GENERAL AND OTHER INFORMATION

INFORMATION ON DIRECTORS

1. The name, age, address and position of each of the Directors of the First REIT Manager are set out below:

Name	Age	Address	Position
Mr Albert Saychuan Cheok	64	50 Collyer Quay, #06-01 OUE Bayfront, Singapore 049321	Chairman and Independent Director
Mr Goh Tiam Lock	69	50 Collyer Quay, #06-01 OUE Bayfront, Singapore 049321	Independent Director
Mr Wong Gang	44	50 Collyer Quay, #06-01 OUE Bayfront, Singapore 049321	Independent Director
Mr Ketut Budi Wijaya	60	50 Collyer Quay, #06-01 OUE Bayfront, Singapore 049321	Non-Executive Director
Dr Ronnie Tan Keh Poo	60	50 Collyer Quay, #06-01 OUE Bayfront, Singapore 049321	Chief Executive Officer and Director

2. No Director of the First REIT Manager is or was involved in any of the following events:

   (a) a petition under any bankruptcy laws filed in any jurisdiction against such person or any partnership in which he was a partner or any corporation of which he was a director or an executive officer;

   (b) a conviction of any offence, other than a traffic offence, or judgment, including findings in relation to fraud, misrepresentation or dishonesty, given against him in any civil proceedings in Singapore or elsewhere, or being a named subject to any pending proceedings which may lead to such a conviction or judgment, or so far as such person is aware, any criminal investigation pending against him; or

   (c) the subject of any order, judgment or ruling of any court of competent jurisdiction, tribunal or government body, permanently or temporarily enjoining him from acting as an investment adviser, dealer in securities, director or employee of a financial institution and engaging in any type of business practice or activity.

3. As at the date of this Information Memorandum, no option to subscribe for units in, or debentures of, First REIT has been granted to, or was exercised by, any Director of the First REIT Manager.

4. No Director of the First REIT Manager is interested, directly or indirectly, in the promotion of any assets acquired or disposed of by, or leased to, First REIT or any of its subsidiaries, within the two years preceding the date of this Information Memorandum, or in any proposal for such acquisition, disposal or lease as aforesaid.

ISSUED UNITS

5. As at the date of this Information Memorandum, there is only one class of Units in First REIT. The rights and privileges attached to the Units are stated in the First REIT Trust Deed.

6. No debentures or units of First REIT have been issued or are proposed to be issued, as fully or partly paid up, for cash or for a consideration other than cash, within the last two years preceding the date of this Information Memorandum, save for the following:

Date	Number of Units Issued
26 July 2013	Issue of 1,135,963 Units to the First REIT Manager at an issue price of S$1.2023 per Unit as payment of 70% of the management fees, bringing the total number of Units in issue to 705,234,148.
25 October 2013	Issue of 1,395,305 Units to the First REIT Manager at an issue price of S$1.0868 per Unit as payment of 70% of the management fees, bringing the total number of Units in issue to 706,629,453.
17 January 2014	Issue of 1,612,847 Units to the First REIT Manager at an issue price of S$1.0431 per Unit as payment of 77% of the management fees, bringing the total number of Units in issue to 708,242,300.
28 February 2014	Issue of 3,381,100 Units to the eligible Unitholders at an issue price of S$1.0163 per Unit who have participated in the distribution reinvestment plan in respect of First REIT distribution for the period from 1 October 2013 to 31 December 2013, bringing the total number of Units in issue to 711,623,400.
14 April 2014	Issue of 1,542,442 Units to the First REIT Manager at an issue price of S$1.0664 per Unit as payment of 75% of the management fees, bringing the total number of Units in issue to 713,165,842.
28 May 2014	Issue of 3,805,175 Units to PT Purimas Elok Asri at an issue price of S$1.1826 per Unit as partial payment of purchase consideration for the proposed acquisition of Siloam Hospitals Purwakarta, bringing the total number of Units in issue to 716,971,017.
29 May 2014	Issue of 4,557,342 Units to eligible Unitholders at an issue price of S$1.0931 per Unit who have participated in the distribution reinvestment plan in respect of First REIT's distribution for the period from 1 January 2014 to 31 March 2014, bringing the total number of Units in issue to 721,528,359.
18 July 2014	Issue of 1,469,461Units to the First REIT Manager at an issue price of S$1.1839 per Unit as payment of 77% of the management fees, bringing the total number of Units in issue to 722,997,820.
29 August 2014	Issue of 3,171,926 Units to eligible Unitholders at an issue price of S$1.1887 per Unit who have participated in the distribution reinvestment plan in respect of First REIT's distribution for the period from 1 April 2014 to 30 June 2014, bringing the total number of Units in issue to 726,169,746.
17 October 2014	Issue of 1,137,212 Units to the First REIT Manager at an issue price of S$1.2240 per Unit as payment of 60% of the management fees, bringing the total number of Units in issue to 727,306,958.
28 November 2014	Issue of 4,395,530 Units to eligible Unitholders at an issue price of S$1.1784 per Unit who have participated in the distribution reinvestment plan in respect of First REIT's distribution for the period from 1 July 2014 to 30 September 2014, bringing the total number of Units in issue to 731,702,488.
5 January 2015	Issue of 4,804,612 Units to PT Bisma Pratama Karya at an issue price of S$1.2488 per Unit as partial payment of purchase consideration for the proposed acquisition of Siloam Sriwijaya, bringing the total number of Units in issue to 736,507,100.
15 January 2015	Issue of 1,565,297 Units to the First REIT Manager at an issue price of S$1.2385 per Unit as payment of 82% of the management fees, bringing the total number of Units in issue to 738,072,397.

Date	Number of Units Issued
27 February 2015	Issue of 2,805,806 Units to eligible Unitholders at an issue price of S$1.2689 per Unit who have participated in the distribution reinvestment plan in respect of First REIT's distribution for the period from 1 October 2014 to 31 December 2014, bringing the total number of Units in issue to 740,878,203.
14 April 2015	Issue of 1,232,838 Units to the First REIT Manager at an issue price of S$1.3664 per Unit as payment of 70% of the management fees, bringing the total number of Units in issue to 742,111,041.
29 May 2015	Issue of 2,529,423 Units to eligible Unitholders at an issue price of S$1.3810 per Unit who have participated in the distribution reinvestment plan in respect of First REIT's distribution for the period from 1 January 2015 to 31 March 2015, bringing the total number of Units in issue to 744,640,464.

7. As at the Latest Practicable Date, there are 744,640,464 Units of First REIT issued and outstanding.

BORROWINGS

8. Save as disclosed in Appendix III to this Information Memorandum, as at 31 December 2014, First REIT had no other borrowings or indebtedness in the nature of borrowings including bank overdrafts and liabilities under acceptances (other than normal trading bills) or acceptance credits, mortgages, charges, hire purchase commitments, guarantees or other material contingent liabilities.

WORKING CAPITAL

9. The Directors of the First REIT Manager are of the opinion that, after taking into account the net proceeds of the issue of the Securities, First REIT will have adequate working capital for its present requirements.

CHANGES IN ACCOUNTING POLICIES

10. There has been no significant change in the accounting policies of First REIT since its audited financial accounts for the financial year ended 31 December 2014.

LITIGATION

11. There are no legal or arbitration proceedings pending or, so far as the Issuer is aware threatened against the Issuer (solely in its capacity as trustee of First REIT), the First REIT Manager, First REIT or any of the subsidiaries of First REIT the outcome of which may have or have had during the 12 months prior to the date of this Information Memorandum a material adverse effect on the financial position of the Issuer, First REIT or the Group.

MATERIAL ADVERSE CHANGE

12. There has been no material adverse change in the financial condition or business of the Issuer, First REIT or the Group since 31 December 2014.

CONSENTS

13. RSM Chio Lim LLP has given and have not withdrawn their written consent to the issue of this Information Memorandum with the references herein to their name and, where applicable, reports in the form and context in which they appear in this Information Memorandum.

DOCUMENTS AVAILABLE FOR INSPECTION

14. Copies of the following documents may be inspected at the registered office of the First REIT Manager at 50 Collyer Quay, #06-01 OUE Bayfront, Singapore 049321 during normal business hours for a period of six months from the date of this Information Memorandum:

    (a) the Memorandum and Articles of Association of the First REIT Manager;

    (b) the Trust Deed;

    (c) the letter of consent referred to in paragraph 13 above; and

    (d) the audited financial statements of First REIT and its subsidiaries for the financial years ended 31 December 2013 and 31 December 2014 and the unaudited financial statements of First REIT and its subsidiaries for the three months ended 31 March 2015.

    The First REIT Trust Deed will also be available for inspection at the registered office of the First REIT Manager for so long as First REIT continues to be in existence.

FUNCTIONS, RIGHTS AND OBLIGATIONS OF THE TRUSTEE

15. The functions, rights and obligations of the Trustee are set out in the Trust Deed.

AUDITED FINANCIAL STATEMENTS OF FIRST REAL ESTATE INVESTMENT TRUST AND ITS SUBSIDIARIES FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2013

The information in this Appendix II has been extracted and reproduced from the audited financial statements of the Group for the financial year ended 31 December 2013 and has not been specifically prepared for inclusion in this Information Memorandum.

FIRST REAL ESTATE INVESTMENT TRUST

Report of the Trustee and Financial Statements

Contents

4527-13

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 on 6 September 2007, 19 April 2010, 26 April 2011 and 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 in pages 5 to 57, comprising the statements of total return, statements of distribution, statements of financial position, statement of changes in unitholders' funds, statements of portfolio, statements of cash flows 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
29 January 2014

Statement by the Manager

In the opinion of the directors of Bowsprit Capital Corporation Limited, the accompanying financial statements of First Real Estate Investment Trust (the "Trust") and its subsidiaries (the "Group") set out on pages 5 to 57 comprising the statements of total return, statements of distribution, statements of financial position, statements of changes in unitholders' funds, statements of portfolio, statements of cash flows 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 2013, the total returns, 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
29 January 2014

RSM Chio Lim
Audit • Tax • Advisory

RSM Chio Lim LLP
8 Wilkie Road, #03-08, Wilkie Edge, Singapore 228095
T +65 6533 7600
www.RSMChioLim.com.sg

Independent Auditors' 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"), 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 2013, 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.

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 2013, and the total returns, 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

29 January 2014

Partner in charge of audit: Peter Jacob
Effective from reporting year ended 31 December 2012

Statements of Total Return
Year Ended 31 December 2013

	Notes	Group 2013 $'000	Group 2012 $'000	Trust 2013 $'000	Trust 2012 $'000
Gross Revenue	4	83,280	57,646	49,859	37,244
Property Operating (Expenses)/Income	5	(3,072)	(410)	(120)	120
Net Property and Dividend Income		80,208	57,236	49,739	37,364
Interest Income		163	132	1,859	1,889
Manager's Management Fees	6	(7,977)	(5,633)	(7,977)	(5,633)
Trustee Fees	3	(299)	(204)	(299)	(204)
Finance Costs	7	(12,373)	(4,291)	(12,373)	(4,291)
Impairment Allowance on Investments in Subsidiaries	13	–	–	(8,136)	–
Other (Expenses)/Income	8	(1,692)	(128)	(1,902)	271
Net Income before the Undernoted		58,030	47,112	20,911	29,396
Increase/(Decrease) in Fair Values of Investment Properties	12	61,334	30,823	678	(787)
Total Return for the Year before Income Tax		119,364	77,935	21,589	28,609
Income Tax (Expense)/Income	9	(1,532)	(12,691)	(115)	134
Total Return for the Year after Income Tax		117,832	65,244	21,474	28,743
Other Comprehensive Return:					
Items that may be reclassified subsequently to profit or loss:					
Exchange Differences on Translating Foreign Operations, Net of Tax		396	(869)	–	–
Total Comprehensive Return		118,228	64,375	21,474	28,743
		Cents	Cents	Cents	Cents
Earnings per Unit in Cents					
Basic and Diluted Earnings per Unit	10	16.99	10.26	N/A	N/A

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

Statements of Distribution
Year Ended 31 December 2013

	Group		Trust	
	2013 $'000	2012 $'000	2013 $'000	2012 $'000
Total Return for the Year after Income Tax	117,832	65,244	21,474	28,743
Adjustments for Tax Purposes:				
Manager's Management Fees Settled in Units	5,902	4,567	5,902	4,567
Change in Fair Values of Investment Properties, Net of Deferred Tax	(73,001)	(27,411)	(563)	653
Impairment Allowance on Investments in Subsidiaries	–	–	8,136	–
Tax-Exempt Income	–	–	15,948	8,557
Foreign Exchange Adjustment Loss/(Gain)	586	(996)	586	(996)
Others	767	286	603	166
Total Available for Distribution to Unitholders	52,086	41,690	52,086	41,690
Distributions Made to Unitholders:				
Total Interim Distributions	38,131	41,433	38,131	41,433
Total Return Available for Distribution to Unitholders for the Period Ended 31 December (See Note 26)	13,955	4,607	13,955	4,607
	52,086	46,040	52,086	46,040

