to ascertain that the guidelines and procedures established to monitor Related Party Transactions have been complied with;
- ensuring that the internal audit function is adequately resourced and has appropriate standing with First REIT;
- monitoring the procedures in place to ensure compliance with applicable legislation, the Listing Manual and the CIS Code including the Property Funds Guidelines;
- nominating external auditors;
- reviewing the nature and extent of non-audit services performed by the external auditors;
- reviewing, on an annual basis, the independence and objectivity of the external auditors;
- meeting with external and internal auditors, without presence of management, at least on an annual basis;
- examining the effectiveness of financial, operating and compliance controls;
- reviewing the financial statements and the internal audit reports;
- investigating any matters within the Audit Committee's terms of reference, whenever it deems necessary; and
- reporting to the Board on material matters, findings and recommendations.

CORPORATE GOVERNANCE REPORT

The Audit Committee 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 Audit Committee has full access to reasonable resources to enable it to discharge its functions properly.

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

The Audit Committee had also 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 amount paid/payable to external auditors for non-audit services was S\$15,400 for the financial year under review.

Five Audit Committee meetings were held during the financial year 2014. The attendance at the Audit Committee meetings is set out on page 37 of this Annual Report.

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 internal auditors report directly to the Audit Committee on audit matters, and to the Board on administrative matters. The Audit Committee is of the view that the internal auditor has adequate resources to perform its functions and has to the best of its ability, maintained its independence from the activities that it audits.

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 provide reasonable and adequate safeguard against material financial misstatements or losses. The Board recognises the need to make a regular review to ensure that the system of internal controls continue to be reasonable and adequate.

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

For the financial year ended 31 December 2014, based on the report of the internal auditors, information furnished by the management and observations made, the Board with the concurrence of the Audit Committee, 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.

For the financial year under review, the Chief Executive Officer and the Chief Financial Officer have provided assurance to the Board that the financial records of First REIT have been properly maintained and the financial statements give a true and fair view of the operations and finances and that an effective risk management and internal control system has been put in place.

CORPORATE GOVERNANCE REPORT

DEALINGS IN FIRST REIT UNITS

In general, the Directors and employees of the Manager are encouraged, as a matter of internal policy, to hold First REIT units (“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.

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.

MANAGEMENT OF BUSINESS RISK

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 and value. First REIT operates within overall guidelines and specific parameters set by the Board. Each transaction is comprehensively analysed to understand the risks involved. Responsibility of managing risk lies initially with the business unit concerned, working within the overall strategy outlined by the Board.

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.

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 one-third 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.

CORPORATE GOVERNANCE REPORT

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.

WHISTLE BLOWING POLICY

The Audit Committee has put in place procedures to provide employees of the Manager and any other person 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.

RELATED PARTY TRANSACTIONS

The Manager has established procedures to ensure that all future Related Party Transactions will be undertaken on normal commercial terms and will not be prejudicial to the interests of First REIT and the Unitholders. As a general rule, the Manager must demonstrate to its Audit Committee 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 Audit Committee 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 Audit Committee. 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 Audit Committee 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

CORPORATE GOVERNANCE REPORT

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.

Role of the Audit Committee for Related Party Transactions

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

The Manager will maintain 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 will incorporate into its internal audit plan a review of all Related Party Transactions entered into by First REIT. The Audit Committee shall review the internal audit reports to ascertain that the guidelines and procedures established to monitor Related Party Transactions have been complied. 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 Audit Committee will periodically review 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 will include the examination of the nature of the transactions and its supporting documents or such other data deemed necessary by the Audit Committee.

If a member of the Audit Committee 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 will disclose in First REIT's annual report the aggregate value of Related Party Transactions entered into during the relevant financial year.

COMMUNICATION WITH UNITHOLDERS

The Listing Manual of the SGX-ST requires that a listed entity disclose 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 the First REIT 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 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.

In line with the Manager's objective of transparent communication, briefing materials are released through SGX-ST via SGXNET and also made available on First REIT's website at www.first-reit.com. As recommended by the Code, all resolutions at general meeting are voted by poll.

CORPORATE GOVERNANCE REPORT

BOARD COMPOSITION AND AUDIT COMMITTEE

The Manager believes that contributions from each Director can be reflected in ways other than the reporting of attendances at Board and Audit Committee meetings. A Director of the Manager would have been appointed on the principles outlined earlier in this Report, and his ability to contribute to the proper guidance of the Manager in its management of First REIT.

The matrix of the Board members and Audit Committee members attendance at meetings held in the year 2014 is as follows:

Name of Directors / Audit Committee Members	Board Meetings	Audit Committee Meetings
	Attendance / No. of meetings held	Attendance / No. of meetings held
Albert Saychuan Cheok	5/5	5/5
Dr Ronnie Tan Keh Poo	5/5	NA
Goh Tiam Lock	5/5	5/5
Wong Gang	5/5	5/5
Ketut Budi Wijaya	3/5	NA

NA: Not Applicable

OTHERS

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. The REIT is in compliance with Rules 712 and 715 of the Listing Manual.

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REPORT OF THE TRUSTEE

HSBC Institutional Trust Services (Singapore) Limited (the “Trustee”) is under a duty to take into custody and hold the assets of First Real Estate Investment Trust (the “Trust”) and its subsidiaries (the “Group”) in trust for the holders (“Unitholders”) of units in the Trust (the “Units”). In accordance with the Securities and Futures Act, Chapter 289 of Singapore, its subsidiary legislation and the Code on Collective Investment Schemes (collectively referred to as the “laws and regulations”), the Trustee shall monitor the activities of 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 and Fourth Supplemental Deed dated 1 April 2013) (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 43 to 98, comprising the statements of total return, statements of distribution, statements of financial position, statement 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, in accordance with the limitations imposed on the investment and borrowing powers set out in the Trust Deed, laws and regulations and otherwise in accordance with the provisions of the Trust Deed.

For and on behalf of the Trustee,

HSBC Institutional Trust Services (Singapore) Limited

.....
Antony Wade Lewis

Director

Singapore

18 March 2015

STATEMENT BY 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 43 to 98 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 2014, 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 the 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

.....
Dr Ronnie Tan Keh Poo
Director

Singapore
18 March 2015

INDEPENDENT AUDITOR'S REPORT

TO THE UNITHOLDERS OF **FIRST REAL ESTATE INVESTMENT TRUST**

We have audited the accompanying financial statements of First Real Estate Investment Trust (the "Trust") and its subsidiaries (the "Group"), set out on pages 43 to 98, which comprise the consolidated statement of financial position and statement of portfolio of the Group and statement of financial position and statement of portfolio of the Trust as at 31 December 2014, the statements of total return, statements of distribution, statements of changes in unitholders' funds and statements of cash flows of the Group and of the Trust for the reporting year then ended, and a summary of significant accounting policies and other explanatory information.

Manager's Responsibility for the Financial Statements

Bowsprit Capital Corporation Limited (the "Manager" of the Trust) is responsible for the preparation and fair presentation of these financial statements in accordance with the recommendations of Statement of Recommended Accounting Practice 7 "Reporting Framework for Unit Trusts" 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.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Singapore Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Trust's preparation of financial statements that give a true and fair view 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 Trust's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Manager of the Trust, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

INDEPENDENT AUDITOR'S REPORT

TO THE UNITHOLDERS OF **FIRST REAL ESTATE INVESTMENT TRUST**

(continued)

Opinion

In our opinion, the financial statements of the Group and of the Trust, present fairly, in all material respects, the financial position of the Group and of the Trust as at 31 December 2014, and the total return, changes in unitholders' funds and cash flows of the Group and the Trust for the reporting year then ended in accordance with the recommendations of Statement of Recommended Accounting Practice 7 "Reporting Framework for Unit Trusts" issued by the Institute of Singapore Chartered Accountants.

RSM Chio Lim LLP

Public Accountants and
Chartered Accountants

Singapore
18 March 2015

Partner in charge of audit: Lock Chee Wee
Effective from reporting year ended 31 December 2014

STATEMENTS OF TOTAL RETURN

YEAR ENDED 31 DECEMBER 2014

	Notes	Group		Trust	
		2014	2013	2014	2013
		S\$'000	S\$'000	S\$'000	S\$'000
Gross revenue	4	93,255	83,280	56,386	49,859
Property operating expenses	5	(1,382)	(3,072)	(97)	(120)
Net property and dividend income		91,873	80,208	56,289	49,739
Interest income		199	163	1,852	1,859
Manager's management fees	6	(9,138)	(7,977)	(9,138)	(7,977)
Trustee fees	3	(341)	(299)	(341)	(299)
Finance costs	7	(15,217)	(12,373)	(15,217)	(12,373)
Impairment allowance on investments in subsidiaries	13	-	-	-	(8,136)
Other expenses	8	(1,864)	(1,692)	(1,948)	(1,902)
Net income before the undernoted		65,512	58,030	31,497	20,911
Net fair value gains/(losses) on investment properties	12	47,174	61,334	(619)	678
Total return for the year before income tax		112,686	119,364	30,878	21,589
Income tax (expense)/benefit	9	(22,083)	(1,532)	105	(115)
Total return for the year after income tax		90,603	117,832	30,983	21,474
Other comprehensive income:					
Items that may be reclassified subsequently to profit or loss:					
Exchange differences on translating foreign operations, net of tax		331	396	-	-
Total comprehensive return for the year		90,934	118,228	30,983	21,474
Earnings per unit in cents					
Basic and diluted	10	12.59	16.99	N/A	N/A

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

STATEMENTS OF DISTRIBUTION

YEAR ENDED 31 DECEMBER 2014

	Group		Trust	
	2014	2013	2014	2013
	S\$'000	S\$'000	S\$'000	S\$'000
Amount available for distribution to unitholders at beginning of the year	13,955	4,607	13,955	4,607
Total return for the year after income tax	90,603	117,832	30,983	21,474
Adjustments for tax purposes (Note A)	(32,385)	(65,690)	27,235	30,668
	58,218	52,142	58,218	52,142
Amount available for distribution to unitholders	72,173	56,749	72,173	56,749
Total distribution paid to unitholders (Note 11)	(57,210)	(42,794)	(57,210)	(42,794)
Amount available for distribution to unitholders at end of the year (Note 11A and Note 26)	14,963	13,955	14,963	13,955
Note A - Adjustments for tax purposes:				
Manager's management fees settled in units	6,715	5,902	6,715	5,902
Change in fair values of investment properties, net of deferred tax	(40,164)	(73,001)	514	(563)
Impairment allowance on investments in subsidiaries	-	-	-	8,136
Capital repayment	-	-	18,919	15,948
Foreign exchange adjustment loss	792	586	792	586
Other non-tax deductible items and other adjustments	272	823	295	659
	(32,385)	(65,690)	27,235	30,668

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

STATEMENTS OF FINANCIAL POSITION

AS AT 31 DECEMBER 2014

	Notes	Group		Trust	
		2014	2013	2014	2013
		S\$'000	S\$'000	S\$'000	S\$'000
Assets					
Non-current assets					
Investment properties	12	1,172,015	1,052,266	38,700	39,100
Investments in subsidiaries	13	–	–	690,989	639,721
Loan receivable, non-current	15	–	–	58,785	62,976
Deferred tax assets	9	595	490	595	490
Total non-current assets		1,172,610	1,052,756	789,069	742,287
Current assets					
Trade and other receivables, current	14	8,988	24,702	2,444	2,174
Loan receivable, current	15	–	–	4,191	4,191
Other assets, current	16	2,557	1,744	178	116
Cash and cash equivalents	17	28,230	29,331	26,708	25,091
Total current assets		39,775	55,777	33,521	31,572
Total assets		1,212,385	1,108,533	822,590	773,859
Unitholders' funds and liabilities					
Unitholders' funds					
Issued equity	18A	423,792	414,109	423,792	414,109
Retained earnings/(accumulated losses)	18A	320,207	268,170	(29,519)	(21,936)
Foreign exchange reserve	18A	951	620	–	–
Total unitholders' funds	18A	744,950	682,899	394,273	392,173
Non-current liabilities					
Deferred tax liabilities	9	29,103	21,988	–	–
Other financial liabilities, non-current	20	370,090	353,798	370,090	353,798
Total non-current liabilities		399,193	375,786	370,090	353,798
Current liabilities					
Income tax payable		445	1,532	–	–
Trade and other payables, current	21	20,429	30,009	28,987	25,852
Other financial liabilities, current	20	26,485	–	26,485	–
Other liabilities, current	22	20,883	18,307	2,755	2,036
Total current liabilities		68,242	49,848	58,227	27,888
Total liabilities		467,435	425,634	428,317	381,686
Total unitholders' funds and liabilities		1,212,385	1,108,533	822,590	773,859
Units in issue ('000)	18	731,702	706,629	731,702	706,629
Net asset value per unit in cents	18	101.81	96.64	53.88	55.50