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

Statements of Financial Position
As at 31 December 2013

		Group		Trust	
	Notes	2013 $'000	2012 $'000	2013 $'000	2012 $'000
ASSETS					
Non-Current Assets					
Investment Properties	12	1,052,266	796,702	39,100	38,300
Investments in Subsidiaries	13	–	–	639,721	465,923
Loan Receivable, Non-Current	15	–	–	62,976	67,166
Deferred Tax Assets	9	490	606	490	606
Total Non-Current Assets		1,052,756	797,308	742,287	571,995
Current Assets					
Trade and Other Receivables, Current	14	24,702	9,646	2,174	2,503
Loan Receivable, Current	15	–	–	4,191	4,191
Other Assets, Current	16	1,744	1,376	116	12
Cash and Cash Equivalents	17	29,331	20,497	25,091	15,733
Total Current Assets		55,777	31,519	31,572	22,439
Total Assets		1,108,533	828,827	773,859	594,434
UNITHOLDERS' FUNDS AND LIABILITIES					
Unitholders' Fund					
Issued Equity		414,109	369,159	414,109	369,159
Retained Earnings/(Accumulated Losses)		268,170	180,691	(21,936)	(13,057)
Foreign Exchange Reserve		620	224	–	–
Total Unitholders' Funds	18	682,899	550,074	392,173	356,102
Non-Current Liabilities					
Deferred Tax Liabilities	9	21,988	33,771	–	–
Other Financial Liabilities, Non-Current	20	353,798	212,842	353,798	212,842
Total Non-Current Liabilities		375,786	246,613	353,798	212,842
Current Liabilities					
Income Tax Payable		1,532	1,182	–	–
Trade and Other Payables, Current	21	30,009	14,003	25,852	23,622
Other Liabilities, Current	22	18,307	16,955	2,036	1,868
Total Current Liabilities		49,848	32,140	27,888	25,490
Total Liabilities		425,634	278,753	381,686	238,332
Total Unitholders' Funds and Liabilities		1,108,533	828,827	773,859	594,434
Net Assets Value per Unit in Cents	18	96.64	82.72	55.50	53.55

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

Statements of Changes in Unitholders' Funds
Year Ended 31 December 2013

Group:	Issued Equity $'000	Retained Earnings $'000	Foreign Exchange Reserve $'000	Total $'000
Current 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 Consideration 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
Distribution to Unitholders Paid During the Year	(12,441)	(30,353)	–	(42,794)
Closing Balance at 31 December 2013	414,109	268,170	620	682,899
Previous Year:				
Opening Balance at 1 January 2012	344,714	159,492	1,093	505,299
Total Comprehensive Return for the Year	–	65,244	(869)	64,375
Private Placement Net of Related Costs	28,175	–	–	28,175
Manager's Management Fees Settled in Units	4,371	–	–	4,371
Manager's Acquisition Fees Settled in Units	1,429	–	–	1,429
Distribution to Unitholders Paid During the Year	(9,530)	(44,045)	–	(53,575)
Closing Balance at 31 December 2012	369,159	180,691	224	550,074

Trust:	Issued Equity $'000	Retained Earnings / (Accumulated Losses) $'000	Total $'000
Current Year:			
Opening Balance at 1 January 2013	369,159	(13,057)	356,102
Total Comprehensive Return for the Year	–	21,474	21,474
Purchase Consideration 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
Distribution to Unitholders Paid During the Year	(12,441)	(30,353)	(42,794)
Closing Balance at 31 December 2013	414,109	(21,936)	392,173
Previous Year:			
Opening Balance at 1 January 2012	344,714	2,245	346,959
Total Comprehensive Return for the Year	–	28,743	28,743
Private Placement Net of Related Costs	28,175	–	28,175
Manager's Management Fees Settled in Units	4,371	–	4,371
Manager's Acquisition Fees Settled in Units	1,429	–	1,429
Distribution to Unitholders Paid During the Year	(9,530)	(44,045)	(53,575)
Closing Balance at 31 December 2012	369,159	(13,057)	356,102

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

Statements of Cash Flows
Year Ended 31 December 2013

	Group		Trust	
	2013	2012	2013	2012
	$'000	$'000	$'000	$'000
Cash Flows from Operating Activities:				
Total Return before Income Tax	119,364	77,935	21,589	28,609
Interest Income	(163)	(132)	(1,859)	(1,889)
Interest Expense	11,132	3,821	11,132	3,821
Amortisation of Borrowing Costs	1,241	470	1,241	470
Foreign Exchange Adjustment (Gain)/Loss	586	(996)	586	(996)
Dividend Income	–	–	(46,401)	(34,155)
(Increase)/Decrease in Fair Values of Investment Properties	(61,334)	(30,823)	(678)	787
Impairment Allowance on Investments in Subsidiaries	–	–	8,136	–
Manager's Management Fees Settled in Units	5,902	4,567	5,902	4,567
Operating Cash Flows before Changes in Working Capital	76,728	54,842	(352)	1,214
Trade and Other Receivables, Current	(15,036)	(1,292)	324	(269)
Other Assets, Current	(91)	(253)	(104)	(12)
Trade and Other Payables, Current	13,461	3,387	(316)	6,410
Other Liabilities	1,352	2,164	168	61
Net Cash Flows From Operating Activities before Income Tax	76,414	58,848	(280)	7,404
Income Taxes Paid	(13,127)	(9,077)	–	–
Net Cash Flows From/(Used in) Operating Activities	63,287	49,771	(280)	7,404
Cash Flows from Investing Activities:				
Increase in Investment Properties	(141,955)	(148,787)	(122)	(3,087)
Decrease in Investments in Subsidiaries	–	–	11,757	4,367
Loan to Subsidiary	–	–	4,191	4,191
Acquisition of Subsidiaries	–	–	(141,787)	(145,759)
Interest Received	168	137	1,864	1,894
Dividend Received	–	–	46,401	34,155
Net Cash Flows Used In Investing Activities	(141,787)	(148,650)	(77,696)	(104,239)
Cash Flows from Financing Activities:				
Distribution to Unitholders	(42,794)	(53,575)	(42,794)	(53,575)
Net Proceeds from Private Placement	–	28,175	–	28,175
Increase in Borrowings (net)	140,649	115,577	140,649	115,577
Interest Paid	(10,521)	(3,526)	(10,521)	(3,526)
Net Cash Flows From Financing Activities	87,334	86,651	87,334	86,651
Net Increase/(Decrease) in Cash and Cash Equivalents	8,834	(12,228)	9,358	(10,184)
Cash and Cash Equivalents, Statement of Cash Flows, Beginning Balance	20,497	32,725	15,733	25,917
Cash and Cash Equivalents, Statement of Cash Flows, Ending Balance (Note 17A)	29,331	20,497	25,091	15,733

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

Statements of Portfolio
As at 31 December 2013

	Carrying Value as at 31.12.2013 $'000	Percentage of Total Net Assets as at 31.12.2013 %	Carrying Value as at 31.12.2012 $'000	Percentage of Total Net Assets as at 31.12.2012 %
Group:				
Investment Properties in Indonesia	1,005,200	147.19	744,100	135.27
Investment Properties in Singapore	39,100	5.73	38,300	6.97
Investment Properties in South Korea	7,966	1.16	14,302	2.60
Portfolio of Investment Properties at Valuation – Total	1,052,266	154.08	796,702	144.84
Other Net Liabilities	(369,367)	(54.08)	(246,628)	(44.84)
Net Assets Attributable to Unitholders	682,899	100.00	550,074	100.00

	Carrying Value as at 31.12.2013 $'000	Percentage of Total Net Assets as at 31.12.2013 %	Carrying Value as at 31.12.2012 $'000	Percentage of Total Net Assets as at 31.12.2012 %
Trust:				
Investment Properties in Singapore	39,100	9.97	38,300	10.76
Portfolio of Investment Properties at Valuation – Total	39,100	9.97	38,300	10.76
Investments in Subsidiaries	639,721	163.12	465,923	130.84
Other Net Liabilities	(286,648)	(73.09)	(148,121)	(41.60)
Net Assets Attributable to Unitholders	392,173	100.00	356,102	100.00

Statements of Portfolio
As at 31 December 2013

By Geographical Area
Group

Description of Property/ Location/Acquisition Date/Type of Property/Land Title Type/Tenure of Lease Agreement (All Revaluations Made in November)	Gross Floor Area in Square Metres	Carrying Value as at 31.12.2013	Percentage of Total Net Assets as at 31.12.2013	Carrying Value as at 31.12.2012	Percentage of Total Net Assets as at 31.12.2012
		$'000	%	$'000	%
Indonesia					
Siloam Hospitals Lippo Village Jalan Siloam No. 6 Lippo Karawaci 1600 Tangerang 15811, Banten, Indonesia 11 December 2006, Hospital Hak Guna Bangunan ("HGB") Lease expiring in December 2021 (option to renew for 15 years)	27,284	158,200	23.17	158,100	28.74
Siloam Hospitals Kebon Jeruk Jalan Raya Pejuangan Kav. 8 Kebon Jeruk, Jakarta 11530, Indonesia 11 December 2006, Hospital, HGB Lease expiring in December 2021 (option to renew for 15 years)	18,316	90,300	13.22	88,400	16.07
Siloam Hospitals Surabaya Jalan Raya Gubeng No. 70 Surabaya 60281, Indonesia 11 December 2006, Hospital, HGB Lease expiring in December 2021 (option to renew for 15 years)	9,227	32,600	4.77	31,700	5.76
Imperial Aryaduta Hotel & Country Club Boulevard Jenderal Sudirman, Lippo Village 1300, Tangerang 15811, Banten, Indonesia 11 December 2006, Hotel & Country Club, HGB Lease expiring in December 2021 (option to renew for 15 years)	17,427	38,700	5.67	36,400	6.62
Mochtar Riady Comprehensive Cancer Centre Jalan Garnisun Dalam No. 2-3, Semanggi Jakarta 12930, Indonesia 30 December 2010, Hospital, HGB Lease expiring in December 2025 (option to renew for 15 years)	37,933	240,100	35.16	223,300	40.60
Siloam Hospitals Lippo Cikarang Jalan Mohammad Husni Thamrin Kav. 105 Lippo Cikarang, Bekasi, Indonesia 17550 31 December 2010, Hospital, HGB Lease expiring in December 2025 (option to renew for 15 years)	11,125	45,400	6.65	42,900	7.80

Statements of Portfolio
As at 31 December 2013

By Geographical Area
Group

Description of Property/ Location/Acquisition Date/Type of Property/Land Title Type/Tenure of Lease Agreement (All Revaluations Made in November)	Gross Floor Area in Square Metres	Carrying Value as at 31.12.2013	Percentage of Total Net Assets as at 31.12.2013	Carrying Value as at 31.12.2012	Percentage of Total Net Assets as at 31.12.2012
		$'000	%	$'000	%
Indonesia (continued)					
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 Lease expiring in December 2027 (option to renew for 15 years)	36,051	100,200	14.67	96,500	17.54
Siloam Hospitals Makassar Jalan Metro Tanjung Bunga Kav 3-5 Makassar City,South Sulawesi Province, Indonesia 30 November 2012, Hospital, HGB Lease expiring in December 2027 (option to renew for 15 years)	14,307	70,500	10.32	66,800	12.14
Siloam Hospitals Bali Jalan Sunset Road No. 818, Kuta, Badung, Bali 80361, Indonesia 13 May 2013, Hospital, HGB Lease expiring in May 2028 (option to renew for 15 years)	20,958	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 Lease expiring in May 2028 (option to renew for 15 years)	18,605	112,100	16.41	–	–