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

STATEMENTS OF CHANGES IN UNITHOLDERS' FUNDS

YEAR ENDED 31 DECEMBER 2014

	Group		Trust	
	2014	2013	2014	2013
	S\$'000	S\$'000	S\$'000	S\$'000
Total unitholders' funds at beginning of the year	682,899	550,074	392,173	356,102
Operations				
Total return for the year	90,603	117,832	30,983	21,474
Unitholders' contributions				
Purchase of investment property paid in units (Note 18)	4,500	50,000	4,500	50,000
Manager's management fees settled in units	6,459	5,487	6,459	5,487
Creation of new units arising from Distribution Reinvestment Plan	17,368	-	17,368	-
Manager's acquisition fees settled in units	-	1,904	-	1,904
Change in net assets resulting from creation of units	28,327	57,391	28,327	57,391
Distributions (Note 11)	(57,210)	(42,794)	(57,210)	(42,794)
Total increase in net assets before movements in foreign exchange reserve	61,720	132,429	2,100	36,071
Foreign exchange reserve				
Net movement in other comprehensive income	331	396	-	-
Total unitholders' funds at end of the year	744,950	682,899	394,273	392,173

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

STATEMENTS OF CASH FLOWS

YEAR ENDED 31 DECEMBER 2014

	Group		Trust	
	2014	2013	2014	2013
	S\$'000	S\$'000	S\$'000	S\$'000
Cash flows from operating activities:				
Total return before income tax	112,686	119,364	30,878	21,589
Interest income	(199)	(163)	(1,852)	(1,859)
Interest expense	13,376	11,132	13,376	11,132
Amortisation of borrowing costs	1,841	1,241	1,841	1,241
Foreign exchange adjustment loss	792	586	792	586
Dividend income	-	-	(52,771)	(46,401)
(Increase)/decrease in fair values of investment properties	(47,174)	(61,334)	619	(678)
Impairment allowance on investments in subsidiaries	-	-	-	8,136
Manager's management fees settled in units	6,715	5,902	6,715	5,902
Operating cash flows before changes in working capital	88,037	76,728	(402)	(352)
Trade and other receivables, current	15,679	(15,036)	(277)	324
Other assets, current	(813)	(91)	(63)	(104)
Trade and other payables, current	(8,553)	13,461	4,163	(316)
Other liabilities	2,577	1,352	719	168
Net cash flows from/(used in) operating activities before income tax	96,927	76,414	4,140	(280)
Income taxes paid	(16,160)	(13,127)	-	-
Net cash flows from/(used in) operating activities	80,767	63,287	4,140	(280)
Cash flows from investing activities:				
Increase in investment properties	(67,717)	(141,955)	(219)	(122)
Decrease in investments in subsidiaries	-	-	14,728	11,757
Loan repayment from subsidiary	-	-	4,191	4,191
Acquisition of subsidiaries	-	-	(61,496)	(141,787)
Interest received	207	168	1,860	1,864
Dividend received	-	-	52,771	46,401
Net cash flows (used in)/from investing activities	(67,510)	(141,787)	11,835	(77,696)
Cash flows from financing activities:				
Distribution to unitholders	(39,842)	(42,794)	(39,842)	(42,794)
Increase in borrowings	206,843	190,649	206,843	190,649
Repayment of borrowings	(167,537)	(50,000)	(167,537)	(50,000)
Interest paid	(13,822)	(10,521)	(13,822)	(10,521)
Net cash flows (used in)/from financing activities	(14,358)	87,334	(14,358)	87,334
Net (decrease)/increase in cash and cash equivalents	(1,101)	8,834	1,617	9,358
Cash and cash equivalents, statement of cash flows, beginning balance	29,331	20,497	25,091	15,733
Cash and cash equivalents, statement of cash flows, ending balance (Note 17A)	28,230	29,331	26,708	25,091

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

STATEMENTS OF PORTFOLIO

AS AT 31 DECEMBER 2014

	Carrying Value as at 31.12.2014	Percentage of Total Net Assets as at 31.12.2014	Carrying Value as at 31.12.2013	Percentage of Total Net Assets as at 31.12.2013
	S\$'000	%	S\$'000	%
Group:				
Investment Properties in Indonesia	1,124,990	151.02	1,005,200	147.19
Investment Properties in Singapore	38,700	5.19	39,100	5.73
Investment Property in South Korea	8,325	1.12	7,966	1.16
Portfolio of Investment Properties at Valuation – Total	1,172,015	157.33	1,052,266	154.08
Other Net Liabilities	(427,065)	(57.33)	(369,367)	(54.08)
Net Assets Attributable to Unitholders	744,950	100.00	682,899	100.00

	Carrying Value as at 31.12.2014	Percentage of Total Net Assets as at 31.12.2014	Carrying Value as at 31.12.2013	Percentage of Total Net Assets as at 31.12.2013
	S\$'000	%	S\$'000	%
Trust:				
Investment Properties in Singapore	38,700	9.81	39,100	9.97
Portfolio of Investment Properties at Valuation – Total	38,700	9.81	39,100	9.97
Investments in Subsidiaries	690,989	175.26	639,721	163.12
Other Net Liabilities	(335,416)	(85.07)	(286,648)	(73.09)
Net Assets Attributable to Unitholders	394,273	100.00	392,173	100.00

STATEMENTS OF PORTFOLIO

AS AT 31 DECEMBER 2014

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	Percentage	Carrying	Percentage
		Value as at 31.12.2014	of Total Net Assets as at 31.12.2014	Value as at 31.12.2013	of Total Net Assets as at 31.12.2013
		S\$'000	%	S\$'000	%
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/ 13 years	3,593	10,500	1.41	10,700	1.57
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/ 13 years	3,563	10,600	1.42	10,800	1.58
The Lentor Residence 51 Lentor Avenue, Singapore 786876 8 June 2007, Nursing Home 99 years leasehold from 1938 10+10 years/ 13 years	4,005	17,600	2.36	17,600	2.58
Portfolio of Investment Properties held under the Trust at Valuation – Sub-total		38,700	5.19	39,100	5.73
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/ 22 years	27,284	162,100	21.76	158,200	23.17
Siloam Hospitals Kebon Jeruk Jalan Raya Perjuangan Kav. 8 Kebon Jeruk, Jakarta 11530, Indonesia 11 December 2006, Hospital HGB 15+15 years/ 22 years	18,316	91,900	12.34	90,300	13.22
Siloam Hospitals Surabaya Jalan Raya Gubeng No. 70 Surabaya 60281, Indonesia 11 December 2006, Hospital HGB 15+15 years/ 22 years	9,227	33,200	4.46	32,600	4.77

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

STATEMENTS OF PORTFOLIO

AS AT 31 DECEMBER 2014

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	Percentage	Carrying	Percentage
		Value as at 31.12.2014	of Total Net Assets as at 31.12.2014	Value as at 31.12.2013	of Total Net Assets as at 31.12.2013
		S\$'000	%	S\$'000	%
Indonesia (continued)					
Imperial Aryaduta Hotel & Country Club Boulevard Jenderal Sudirman, Lippo Village 1300, Tangerang 15811, Banten, Indonesia 11 December 2006, Hotel & Country Club HGB 15+15 years/ 22 years	17,427	42,100	5.65	38,700	5.67
Mochtar Riady Comprehensive Cancer Centre Jalan Garnisun Dalam No. 2-3, Semanggi Jakarta 12930, Indonesia 30 December 2010, Hospital HGB 15+15 years/ 26 years	37,933	253,200	33.99	240,100	35.16
Siloam Hospitals Lippo Cikarang Jalan Mohammad Husni Thamrin Kav. 105 Lippo Cikarang, Bekasi, Indonesia 17550 31 December 2010, Hospital HGB 15+15 years/ 26 years	11,125	46,000	6.17	45,400	6.65
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 HGB 15+15 years/ 28 years	36,051	104,200	13.99	100,200	14.67
Siloam Hospitals Makassar Jalan Metro Tanjung Bunga Kav 3-5 Makassar City, South Sulawesi Province Indonesia 30 November 2012, Hospital HGB 15+15 years/ 28 years	14,307	72,300	9.71	70,500	10.32

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

STATEMENTS OF PORTFOLIO

AS AT 31 DECEMBER 2014

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	Percentage	Carrying	Percentage
		Value as at 31.12.2014	of Total Net Assets as at 31.12.2014	Value as at 31.12.2013	of Total Net Assets as at 31.12.2013
		S\$'000	%	S\$'000	%
Indonesia (continued)					
Siloam Hospitals Bali Jalan Sunset Road No. 818 Kuta, Badung, Bali 80361, Indonesia 13 May 2013, Hospital HGB 15+15 years/ 29 years	20,958	121,600	16.32	117,100	17.15
Siloam Hospitals TB Simatupang Jalan Letjend. TB Simatupang Jalan R.A. Kartini No.8, RT 010, RW 04 Cilandak, Jakarta Selatan, Indonesia 22 May 2013, Hospital HGB 15+15 years/ 29 years	18,605	116,500	15.64	112,100	16.41
Siloam Hospitals Purwakarta Jalan Bungursari No. 1 Purwakarta, West Java, Indonesia 28 May 2014, Hospital HGB 15+15 years/ 30 years	8,254	38,100	5.11	–	–
Siloam Sriwijaya Jalan POM IX, Komplek Palembang Square Palembang, Indonesia 29 December 2014, Hospital Strata Title, on Build, Operate and Transfer Scheme 15+15 years/ 30 years	15,709	43,790	5.88	–	–
South Korea					
Sarang Hospital No. 9 Bongsannam 3 rd Street, Yeosu City Jeollanam-do, South Korea 5 August 2011, Hospital Freehold 10+10 years/ 17 years	4,982	8,325	1.12	7,966	1.16
Portfolio of Investment Properties at Valuation Held under the Group – Total		1,172,015	157.33	1,052,266	154.08

Notes:

(a): Refers to the tenure of underlying land except for Siloam Sriwijaya which holds a strata title

(b): Remaining terms of lease includes option to renew the land leases except for Siloam Sriwijaya which holds a strata title

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

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2014

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 and Fourth Supplemental Deed dated 1 April 2013) entered into between Bowsprit Capital Corporation Limited (the “**Manager**”) and HSBC Institutional Trust Services (Singapore) Limited (the “**Trustee**”), governed by the laws of Singapore.

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

The principal activity of the Trust and its subsidiaries (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 18 March 2015. The financial statements are for the Trust and the Group.

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, the notes to the financial statements include the Group’s objectives, policies and processes for managing its capital; its 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 tenants and suppliers. As a consequence, the Manager believes that the Group is well placed to manage its business risks successfully.

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 the income statement, as required or permitted by FRS. Reclassification adjustments are amounts reclassified to profit or loss in the income statement in the current period that were recognised in other comprehensive income in the current or previous periods. 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 2014

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation

The consolidated financial statements include the financial statements made up to the end of the reporting year of the Trust 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 unitholders' funds 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.

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.

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.

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2014

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Revenue Recognition (continued)

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.

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.

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 2014

2. SUMMARY OF 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 entity.

Operating 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 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.

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.

Business Combinations

Business combinations are accounted for by applying the acquisition method. There were none during the reporting year.

Borrowing Costs

Borrowing costs are interest and other costs incurred in connection with the borrowing of funds. The 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.

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2014

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Investment Properties

Investment property is property 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.

Unit-Based Payments

The cost is recognised as an expense when the units are issued for services. The issued capital is increased by the fair value of the transaction.

Leases

Whether an arrangement is, or contains, a lease, it is based on the substance of the arrangement at the inception date, that is, whether (a) fulfilment of the arrangement is dependent on the use of a specific asset or assets (the asset); and (b) the arrangement conveys a right to use the asset. 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. Contingent rents are charged as expenses in the reporting years in which they are incurred. 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.

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2014

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Impairment of Non-Financial Assets

Irrespective of whether there is any indication of impairment, an annual impairment test is performed at 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 reporting years 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 determined, net of depreciation or amortisation, if no impairment loss had been recognised.

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.

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: As at end of the reporting year there were no financial assets classified in this category.

NOTES TO THE FINANCIAL STATEMENTS

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2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Financial Assets (continued)

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.
3. **Held-to-maturity financial assets:** As at end of the reporting year there were no financial assets classified in this category.
4. **Available-for-sale financial assets:** As at end of the reporting year 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 expired. 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. Financial liabilities including bank and other borrowings are classified as current liabilities unless there is an unconditional right to defer settlement of the liability for at least 12 months after the end of the reporting year.

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2014

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Financial Liabilities (continued)

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. Financial guarantee contracts if significant are initially recognised at fair value and are subsequently measured at the greater of (a) the amount determined in accordance with FRS 37 and (b) the amount initially recognised less, where appropriate, cumulative amortisation recognised in accordance with FRS 18. All changes in fair value relating to liabilities at fair value through profit or loss are charged to profit or loss as incurred.
2. Other financial liabilities: 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. Trade and other payables and borrowings are usually classified in this category. Items classified within current trade and other payables are not usually re-measured, as the obligation is usually known with a high degree of certainty and settlement is short-term.

Net Assets Attributable to Unitholders

RAP 7 requires that the unit trusts classify the units 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.

Fair Value Measurement

Fair value is taken to be the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date (that is, an exit price). It is a market-based measurement, not an entity-specific 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. The Group and Trust'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. 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.

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2014

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Fair Value Measurement (continued)

The fair value measurements and related disclosures categorise the inputs to valuation techniques 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.

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.

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 make sure they incorporate all relevant information available at the date when financial statements are prepared. However, this does not prevent actual figures differing from estimates.

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2014

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Critical Judgements, Assumptions and Estimation Uncertainties (continued)

Fair Values of Investment Properties:

Certain judgements and assumptions are made in the valuation of the investment properties based on certain calculations and these calculations require the use of estimates in relation to future cash flows and suitable discount rates as disclosed in Note 12.

Income Tax Amounts:

The entity recognises tax liabilities and tax assets 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 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. Moreover, the measurement of a deferred tax asset or liability reflects the manner in which the entity expects to recover the asset's carrying value or settle the liability. 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 Note 9 on income tax.

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 on trade and other receivables.

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 or revaluation model for investment property or when fair value is required or permitted by a FRS for a non-financial asset. Management has taken the view that as there is clear evidence that it will consume the relevant asset's economic benefits throughout its economic life. The amount is stated in Note 9.

Estimated Impairment of Subsidiary:

Where an investee is in net equity deficit and or has suffered losses a test is made whether the investment in the investee has suffered any impairment. This determination requires significant judgement. An estimate is made of the future profitability of the investee, and the financial health of and near-term business outlook for the investee, including factors such as industry and sector performance, and operational and financing cash flow.

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2014

3. RELATED PARTY RELATIONSHIPS AND TRANSACTIONS

FRS 24 defines a related party as a person or entity that is related to the reporting entity and it includes (a) A person or a close member of that person's family if that person: (i) has control or joint control over the reporting entity; (ii) has significant influence over the reporting entity; or (iii) is a member of the key management personnel of the reporting entity or of a parent of the reporting entity. (b) An entity is related to the reporting entity if any of the following conditions apply: (i) The entity and the reporting entity are members of the same group. (ii) One entity is an associate or joint venture of the other entity. (iii) Both entities are joint ventures of the same third party. (iv) One entity is a joint venture of a third entity and the other entity is an associate of the third entity. (v) The entity is a post-employment benefit plan for the benefit of employees of either the reporting entity or an entity related to the reporting entity. (vi) The entity is controlled or jointly controlled by a person identified in (a). (vii) A person identified in (a) (i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity). (viii) The entity, or any member of a group of which it is a part, provides key management personnel services to the reporting entity or to the parent of the reporting entity.

The ultimate controlling party is PT Lippo Karawaci Tbk.

3A. Related Parties:

There are transactions and arrangements between the Trust and members of the Group 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 are unsecured without fixed repayment terms and interest unless stated otherwise. For non-current balances an interest is imputed unless stated otherwise. There were no financial guarantees issued during the reporting year. Intra-group transactions and balances that have been eliminated in these consolidated financial statements are not disclosed as related party transactions and balances below.

Significant related party transactions:

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

	Group		Trust	
	2014	2013	2014	2013
	S\$'000	S\$'000	S\$'000	S\$'000
The parent company of the Manager				
Property rental income	86,809	77,821	-	-
Acquisition of investment property (Note 12)	-	193,859	-	-
The Manager				
Manager's management fees	(9,138)	(7,977)	(9,138)	(7,977)
Acquisition-related fees	(702)	(1,904)	(702)	(1,904)
The Trustee				
Trustee fees	(341)	(299)	(341)	(299)

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2014

3. RELATED PARTY RELATIONSHIPS AND TRANSACTIONS (CONTINUED)

3A. Related Parties (continued):

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

The manager held 32,955,777 (2013: 27,241,365) units in the Trust at the end of the reporting year.

The lessees of the Indonesia properties are subsidiaries of PT Lippo Karawaci Tbk. The lessees have provided bank guarantees of S\$44,205,000 (2013: S\$43,380,000) in lieu of the security deposits for rental income from the properties. These guarantees which expired in May, November and December 2014 have been renewed up to May, November and December 2015 as appropriate.

Acquisition fees payable to the Manager are disclosed in Note 18.

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

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) Trustee Fees

Under the Trust Deed, the Trustee is entitled to a fee not exceeding 0.1% (2013: 0.1%) per annum 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.

(B) 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% (2013: 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% (2013: 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.
- (iii) Manager's acquisition fee determined at 1.0% (2013: 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% (2013: 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).

NOTES TO THE FINANCIAL STATEMENTS

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4. GROSS REVENUE

	Group		Trust	
	2014	2013	2014	2013
	S\$'000	S\$'000	S\$'000	S\$'000
Rental income	93,255	83,280	3,615	3,458
Dividend income from subsidiaries	-	-	52,771	46,401
	93,255	83,280	56,386	49,859

5. PROPERTY OPERATING EXPENSES

	Group		Trust	
	2014	2013	2014	2013
	S\$'000	S\$'000	S\$'000	S\$'000
Property tax expense	62	63	62	63
Valuation expenses	211	197	35	32
Insurance expenses	89	67	-	-
Professional fees	387	468	-	24
Impairment allowance on trade receivables	546	2,150	-	-
Others	87	127	-	1
	1,382	3,072	97	120

6. MANAGER'S MANAGEMENT FEES

	Group and Trust	
	2014	2013
	S\$'000	S\$'000
Base fees	4,544	3,967
Performance fees	4,594	4,010
	9,138	7,977

7. FINANCE COSTS

	Group and Trust	
	2014	2013
	S\$'000	S\$'000
Interest expense	13,376	11,132
Amortised borrowing costs	1,841	1,241
	15,217	12,373

During the financial year, transaction costs expensed for refinancing a bank loan was S\$714,000 (2013: Nil).

NOTES TO THE FINANCIAL STATEMENTS

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8. OTHER EXPENSES

	Group		Trust	
	2014	2013	2014	2013
	S\$'000	S\$'000	S\$'000	S\$'000
Foreign exchange adjustment loss	688	994	772	585
Handling and processing fees	557	148	557	148
Impairment allowance on other receivables	-	-	-	567
Professional fees	370	246	370	246
Project expenses	100	187	100	187
Others	149	117	149	169
	1,864	1,692	1,948	1,902

Total fees to auditors:

	Group		Trust	
	2014	2013	2014	2013
	S\$'000	S\$'000	S\$'000	S\$'000
Audit fees to independent auditors of the Trust	238	200	176	149
Audit fees to other independent auditors	156	129	-	-
Non-audit fees to independent auditors of the Trust	15	14	15	14

9. INCOME TAX

9A. Components of Tax Expense/(Benefit) Recognised in Profit or Loss Include:

	Group		Trust	
	2014	2013	2014	2013
	S\$'000	S\$'000	S\$'000	S\$'000
Current tax expense:				
Current tax expense	15,073	13,199	-	-
Subtotal	15,073	13,199	-	-
Deferred tax expense:				
Deferred tax expense/(benefit)	7,010	(11,667)	(105)	115
Subtotal	7,010	(11,667)	(105)	115
Total income tax expense/(benefit)	22,083	1,532	(105)	115

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2014

9. INCOME TAX (CONTINUED)

9A. Components of Tax Expense/(Benefit) Recognised in Profit or Loss Include (continued):

The income tax expense/(benefit) varied from the amount of income tax expense/(benefit) determined by applying the Singapore income tax rate of 17% (2013: 17%) to total return before income tax as a result of the following differences:

	Group		Trust	
	2014	2013	2014	2013
	S\$'000	S\$'000	S\$'000	S\$'000
Total return before income tax	112,686	119,364	30,878	21,589
Income tax expense at the above rate	19,157	20,292	5,249	3,670
Non-deductible/(not liable to tax) items	15,643	(4,680)	(5,639)	(3,831)
Effect of different tax rates in different countries	(13,002)	(14,356)	-	-
Tax transparency ^(a)	285	276	285	276
Total income tax expense/(benefit)	22,083	1,532	(105)	115

The amount of current income taxes payable as at the end of the reporting year was S\$445,000 (2013: S\$1,532,000) for the Group. Such an amount, according to tax rules, was to be 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/(Benefit) Recognised in Profit or Loss Include:

	Group		Trust	
	2014	2013	2014	2013
	S\$'000	S\$'000	S\$'000	S\$'000
Deferred tax relating to the changes in fair value of investment properties	7,010	(11,667)	(105)	115

9C. Deferred Tax Balance in the Statement of Financial Position:

	Group		Trust	
	2014	2013	2014	2013
	S\$'000	S\$'000	S\$'000	S\$'000
<u>Deferred tax (liabilities)/assets recognised in profit or loss:</u>				
Deferred tax relating to the changes in fair value of investment properties	(28,508)	(21,498)	595	490

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2014

9. INCOME TAX (CONTINUED)

9C. Deferred Tax Balance in the Statement of Financial Position (continued):

Presented in the statements of financial position as follows:

	2014	2013	2014	2013
	S\$'000	S\$'000	S\$'000	S\$'000
Deferred tax liabilities	(29,103)	(21,988)	-	-
Deferred tax assets	595	490	595	490
Net balance	(28,508)	(21,498)	595	490

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	
	2014	2013
	S\$'000	S\$'000
Foreign subsidiaries	65,008	60,796

10. EARNINGS PER UNIT

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

	Group	
	2014	2013
Denominator: Weighted average number of units outstanding during the year ('000)	719,510	693,449
Numerator: Earnings attributable to unitholders Total return after income tax (S\$'000)	90,603	117,832
Earnings per unit (in cents) Basic and diluted	12.59	16.99

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.