Statements of Portfolio
As at 31 December 2013

By Geographical Area
Group

Description of Property/ Location/Acquisition Date/Type of Property/Land Title Type/Tenure of Lease Agreement (All Revaluations Made in November)	Gross Floor Area in Square Metres	Carrying Value as at 31.12.2013	Percentage of Total Net Assets as at 31.12.2013	Carrying Value as at 31.12.2012	Percentage of Total Net Assets as at 31.12.2012
		$'000	%	$'000	%
Singapore					
Pacific Healthcare Nursing Home @ Bukit Merah 6 Lengkok Bahru, Singapore 159051 11 April 2007, Nursing Home 30 years leasehold from 2002 Lease expiring in April 2027 (renewed for the optional 10 years)	3,593	10,700	1.57	10,800	1.96
Pacific Healthcare Nursing Home II @ Bukit Panjang 21 Senja Road, Singapore 677736 11 April 2007, Nursing Home 30 years leasehold from 2003 Lease expiring in April 2027 (renewed for the optional 10 years)	3,563	10,800	1.58	10,700	1.95
The Lentor Residence 51 Lentor Avenue, Singapore 786876 8 June 2007, Nursing Home 99 years leasehold from 1938 Lease expiring in June 2017 (option to renew for 10 years)	4,005	17,600	2.58	16,800	3.06
South Korea					
Sarang Hospital No. 9 Bongsannam 3rd Street, Yeosu City Jeollanam-do, South Korea 5 August 2011, Hospital, Freehold Lease expiring in August 2021 (option to renew for 10 years)	4,982	7,966	1.16	14,302	2.60
Portfolio of Investment Properties at Valuation – Total		1,052,266	154.08	796,702	144.84

Statements of Portfolio
As at 31 December 2013

By Geographical Area
Trust

Description of Property/ Location/Acquisition Date/Type of Property/Land Title Type/Tenure of Lease Agreement (All Revaluations Made in November)	Gross Floor Area in Square Metres	Carrying Value as at 31.12.2013	Percentage of Total Net Assets as at 31.12.2013	Carrying Value as at 31.12.2012	Percentage of Total Net Assets as at 31.12.2012
		$'000	%	$'000	%
Singapore					
Pacific Healthcare Nursing Home @ Bukit Merah See above under Group.	3,593	10,700	2.72	10,800	3.03
Pacific Healthcare Nursing Home II @ Bukit Panjang See above under Group.	3,563	10,800	2.75	10,700	3.01
The Lentor Residence See above under Group.	4,005	17,600	4.50	16,800	4.72
Portfolio of Investment Properties at Valuation – Total		39,100	9.97	38,300	10.76

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

Notes to the Financial Statements
31 December 2013

1. General

First Real Estate Investment Trust ("First REIT" or the "Trust") is a Singapore-domiciled unit trust constituted pursuant to the trust deed dated 19 October 2006 ("Trust Deed") (subsequently amended on 6 September 2007, 19 April 2010, 26 April 2011 and 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.

First REIT 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 29 January 2014. 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.

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 directly and indirectly controlled subsidiaries. The consolidated financial statements are the financial statements of the Group presented as those of a single economic entity. The consolidated financial statements are prepared using uniform accounting policies for like transactions and other events in similar circumstances. All significant intragroup balances and transactions, including profit or loss and other comprehensive income items and dividends, are eliminated on consolidation. The results of the investees acquired or disposed off during the reporting year are accounted for from the respective dates of acquisition or up to the dates of disposal which is the date on which effective control is obtained of the acquired business until that control ceases. On disposal, the attributable amount of goodwill, if any, is included in the determination of the gain or loss on disposal.

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. 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 its 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:

<u>Rental income from operating leases</u>

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.

<u>Interest income</u>

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

2. **Summary of Significant Accounting Policies (continued)**

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 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.

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 Group. Control is the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities accompanying a shareholding of more than one half of the voting rights or the ability to appoint or remove the majority of the members of the board of directors or to cast the majority of votes at meetings of the board of directors. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the Group controls another entity.

In the Trust's own separate financial statements, an investment in a subsidiary is stated 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 or the net book value of the investment in a subsidiary is not necessarily indicative of the amounts 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.

2. Summary of Significant Accounting Policies (continued)

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.

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.

2. Summary of Significant Accounting Policies (continued)

Leases (continued)

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. Contingent rents receivable are recognised in the reporting years in which they occur.

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.

2. Summary of Significant Accounting Policies (continued)

Financial Assets

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.

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.

2. Summary of Significant Accounting Policies (continued)

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.

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.

Liabilities and equity financial instruments:

A financial instrument is classified as a liability or as equity in accordance with the substance of the contractual arrangement on initial recognition. Where the financial instrument does not give rise to a contractual obligation on the part of the issuer to make payment in cash or kind under conditions that are potentially unfavourable, it is classified as an equity instrument. The equity and the liability elements of compound instruments are classified separately as equity and as a liability. Equity instruments are recorded at the amounts of the proceeds net of direct issue costs.

2. Summary of Significant Accounting Policies (continued)

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.

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.

Net Assets Attributable to Unitholders

Net assets attributable to unitholders represent residual interest in the net assets of the Trust. Units issued are recognised at the amount of proceeds received net of incremental costs directly attributable to the transaction. Distributions to unitholders are recognised as liabilities when they are declared.

2. **Summary of Significant Accounting Policies (continued)**

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.

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 assets tax based on an estimation of the likely taxes due, which requires significant judgement as to the ultimate tax determination of certain items. Where the actual amount arising from these issues differs from these estimates, such differences will have an impact on income tax and deferred tax amounts in the period when such determination is made. In addition management judgement is required in determining the amount of current and deferred tax recognised and the extent to which amounts should or can be recognised. A deferred tax asset is recognised 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.

2. Summary of Significant Accounting Policies (continued)

Critical Judgements, Assumptions and Estimation Uncertainties (continued)

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 in FRS 40 Investment Property. The Group has investment properties on freehold land whereby the land would be on the presumption that the carrying amount of the underlying asset will be recovered entirely by sale in accordance with the amendments to FRS 12 Deferred Tax: Recovery of Underlying Assets. The fair value of the land has to be ascertained separately.

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.

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); or (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).

<u>3.1 Related parties:</u>

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.

3. Related Party Relationships and Transactions (continued)

3.1 Related parties: (continued)

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	
	2013	2012	2013	2012
	$'000	$'000	$'000	$'000
The parent company of the Manager				
Property rental income	77,821	52,602	–	–
The Manager				
Manager's management fees	(7,977)	(5,633)	(7,977)	(5,633)
Acquisition-related fees	(1,904)	(1,429)	(1,904)	(1,429)
The Trustee				
Trustee fees	(299)	(204)	(299)	(204)

The parent company of the Manager is PT Lippo Karawaci Tbk, incorporated in Indonesia and it is a substantial unitholder.

The Indonesian properties are leased to a related party. The related party has provided bank guarantees of $43,380,000 (2012: $32,956,000) in lieu of the security deposits for rental income from the properties. These guarantees which expired in November and December 2013 have been renewed up to May, November and December 2014 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% (2012: 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% (2012: 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.

3. Related Party Relationships and Transactions (continued)

3.1 Related parties: (continued)

(ii) A performance fee fixed at 5.0% (2012: 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% (2012: 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% (2012: 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).

4. Gross Revenue

	Group		Trust	
	2013 $'000	2012 $'000	2013 $'000	2012 $'000
Rental income	83,280	57,646	3,458	3,089
Dividend income from subsidiaries	–	–	46,401	34,155
	83,280	57,646	49,859	37,244

5. Property Operating Expenses/(Income)

	Group		Trust	
	2013 $'000	2012 $'000	2013 $'000	2012 $'000
Property tax expense/(rebate)	63	(156)	63	(156)
Valuation expenses	197	148	32	36
Insurance expenses	67	57	–	–
Professional fees	468	312	24	–
Impairment allowance on trade receivables	2,150	–	–	–
Others	127	49	1	–
	3,072	410	120	(120)

6. Manager's Management Fees

	Group and Trust	
	2013 $'000	2012 $'000
Base fees	3,967	2,771
Performance fees	4,010	2,862
	7,977	5,633

7. Finance Costs

	Group and Trust 2013 $'000	Group and Trust 2012 $'000
Interest expense	11,132	3,821
Amortisation of borrowing costs	1,241	470
	12,373	4,291

8. Other Expenses/(Income)

	Group 2013 $'000	Group 2012 $'000	Trust 2013 $'000	Trust 2012 $'000
Foreign exchange adjustment loss/(gain)	994	(582)	585	(981)
Handling and processing fees	148	182	148	182
Impairment allowance on other receivables	–	–	567	–
Professional fees	246	287	246	287
Project expenses	187	91	187	91
Others	117	150	169	150
	1,692	128	1,902	(271)

Total fees to auditors:

	Group 2013 $'000	Group 2012 $'000	Trust 2013 $'000	Trust 2012 $'000
Audit fees to independent auditors of the Trust	200	174	149	135
Audit fees to other independent auditors	129	113	–	–
Non-audit fees to independent auditors of the Trust	14	24	14	24

9. Income Tax

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

	Group 2013 $'000	Group 2012 $'000	Trust 2013 $'000	Trust 2012 $'000
Current tax expense:				
Current tax expense	13,199	9,279	–	–
Subtotal	13,199	9,279	–	–
Deferred tax expense:				
Deferred tax (income)/expense	(11,667)	3,412	115	(134)
Subtotal	(11,667)	3,412	115	(134)
Total income tax expense/(income)	1,532	12,691	115	(134)

9. Income Tax (continued)

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

The income tax expense varied from the amount of income tax expense/(income) determined by applying the Singapore income tax rate of 17% (2012: 17%) to total return before income tax as a result of the following differences:

	Group		Trust	
	2013	2012	2013	2012
	$'000	$'000	$'000	$'000
Total return before income tax	119,364	77,935	21,589	28,609
Income tax expense at the above rate	20,292	13,249	3,670	4,864
Non-deductible/(not liable to tax) items	(4,680)	6,750	(3,831)	(5,346)
Effect of different tax rates in different countries	(14,356)	(7,656)	–	–
Tax transparency	276	348	276	348
Total income tax expense/(income)	1,532	12,691	115	(134)

The amount of current income taxes payable as at the end of the reporting year was $1,532,000 (2012: $1,182,000) for the Group. Such an amount is net of tax advances, which, according to the tax rules, were to be paid before the end of the reporting year.

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 (Income)/Expense Recognised in Profit or Loss Include:

	Group		Trust	
	2013	2012	2013	2012
	$'000	$'000	$'000	$'000
Deferred tax relating to the changes in fair value of investment properties	(11,667)	3,412	115	(134)

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

	Group		Trust	
	2013	2012	2013	2012
	$'000	$'000	$'000	$'000
Deferred tax (liabilities)/assets recognised in profit or loss:				
Deferred tax relating to the changes in fair value of investment properties	(21,498)	(33,165)	490	606

9. Income Tax (continued)

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

Presented in the statements of financial position as follows:

	2013 $'000	2012 $'000	2013 $'000	2012 $'000
Deferred tax liabilities	(21,988)	(33,771)	–	–
Deferred tax assets	490	606	490	606
Net balance	(21,498)	(33,165)	490	606

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 values 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	
	2013 $'000	2012 $'000
Foreign subsidiaries	60,796	39,777

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	
	2013	2012
Denominator: Weighted average number of units Basic and diluted	693,448,811	635,626,661
	$'000	$'000
Numerator: Earnings attributable to unitholders Total return after income tax	117,832	65,244
	Cents	Cents
Earnings per unit (in cents) Basic and diluted	16.99	10.26

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.

11. Distribution per Unit

	Group and Trust 2013 Cents per unit	2012 Cents per unit	2013 $'000	2012 $'000
Based on the number of units in issue at the dates of distributions	7.52	7.26	52,086	46,040

Distribution Type

Name of Distribution: Distribution during the period (interim distributions)

Distribution Type: Income/Capital

Distribution Rate

	Group and Trust 2013 Cents per unit	2012 Cents per unit	2013 $'000	2012 $'000
Taxable Income [a]:	0.23	0.36	1,585	2,273
Tax-Exempt Income [b]:	3.68	4.33	25,237	27,353
Capital [c]:	1.64	1.19	11,309	7,517
Other gain [d]:	–	0.68	–	4,290
Subtotal:	5.55	6.56	38,131	41,433

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 2013 Cents per unit	2012 Cents per unit	2013 $'000	2012 $'000
Taxable Income [a]:	0.08	0.03	599	202
Tax-Exempt Income [b]:	1.24	0.50	8,762	3,274
Capital [c]:	0.65	0.17	4,594	1,131
Subtotal:	1.97	0.70	13,955	4,607
Taxable Income [a]:	0.31	0.39	2,184	2,475
Tax-Exempt Income [b]:	4.92	4.83	33,999	30,627
Capital [c]:	2.29	1.36	15,903	8,648
Other gain [d]:	-	0.68	-	4,290
Total:	7.52	7.26	52,086	46,040

11. Distribution per Unit (continued)

(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 expired on 17 February 2010 has been renewed for the period from 18 February 2010 to 31 March 2015.