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11. DISTRIBUTIONS

	Group and Trust	
	2014	2013
	S\$'000	S\$'000
<u>Total distribution paid during the year:</u>		
Distribution of 0.70 cents per unit for the period from 26 November 2012 to 31 December 2012	-	4,607
Distribution of 1.74 cents per unit for the period from 1 January 2013 to 31 March 2013	-	11,605
Distribution of 1.85 cents per unit for the period from 1 April 2013 to 30 June 2013	-	12,655
Distribution of 1.96 cents per unit for the period from 1 July 2013 to 30 September 2013	-	13,927
Distribution of 1.97 cents per unit for the period from 1 October 2013 to 31 December 2013	13,955	-
Distribution of 1.99 cents per unit for the period from 1 January 2014 to 31 March 2014	14,195	-
Distribution of 2.00 cents per unit for the period from 1 April 2014 to 30 June 2014	14,371	-
Distribution of 2.02 cents per unit for the period from 1 July 2014 to 30 September 2014	14,689	-
	57,210	42,794

11A. Distribution Per Unit

	Group and Trust			
	2014	2013	2014	2013
	Cents per unit	Cents per unit	S\$'000	S\$'000
Based on the number of units in issue at the dates of distributions	8.05	7.52	58,221	52,086

Distribution Type

Name of Distribution Distribution during the period (interim distributions)

Distribution Type Income/Capital

	Group and Trust			
	2014	2013	2014	2013
Distribution Rate	Cents per unit	Cents per unit	S\$'000	S\$'000
Taxable Income ^(a) :	0.26	0.23	1,871	1,585
Tax-Exempt Income ^(b) :	3.80	3.68	27,350	25,237
Capital ^(c) :	1.95	1.64	14,037	11,309
Subtotal:	6.01	5.55	43,258	38,131

NOTES TO THE FINANCIAL STATEMENTS

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11. DISTRIBUTIONS (CONTINUED)

11A. Distribution Per Unit (continued)

Name of Distribution Distribution declared subsequent to end of the reporting year (final distribution) (See Note 26)

Distribution Type Income/Capital

Distribution Rate	Group and Trust			
	2014	2013	2014	2013
	Cents per unit	Cents per unit	S\$'000	S\$'000
Taxable Income ^(a) :	0.09	0.08	660	599
Tax-Exempt Income ^(b) :	1.28	1.24	9,388	8,762
Capital ^(c) :	0.67	0.65	4,915	4,594
Subtotal:	2.04	1.97	14,963	13,955

Total annual distribution paid or declared

Taxable Income ^(a) :	0.35	0.31	2,531	2,184
Tax-Exempt Income ^(b) :	5.08	4.92	36,738	33,999
Capital ^(c) :	2.62	2.29	18,952	15,903
Total:	8.05	7.52	58,221	52,086

- (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 which was to expire on 31 March 2015 has been extended till 31 March 2020.

All other investors will receive their distributions after deduction of tax at the rate of 17% (2013: 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% (2013: 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.

NOTES TO THE FINANCIAL STATEMENTS

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12. INVESTMENT PROPERTIES

	Group		Trust	
	2014	2013	2014	2013
	S\$'000	S\$'000	S\$'000	S\$'000
At valuation:				
Fair value at beginning of year	1,052,266	796,702	39,100	38,300
Additions at cost ^{#a}	72,217	193,859	219	122
Translation differences	358	371	-	-
Increase/(decrease) in fair value included in statements of total return under increase/(decrease) in fair values of investment properties (Level 3)	47,174	61,334	(619)	678
Fair value at end of year	1,172,015	1,052,266	38,700	39,100
Rental income from investment properties	93,255	83,280	3,615	3,458
Direct operating expenses (including repairs and maintenance) arising from investment properties that generated rental income during the reporting year	1,382	3,072	97	120

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 2014 are for the acquisition of Siloam Hospitals Purwakarta and Siloam Sriwijaya (Note 18). This includes capitalised transaction costs of S\$1,837,000. The additions in 2013 were for the acquisition of Siloam Hospitals Bali and Siloam Hospitals TB Simatupang amounting to S\$97.3 million and S\$93.1 million respectively. The additions included capitalised transaction costs of S\$3,297,000.

The fair value of each investment property was measured in October 2014 and updated on 31 December 2014 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 value was 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 has been no change to the valuation techniques during the year. Management determined that the highest and best use of the asset is the current use and that it would provide maximum value to market participants principally through its use in combination with other assets.

The fair values for 2014 were made by the following firms of independent professional valuers:

1. Five Indonesia properties – KJPP Willson & Rekan in association with Knight Frank
2. Five Indonesia properties – KJPP Rengganis, Hamid & Rekan in strategic alliance with CBRE Pte Ltd
3. One Indonesia property – KJPP Rinaldi, Alberth, Baroto & Rekan in association with DTZ
4. One Indonesia property – KJPP Winarta & Rekan in alliance with Jones Lang LaSalle
5. All Singapore properties – CBRE Pte Ltd
6. The South Korea property – CBRE Pte Ltd

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12. INVESTMENT PROPERTIES (CONTINUED)

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

	Indonesia 2014	Indonesia 2013	Singapore 2014	Singapore 2013	South Korea 2014	South Korea 2013
1. Estimated discount rates using pre-tax rates that reflect current market assessments at the risks specific to the properties	9.64% to 9.80%	9.29% to 9.92%	8.25%	8.25%	Note 1	Note 1
2. Growth rates based on escalation rate in the lease agreements	#(A)	#(A)	2.00%	2.00%	Note 1	Note 1
3. Cash flow forecasts derived from the most recent financial budgets approved by management	10 years	10 years	10 years	10 years	Note 1	Note 1
4. Terminal rate #(B)	9.00% to 11.00%	9.00% to 11.00%	6.00% to 6.50%	6.00% to 6.50%	Note 1	Note 1
5. Dates of valuations	1 Oct and 31 Oct	7 Nov	31 Oct	7 Nov	31 Oct	7 Nov

#(A) The growth rate for the base rent is based on 2.00% (2013: 2.00%) of the preceding 12 months base rent while the variable rent is the amount equivalent to 0.75% to 2.00% (2013: 0.75% to 2.00%) of the tenant's gross revenue for the preceding calendar year, depending on the tenant's gross revenue growth.

#(B) No terminal rate was used for the valuation of Siloam Sriwijaya whose agreement with the provincial government only allows for a fixed lease period.

Note 1: The valuation of the South Korea property for 2014 and 2013 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 9.75% (2013: 9.00%) 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.

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12. INVESTMENT PROPERTIES (CONTINUED)

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 Purwakarta and Siloam Sriwijaya, all the properties are mortgaged as security for the bank facilities (Note 20).

Other details on the properties are disclosed in the statements of portfolio.

The two types of property titles in Indonesia are Hak Guna Bangunan ("HGB") title and Strata title constructed on Build, Operate and Transfer ("BOT") scheme.

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

The Strata 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 BOT scheme is a structure in Indonesia for the construction of commercial buildings where Indonesian government owns the relevant land ("BOT land"). Under the BOT scheme, the Indonesian 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.

The investment properties are leased out under operating leases (Notes 3 and 25).

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 2014 (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	1,163,690	Discounted cash flow method	Discount rate	8.25% to 9.80% (2013: 8.25% to 9.92%)	The higher the discount rate, the lower the fair value.
			Terminal growth rate	6.00% to 11.00% (2013: 6.00% to 11.00%)	The higher the terminal growth rate, the lower the fair value.
	8,325	Direct capitalisation method	Capitalisation rate	9.75% (2013: 9.00%)	The higher the capitalisation rate, the lower the fair value.

There were no significant inter-relationships between unobservable inputs.

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12. INVESTMENT PROPERTIES (CONTINUED)

Sensitivity analysis on key estimates:

Indonesia Properties:

1. Discount rates

A hypothetical 10% increase or decrease in the pre-tax discount rate applied to the discounted cash flows would have an effect on return before tax of – lower by S\$59.2 million (2013: S\$67.5 million); higher by S\$69.3 million (2013: S\$76.5 million) respectively.

2. Growth in rental income

A hypothetical 10% increase or decrease in the rental income would have an effect on return before tax of – higher by S\$50.9 million (2013: S\$40.5 million); lower by S\$50.8 million (2013: S\$40.9 million) respectively.

3. Terminal growth rates

A hypothetical 10% increase or decrease in the terminal growth rate would have an effect on return before tax of – lower by S\$27.5 million (2013: S\$29.2 million); higher by S\$37.3 million (2013: S\$33.3 million) respectively.

Singapore Properties:

1. Discount rates

A hypothetical 10% increase or decrease in the pre-tax discount rate applied to the discounted cash flows would have an effect on return before tax of – lower by S\$1.8 million (2013: S\$1.9 million); higher by S\$2.0 million (2013: S\$2.1 million) respectively.

2. Growth in rental income

A hypothetical 10% increase or decrease in the rental income would have an effect on return before tax of – higher by S\$2.5 million (2013: S\$2.5 million); lower by S\$2.4 million (2013: S\$2.4 million) respectively.

3. Terminal growth rates

A hypothetical 10% increase or decrease in the terminal growth rate would have an effect on return before tax of – lower by S\$0.4 million (2013: S\$0.4 million); higher by S\$0.4 million (2013: S\$0.5 million) respectively.

South Korea Property:

1. Growth in rental income

A hypothetical 10% increase or decrease in the rental income would have an effect on return before tax of – higher by S\$0.9 million (2013: S\$0.8 million); lower by S\$0.8 million (2013: S\$0.8 million) respectively.

2. Capitalisation rates

A hypothetical 10% increase or decrease in the capitalisation rate would have an effect on return before tax of – lower by S\$0.8 million (2013: S\$0.8 million); higher by S\$0.9 million (2013: S\$0.9 million) 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 at the end of every financial year. For 2014, the firms of independent professional valuers engaged are mentioned above.

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

- Discount rates*
The discount rate has 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 growth rates*
The terminal growth rate has 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 2014. The estimates are largely consistent with management's knowledge of actual conditions and situations.

13. INVESTMENTS IN SUBSIDIARIES

	Trust	
	2014	2013
	S\$'000	S\$'000
Cost at the beginning of the year	639,721	465,923
Additions at cost	65,996	193,691
Impairment allowance included in the statement of total return	-	(8,136)
Redemption of redeemable preference shares	(14,728)	(11,757)
Cost at the end of the year	690,989	639,721
Total cost comprising:		
Unquoted equity shares at cost	353,357	347,020
Redeemable preference shares at cost	337,632	292,701
Total at cost	690,989	639,721
Movement in allowance for impairment:		
Balance at beginning of the year	(8,136)	-
Impairment allowance included in the statement of total return	-	(8,136)
Balance at end of the year	(8,136)	(8,136)

The details of the subsidiaries are disclosed in Note 29 below.

NOTES TO THE FINANCIAL STATEMENTS

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14. TRADE AND OTHER RECEIVABLES, CURRENT

	Group		Trust	
	2014	2013	2014	2013
	S\$'000	S\$'000	S\$'000	S\$'000
<u>Trade receivables:</u>				
Outside parties	3,922	2,741	757	448
Less impairment allowance	(2,831)	(2,165)	-	-
Related party (Note 3)	1,391	1,350	8	8
Subtotal	2,482	1,926	765	456
<u>Other receivables:</u>				
Subsidiaries (Note 3)	-	-	2,222	2,269
Less impairment allowance	-	-	(567)	(567)
Outside parties	6,506	22,776	24	16
Subtotal	6,506	22,776	1,679	1,718
Total trade and other receivables	8,988	24,702	2,444	2,174

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

	Group		Trust	
	2014	2013	2014	2013
	S\$'000	S\$'000	S\$'000	S\$'000
<u>Movement in above allowance:</u>				
Balance at beginning of the year	(2,165)	-	(567)	-
Impairment allowance	(546)	(2,150)	-	(567)
Foreign exchange loss recognised on translation at year end	(120)	(15)	-	-
Balance at the end of the year	(2,831)	(2,165)	(567)	(567)

15. LOAN RECEIVABLE

	Trust	
	2014	2013
	S\$'000	S\$'000
<u>Loan receivable from subsidiary:</u>		
Non-current portion	58,785	62,976
Current portion	4,191	4,191
Total	62,976	67,167

The agreement for the loan receivable provides that it is unsecured, with floating interest at 0% to 3.39% (2013: 0% to 3.56%) 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 thus the fair value is not determinable. The amount is not past due.