All other investors will receive their distributions after deduction of tax at the rate of 17% (2012: 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 and for Singapore income tax purposes is therefore not subject to Singapore income tax. For unitholders who are liable to Singapore income tax on profits from the sale of First REIT units, the amount of Capital Distribution will be applied to reduce the cost base of their First REIT units for Singapore income tax purposes.

(d) Distribution of other gain is not a taxable distribution to the unitholders.

Current Distribution Policy:

The Trust's current distribution policy is to distribute at least 90.0% (2012: 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 in the Singapore subsidiaries.

12. Investment Properties

	Group		Trust	
	2013	2012	2013	2012
	$'000	$'000	$'000	$'000
At valuation:				
Fair value at beginning of year	796,702	617,981	38,300	36,000
Additions at cost #a	193,859	145,700	122	–
Enhancements at cost	–	3,087	–	3,087
Translation differences	371	(889)	–	–
Increase/(decrease) in fair value included in statements of total return under increase/ (decrease) in fair values of investment properties	61,334	30,823	678	(787)
Fair value at end of year	1,052,266	796,702	39,100	38,300
Rental income from investment properties	83,280	57,646	3,458	3,089
Direct operating expenses/(income) (including repairs and maintenance) arising from investment properties that generated rental income during the reporting year	3,072	410	120	(120)

12. Investment Properties (continued)

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 2013 are for the acquisition of Siloam Hospitals Bali and Siloam Hospitals TB Simatupang (Note 18). This includes capitalised transaction costs of $3,297,000. The additions in 2012 included capitalised transaction costs of $2,856,000.

The fair value of each investment property was measured in November 2013 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 2013 were made by the following firms of independent professional valuers:

1. Five Indonesian properties – KJPP Willson dan Rekan in association with Knight Frank
2. Five Indonesian properties – KJPP Rengganis, Hamid & Rekan in Strategic Alliance with CBRE Pte Ltd
3. All Singapore properties – CBRE Pte Ltd
4. The South Korean property – CBRE Pte Ltd

12. Investment Properties (continued)

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

	Indonesia 2013	Indonesia 2012	Singapore 2013	Singapore 2012	South Korea 2013	South Korea 2012
1. Estimated discount rates using pre-tax rates that reflect current market assessments at the risks specific to the properties	9.29% to 9.92%	9.37% to 9.50%	8.25%	8.00%	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 and plans approved by management	10 years	10 years	10 years	10 years	Note 1	Note 1
4. Terminal rate	9.00% to 11.00%	9.00% to 14.50%	6.00% to 6.50%	6.50%	Note 1	Note 1
5. Dates of valuations	7 Nov	7 Nov	7 Nov	7 Nov	7 Nov	7 Nov

#(A) The growth rate for the base rent is based on 2.00% (2012: 2.00%) of the preceding 12 months base rent and the growth rate for the variable rent is based on 0.75% to 2.00% (2012: 0.75% to 2.00%) of the tenant's gross revenue for the preceding year.

Note 1: The valuation of the South Korean property for 2013 and 2012 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 current rental of this property adjusted for operating expenses (net operating income). An overall capitalisation rate of 9% (2012: 13%) 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.

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

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

Sensitivity analysis:

	2013 $'000	2012 $'000
Indonesian properties:		
A hypothetical 10% increase in the pre-tax discount rate applied to the discounted cash flows would have an effect on profit before tax of	(67,500)	(48,500)
A hypothetical 10% decrease in the pre-tax discount rate applied to the discounted cash flows would have an effect on profit before tax of	76,500	42,400
A hypothetical 10% increase in the rental income would have an effect on profit before tax of	40,500	21,000
A hypothetical 10% decrease in the rental income would have an effect on profit before tax of	(40,900)	(32,200)
A hypothetical 10% increase in the terminal growth rate applied to the net operating income would have an effect on profit before tax of	(29,200)	(27,600)
A hypothetical 10% decrease in the terminal growth rate applied to the net operating income would have an effect on profit before tax of	33,300	21,300

	2013 $'000	2012 $'000
Singapore properties:		
A hypothetical 10% increase in the pre-tax discount rate applied to the discounted cash flows would have an effect on profit before tax of	(1,900)	(1,800)
A hypothetical 10% decrease in the pre-tax discount rate applied to the discounted cash flows would have an effect on profit before tax of	2,100	1,800

12. Investment Properties (continued)

	2013 $'000	2012 $'000
Singapore properties: (continued)		
A hypothetical 10% increase in the rental income would have an effect on profit before tax of	2,500	3,500
A hypothetical 10% decrease in the rental income would have an effect on profit before tax of	(2,400)	(3,500)
A hypothetical 10% increase in the terminal growth rate applied to the net operating income would have an effect on profit before tax of	(400)	(500)
A hypothetical 10% decrease in the terminal growth rate applied to the net operating income would have an effect on profit before tax of	500	500
South Korean property:		
A hypothetical 10% increase in the rental income would have an effect on profit before tax of	759	1,467
A hypothetical 10% decrease in the rental income would have an effect on profit before tax of	(759)	(1,467)
A hypothetical 10% increase in the overall capitalisation rate applied to the net operating income would have an effect on profit before tax of	(759)	(1,345)
A hypothetical 10% decrease in the overall capitalisation rate applied to the net operating income would have an effect on profit before tax of	885	1,589

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

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

Description	Fair value at 31 December 2013 (in $'000)	Valuation technique(s)	Unobservable inputs	Range of unobservable Inputs (probability - weighted average)	Relationship of unobservable inputs to fair value
Investment properties	1,044,300	Discounted cash flow method	Discount rate	8.25% to 9.92%	The higher the discount rate, the lower the fair value.
			Terminal growth rate	6.00% to 11.00%	The higher the terminal growth rate, the lower the fair value.
	7,966	Direct capitalisation method	Capitalisation rate	9.00%	The higher the capitalisation rate, the lower the fair value.

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. As at 31 December 2013, the following firms of independent preferred valuers were engaged: KJPP Rengganis, Hamid & Rekan in Strategic Alliance with CBRE Pte Ltd, KJPP Willson dan Rekan in association with Knight Frank and CBRE Pte Ltd.

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 2013. The estimates are largely consistent with management's knowledge of actual conditions and situations.

13. Investments in Subsidiaries

	Trust	
	2013 $'000	2012 $'000
Cost at the beginning of the year	465,923	324,531
Additions at cost	193,691	145,759
Impairment allowance included in the statement of total return	(8,136)	–
Redemption of redeemable preference shares	(11,757)	(4,367)
Cost at the end of the year	639,721	465,923
Total cost comprising:		
Unquoted equity shares at cost	347,020	324,151
Redeemable preference shares at cost	292,701	141,772
Total at cost	639,721	465,923
Net book value of subsidiaries	946,392	654,936
Movement in allowance for impairment:		
Balance at beginning of the year	–	–
Impairment allowance included in the statement of total return	(8,136)	–
Balance at end of the year	(8,136)	–

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

14. Trade and Other Receivables, Current

	Group 2013 $'000	Group 2012 $'000	Trust 2013 $'000	Trust 2012 $'000
Trade receivables:				
Outside parties	2,741	2,022	448	349
Less impairment allowance	(2,165)	–	–	–
Related party (Note 3)	1,350	1,345	8	–
Subtotal	1,926	3,367	456	349
Other receivables:				
Subsidiaries (Note 3)	–	–	2,269	2,141
Less impairment allowance	–	–	(567)	–
Outside parties	22,776	6,279	16	13
Subtotal	22,776	6,279	1,718	2,154
Total trade and other receivables	24,702	9,646	2,174	2,503

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

	Group 2013 $'000	Group 2012 $'000	Trust 2013 $'000	Trust 2012 $'000
Movement in above allowance:				
Balance at beginning of the year	–	–	–	–
Impairment allowance	(2,150)	–	(567)	–
Foreign exchange loss recognised on translation at year end	(15)	–	–	–
Balance at the end of the year	(2,165)	–	(567)	–

15. Loan Receivable

	Trust 2013 $'000	Trust 2012 $'000
Loan receivable from subsidiary:		
Non-current portion	62,976	67,166
Current portion	4,191	4,191
Total	67,167	71,357

The agreement for the loan receivable provides that it is unsecured, with floating interest at 0% to 3.56% (2012: 0% to 3.73%) 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 based on market rates. The carrying value of the loan approximates the fair value (Level 3). The amount is not past due.

16. Other Assets, Current

	Group 2013 $'000	Group 2012 $'000	Trust 2013 $'000	Trust 2012 $'000
Prepayments	117	26	116	12
Prepaid taxes	1,627	1,350	–	–
	1,744	1,376	116	12

17. Cash and Cash Equivalents

	Group 2013 $'000	Group 2012 $'000	Trust 2013 $'000	Trust 2012 $'000
Not restricted in use	29,331	20,497	25,091	15,733

The rate of interest for the cash on interest-earning accounts ranged from 0.52% to 2.39% (2012: 0.18% to 1.13%) per annum.

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

	Group 2013 $'000	Group 2012 $'000	Trust 2013 $'000	Trust 2012 $'000
As shown above	29,331	20,497	25,091	15,733

17B. Non-Cash Transactions:

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

During the year, a total of 35,450,935 units were issued in settlement of $50.0 million of the purchase consideration for the acquisition of Siloam Hospitals TB Simatupang (Note 18).

18. Units in Issue and Net Assets Attributable to Unitholders

	Group 2013 $'000	Group 2012 $'000	Trust 2013 $'000	Trust 2012 $'000
Net assets attributable to unitholders at beginning of the year	550,074	505,299	356,102	346,959
Net assets attributable to unitholders at end of the year	682,899	550,074	392,173	356,102
	Cents	Cents	Cents	Cents
Net assets attributable to unitholders per unit (in cents)	96.64	82.72	55.50	53.55

Movements in the units in issue are as follows:

	Group and Trust 2013	Group and Trust 2012
Balance at beginning of the year	664,948,936	627,680,294
Issuance of new units for management fees	4,851,969	4,963,115
Issuance of new units for acquisition fees	1,377,613	1,405,527
Issuance of new units to vendor as part of purchase price	35,450,935	–
Issuance of private placement units	–	30,900,000
Balance at end of the year	706,629,453	664,948,936

18. Units in Issue and Net Assets Attributable to Unitholders (continued)

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.

<u>**Issues of Units in 2013**</u>

At the end of the reporting year, 1,612,847 (2012: 1,203,996) 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.

Pursuant to the approval from the unitholders at the extraordinary general meeting held on 29 April 2013, the Trust:

1) Acquired Siloam Hospitals Bali, which is located at Jalan Sunset Road No. 818, Kuta, Badung, Bali 80361, Indonesia ("SHBL") for a purchase consideration of $97.3 million from PT Buana Mandiri Selaras ("PT BMS"), which wholly-owned the SHBL property. PT BMS is an indirect wholly-owned subsidiary of PT Lippo Karawaci Tbk (a related party). The acquisition of SHBL property was carried out by First REIT indirectly via the acquisition of Globalink Investments Pte. Ltd., a company incorporated in Singapore which, directly and through its wholly-owned subsidiary, Fortuna Capital Pte. Ltd., a company incorporated in Singapore, wholly owned PT Dasa Graha Jaya, a company incorporated in Indonesia which now holds the SHBL property.

18. Units in Issue and Net Assets Attributable to Unitholders (continued)

2) Acquired Siloam Hospitals TB Simatupang, which is located at Jalan Letjend. TB Simatupang/Jalan R.A. Kartini No. 8, RT 010/RW 04, Cilandak, Jakarta Selantan, Indonesia ("SHTS") for a purchase consideration of $93.1 million from Evodia Strategic Investment Limited ("Evodia"), which wholly-owned the SHTS property. Evodia is an indirect wholly-owned subsidiary of PT Lippo Karawaci Tbk (a related party). The acquisition of SHTS property was carried out by First REIT indirectly via the acquisition of Great Capital Pte. Ltd., a company incorporated in Singapore which, directly and through its wholly-owned subsidiary, Key Capital Pte. Ltd., a company incorporated in Singapore, wholly owned PT Perisai Dunia Sejahtera, a company incorporated in Indonesia which now holds the SHTS property. $50.0 million of the purchase consideration was satisfied by way of the issuance of 35,450,935 units at an issue price of $1.4104 at the date of completion of the acquisition to a wholly-owned subsidiary of PT Lippo Karawaci Tbk.

The acquisitions were completed on 13 May and 22 May 2013 respectively.

In connection with the SHBL and SHTS acquisition, acquisition fees were payable to the Manager pursuant to the Trust Deed in the form of units. The Manager elected to receive the SHBL and SHTS acquisition fees, amounting to $1,904,000, in units at the 10 days volume weighted average traded price ("VWAP") pricing per unit before the issue date. Professional fees and other expenses totalling $1,393,000 were incurred in connection with the SHBL and SHTS acquisitions.

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.

18. Units in Issue and Net Assets Attributable to Unitholders (continued)

Capital Management: (continued)

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	
	2013 $'000	2012 $'000	2013 $'000	2012 $'000
Net debt:				
All external non-current borrowings	353,798	212,842	353,798	212,842
Less: Cash and cash equivalents	(29,331)	(20,497)	(25,091)	(15,733)
Net debt	324,467	192,345	328,707	197,109
Net capital:				
Issued equity	414,109	369,159	414,109	369,159
Retained earnings/(Accumulated losses)	268,170	180,691	(21,936)	(13,057)
Foreign exchange reserve	620	224	–	–
Net capital	682,899	550,074	392,173	356,102
Debt-to-adjusted capital ratio	47.51%	34.97%	83.82%	55.35%

The unfavourable change in the 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 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 32.3% (2012: 26.0%) 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	
	2013	2012	2013	2012
	$'000	$'000	$'000	$'000
Expenses to average net assets ratio - excluding performance related fees (1)	1.63%	1.42%	2.57%	2.14%
Expenses to average net assets ratio - including performance related fees (1)	0.97%	0.88%	1.50%	1.33%
Portfolio turnover ratio (2)	N/M	N/M	N/M	N/M
Rent/EBITDA ratio of Indonesian properties (3)	68.06%	54.03%	–	–

1) The annualised ratios are computed in accordance with the guidelines of the Investment Management Association of Singapore. 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. The EBITDA (unaudited) for the operations renting the Indonesian properties is calculated before the rental expenses.

N/M – Not meaningful

20. Other Financial Liabilities

	Group and Trust	
	2013	2012
	$'000	$'000
Non-current:		
Bank loans (secured) (Note 20A)	254,896	212,842
Fixed rate notes (unsecured) (Note 20B)	98,902	–
Non-current, total	353,798	212,842

20A. Bank loans (secured)

	Group and Trust	
	2013	2012
	$'000	$'000
Non-current:		
Bank loan A (secured)	–	49,559
Bank loan B (secured)	164,515	163,283
Bank loan C (secured)	90,381	–
Non-current, total	254,896	212,842

20. Other Financial Liabilities (continued)

20A. Bank loans (secured) (continued)

Bank loan A, due in January 2015 and under multi-currency transferable term loan facilities of up to $50,000,000, was refinanced by Bank loan C. Bank loan C is due in November 2017 and is under fixed rate loan facility of up to $92,000,000. Bank loan B is due in November 2016 and is under multi-currency transferrable term loan facilities of up to $168,000,000.

All the amounts are at floating interest rates except for Bank loan C. The range of floating interest rates per annum for the above borrowings is from 3.43% to 3.64% (2012: 3.21% to 3.73%) per annum. The fixed interest rate of Bank loan C is 3.39% per annum.

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 the property in South Korea, Siloam Hospitals Bali and Siloam Hospitals Simatupang.

2) Assignment to the bank of all of the Group's rights, titles, interest and benefits under any leases, tenancies, sales proceeds and cash flows in respect of the Indonesian properties and the Singapore properties.

3) Assignment to the bank of all of the Group's rights, titles and interests under the insurance policies in respect of the Indonesian properties and the Singapore properties, with the bank named as "loss payee".

4) A debenture containing first fixed and floating charges over all assets and undertakings of the Trust's Singapore subsidiaries.

5) Charge of all of the Trust's shares in the Singapore subsidiaries except for Kalmore Investments Pte. Ltd., Globalink Investments Pte. Ltd., Fortuna Capital Pte. Ltd., Great Capital Pte. Ltd. and Key Capital Pte. Ltd.

6) Charge of all of the Singapore subsidiaries' shares in the Indonesian subsidiaries except for PT Dasa Graha Jaya and PT Perisai Dunia Sejahtera.

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

8) Assignment of certain letters of credit with a minimum total of $32,100,000.

9) That PT Lippo Karawaci Tbk's interest in the Trust is not less than 21.0%.

10) Compliance with certain financial covenants.

The bank loans are carried at amortised cost using the effective interest method. The fair value (Level 2) of the bank loans is not significantly different from the carrying value.

20B. Fixed rate notes (unsecured)

On 11 April 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.

20. Other Financial Liabilities (continued)

20B. Fixed rate notes (unsecured)

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

The fixed rate notes are carried at amortised cost using the effective interest method. The fair value (Level 2) of the fixed rate notes is not significantly different from the carrying value.

21. Trade and Other Payables, Current

	Group		Trust	
	2013 $'000	2012 $'000	2013 $'000	2012 $'000
Trade payables:				
Outside parties and accrued liabilities	56	79	55	58
Related parties (Note 3)	1,804	1,395	1,804	1,395
Subtotal	1,860	1,474	1,859	1,453
Other payables:				
Subsidiary (Note 3)	–	–	21,452	19,000
Related party (Note 3)	22	52	–	–
Other payables	28,127	12,477	2,541	3,169
Subtotal	28,149	12,529	23,993	22,169
Total trade and other payables	30,009	14,003	25,852	23,622

The other payable as at end of the financial year are mainly taxes payable to the vendors upon receipt of refunds from the tax authority (Note 14).

22. Other Liabilities, Current

	Group		Trust	
	2013 $'000	2012 $'000	2013 $'000	2012 $'000
Deferred income	16,344	13,564	73	66
Security deposits	1,963	3,391	1,963	1,802
	18,307	16,955	2,036	1,868

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: Indonesian operations, Singapore operations and South Korean operations. For management purposes the Group is organised into one major strategic operating segment that offers all the investment properties for healthcare and/or healthcare-related purposes.

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

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

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 2013 $'000	Singapore 2013 $'000	South Korea 2013 $'000	Total 2013 $'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

23. Financial Information by Operating Segments (continued)

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

	Indonesia 2012 $'000	Singapore 2012 $'000	South Korea 2012 $'000	Total 2012 $'000
Profit or loss reconciliation				
Gross revenue	52,602	3,089	1,955	57,646
Net property income	52,319	3,132	1,785	57,236
Interest income	40	84	8	132
Manager's management fees				(5,633)
Trustee fees				(204)
Finance costs				(4,291)
Other expenses				(128)
Net income before the undernoted				47,112
Increase/(decrease) in fair values of investment properties	33,444	(787)	(1,834)	30,823
Total return before income tax				77,935
Income tax (expense)/income	(12,786)	134	(39)	(12,691)
Total return after income tax				65,244
Assets				
Segment assets including properties	756,530	55,118	17,179	828,827
Total assets				828,827

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 $77,821,000 (2012: $52,602,000) of the Group's total revenue.

24. Financial Information on Financial Instruments

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	
	2013 $'000	2012 $'000	2013 $'000	2012 $'000
Financial assets:				
Cash and bank balances	29,331	20,497	25,091	15,733
Loans and receivables	24,702	9,646	69,341	73,860
At end of year	54,033	30,143	94,432	89,593
Financial liabilities:				
Borrowings at amortised cost	353,798	212,842	353,798	212,842
Trade and other payables at amortised cost	30,009	14,003	25,852	23,622
At end of year	383,807	226,845	379,650	236,464

24. Financial Information on Financial Instruments

24A. Classification of Financial Assets and Liabilities

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.

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.

24. Financial Instruments: Information on Financial Risks (continued)

24C. Credit Risk on Financial Assets (continued)

(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	
	2013	2012	2013	2012
	$'000	$'000	$'000	$'000
Trade receivables:				
1 to 90 days overdue	398	552	271	–
91 to 180 days overdue	–	550	–	–
Over 180 days overdue	–	766	–	–
	398	1,868	271	–

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

	Group		Trust	
	2013	2012	2013	2012
	$'000	$'000	$'000	$'000
Trade receivables:				
1 to 90 days overdue	351	–	–	–
91 to 180 days overdue	591	–	–	–
Over 180 days overdue	1,350	–	–	–
	2,292	–	–	–

The allowance which is disclosed in the Note 14 on trade and other receivables is based on individual amounts totalling $2,165,000 (2012: $Nil) 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.

24D. Liquidity Risk

The following table analyses the non-derivative financial liabilities by remaining contractual maturity (contractual and undiscounted cash flows):

	Borrowings	Trade and other payables	Total
2013:	$'000	$'000	$'000
Group			
Less than 1 year	13,196	30,009	43,205
1 – 4 years	393,524	–	393,524
At end of year	406,720	30,009	436,729
Trust			
Less than 1 year	13,196	25,852	39,048
1 – 4 years	393,524	–	393,524
At end of year	406,720	25,852	432,572

24. Financial Instruments: Information on Financial Risks (continued)

24D. Liquidity Risk (continued)

2012:	Borrowings $'000	Trade and other payables $'000	Total $'000
Group			
Less than 1 year	7,781	14,003	21,784
1 – 4 years	235,821	–	235,821
At end of year	243,602	14,003	257,605
Trust			
Less than 1 year	7,781	23,622	31,403
1 – 4 years	235,821	–	235,821
At end of year	243,602	23,622	267,224

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 (2012: 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 growth capital expenditures. The Manager also ensures that there are sufficient funds for declared and payable distributions and any other commitments.

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	
	2013 $'000	2012 $'000
Financial liabilities:		
Floating rates	164,515	212,842
Fixed rates	189,283	–
Total at the end of the year	353,798	212,842

24. Financial Instruments: Information on Financial Risks (continued)

24E. Interest Rate Risk (continued)

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	
	2013 $'000	2012 $'000
Financial liabilities: A hypothetical variation in interest rates by 50 basis points (2012: 100 basis points) with all other variables held constant, would have an increase/decrease in pre-tax profit for the year by	1,516	1,080

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 fixed interest rate financial instruments has been assessed in terms of changing of their fair value. 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 interest rates are disclosed in the respective notes. The hypothetical changes in basis points are not based on observable market data (unobservable inputs).

24F. Foreign Currency Risk

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

	US Dollars	
	2013 $'000	2012 $'000
Financial liabilities:		
Borrowings	17,599	17,013

Sensitivity analysis: A hypothetical 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 $1,760,000. 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 under non-cancellable operating leases is as follows:

	Group		Trust	
	2013 $'000	2012 $'000	2013 $'000	2012 $'000
Not later than one year	91,194	71,046	3,628	3,150
Later than one year and not later than five years	364,551	282,932	12,443	10,946
More than five years	554,983	437,736	9,449	–

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

25. Operating Lease Income Commitments (continued)

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 $1,248,000 (2012: $1,248,000) for rental income from one of the Singapore properties. Also see Note 3.

26. Events After the End of the Reporting Year

On 17 January 2014, a final distribution of 1.97 cents per unit was declared totalling $13,955,000 in respect of the period from 1 October 2013 to 31 December 2013.

On 17 January 2014, a total of 1,612,847 new units were issued at the issue price of 1.0431 cents per unit as payment to the Manager for management fees for the quarter ended 31 December 2013. 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.

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 of the measurement methods or the presentation in the financial statements.

FRS No.	Title
FRS 1	Amendments to FRS 1 – Presentation of Items of Other Comprehensive Income
FRS 1	Amendment to FRS 1 Presentation of Financial Statements (Annual Improvements)
FRS 16	Amendment to FRS 16 Property, Plant and Equipment (Annual Improvements) (*)
FRS 19	Employee Benefits (Revised) (*)
FRS 32	Amendment to FRS 32 Financial instruments: Presentation (Annual Improvements)
FRS 36	Amendments to FRS 36: Recoverable Amount Disclosures for Non-Financial Assets (relating to goodwill) (early adoption) (*)
FRS 107	Amendments to FRS 32 and 107 titled Offsetting Financial Assets and Financial Liabilities
FRS 113	Fair Value Measurements
INT FRS 120	Stripping Costs in the Production Phase of a Surface Mine (*)

(*) Not relevant to the entity.