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16. OTHER ASSETS, CURRENT

	Group		Trust	
	2014	2013	2014	2013
	S\$'000	S\$'000	S\$'000	S\$'000
Prepayments	206	117	178	116
Prepaid taxes	2,351	1,627	-	-
	2,557	1,744	178	116

17. CASH AND CASH EQUIVALENTS

	Group		Trust	
	2014	2013	2014	2013
	S\$'000	S\$'000	S\$'000	S\$'000
Not restricted in use	28,230	29,331	26,708	25,091

The rate of interest for the cash on interest-earning accounts ranged from 0.37% to 0.87% (2013: 0.51% to 0.82%) per annum.

17A. Cash and Cash Equivalents in the Statement of Cash Flows:

	Group		Trust	
	2014	2013	2014	2013
	S\$'000	S\$'000	S\$'000	S\$'000
As shown above	28,230	29,331	26,708	25,091

17B. Non-Cash Transactions:

There were units issued as settlement of the Manager's management fees (Note 18).

Eligible unitholders that have elected to participate in the Distribution Reinvestment Plan ("DRP") received their distributions in units (Note 18).

During the year, a total of 3,805,175 units were issued in settlement of S\$4.5 million of the purchase consideration for the acquisition of Siloam Hospitals Purwakarta (Note 18). In 2013, a total of 35,450,935 units were issued in settlement of S\$50.0 million of the purchase consideration for the acquisition of Siloam Hospitals TB Simatupang.

NOTES TO THE FINANCIAL STATEMENTS

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

	Group and Trust	
	2014	2013
	'000	'000
Units at beginning of the year	706,629	664,948
Issuance of new units as settlement of management fees ^(a)	5,762	4,852
Issuance of new units as settlement of acquisition fees ^(b)	–	1,378
Issuance of new units to vendor as part of investment property purchase ^(c)	3,805	35,451
Issuance of new units pursuant to the Distribution Reinvestment Plan ^(d)	15,506	–
Units at end of the year	731,702	706,629

- (a) 5,762,000 (2013: 4,852,000) new units at an issue price range from S\$1.0431 to S\$1.2240 (2013: S\$1.0526 to S\$1.2023) 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, 1,565,000 (2013: 1,613,000) 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.

- (b) In 2013, acquisition fees for Siloam Hospitals Bali and Siloam Hospitals TB Simatupang were payable to the Manager pursuant to the Trust Deed in the form of units. The Manager elected to receive the acquisition fees, amounting to S\$1.9 million in units at the 10 days VWAP pricing per unit before the issue date.
- (c) The Trust acquired Siloam Hospitals Purwakarta ("SHPW"), which is located at Jalan Bungursari No. 1, Purwakarta, West Java, Indonesia for a purchase consideration of S\$31.0 million from PT Purimas Elok Asri ("PT PEA"), which wholly-owned the SHPW property. PT PEA is not an interested person nor an interested party. The acquisition of SHPW property was carried out by the Trust indirectly via the acquisition of Finura Investments Pte. Ltd., a company incorporated in Singapore which, directly and through its wholly-owned subsidiary, Glamis Investments Pte. Ltd., a company incorporated in Singapore, wholly owned PT Eka Dasa Parinama, a company incorporated in Indonesia which now holds the SHPW property. S\$4.5 million of the purchase consideration was satisfied by way of the issuance of 3,805,000 units at an issue price of S\$1.1826 per unit at the date of completion to PT PEA.

The acquisition was completed on 28 May 2014.

The Trust also acquired Siloam Sriwijaya ("SS"), which is located at Jalan POM IX, Komplek Palembang Square, Palembang, Indonesia for a purchase consideration of S\$39.2 million from PT Bisma Pratama Karya ("PT BPK"), which wholly-owned the SS property. PT BPK is not an interested person nor an interested party. The acquisition of SS property was carried out by the Trust indirectly via the incorporation of Sriwijaya Investment I Pte. Ltd., a company incorporated in Singapore which, through its wholly-owned subsidiary, Sriwijaya Investment II Pte. Ltd., a company incorporated in Singapore, wholly owned PT Sriwijaya Mega Abadi, a company incorporated in Indonesia which now holds the SS property. S\$6.0 million of the purchase consideration will be satisfied by way of the issuance of 4,805,000 units at an issue price of S\$1.2488 per unit with the approval from the Singapore Exchange Securities Trading Limited on 5 January 2015.

The acquisition was completed on 29 December 2014.

NOTES TO THE FINANCIAL STATEMENTS

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

(d) The Trust introduced and implemented a Distribution Reinvestment Plan (“DRP”) on 9 January 2014 whereby the unitholders have the option to receive their distribution in units instead of cash or a combination of units and cash.

15,506,000 (2013: Nil) new units at an issue price range of S\$1.0163 to S\$1.1887 (2013: Nil) per unit were issued pursuant to the Distribution Reinvestment Plan.

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	
	2014	2013	2014	2013
	S\$'000	S\$'000	S\$'000	S\$'000
Net assets value attributable to unitholders at end of the year	744,950	682,899	394,273	392,173
	Cents	Cents	Cents	Cents
Net assets value attributable to unitholders per unit (in cents)	101.81	96.64	53.88	55.50

NOTES TO THE FINANCIAL STATEMENTS

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

18A. Movements in Components of Unitholders' Funds

Group:	Issued	Retained	Foreign	Total
	Equity	Earnings	Exchange	
	S\$'000	S\$'000	Reserve	S\$'000
Current year:				
Opening balance at 1 January 2014	414,109	268,170	620	682,899
Total comprehensive return for the year	–	90,603	331	90,934
Purchase of investment property paid in units (Note 18)	4,500	–	–	4,500
Manager's management fees settled in units	6,459	–	–	6,459
Distribution settled in units	17,368	–	–	17,368
Distributions	(18,644)	(38,566)	–	(57,210)
Closing balance at 31 December 2014	423,792	320,207	951	744,950
Previous year:				
Opening balance at 1 January 2013	369,159	180,691	224	550,074
Total comprehensive return for the year	–	117,832	396	118,228
Purchase of investment property paid in units (Note 18)	50,000	–	–	50,000
Manager's management fees settled in units	5,487	–	–	5,487
Manager's acquisition fees settled in units	1,904	–	–	1,904
Distributions	(12,441)	(30,353)	–	(42,794)
Closing balance 31 December 2013	414,109	268,170	620	682,899

Trust:	Issued	Accumulated	Total
	Equity	Losses	
	S\$'000	S\$'000	S\$'000
Current year:			
Opening balance at 1 January 2014	414,109	(21,936)	392,173
Total comprehensive return for the year	–	30,983	30,983
Purchase of investment property paid in units (Note 18)	4,500	–	4,500
Manager's management fees settled in units	6,459	–	6,459
Distribution settled in units	17,368	–	17,368
Distributions	(18,644)	(38,566)	(57,210)
Closing balance at 31 December 2014	423,792	(29,519)	394,273
Previous year:			
Opening balance at 1 January 2013	369,159	(13,057)	356,102
Total comprehensive return for the year	–	21,474	21,474
Purchase of investment property paid in units (Note 18)	50,000	–	50,000
Manager's management fees settled in units	5,487	–	5,487
Manager's acquisition fees settled in units	1,904	–	1,904
Distributions	(12,441)	(30,353)	(42,794)
Closing balance 31 December 2013	414,109	(21,936)	392,173

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2014

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

18A. Movements in Components of Unitholders' Funds (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	
	2014	2013	2014	2013
	S\$'000	S\$'000	S\$'000	S\$'000
Net debt:				
All external non-current borrowings	396,575	353,798	396,575	353,798
Less: Cash and cash equivalents	(28,230)	(29,331)	(26,708)	(25,091)
Net debt	368,345	324,467	369,867	328,707
Net capital:				
Issued equity	423,792	414,109	423,792	414,109
Retained earnings/(Accumulated losses)	320,207	268,170	(29,519)	(21,936)
Foreign exchange reserve	951	620	-	-
Net capital	744,950	682,899	394,273	392,173
Debt-to-adjusted capital ratio	49.45%	47.51%	93.81%	83.82%

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2014

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

Capital Management (continued)

The unfavourable change in the Group's debt-to-adjusted capital ratio for the reporting year resulted primarily from the increase in borrowings. This was partially offset by a favourable change from improved retained earnings.

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 35% of the Group's deposited property. It was 33.1% (2013: 32.3%) as at end of the reporting year. The aggregate leverage of the Group may exceed 35% of the Group's deposited property (up to a maximum of 60%) only if the credit rating of the Group is obtained and disclosed to the public. The Group met the aggregate leverage ratio as at the end of the reporting year.

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.

19. Financial Ratios

	Group		Trust	
	2014	2013	2014	2013
Expenses to average net assets ratio - excluding performance related fees ⁽¹⁾	1.59%	1.63%	2.71%	2.57%
Expenses to average net assets ratio - including performance related fees ⁽¹⁾	0.95%	0.97%	1.54%	1.50%
Portfolio turnover ratio ⁽²⁾	N/M	N/M	N/M	N/M
Rent/EBITDA ratio of Indonesia properties ⁽³⁾	67.30%	68.06%	-	-

(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.

(3) The Manager has given an undertaking to the 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 and Siloam Sriwijaya. The EBITDA (unaudited) for the operations renting the Indonesia properties, except for Siloam Hospitals Purwakarta and Siloam Sriwijaya, is calculated before the rental expenses.

N/M – Not meaningful as the ratio is Nil for 2014 and 2013 as there was no sale of investment property.

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20. OTHER FINANCIAL LIABILITIES

	Group and Trust	
	2014	2013
	S\$'000	S\$'000
<u>Current:</u>		
Bank loans (unsecured)	26,500	-
Transaction cost to be amortised	(15)	-
Current, total	26,485	-
<u>Non-current:</u>		
Bank loans (secured) (Note 20A)	274,794	257,842
Transaction cost to be amortised (Note 20A)	(3,841)	(2,946)
	270,953	254,896
Fixed rate notes (unsecured) (Note 20B)	100,000	100,000
Transaction cost to be amortised	(863)	(1,098)
	99,137	98,902
Non-current, total	370,090	353,798
Total other financial liabilities	396,575	353,798

The above current bank loan is due in May 2015 and is under a bridge loan facility of up to S\$27,000,000. The range of floating interest rates per annum from 2.44% to 3.00% (2013: Nil).

All bank loans and fixed rate notes are carried at amortised cost using the effective interest method.

20A. Bank Loans (Secured)

	Group and Trust	
	2014	2013
	S\$'000	S\$'000
<u>Non-current:</u>		
Bank loan A (secured)	-	166,242
Transaction cost to be amortised	-	(1,727)
	-	164,515
Bank loan B (secured)	91,600	91,600
Transaction cost to be amortised	(1,008)	(1,219)
	90,592	90,381
Bank loan C (secured)	33,160	-
Transaction cost to be amortised	(560)	-
	32,600	-
Bank loan D (secured)	150,034	-
Transaction cost to be amortised	(2,273)	-
	147,761	-
Total bank loans (secured)	270,953	254,896

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20. OTHER FINANCIAL LIABILITIES (CONTINUED)

20A. Bank Loans (secured)

Bank loan A, which was due in November 2016 and under multi-currency transferable term loan facilities of up to S\$168,000,000, was refinanced by Bank loan D during the year. Bank loan B is due in November 2017 and is under a fixed rate loan facility of up to S\$92,000,000. Bank loan C is due in December 2017 and December 2018 and is under multi-currency transferrable term loan facilities of up to S\$40,000,000. Bank loan D is due in December 2017, December 2018 and December 2019, and is under multi-currency transferable term loan facilities of up to S\$165,000,000.