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 27	Consolidated and Separate Financial Statements (Amendments to)	1 Jul 2013
FRS 27	Separate Financial Statements (Revised)	1 Jan 2014
FRS 28	Investments in Associates and Joint Ventures (Revised) (*)	1 Jan 2014
FRS 36	Amendments to FRS 36: Recoverable Amount Disclosures for Non-Financial Assets (relating to goodwill) (*)	1 Jan 2014
FRS 32	Amendments to FRS 39: Novation of Derivatives and Continuation of Hedge Accounting	1 Jan 2014
FRS 110	Consolidated Financial Statements	1 Jan 2014
FRS 111	Joint Arrangements (*)	1 Jan 2014
FRS 112	Disclosure of Interests in Other Entities	1 Jan 2014
FRS 110	Amendments to FRS 110, FRS 111 and FRS 112	1 Jan 2014
INT FRS 121	Levies (*)	1 Jan 2014

(*) Not relevant to the entity.

29. Listing of Investments in Subsidiaries

All the subsidiaries are wholly-owned and they are listed below:

Name of Subsidiaries, Country of Incorporation, Place of Operations and Principal Activities	Carrying Value of Investments 2013 $'000	2012 $'000
Gold Capital Pte. Ltd. [b] Singapore Investment holding	100,556	100,556
Higrade Capital Pte. Ltd. [b] Singapore Investment holding	853	853
GOT Pte. Ltd. [b] Singapore Investment holding	88,818	89,593
Henley Investments Pte. Ltd. [b] Singapore Investment holding	46,209	46,837
Kalmore Investments Pte. Ltd. [b] Singapore Investment holding	7,966	16,430
Lovage International Pte. Ltd. [b] Singapore Investment holding	17,930	18,391
Platinum Strategic Investments Pte. Ltd. [b] Singapore Investment holding	31,857	33,169
Ultra Investments Pte. Ltd. [b] Singapore Investment holding	321	321
Primerich Investments Pte. Ltd. [b] Singapore Investment holding	15,307	15,513
Raglan Investments Pte. Ltd. [b] Singapore Investment holding	58,039	60,266
Carmathen Investments Pte. Ltd. [b] Singapore Investment holding	1,033	1,033

29. Listing of Investments in Subsidiaries (continued)

All the subsidiaries are wholly-owned and they are listed below:

Name of Subsidiaries, Country of Incorporation, Place of Operations and Principal Activities	Carrying Value of Investments	
	2013 $'000	2012 $'000
Rhuddlan Investments Pte. Ltd. [b] Singapore Investment holding	83,714	85,168
Caernarfon Investments Pte. Ltd. [b] Singapore Investment holding	1,324	1,324
Globalink Investments Pte. Ltd. [b] Singapore Investment holding (Acquired on 26 March 2013)	96,654	–
Fortuna Capital Pte. Ltd. [b] Singapore Investment holding (Acquired on 26 March 2013)	22	–
Great Capital Pte. Ltd. [b] Singapore Investment holding (Acquired on 22 May 2013)	92,671	–
Key Capital Pte. Ltd. [b] Singapore Investment holding (Acquired on 22 May 2013)	3,826	–
Kalmore (Korea) Limited [a] South Korea Owners of Sarang Hospital	4,110	3,887
PT Bayutama Sukses [a] Indonesia Owners of Siloam Hospitals Makassar	6,356	6,356
PT Graha Indah Pratama [a] Indonesia Owners of Siloam Hospitals Kebon Jeruk	10,333	10,333
PT Graha Pilar Sejahtera [a] Indonesia Owners of Siloam Hospitals Lippo Cikarang	8,306	8,306

29. Listing of Investments in Subsidiaries (continued)

All the subsidiaries are wholly-owned and they are listed below:

Name of Subsidiaries, Country of Incorporation, Place of Operations and Principal Activities	Carrying Value of Investments 2013 $'000	2012 $'000
PT Karya Sentra Sejahtera [a] Indonesia Owners of Imperial Aryaduta Hotel & Country Club	20,019	20,019
PT Menara Abadi Megah [a] Indonesia Owners of Siloam Hospitals Manado & Hotel Aryaduta Manado	5,500	5,500
PT Primatama Cemerlang [a] Indonesia Owners of Mochtar Riady Comprehensive Cancer Centre	17,065	17,065
PT Sentra Dinamika Perkasa [a] Indonesia Owners of Siloam Hospitals Lippo Village	8,779	8,779
PT Tata Prima Indah [a] Indonesia Owners of Siloam Hospitals Surabaya	8,013	8,013
PT Dasa Graha Jaya [a] Indonesia Owners of Siloam Hospitals Bali (Acquired on 26 March 2013)	16,553	–
PT Perisai Dunia Sejahtera [a] Indonesia Owners of Siloam Hospitals TB Simatupang (Acquired on 22 May 2013)	15,305	–

(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.

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

AUDITED FINANCIAL STATEMENTS OF FIRST REAL ESTATE INVESTMENT TRUST AND ITS SUBSIDIARIES FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2014

The information in this Appendix III has been extracted and reproduced from the audited financial statements of the Group for the financial year ended 31 December 2014 and has not been specifically prepared for inclusion in this Information Memorandum.

RSM Chio Lim
Audit • Tax • Advisory

FIRST REAL ESTATE INVESTMENT TRUST

Report of the Trustee and Financial Statements

Year Ended 31 December 2014

RSM Chio Lim LLP
8 Wilkie Road, #03-08, Wilkie Edge, Singapore 228095
T +65 6533 7600 F +65 6594 7811
info@rsmchiolim.com.sg www.RSMChioLim.com.sg
UEN: T09LL0008J

FIRST REAL ESTATE INVESTMENT TRUST

Report of the Trustee and Financial Statements

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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 5 to 60, 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 5 to 60 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

RSM Chio Lim
Audit • Tax • Advisory

RSM Chio Lim LLP
8 Wilkie Road, #03-08, Wilkie Edge, Singapore 228095
T +65 6533 7600
www.RSMChioLim.com.sg

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 5 to 60, 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.

Audit F +65 6594 7811 info@rsmchiolim.com.sg Tax F +65 6594 7822 tax@rsmchiolim.com.sg

Independent Auditor's Report to the Unitholders of
FIRST REAL ESTATE INVESTMENT TRUST

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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 2014 $'000	Group 2013 $'000	Trust 2014 $'000	Trust 2013 $'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
	$'000	$'000	$'000	$'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 2014 $'000	Group 2013 $'000	Trust 2014 $'000	Trust 2013 $'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
	$'000	$'000	$'000	$'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
	$'000	$'000	$'000	$'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 $'000	Percentage of Total Net Assets as at 31.12.2014 %	Carrying Value as at 31.12.2013 $'000	Percentage of Total Net Assets as at 31.12.2013 %
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 $'000	Percentage of Total Net Assets as at 31.12.2014 %	Carrying Value as at 31.12.2013 $'000	Percentage of Total Net Assets as at 31.12.2013 %
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

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 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
		$'000	%	$'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 Pejuangan 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 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
		$'000	%	$'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 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
		$'000	%	$'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 3rd 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.

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.

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.

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.

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.

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.

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.

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.

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.

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.

2. Summary of significant accounting policies (continued)

Critical judgements, assumptions and estimation uncertainties (continued)

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 flows.

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
	$'000	$'000	$'000	$'000
The parent company of the Manager				
Property rental income	86,809	77,821	–	–
Acquisition of investment property (Note 12)	–	193,859	–	–

3. Related party relationships and transactions (continued)

3A. Related parties (continued):

	Group		Trust	
	2014	2013	2014	2013
	$'000	$'000	$'000	$'000
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)

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 Indonesian properties are subsidiaries of PT Lippo Karawaci Tbk. The lessees have provided bank guarantees of $44,205,000 (2013: $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.

3. Related party relationships and transactions (continued)

3A. Related parties: (continued)

(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).

4. Gross revenue

	Group		Trust	
	2014 $'000	2013 $'000	2014 $'000	2013 $'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 $'000	2013 $'000	2014 $'000	2013 $'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 $'000	2013 $'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
	$'000	$'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 $714,000 (2013: Nil).

8. Other expenses

	Group		Trust	
	2014	2013	2014	2013
	$'000	$'000	$'000	$'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
	$'000	$'000	$'000	$'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
	$'000	$'000	$'000	$'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

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
	$'000	$'000	$'000	$'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 $445,000 (2013: $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
	$'000	$'000	$'000	$'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
	$'000	$'000	$'000	$'000
Deferred tax (liabilities)/assets recognised in profit or loss:				
Deferred tax relating to the changes in fair value of investment properties	(28,508)	(21,498)	595	490

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 $'000	2013 $'000	2014 $'000	2013 $'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 values 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 $'000	2013 $'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 ($'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.

11. Distributions

	Group and Trust 2014 $'000	Group and Trust 2013 $'000
Total distribution paid during the year:		
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 Cents per unit	2013 Cents per unit	2014 $'000	2013 $'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

Distribution Rate

	Group and Trust 2014 Cents per unit	2013 Cents per unit	2014 $'000	2013 $'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

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 Cents per unit	2013 Cents per unit	2014 $'000	2013 $'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

	2014 Cents per unit	2013 Cents per unit	2014 $'000	2013 $'000
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.

12. Investment properties

	Group		Trust	
	2014	2013	2014	2013
	$'000	$'000	$'000	$'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 $1,837,000. The additions in 2013 were for the acquisition of Siloam Hospitals Bali and Siloam Hospitals TB Simatupang amounting to $97.3 million and $93.1 million respectively. The additions included capitalised transaction costs of $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 Indonesian properties – KJPP Willson & Rekan in association with Knight Frank
2. Five Indonesian properties – KJPP Rengganis, Hamid & Rekan in strategic alliance with CBRE Pte Ltd
3. One Indonesian property – KJPP Rinaldi, Alberth, Baroto & Rekan in association with DTZ
4. One Indonesian property – KJPP Winarta & Rekan in alliance with Jones Lang LaSalle
5. All Singapore properties – CBRE Pte Ltd
6. The South Korean property – CBRE Pte Ltd

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 Korean 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.

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 $'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.

12. Investment properties (continued)

Sensitivity analysis on key estimates:

Indonesian 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 $59.2 million (2013: $67.5 million); higher by $69.3 million (2013: $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 $50.9 million (2013: $40.5 million); lower by $50.8 million (2013: $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 $27.5 million (2013: $29.2 million); higher by $37.3 million (2013: $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 $1.8 million (2013: $1.9 million); higher by $2.0 million (2013: $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 $2.5 million (2013: $2.5 million); lower by $2.4 million (2013: $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 $0.4 million (2013: $0.4 million); higher by $0.4 million (2013: $0.5 million) respectively.

South Korean 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 $0.9 million (2013: $0.8 million); lower by $0.8 million (2013: $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 $0.8 million (2013: $0.8 million); higher by $0.9 million (2013: $0.9 million) respectively.

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 $'000	2013 $'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.

14. Trade and other receivables, current

	Group 2014 $'000	Group 2013 $'000	Trust 2014 $'000	Trust 2013 $'000
Trade receivables:				
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
Other receivables:				
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 2014 $'000	Group 2013 $'000	Trust 2014 $'000	Trust 2013 $'000
Movement in above allowance:				
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 $'000	Trust 2013 $'000
Loan receivable from subsidiary:		
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.

16. Other assets, current

	Group 2014 $'000	Group 2013 $'000	Trust 2014 $'000	Trust 2013 $'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
	$'000	$'000	$'000	$'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
	$'000	$'000	$'000	$'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 $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 $50.0 million of the purchase consideration for the acquisition of Siloam Hospitals TB Simatupang.

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 $1.0431 to $1.2240 (2013: $1.0526 to $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.

18. Units in issue and net assets value attributable to unitholders (continued)

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 $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 $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. $4.5 million of the purchase consideration was satisfied by way of the issuance of 3,805,000 units at an issue price of $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 $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. $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 $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.

(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 $1.0163 to $1.1887 (2013: Nil) per unit were issued pursuant to the Distribution Reinvestment Plan.

18. Units in issue and net assets value attributable to unitholders (continued)

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 $'000	2013 $'000	2014 $'000	2013 $'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

18. Units in issue and net assets value attributable to unitholders (continued)

18A. Movements in components of unitholders' funds

Group:	Issued Equity $'000	Retained Earnings $'000	Foreign Exchange Reserve $'000	Total $'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 Equity $'000	Accumulated Losses $'000	Total $'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

18. Units in issue and net assets value attributable to unitholders (continued)

18A. Movements in components of unitholders' funds (continued)

Trust:	Issued Equity $'000	Accumulated Losses $'000	Total $'000
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 at 31 December 2013	414,109	(21,936)	392,173

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 $'000	2013 $'000	2014 $'000	2013 $'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%

18. Units in issue and net assets value attributable to unitholders (continued)

18A. Movements in components of unitholders' funds (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 Indonesian 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 Indonesian 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.

20. Other financial liabilities

	Group and Trust	
	2014	2013
	$'000	$'000
Current:		
Bank loans (unsecured)	26,500	–
Transaction cost to be amortised	(15)	–
Current, total	26,485	–
Non-current:		
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 $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
	$'000	$'000
Non-current:		
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

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 $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 $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 $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 $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 Indonesian 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 Indonesian 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., Kalmore Investments Pte. Ltd., IAHCC 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., IAHCC 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 Indonesian 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.

20. Other financial liabilities (continued)

20A. Bank loans (secured) (continued)

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

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

	Carrying amounts		Fair values	
	2014	2013	2014	2013
	$'000	$'000	$'000	$'000
Group and Trust				
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 $100,000,000 (2013: $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
	$'000	$'000	$'000	$'000
Group and Trust				
Fixed rate notes (non-current)	99,137	98,902	101,250	100,550

21. Trade and other payables, current

	Group		Trust	
	2014	2013	2014	2013
	$'000	$'000	$'000	$'000
Trade payables:				
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
Other payables:				
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 $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
	$'000	$'000	$'000	$'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: Indonesian operations, Singapore operations and South Korean 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.

23. Financial information by operating segments (continued)

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

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

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

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 $'000	Singapore 2014 $'000	South Korea 2014 $'000	Total 2014 $'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

23. Financial information by operating segments (continued)

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

	Indonesia 2013 $'000	Singapore 2013 $'000	South Korea 2013 $'000	Total 2013 $'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 $86,809,000 (2013: $77,821,000).

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
	$'000	$'000	$'000	$'000
Financial assets:				
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
Financial liabilities:				
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.

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
	$'000	$'000	$'000	$'000
Trade receivables:				
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
	$'000	$'000	$'000	$'000
Trade receivables:				
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 $2,831,000 (2013: $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.

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
2014:	$'000	$'000	$'000
Group			
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
Trust			
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

	Borrowings	Trade and other payables	Total
2013:	$'000	$'000	$'000
Group			
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
Trust			
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.

24. Financial instruments: information on financial risks (continued)

24D. Liquidity risk (continued)

	Group and Trust 2014 $'000	Group and Trust 2013 $'000
Bank facilities:		
Undrawn facilities	45,000	–

The undrawn facilities are available for refinancing existing loans, general corporate funding and working capital requirements of the Trust. The facilities expire 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 $'000	Group and Trust 2013 $'000
Financial liabilities:		
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 $'000	Group and Trust 2013 $'000
Financial liabilities:		
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.

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

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 $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.

26. Events after the end of the reporting year (continued)

On 15 January 2015, a final distribution of 2.04 cents per unit was declared totalling $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 $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.

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 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 (*)	1 Jul 2014
	Improvements to FRSs (Issued in February 2014). Relating to FRS 103 Business Combinations FRS 113 Fair Value Measurement FRS 40 Investment Property	1 Jul 2014
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.

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
	$'000	$'000	%	%
Held by the Trust				
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

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
	$'000	$'000	%	%
Held by the Trust (continued)				
Finura Investments Pte. Ltd. [a] 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		
Held by subsidiaries				
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

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
	$'000	$'000	%	%
Held by subsidiaries (continued)				
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

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
	$'000	$'000	%	%
Held by subsidiaries (continued)				
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 $1,000

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

UNAUDITED FINANCIAL STATEMENTS OF FIRST REAL ESTATE INVESTMENT TRUST AND ITS SUBSIDIARIES FOR THE THREE MONTHS ENDED 31 MARCH 2015

The information in this Appendix IV has been extracted and reproduced from the unaudited financial statements of the Group for the three months ended 31 March 2015 and has not been specifically prepared for inclusion in this Information Memorandum.

First Real Estate Investment Trust ("First REIT") is a real estate investment trust constituted by the Trust Deed entered into on 19 October 2006 between Bowsprit Capital Corporation Limited as the Manager and HSBC Institutional Trust Services (Singapore) Limited as the Trustee. First REIT was listed on the Singapore Exchange Securities Trading Limited on 11 December 2006.

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

Managed by Bowsprit Capital Corporation Limited, First REIT's portfolio consists of sixteen properties located in Indonesia, Singapore and South Korea, namely 1) Siloam Hospitals Lippo Village, 2) Siloam Hospitals Kebon Jeruk, 3) Siloam Hospitals Surabaya, 4) Imperial Aryaduta Hotel & Country Club, 5) Mochtar Riady Comprehensive Cancer Centre, 6) Siloam Hospitals Lippo Cikarang, 7) Siloam Hospitals Manado & Hotel Aryaduta Manado, 8) Siloam Hospitals Makassar, 9) Siloam Hospitals Bali, 10) Siloam Hospitals TB Simatupang, 11) Siloam Hospitals Purwakarta, 12) Siloam Sriwijaya, 13) Pacific Healthcare Nursing Home @ Bukit Merah, 14) Pacific Healthcare Nursing Home II @ Bukit Panjang, 15) The Lentor Residence and 16) Sarang Hospital.

Its hospital assets in Indonesia are operated by PT Siloam International Hospitals Tbk, a subsidiary of PT Lippo Karawaci Tbk, a strong brand name in the Indonesian healthcare industry supported by a team of international healthcare professionals whereas The Imperial Aryaduta Hotel & Country Club and Hotel Aryaduta Manado are operated by The Aryaduta Hotel and Resort Group. In Singapore, the nursing homes at Bukit Merah and Bukit Panjang are operated by Pacific Healthcare Nursing Home Pte. Ltd. and Pacific Eldercare and Nursing Pte. Ltd., respectively. The Lentor Residence is operated by The Lentor Residence Pte. Ltd. In South Korea, the Sarang Hospital is operated by a private doctor.

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

Summary of First REIT's results

	Group		
	1Q 2015	**1Q 2014**	**Change**
	S$'000	**S$'000**	**%**
Gross Revenue	24,743	22,468	10.1%
Net Property Income	24,246	22,173	9.3%
Distributable Amount	15,252	14,195	7.4%
Distribution per unit (cts)	2.06	1.99	3.5%
Annualised Distribution per unit (cts)	8.35	8.05[1]	3.7%

Note:

1) Actual distribution paid for FY 2014.

Distribution Details

Distribution	1 January 2015 to 31 March 2015
Distribution type	(a) Taxable income (b) Tax-exempt income (c) Capital distribution
Distribution rate	Total : 2.06 cents per unit (a) Taxable income distribution - 0.08 cents per unit (b) Tax-exempt income distribution - 1.28 cents per unit (c) Capital distribution - 0.70 cents per unit
Book closure date	22 April 2015 at 5.00 pm
Ex-dividend date	20 April 2015 at 9.00 am
Payment date	29 May 2015

Distribution Reinvestment Plan ("DRP")

The DRP will apply to the above distribution. The Manager will announce the pricing of the DRP units to be issued which will be based on the market price less a discount of 3% (similar to previous DRPs) on 22 April 2015.

Overseas unitholders who wish to be eligible to participate in the DRP should provide an address in Singapore for service of notices and documents to the Manager c/o The Central Depository Pte Limited ("CDP"), 9 North Buona Vista Drive #01-19/20 The Metropolis Singapore 138588, not later than three market days prior to the book closure date. Unitholders should note that all correspondences and notices will be sent to their last registered address with CDP.

1(a)(i) **Statement of Comprehensive Income**

	Group		
	1Q 2015	1Q 2014	Change
	S$'000	S$'000	%
Gross revenue	**24,743**	**22,468**	**10.1%**
Property operating expenses*	(497)	(295)	68.5%
Net property income	**24,246**	**22,173**	**9.3%**
Interest income	44	48	(8.3%)
Manager's management fees	(2,403)	(2,204)	9.0%
Trustee fees	(93)	(82)	13.4%
Finance costs	(3,974)	(3,530)	12.6%
Other expenses#	(1,032)	(104)	NM
Net income before the undernoted	**16,788**	**16,301**	**3.0%**
Net change in fair value of derivative financial instruments^	562	-	NM
Total return for the period before income tax	**17,350**	**16,301**	**6.4%**
Income tax expense	(3,960)	(3,715)	6.6%
Total return for the period after income tax	**13,390**	**12,586**	**6.4%**
Other comprehensive income:			
Exchange differences on translating foreign operations, net of tax	346	(25)	NM
Total comprehensive income for the period	**13,736**	**12,561**	**9.4%**

Note:
NM - Not meaningful

The result for 1Q 2015 includes the full quarter contribution from Siloam Sriwijaya ("SS") which was acquired in December 2014.

* Property operating expenses for 1Q 2015 increased to S$0.5 million compared to 1Q 2014 mainly due to higher expenses incurred for Sarang Hospital, property tax and building audit fees.

Other expenses for 1Q 2015 increased to S$1.0 million compared to 1Q 2014 mainly due to unrealised exchange losses on USD loan.

^ Net change in fair value of derivative financial instruments relates to the revaluation of interest rate swap contracts.

1(a)(ii) Statement of Distribution

	Group		
	1Q 2015	**1Q 2014**	**Change**
	S$'000	**S$'000**	**%**
Total return for the period after income tax	13,390	12,586	6.4%
Adjustments for tax purposes:			
- Manager's management fees settled in units	1,685	1,645	2.4%
- Foreign exchange adjustment loss/(gain)	749	(54)	NM
- Net change in fair value of derivative financial instruments	(562)	-	NM
- Others	(10)	18	NM
Total available for distribution to Unitholders	**15,252**	**14,195**	**7.4%**
Unitholders' distribution:			
- as distributions from operations	10,088	9,701	4.0%
- as distribution of Unitholders' capital contribution	5,164	4,494	14.9%
Distribution amount to Unitholders	**15,252**	**14,195**	**7.4%**

Note :

NM – Not meaningful

1(b)(i) Statements of Financial Position

	Note	Group		Trust	
		31 Mar 2015	31 Dec 2014	31 Mar 2015	31 Dec 2014
		S$'000	S$'000	S$'000	S$'000
Assets					
Non-current Assets					
Investment properties		1,172,402	1,172,015	38,748	38,700
Investments in subsidiaries		-	-	692,859	690,989
Loan receivable, non-current		-	-	57,752	58,785
Deferred tax assets		595	595	595	595
Derivative financial instruments		569	-	569	-
Total non-current assets		1,173,566	1,172,610	790,523	789,069
Current Assets					
Trade and other receivables, current		10,319	8,988	2,012	2,444
Loan receivable, current		-	-	4,191	4,191
Other assets, current		2,420	2,557	268	178
Cash and cash equivalents		31,865	28,230	28,966	26,708
Total current assets		44,604	39,775	35,437	33,521
Total Assets		**1,218,170**	**1,212,385**	**825,960**	**822,590**
Unitholders' Funds and Liabilities					
Unitholders' Funds					
Issued equity	1	430,377	423,792	430,377	423,792
Retained earnings/(Accumulated losses)		323,555	320,207	(31,350)	(29,519)
Foreign exchange reserve		1,297	951	-	-
Total Unitholders' Funds		**755,229**	**744,950**	**399,027**	**394,273**
Non-current Liabilities					
Deferred tax liabilities		29,103	29,103	-	-
Other financial liabilities, non-current		371,141	370,090	371,141	370,090
Derivative financial instruments		7	-	7	-
Total non-current liabilities		400,251	399,193	371,148	370,090
Current Liabilities					
Income tax payable		1,670	445	-	-
Trade and other payable, current	2	13,998	20,429	27,274	28,987
Other financial liabilities, current		26,500	26,485	26,500	26,485
Other liabilities, current		20,522	20,883	2,011	2,755
Total current liabilities		62,690	68,242	55,785	58,227
Total Liabilities		**462,941**	**467,435**	**426,933**	**428,317**
Total Unitholders' Funds and Liabilities		**1,218,170**	**1,212,385**	**825,960**	**822,590**

Note:

1) Issued equity increased from S$423.8 million to S$430.4 million mainly due to issuance of units for payment of balance purchase consideration for the acquisition of Siloam Sriwijaya in January 2015 and manager's management fees paid in units.

2) Trade and other payables, current decreased from S$20.4 million to S$14.0 million mainly due to payment of balance purchase consideration of SS to vendor.