All the amounts are at floating interest rates except for Bank loan B. The range of floating interest rates per annum for the above borrowings is from 3.47% to 3.64% (2013: 3.43% to 3.64%) per annum. The fixed interest rate of Bank loan B is 3.39% (2013: 3.39%) per annum. The range of effective interest rates per annum for the above borrowings is from 3.72% to 4.19% (2013: 3.71% to 3.89%).

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 Purwakarta and Siloam Sriwijaya.
- 2) Assignment to the bank 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 Purwakarta and Siloam Sriwijaya.
- 3) Assignment to the bank 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 Purwakarta and Siloam Sriwijaya.
- 4) A debenture containing first fixed and floating charges over all assets and undertakings of the Trust's Singapore subsidiaries except for Great Capital Pte. Ltd., Key Capital Pte. Ltd., Primerich Investments Pte. Ltd., Kalmore Investments Pte. Ltd., IAHC Investment Pte. Ltd., Finura Investments Pte. Ltd., Glamis Investments Pte. Ltd., Surabaya Hospitals Investments Pte. Ltd., Sriwijaya Investment I Pte. Ltd., and Sriwijaya Investment II Pte. Ltd.
- 5) Charge of all of the Trust's shares in the Singapore subsidiaries except for Kalmore Investments Pte. Ltd., Finura Investments Pte. Ltd., Glamis Investments Pte. Ltd., IAHC Investment Pte. Ltd., Surabaya Hospitals Investment Pte. Ltd., Sriwijaya Investment I Pte. Ltd., and Sriwijaya Investment II Pte. Ltd.
- 6) Charge of all of the Singapore subsidiaries' shares in the Indonesia subsidiaries except for PT Eka Dasa Parinama and PT Sriwijaya Mega Abadi.
- 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.

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20. OTHER FINANCIAL LIABILITIES (CONTINUED)**20A. Bank Loans (secured)**

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	
	2014	2013	2014	2013
	S\$'000	S\$'000	S\$'000	S\$'000
<u>Group and Trust</u>				
Bank loan B (non-current)	90,592	90,381	92,793	95,058

The fair value above is determined from discounted cashflow analysis, discounted at market borrowing rates of an equivalent instrument at the reporting date at which the Manager expects to be available to the Group.

20B. Fixed rate notes (unsecured)

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 2014 under the Programme was S\$100,000,000 (2013: S\$100,000,000). It will mature on 22 May 2018 and bears a fixed interest rate of 4.125% (2013: 4.125%) per annum payable semi-annually in arrears. The effective interest rate per annum is 4.40% (2013: 4.40%).

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

	Carrying Amounts		Fair Values	
	2014	2013	2014	2013
	S\$'000	S\$'000	S\$'000	S\$'000
<u>Group and Trust</u>				
Fixed rate notes (non-current)	99,137	98,902	101,250	100,550

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21. TRADE AND OTHER PAYABLES, CURRENT

	Group		Trust	
	2014	2013	2014	2013
	S\$'000	S\$'000	S\$'000	S\$'000
<u>Trade payables:</u>				
Outside parties and accrued liabilities	109	56	63	55
Related parties (Note 3)	1,956	1,804	1,956	1,804
Subtotal	2,065	1,860	2,019	1,859
<u>Other payables:</u>				
Subsidiary (Note 3)	-	-	23,872	21,452
Related party (Note 3)	22	22	-	-
Other payables	18,342	28,127	3,096	2,541
Subtotal	18,364	28,149	26,968	23,993
Total trade and other payables	20,429	30,009	28,987	25,852

In 2014, included in the Group's other payables, was a S\$6.0 million payable for the acquisition of Siloam Sriwijaya (Note 18).

In 2013, included in the Group's other payables as at end of the financial year, were mainly taxes payable to the vendors upon receipt of refunds from the tax authority.

22. OTHER LIABILITIES, CURRENT

	Group		Trust	
	2014	2013	2014	2013
	S\$'000	S\$'000	S\$'000	S\$'000
Deferred income	18,203	16,344	75	73
Security deposits	2,680	1,963	2,680	1,963
	20,883	18,307	2,755	2,036

23. 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 results 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.

NOTES TO THE FINANCIAL STATEMENTS

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23. FINANCIAL INFORMATION BY OPERATING SEGMENTS (CONTINUED)

Information about Reportable Segment Profit or Loss and Assets (continued)

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.

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

	Indonesia 2014 S\$'000	Singapore 2014 S\$'000	South Korea 2014 S\$'000	Total 2014 S\$'000
Profit or loss reconciliation				
Gross revenue	88,840	3,615	800	93,255
Impairment allowance on trade receivables	-	-	(546)	(546)
Net property income	88,318	3,392	163	91,873
Interest income	42	157	-	199
Manager's management fees				(9,138)
Trustee fees				(341)
Finance costs				(15,217)
Other expenses				(1,864)
Net income before the undernoted				65,512
Increase/(decrease) in fair values of investment properties	47,793	(619)	-	47,174
Total return before income tax				112,686
Income tax (expense)/benefit	(22,107)	105	(81)	(22,083)
Total return after income tax				90,603
Assets				
Segment assets including properties	1,136,609	67,045	8,731	1,212,385
Total assets				1,212,385

NOTES TO THE FINANCIAL STATEMENTS

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23. FINANCIAL INFORMATION BY OPERATING SEGMENTS (CONTINUED)

Information about Reportable Segment Profit or Loss and Assets (continued)

	Indonesia 2013 S\$'000	Singapore 2013 S\$'000	South Korea 2013 S\$'000	Total 2013 S\$'000
Profit or loss reconciliation				
Gross revenue	77,821	3,458	2,001	83,280
Impairment allowance on trade receivables	-	-	(2,150)	(2,150)
Net property income/(expense)	77,291	3,214	(297)	80,208
Interest income	58	105	-	163
Manager's management fees				(7,977)
Trustee fees				(299)
Finance costs				(12,373)
Other expenses				(1,692)
Net income before the undernoted				58,030
Increase/(decrease) in fair values of investment properties	67,484	678	(6,828)	61,334
Total return before income tax				119,364
Income tax expense	(1,399)	(115)	(18)	(1,532)
Total return after income tax				117,832
Assets				
Segment assets including properties	1,034,620	65,332	8,581	1,108,533
Total assets				1,108,533

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\$86,809,000 (2013: S\$77,821,000).

NOTES TO THE FINANCIAL STATEMENTS

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24. FINANCIAL INSTRUMENTS: INFORMATION ON FINANCIAL RISKS

24A. Classification of Financial Assets and Liabilities

The following table summarises the carrying amount of financial assets and liabilities recorded at the end of the reporting year by FRS 39 categories:

	Group		Trust	
	2014	2013	2014	2013
	S\$'000	S\$'000	S\$'000	S\$'000
<u>Financial assets:</u>				
Cash and cash equivalents	28,230	29,331	26,708	25,091
Loans and receivables	8,988	24,702	65,420	69,341
At end of year	37,218	54,033	92,128	94,432
<u>Financial liabilities:</u>				
Borrowings at amortised cost	396,575	353,798	396,575	353,798
Trade and other payables at amortised cost	20,429	30,009	28,987	25,852
At end of year	417,004	383,807	425,562	379,650

Further quantitative disclosures are included throughout these financial statements.

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

24B. 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 and action to be taken in order to manage the financial risks. 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. 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 good market practices.

The chief financial officer of the Manager who monitors the procedures reports to the management 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.

NOTES TO THE FINANCIAL STATEMENTS

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

24C. 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 and other financial instruments; the maximum amount the entity could have to pay if the guarantee is called on; and the full amount of any commitments on borrowings at the end of the reporting year. Credit risk on cash balances with banks and derivative 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. For credit risk on receivables, 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 is controlled by setting limits on the exposure to individual customers and these are disseminated to the relevant persons concerned and compliance is monitored by management. There is a significant concentration of credit risk, as the exposure is spread over a small number of counter-parties and customers as disclosed in Note 23 on financial information by operating segments.

- (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	
	2014	2013	2014	2013
	S\$'000	S\$'000	S\$'000	S\$'000
<u>Trade receivables:</u>				
1 to 90 days overdue	572	398	428	271
91 to 180 days overdue	151	-	151	-
	723	398	579	271

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

	Group		Trust	
	2014	2013	2014	2013
	S\$'000	S\$'000	S\$'000	S\$'000
<u>Trade receivables:</u>				
1 to 90 days overdue	-	224	-	-
91 to 180 days overdue	548	591	-	-
Over 180 days overdue	2,283	1,350	-	-
	2,831	2,165	-	-

The allowance which is disclosed in the Note 14 on trade and other receivables is based on individual amounts totalling S\$2,831,000 (2013: S\$2,165,000) that are determined to be impaired at the end of the reporting year. These are not secured.

Note 17 discloses the maturity of the cash and cash equivalents balances.

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

NOTES TO THE FINANCIAL STATEMENTS

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

24D. Liquidity Risk

The following table analyses the non-derivative 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:

	Borrowings	Trade and other payables	Total
	S\$'000	S\$'000	S\$'000
2014			
<u>Group</u>			
Less than 1 year	38,889	20,429	59,318
Between 1 – 5 years	406,567	–	406,567
At end of year	445,456	20,429	465,885
<u>Trust</u>			
Less than 1 year	38,889	28,987	67,876
Between 1 – 5 years	406,567	–	406,567
At end of year	445,456	28,987	474,443
2013			
<u>Group</u>			
Less than 1 year	13,196	30,009	43,205
Between 1 – 5 years	393,524	–	393,524
At end of year	406,720	30,009	436,729
<u>Trust</u>			
Less than 1 year	13,196	25,852	39,048
Between 1 – 5 years	393,524	–	393,524
At end of year	406,720	25,852	432,572

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.

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 paid at their contractual maturity. The average credit period taken to settle trade payables is about 30 days (2013: 30 days). The other payables are with short-term durations. 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.

A monthly schedule showing the maturity of financial liabilities and unused borrowing facilities is provided to the management to assist them in monitoring the liquidity risk.

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.

NOTES TO THE FINANCIAL STATEMENTS

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

24D. Liquidity Risk (continued)

	Group and Trust	
	2014	2013
	S\$'000	S\$'000
<u>Bank facilities:</u>		
Undrawn facilities	45,000	-

The undrawn facilities are available for refinancing existing loans, general corporate funding and working capital requirements of the Trust. The facility expires in 2019.

24E. Interest Rate Risk

The interest rate risk exposure is mainly from changes in fixed rate 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	
	2014	2013
	S\$'000	S\$'000
<u>Financial liabilities:</u>		
Floating rates	206,846	164,515
Fixed rates	189,729	189,283
Total at the end of the year	396,575	353,798

The floating rate debt instruments are with interest rates that are re-set regularly at short notice. The interest rates are disclosed in the respective notes.

Sensitivity analysis:

	Group and Trust	
	2014	2013
	S\$'000	S\$'000
<u>Financial liabilities:</u>		
A hypothetical increase in interest rates by 50 basis points (2013: 50 basis points) with all other variables held constant, would have a decrease in pre-tax profit for the year by	(831)	(1,167)
A hypothetical decrease in interest rates by 50 basis points (2013: 50 basis points) with all other variables held constant, would have a increase in pre-tax profit for the year by	831	1,167

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.

NOTES TO THE FINANCIAL STATEMENTS

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

24F. Foreign Currency Risk

Analysis of the significant amounts denominated in non-functional currency:

	US Dollars	
	2014	2013
	\$'000	\$'000
<u>Financial liabilities:</u>		
Borrowings	18,391	17,599

Sensitivity analysis: A hypothetical 10% (2013: 10%) strengthening in the exchange rate of the functional currency, Singapore dollar, against the US dollar, with all other variables held constant would have a favourable effect on post-tax profit of S\$1,839,000. 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.