1(b)(ii) Borrowings and Debt Securities

	Group		Trust	
	31 Mar 2015	**31 Dec 2014**	**31 Mar 2014**	**31 Dec 2014**
	S$'000	**S$'000**	**S$'000**	**S$'000**
Amount repayable after one year				
Secured	275,542	274,794	275,542	274,794
Unsecured	100,000	100,000	100,000	100,000
Less: Transaction costs	(4,401)	(4,704)	(4,401)	(4,704)
Total Borrowings, Non-current	**371,141**	**370,090**	**371,141**	**370,090**
Amount repayable within one year				
Secured	-	-	-	-
Unsecured	26,500	26,500	26,500	26,500
Less: Transaction costs	-	(15)	-	(15)
Total Borrowings, Current	**26,500**	**26,485**	**26,500**	**26,485**

Details of Collaterals

As security for the borrowings, the following have been granted in favour of the lenders :

(a) a mortgage over all the investment properties except Sarang Hospital, Siloam Hospitals Kebon Jeruk, Siloam Hospitals Surabaya, Siloam Hospitals Purwakarta and Siloam Sriwijaya.

(b) pledge of shares of all the subsidiaries except Kalmore (Korea) Limited, Kalmore Investments Pte Ltd, Henley Investments Pte Ltd, Primerich Investments Pte Ltd, Finura Investments Pte Ltd, Glamis Investments Pte Ltd, Sriwijaya Investment I Pte Ltd, Sriwijaya Investment II Pte Ltd, IAHCC Investment Pte Ltd and Surabaya Hospitals Investment Pte Ltd.

Interest Rate Swaps

First REIT has entered into interest rate swaps to hedge the floating rate loan facilities with banks. The change in fair value of the interest rate swaps were recognised in the Statement of Total Return.

1(c) Statement of Cash Flows

		Group	
		1Q 2015	1Q 2014
	Note	S$'000	S$'000
Cash flows from operating activities			
Total return before income tax		17,350	16,301
Interest income		(44)	(48)
Interest expense		3,645	3,258
Amortisation of borrowing costs		329	272
Foreign exchange adjustment loss/(gain)		749	(54)
Net change in fair value on derivative financial instruments		(562)	-
Manager's management fees settled in units		1,685	1,645
Operating cash flows before changes in working capital		**23,152**	**21,374**
Trade and other receivables, current		(1,891)	6,618
Other assets, current		138	(857)
Trade and other payables, current		(1,217)	(6,976)
Other liabilities		(362)	327
Net cash flows from operating activities before income tax		**19,820**	**20,486**
Income taxes paid		(2,173)	(3,680)
Net cash flows from operating activities		**17,647**	**16,806**
Cash flows from investing activities			
Interest received		41	51
Increase in investment properties		(48)	(77)
Net cash flows used in investing activities		**(7)**	**(26)**
Cash flows from financing activities			
Interest paid		(2,610)	(2,462)
Repayment of borrowings	1	-	(3,300)
Distribution to Unitholders	2	(11,395)	(10,515)
Net cash flows used in financing activities		**(14,005)**	**(16,277)**
Net increase in cash and cash equivalents		**3,635**	**503**
Cash and cash equivalents at beginning of the period		**28,230**	**29,331**
Cash and cash equivalents at end of the period		**31,865**	**29,834**

Note:

1) The source of funds for this repayment of borrowings in 1Q 2014 is the cash retained from the DRP.

2) The distribution paid in 1Q 2015 relates to cash distribution paid excludes the units issued as part payment of distributions, pursuant to the DRP. The Trust has issued 2,805,806 new units amounting to approximately S$3.6 million for the distribution for the period from 1 October 2014 to 31 December 2014.

1(d)(i) Statements of Changes in Unitholders' Funds

	Group		Trust	
	1Q 2015	1Q 2014	1Q 2015	1Q 2014
	S$'000	S$'000	S$'000	S$'000
Balance at beginning of the financial period	744,950	682,899	394,273	392,173
Operations				
Total return after tax	13,390	12,586	8,211	8,107
Translation transactions				
Net movement in foreign exchange reserve	346	(25)	-	-
Unitholders' transactions				
Manager's management fees paid in units	1,938	1,682	1,938	1,682
Purchase consideration paid in units	6,000	-	6,000	-
Issuance of units (DRP)	3,560	3,436	3,560	3,436
Distribution to Unitholders	(14,955)	(13,951)	(14,955)	(13,951)
Balance at end of the financial period	755,229	686,627	399,027	391,447

1(d)(ii) Details of any changes in the issued and issuable units

	Trust	
	1Q 2015	1Q 2014
Balance at beginning of period	**731,702,488**	**706,629,453**
Unitholders transactions:		
- Manager's management fees paid in units	1,565,297	1,612,847
- Purchase consideration paid in units	4,804,612	-
- Issuance of new units (DRP)	2,805,806	3,381,100
Balance at end of period	**740,878,203**	**711,623,400**
New units to be issued		
- Manager's management fees payable in units	1,232,838	1,542,442
Total issued and issuable units	**742,111,041**	**713,165,842**

1(d)(iii) To show the total number of issued shares excluding treasury shares as at the end of current financial period and as at the end of the immediately preceding year

	Trust	
	31 Mar 2015	31 Dec 2014
Issued units at end of period	**740,878,203**	**731,702,488**

1(d)(iv) A statement showing all sales, transfers, disposal, cancellation and/or use of treasury shares as at the end of the current financial period reported on

Not applicable.

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

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

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

Not applicable.

4. Whether the same accounting policies and methods of computation as in the issuer's most recent audited annual financial statements have been applied

Except as disclosed in paragraph 5 below, the accounting policies and methods of computation applied in the financial statements for the current financial period are consistent with those applied in the audited financial statements for the year ended 31 December 2014.

5. If there are any changes in the accounting policies and methods of computation, including any required by an accounting standard, what has changed, as well as the reasons for, and the effect of, the change

Not applicable.

6. Earnings per unit ("EPU") and available distribution per unit ("DPU") for the financial period

	Group	
	1Q 2015	**1Q 2014**
Earnings per unit		
Weighted average number of units in issue	738,644,164	709,157,741
Earnings per unit in cents		
Basic and fully diluted basis	1.81	1.77
Distribution per unit		
Number of units in issue	740,878,203	711,623,400
Distribution per unit in cents		
Based on the number of units in issue at the end of the period	2.06	1.99

7. Net asset value ("NAV") per unit at the end of the period

	Group		Trust	
	31 Mar 2015	31 Dec 2014	31 Mar 2015	31 Dec 2014
Net asset value per unit (cents)	101.94	101.81	53.86	53.88

8. Review of the performance

1Q 2015 vs 1Q 2014

The result for this quarter includes the full quarter contribution from First REIT's latest property, Siloam Sriwijaya ("SS") which was acquired in December 2014.

Gross revenue for 1Q 2015 increased by 10.1% to S$24.7 million compared to 1Q 2014, mainly due to the contribution from SS.

Property operating expenses for 1Q 2015 increased by 68.5% to S$497,000 compared to 1Q 2014, mainly due to the higher expenses incurred for Sarang Hospital, property tax and building audit fees.

Interest income for 1Q 2015 decreased by 8.3% to S$44,000 compared to 1Q 2014, mainly due to lower fixed deposits amounts.

Manager's management fees for 1Q 2015 increased by 9.0% to S$2.4 million compared to 1Q 2014, mainly due to higher net property income and total assets.

Trustee fees for 1Q 2015 increased by 13.4% to S$93,000 compared to 1Q 2014, mainly due to higher total assets.

Finance costs for 1Q 2015 increased by 12.6% to S$4.0 million compared to 1Q 2014, mainly due to the higher loan amounts to part finance the acquisition of SS.

Other expenses for 1Q 2015 increased to S$1.0 million as compared to 1Q 2014, mainly due to higher unrealised exchange losses on USD loan.

Net change in fair value of derivative financial instruments relates to the revaluation of interest rate swap contracts.

Income tax for 1Q 2015 increased by 6.6% to S$4.0 million compared to 1Q 2014, mainly due to the higher rental income.

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

First REIT has not disclosed any forecast to the market.

The results for this quarter is in line with the commentary made in paragraph 10 of the previous quarter.

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

First REIT will continue to look at Indonesia as its key focal market for growth. The country's healthcare market remains robust and the implementation of its universal healthcare scheme, introduced in January 2014, has been one of the major drivers as part of the initiatives by the new government elected in 2014. The expectation is higher patient volumes. Also, the growing middle-class and the younger Indonesia consumers will be seeking for better quality and faster services in private medical facilities.

The Trust currently owns 11 of the Siloam hospitals in Indonesia, operated by PT Siloam Hospitals Tbk., Indonesia's most progressive and innovative healthcare provider and a subsidiary of PT Lippo Karawaci Tbk. ("Lippo Karawaci"), First REIT's sponsor. Lippo Karawaci has been actively strengthening its footprint across Indonesia with a healthy pipeline of 30 high-quality hospitals, representing strong acquisition opportunities for the Trust. Aside from Indonesia, First REIT will also continue to look for yield-accretive healthcare assets to acquire in Singapore and other parts of Asia.

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. These are Siloam Hospitals Surabaya, Siloam Hospitals Kebon Jeruk and Imperial Aryaduta Hotel & Country Club, with Siloam Hospitals Surabaya likely to be the first initiative.

11. Distributions

11(a) Current financial period

Any distributions declared for the current financial period? Yes

Distribution Type

Name of Distribution: Distribution for the period from 1 January 2015 to 31 March 2015

i. Distribution Type: Income / Capital

Distribution Type	Distribution Rate (cents per unit)
Taxable Income	0.08
Tax-Exempt Income	1.28
Capital	0.70
Total	2.06

The DRP applies to the above distribution. The Manager will announce the pricing of the DRP units to be issued which will be based on the market price less a discount of 3% (similar to previous DRPs) on 22 April 2015.

Overseas unitholders who wish to be eligible to participate in the DRP should provide an address in Singapore for service of notices and documents to the Manager c/o The Central Depository Pte Ltd ("CDP"), 9 Buona Vista Drive, #01-19/20, The Metropolis Singapore 138588, not later than three market days prior to the book closure date. Unitholders should note that all correspondences and notices will be sent to their last registered address with CDP.

Tax Rate:

Taxable Income Distribution

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

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

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

Tax-Exempt Income Distribution

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

Capital Distribution

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

11. Distributions(Cont'd)

11(b) Corresponding period of the immediately preceding period

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

Distribution Type

Name of Distribution: Distribution for the period from 1 January 2014 to 31 March 2014

i. Distribution Type: Income / Capital

Distribution Type	Distribution Rate (cents per unit)
Taxable Income	0.08
Tax-Exempt Income	1.28
Capital	0.63
Total	1.99

Tax Rate: Taxable Income Distribution

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

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

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

Tax-Exempt Income Distribution

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

Capital Distribution

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

11(c) Book closure date: The Transfer Books and Register of Unitholders of First Real Estate Investment Trust will be closed at 5.00p.m. on 22 April 2015 for the purposes of determining each Unitholder's entitlement to First REIT's distribution. The ex-dividend date will be on 20 April 2015 at 9.00am.

11(d) Date Payable: 29 May 2015

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

Not applicable.

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

First REIT has not obtained a general mandate from unitholders.

14. Certificate pursuant to Paragraph 7.3 of the Property Funds Guidelines

The Manager hereby certifies that in relation to the distribution to the unitholders of First REIT for the quarter ended 31 March 2015:

1) First REIT will declare a distribution ("Distribution") in excess of its profits (defined as the total return for the period before distribution for the purpose of this certification). The excess is attributed to capital receipts comprising amounts received by First REIT from the redemption of redeemable preference shares in the Singapore special purpose companies ("SPCs") and the shareholder loan repayment by the Singapore SPC.

2) The Manager is satisfied on reasonable grounds that, immediately after making the Distribution, First REIT will be able to fulfill, from its deposited properties, its liabilities as they fall due.

The distribution is computed based on the accounts of First REIT for the quarter ended 31 March 2015 and is verified by our external tax consultant.

First REIT's current distribution policy is to distribute at least 90.0% of its tax-exempt income (after deduction of applicable expenses) and capital receipts.

15. Confirmation by the Board pursuant to Rule 705(4) of the Listing Manual

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

BY ORDER OF THE BOARD OF
BOWSPRIT CAPITAL CORPORATION LIMITED
(AS MANAGER OF FIRST REAL ESTATE INVESTMENT TRUST)

Dr Ronnie Tan Keh Poo @ Tan Kay Poo
Chief Executive Officer
14 April 2015