25. OPERATING LEASE INCOME COMMITMENTS

At the end of the reporting year, the total of future minimum lease receivables from related and non-related parties under non-cancellable operating leases is as follows:

	Group		Trust	
	2014	2013	2014	2013
	S\$'000	S\$'000	S\$'000	S\$'000
Not later than one year	100,268	91,194	3,701	3,628
Later than one year and not later than five years	397,480	362,871	11,035	12,443
More than five years	549,808	563,284	15,458	17,751

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\$Nil (2013: S\$1,248,000) for rental income from one of the Singapore properties. Also see Note 3.

NOTES TO THE FINANCIAL STATEMENTS

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26. EVENTS AFTER THE END OF THE REPORTING YEAR

On 5 January 2015, a total of 4,805,000 new units were issued at the issue price of S\$1.2488 per unit as part of the purchase consideration for the acquisition of Siloam Sriwijaya. These units will not be entitled to participate in the distribution of any distributable income accrued prior to 31 March 2015.

On 15 January 2015, a final distribution of 2.04 cents per unit was declared totalling S\$14,963,000 in respect of the period from 1 October 2014 to 31 December 2014.

On 15 January 2015, a total of 1,565,000 new units were issued at the issue price of S\$1.2385 per unit as payment to the Manager for management fees for the quarter ended 31 December 2014. 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.

On 6 February 2015, the Trust entered into a novation agreement with the original and new tenant, namely First Lentor Residence Pte. Ltd. and The Lentor Residence Pte. Ltd. respectively to novate the existing lease of The Lentor Residence to the new tenant for 10 years with effect from 8 February 2015, at the same rental rate.

27. CHANGES AND ADOPTION OF FINANCIAL REPORTING STANDARDS

For the current reporting year the following new or revised Singapore Financial Reporting Standards were adopted. The new or revised standards did not require any modification of the measurement methods or the presentation in the financial statements.

FRS No.	Title
FRS 27	Consolidated and Separate Financial Statements (Amendments to)
FRS 27	Separate Financial Statements (Revised)
FRS 28	Investments in Associates and Joint Ventures (Revised) (*)
FRS 36	Amendments to FRS 36: Recoverable Amount Disclosures for Non-Financial Assets (relating to goodwill) (*)
FRS 39	Amendments to FRS 39: Novation of Derivatives and Continuation of Hedge Accounting
FRS 110	Consolidated Financial Statements
FRS 110	Amendments to FRS 110, FRS 111 and FRS 112
FRS 111	Joint Arrangements (*)
FRS 112	Disclosure of Interests in Other Entities
INT FRS 121	Levies (*)

(*) Not relevant to the entity.

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28. FUTURE CHANGES IN FINANCIAL REPORTING STANDARDS

The following new or revised Singapore Financial Reporting Standards that have been issued will be effective in future. The transfer to the 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.

FRS No.	Title	Effective date for periods beginning on or after
FRS 19	Amendments To FRS 19: Defined Benefit Plans: Employee Contributions (*)	1 Jul 2014
	Improvements to FRSs (Issued in January 2014). Relating to	1 Jul 2014
	FRS 102 Share-based Payment	
	FRS 103 Business Combinations	
	FRS 108 Operating Segments	
	FRS 113 Fair Value Measurement	
	FRS 16 Property, Plant and Equipment (*)	
	FRS 24 Related Party Disclosures	
	FRS 38 Intangible Assets (*)	
	Improvements to FRSs (Issued in February 2014). Relating to	1 Jul 2014
	FRS 103 Business Combinations	
	FRS 113 Fair Value Measurement	
	FRS 40 Investment Property	
FRS 114	Regulatory Deferral Accounts (*)	1 Jan 2016
FRS 27	Amendments to FRS 27: Equity Method in Separate Financial Statements (*)	1 Jan 2016
FRS 16, FRS 38	Amendments to FRS 16 and FRS 38: Clarification of Acceptable Methods of Depreciation and Amortisation (*)	1 Jan 2016
FRS 16, FRS 41	Amendments to FRS 16 and FRS 41: Agriculture: Bearer Plants (*)	1 Jan 2016
FRS 111	Amendments to FRS 111: Accounting for Acquisitions of Interests in Joint Operations (*)	1 Jan 2016
FRS 115	Revenue from Contracts with Customers	1 Jan 2017
FRS 110, FRS 28	Amendments to FRS 110 and FRS 28: Sale or Contribution of Assets between an Investor and its Associate or Joint Venture (*)	1 Jan 2016
Various	Improvements to FRSs (November 2014)	1 Jan 2016

(*) Not relevant to the entity.

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29. LISTING OF INVESTMENTS IN SUBSIDIARIES

Name of Subsidiaries, Country of Incorporation, Place of Operations and Principal Activities	Carrying Value of Investments		Effective Percentage of Equity Interest	
	2014	2013	2014	2013
	S\$'000	S\$'000	%	%
<u>Held by the Trust</u>				
Gold Capital Pte. Ltd. ^(b) Singapore Investment holding	100,556	100,556	100	100
GOT Pte. Ltd. ^(b) Singapore Investment holding	88,044	88,818	100	100
Henley Investments Pte. Ltd. ^(b) Singapore Investment holding	45,580	46,209	100	100
Kalmore Investments Pte. Ltd. ^(b) Singapore Investment holding	7,966	7,966	100	100
Lovage International Pte. Ltd. ^(b) Singapore Investment holding	17,469	17,930	100	100
Platinum Strategic Investments Pte. Ltd. ^(b) Singapore Investment holding	30,544	31,857	100	100
Primerich Investments Pte. Ltd. ^(b) Singapore Investment holding	15,101	15,307	100	100
Raglan Investments Pte. Ltd. ^(b) Singapore Investment holding	55,816	58,039	100	100
Rhuddlan Investments Pte. Ltd. ^(b) Singapore Investment holding	82,264	83,714	100	100
Globalink Investments Pte. Ltd. ^(b) Singapore Investment holding	93,005	96,654	100	100
Great Capital Pte. Ltd. ^(b) Singapore Investment holding	89,341	92,671	100	100

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2014

29. LISTING OF INVESTMENTS IN SUBSIDIARIES (CONTINUED)

Name of Subsidiaries, Country of Incorporation, Place of Operations and Principal Activities	Carrying Value of Investments		Effective Percentage of Equity Interest	
	2014	2013	2014	2013
	S\$'000	S\$'000	%	%
<u>Held by the Trust (continued)</u>				
Finura Investments Pte. Ltd. ^(b) Singapore Investment holding (Acquired on 12 March 2014)	31,243	–	100	–
Sriwijaya Investment I Pte. Ltd. ^(c) Singapore Investment holding (Incorporated on 23 October 2014)	34,060	–	100	–
IAHCC Investment Pte. Ltd. ^(c) Singapore Investment holding (Incorporated on 7 October 2014)	1*	–	100	–
Surabaya Hospitals Investments Pte. Ltd. ^(c) Singapore Investment holding (Incorporated on 7 October 2014)	1*	–	100	–
	690,989	639,721		
<u>Held by subsidiaries</u>				
Higrade Capital Pte. Ltd. ^(b) Singapore Investment holding	853	853	100	100
Ultra Investments Pte. Ltd. ^(b) Singapore Investment holding	321	321	100	100
Carmathen Investments Pte. Ltd. ^(b) Singapore Investment holding	1,033	1,033	100	100
Caernarfon Investments Pte. Ltd. ^(b) Singapore Investment holding	1,324	1,324	100	100
Fortuna Capital Pte. Ltd. ^(b) Singapore Investment holding	22	22	100	100

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2014

29. LISTING OF INVESTMENTS IN SUBSIDIARIES (CONTINUED)

Name of Subsidiaries, Country of Incorporation, Place of Operations and Principal Activities	Carrying Value of Investments		Effective Percentage of Equity Interest	
	2014	2013	2014	2013
	S\$'000	S\$'000	%	%
<u>Held by subsidiaries (continued)</u>				
Key Capital Pte. Ltd. ^(b) Singapore Investment holding	3,826	3,826	100	100
Glamis Investments Pte. Ltd. ^(b) Singapore Investment holding (Acquired on 12 March 2014)	1,377	–	100	–
Sriwijaya Investment II Pte. Ltd. ^(c) Singapore Investment holding (Incorporated on 23 October 2014)	1,722	–	100	–
Kalmore (Korea) Limited ^(a) South Korea Owners of Sarang Hospital	4,110	4,110	100	100
PT Bayutama Sukses ^(a) Indonesia Owners of Siloam Hospitals Makassar	6,356	6,356	100	100
PT Graha Indah Pratama ^(a) Indonesia Owners of Siloam Hospitals Kebon Jeruk	10,333	10,333	100	100
PT Graha Pilar Sejahtera ^(a) Indonesia Owners of Siloam Hospitals Lippo Cikarang	8,306	8,306	100	100
PT Karya Sentra Sejahtera ^(a) Indonesia Owners of Imperial Aryaduta Hotel & Country Club	20,019	20,019	100	100
PT Menara Abadi Megah ^(a) Indonesia Owners of Siloam Hospitals Manado & Hotel Aryaduta Manado	5,500	5,500	100	100
PT Primatama Cemerlang ^(a) Indonesia Owners of Mochtar Riady Comprehensive Cancer Centre	17,065	17,065	100	100

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2014

29. LISTING OF INVESTMENTS IN SUBSIDIARIES (CONTINUED)

Name of Subsidiaries, Country of Incorporation, Place of Operations and Principal Activities	Carrying Value of Investments		Effective Percentage of Equity Interest	
	2014	2013	2014	2013
	S\$'000	S\$'000	%	%
<u>Held by subsidiaries (continued)</u>				
PT Sentra Dinamika Perkasa ^(a) Indonesia Owners of Siloam Hospitals Lippo Village	8,779	8,779	100	100
PT Tata Prima Indah ^(a) Indonesia Owners of Siloam Hospitals Surabaya	8,013	8,013	100	100
PT Dasa Graha Jaya ^(a) Indonesia Owners of Siloam Hospitals Bali	16,553	16,553	100	100
PT Perisai Dunia Sejahtera ^(a) Indonesia Owners of Siloam Hospitals TB Simatupang	15,305	15,305	100	100
PT Eka Dasa Parinama ^(a) Indonesia Owners of Siloam Hospitals Purwakarta (Incorporated on 18 March 2014)	5,509	–	100	–
PT Sriwijaya Mega Abadi ^(a) Indonesia Owners of Siloam Sriwijaya (Incorporated on 20 November 2014)	6,887	–	100	–

(a) Audited by RSM AAJ Associates in 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.

(c) Not audited for the financial year ending 31 December 2014.

* Amount is less than S\$1,000

The investments include investments in redeemable preference shares that are redeemable at the option of the Singapore subsidiaries.

STATISTICS OF UNITHOLDINGS

AS AT 16 MARCH 2015

Issued Units

There were 740,878,203 Units (voting rights: one vote per Unit) issued in First REIT as at 16 March 2015.

Distribution of Unitholdings

Size of Unitholdings	Number of Unitholders	%	Number of Units	%
1 - 99	48	0.66	1,828	0.00
100 - 1,000	419	5.75	366,470	0.05
1,001 - 10,000	3,727	51.10	20,479,335	2.76
10,001 - 1,000,000	3,069	42.08	165,049,383	22.28
1,000,001 and above	30	0.41	554,981,187	74.91
TOTAL	7,293	100.00	740,878,203	100.00

Twenty Largest Unitholders

No.	Name of Unitholders	Number of Units	%
1.	OCBC SECURITIES PRIVATE LIMITED	166,504,300	22.47
2.	UOB KAY HIAN PRIVATE LIMITED	75,782,460	10.23
3.	DB NOMINEES (SINGAPORE) PTE LTD	69,640,527	9.40
4.	CITIBANK NOMINEES SINGAPORE PTE LTD	48,042,021	6.48
5.	DBS NOMINEES (PRIVATE) LIMITED	37,851,795	5.11
6.	BOWSPRIT CAPITAL CORPORATION LIMITED	32,955,777	4.45
7.	HSBC (SINGAPORE) NOMINEES PTE LTD	21,331,640	2.88
8.	DBSN SERVICES PTE. LTD.	18,621,897	2.51
9.	RAFFLES NOMINEES (PTE) LIMITED	13,407,252	1.81
10.	CIMB SECURITIES (SINGAPORE) PTE. LTD.	11,513,322	1.55
11.	BANK OF SINGAPORE NOMINEES PTE. LTD.	11,066,031	1.49
12.	UNITED OVERSEAS BANK NOMINEES (PRIVATE) LIMITED	9,237,852	1.25
13.	BNP PARIBAS SECURITIES SERVICES SINGAPORE BRANCH	8,186,405	1.10
14.	OCBC NOMINEES SINGAPORE PRIVATE LIMITED	4,491,211	0.61
15.	LAU SAM SIONG	3,143,964	0.42
16.	PHILLIP SECURITIES PTE LTD	2,680,855	0.36
17.	BMT A/C ESTATE OF MSE ANGULLIA (WAKAFF) CLAUSE 7 TRUST	2,454,193	0.33
18.	MAYBANK KIM ENG SECURITIES PTE. LTD.	2,194,945	0.30
19.	TEH KIU CHEONG @TEONG CHENG @ CHENG CHIU CHANG	2,140,022	0.29
20.	DBS VICKERS SECURITIES (SINGAPORE) PTE LTD	2,105,436	0.28
	TOTAL	543,351,905	73.32

STATISTICS OF UNITHOLDINGS

AS AT 16 MARCH 2015

Substantial Unitholders

(As at 16 March 2015)

		No. of Units Direct Interest	No. of Units Deemed Interest
1.	Bridgewater International Ltd	167,186,760	-
2.	PT Sentra Dwimandiri ¹	-	167,186,760
3.	PT Menara Tirta Indah	44,056,264	-
4.	PT Primakreasi Propertindo ²	-	44,056,264
5.	PT Lippo Karawaci Tbk. ³	-	248,198,801

Notes:

- PT Sentra Dwimandiri is deemed to be interested in 167,186,760 Units held by its subsidiary, Bridgewater International Ltd.*
- PT Primakreasi Propertindo is deemed to be interested in 44,056,264 Units held by its wholly-owned subsidiary, PT Menara Tirta Indah.*
- PT Lippo Karawaci Tbk. is deemed to be interested in (i) 167,186,760 Units held by its indirect wholly-owned subsidiary, Bridgewater International Ltd; (ii) 44,056,264 Units held by its indirect wholly-owned subsidiary, PT Menara Tirta Indah; and (iii) 36,955,777 Units held by Bowsprit Capital Corporation Limited.*

Manager's Directors' Unitholdings

(As recorded in the Register of Directors' Unitholdings as at 21 January 2015)

		No. of Units Direct Interest	No. of Units Deemed Interest
1.	Albert Saychuan Cheok	809,604	-
2.	Dr Ronnie Tan Keh Poo @ Tan Kay Poo	57,532	9,117,751 ¹

Note:

- Dr Ronnie Tan Keh Poo @ Tan Kay Poo is deemed to be interested in (i) 1,344,528 Units held by his nominee, OCBC Nominees Singapore Pte Ltd; (ii) 5,923,555 Units held by his nominee CIMB Securities (Singapore) Pte Ltd; (iii) 1,504,509 Units held by his nominee, UOB Kay Hian Private Limited; (iv) 96,873 Units held by UOB Kay Hian Private Limited and 202,729 Units held by DBS Nominees Pte Ltd, both as nominees of his spouse Mdm Law Deborah; and (v) 45,557 Units held by his spouse Mdm Law Deborah.*

Free Float

Based on the information made available to the Manager as at 16 March 2015, approximately 65.08% 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.

NOTICE OF ANNUAL GENERAL MEETING OF THE UNITHOLDERS

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 Sixth Annual General Meeting (“**AGM**”) of the Unitholders of First Real Estate Investment Trust (“**First REIT**”) will be held at Taurus Room, Level 1, Marina Mandarin Singapore, 6 Raffles Boulevard, Marina Square, Singapore 039594 on Thursday, 30 April 2015 at 10:00 a.m. to transact the following business:

(A) AS ORDINARY BUSINESS

1. To receive and adopt the Report of HSBC Institutional Trust Services (Singapore) 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 2014 together with the Auditors’ Report thereon. **(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. **(Resolution 2)**

(B) AS SPECIAL BUSINESS

To consider and if thought fit, to pass the following resolution as an Ordinary Resolution, with or without any modifications:

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: **(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 centum (50%) 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 of First REIT (including Units to be issued in pursuance of Instruments to be made or granted pursuant to this Resolution) shall not exceed twenty per centum (20%) 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 OF THE UNITHOLDERS

- (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) in First REIT 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 law to be held, whichever is earlier or (ii) in the case of Units to be issued in pursuance of the Instruments, made or granted pursuant to this Resolution, until the issuance of such Units in accordance with the terms of the Instruments;
- (5) where the terms of the issue of the Instruments provide for adjustment to the number of Instruments or Units into which the Instruments may be converted in the event of rights, bonus or other capitalisation issues or any other events, the Manager is authorised to issue additional Instruments or Units pursuant to such adjustment notwithstanding that the authority conferred by this Resolution may have ceased to be in force at the time the Instruments or Units are issued; and
- (6) the Manager and the Trustee be and are hereby severally authorised to complete and do all such acts and things (including executing all such documents as may be required) as the Manager or, as the case may be, the Trustee may consider expedient or necessary or in the interest of First REIT to give effect to the authority conferred by this Resolution.

(Please see Explanatory Note)

By Order of the Board
Bowsprit Capital Corporation Limited
as Manager of First Real Estate Investment Trust
Company Registration No. 200607070D

Elizabeth Krishnan
Company Secretary

Singapore
13 April 2015

NOTICE OF ANNUAL GENERAL MEETING OF THE UNITHOLDERS

Explanatory Note:

The Ordinary Resolution 3 above, 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 such authority is varied or revoked by First REIT in a general meeting, whichever is the earlier, to issue Units, make or grant instruments convertible into Units and to issue Units pursuant to such instruments, up to a number not exceeding, in total, 50% of the total number of issued Units (excluding treasury Units, if any), with a sub-limit of 20% for issues other than on a pro-rata basis to existing Unitholders of First REIT.

For 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 or any convertible securities which are outstanding or subsisting at the time when this Ordinary Resolution is passed and any subsequent bonus issue, consolidation or subdivision of Units.

Notes:

1. A Unitholder entitled to attend and vote at the AGM of the Unitholders of First REIT is entitled to appoint not more than two proxies to attend and vote in his/her stead. A proxy need not be a Unitholder of First REIT.
2. Where a Unitholder appoints more than one proxy, the appointments shall be invalid unless he/she specifies the proportion of his/her holding (expressed as a percentage of the whole) to be represented by each proxy.
3. The instrument appointing a proxy must be deposited at the Registered Office of the Manager at 50 Collyer Quay, #06-01, OUE Bayfront, Singapore 049321 not less than forty-eight (48) hours before the time appointed for holding the AGM.
4. 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 in respect of any penalties, liabilities, claims, demands, losses and damages as a result of the Unitholder's breach of warranty.

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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:

- 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**.
- 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.
- CPF investors who wish to attend the Meeting as an observer must submit their requests through their CPF Approved Nominees within the time frame specified. If they also wish to vote, they must submit their voting instructions to the CPF Approved Nominees within the time frame specified to enable them to vote on their behalf.

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 13 April 2015.

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 Sixth Annual General Meeting (the "Meeting") of Unitholders of First REIT to be held at Taurus Room, Level 1, Marina Mandarin Singapore, 6 Raffles Boulevard, Marina Square, Singapore 039594 on Thursday, 30 April 2015 at 10:00 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 discretion.

No.	Ordinary Resolutions	No. of Votes	
		'For'*	'Against'*
ORDINARY BUSINESS			
1	To receive and adopt the Report of the Trustee, the Statement by the Manager, the Audited Financial Statements of First REIT for the financial year ended 31 December 2014 and the Auditors' Report thereon		
2	To re-appoint RSM Chio Lim LLP as Auditors of First REIT and to authorise the Manager to fix the Auditors' remuneration		
SPECIAL BUSINESS			
3	To authorise the Manager to issue new Units and to make or grant convertible instruments		

* 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 2015

.....
Signature of Unitholder(s) / Common Seal of Corporate Unitholder

Total number of Units in:	No. of Units
(a) CDP Register	
(b) Register of Unitholders	

IMPORTANT: PLEASE READ THE NOTES TO PROXY FORM BELOW

Notes:

1. Please insert the total number of Units held by you. If you have Units entered against your name in the Depository Register (as defined in Section 130A of the Companies Act, Chapter 50 of Singapore), you should insert that number of Units. If you have Units registered in your name in the Register of Unitholders, you should insert that number of Units. If you have Units entered against your name in the Depository Register and Units registered in your name in the Register of Unitholders, you should insert the aggregate number of Units entered against your name in the Depository Register and registered in your name in the Register of Unitholders. If no number is inserted, the instrument appointing a proxy or proxies shall be deemed to relate to all the Units held by you.
2. A Unitholder of First REIT entitled to attend and vote at a meeting of First REIT is entitled to appoint one or two proxies to attend and vote in his/her stead. A proxy need not be a Unitholder of First REIT.
3. Where a Unitholder appoints two proxies, the appointments shall be invalid unless he/she specifies the proportion of his/her unitholding (expressed as a percentage of the whole) to be represented by each proxy.
4. Completion and return of this instrument appointing a proxy 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, First REIT reserves the right to refuse to admit any person or persons appointed under the instrument of proxy to the Meeting.
5. The instrument appointing a proxy or proxies or the power of attorney or other authority under which it is signed or a notarially certified copy of such power or authority must be deposited at the registered office of the Manager at 50 Collyer Quay, #06-01, OUE Bayfront, Singapore 049321 not less than 48 hours before the time appointed for holding the Meeting.

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6. The instrument appointing a proxy or proxies shall be in writing under the hand of the appointor or of his attorney duly authorised in writing. Where the instrument appointing a proxy or proxies 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 instrument appointing a proxy or proxies is executed by an attorney on behalf of the appointor, the letter or power of attorney or a duly certified copy thereof must be lodged with the instrument.
7. A corporation which is a Unitholder may authorise by resolution of its directors or other governing body such person as it thinks fit to act as its representative at the Meeting and the person so authorised shall upon production of a copy of such resolution certified by a director of the corporation to be a true copy, be entitled to exercise the powers on behalf of the corporation so represented as the corporation could exercise in person if it were an individual.
8. CPF Approved Nominees acting on the request of the CPF investors who wish to attend the Meeting as observers are requested to submit in writing, a list with details of the investor's names, NRIC/Passport numbers, addresses and number of Units held. The list, signed by an authorised signatory of the relevant CPF Approved Nominees, should reach the registered office of the Manager at 50 Collyer Quay, #06-01, OUE Bayfront, Singapore 049321, at least 48 hours before the time appointed for holding the Meeting.

General:

The Manager shall be entitled to reject the instrument appointing a proxy or proxies if it is incomplete, improperly completed or illegible, or where the true intentions of the appointor are not ascertainable from the instructions of the appointor specified in the instrument appointing a proxy or proxies. In addition, in the case of Units entered in the Depository Register, the Manager may reject any instrument appointing a proxy or proxies lodged if the Unitholder, being the appointor, is not shown to have Units entered against his name in the Depository Register as at 48 hours before the time appointed for holding the Meeting, as certified by The Central Depository (Pte) Limited to the Manager.

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The Company Secretary
BOWSPRIT CAPITAL CORPORATION LIMITED
(as manager of First Real Estate Investment Trust)
50 Collyer Quay
#06-01 OUE Bayfront
Singapore 049321

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Managed by:

Bowsprit Capital

BOWSPRIT CAPITAL CORPORATION LIMITED

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Tel: (65) 6435 0168 | Fax: (65) 6435 0167

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