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Confirmation of Your Representation: In order to be eligible to view the attached information memorandum or make an investment decision with respect to the securities, investors must not be (i) a U.S. person (within the meaning of Regulation S under the Securities Act (as defined below)) or (ii) located within the United States ("U.S."). The attached information memorandum is being sent at your request and by accepting this e-mail and accessing the attached information memorandum, you shall be deemed to have represented to us (1) that you are not resident in the United States nor a U.S. person, as defined in Regulation S under the U.S. Securities Act of 1933, as amended (the "**Securities Act**"), nor are you acting on behalf of a U.S. person, the e-mail address that you gave us and to which this e-mail has been delivered is not located in the U.S. and, to the extent you purchase the securities described in the attached information memorandum, you will be doing so pursuant to Regulation S under the Securities Act, and (2) that you consent to delivery of the attached information memorandum and any amendments or supplements thereto by electronic transmission. By accepting this e-mail and accessing the attached information memorandum, if you are an investor in Singapore, you (A) represent and warrant that you are either an institutional investor (as defined in the Securities and Futures Act, Chapter 289 of Singapore (the "**SFA**")) under Section 274 of the SFA, a relevant person (as defined in Section 275(2) of the SFA) pursuant to Section 275(1) of the SFA or a person to whom an offer is being made pursuant to Section 275(1A) of the SFA and in accordance with the conditions specified in Section 275 of the SFA and (B) agree to be bound by the limitations and restrictions described therein. Any reference to the "SFA" is a reference to the Securities and Futures Act, Chapter 289 of Singapore and a reference to any term as defined in the SFA or any provision in the SFA is a reference to that term or provision as modified or amended from time to time including by such of its subsidiary legislation as may be applicable at the relevant time

The attached information memorandum has been made available to you in electronic form. You are reminded that documents transmitted via this medium may be altered or changed during the process of transmission and consequently none of Perpetual (Asia) Limited (in its capacity as trustee of First Real Estate Investment Trust ("**First REIT**")) (the "**Issuer**"), Bowsprit Capital Corporation Limited (as manager of First REIT) (the "**First REIT Manager**"), The Hongkong and Shanghai Banking Corporation Limited, Oversea-Chinese Banking Corporation Limited, CIMB Bank Berhad or any person who controls any of them nor any of their respective directors, officers, employees, agents, representatives or affiliates accepts any liability or responsibility whatsoever in respect of any discrepancies between the information memorandum distributed to you in electronic format and the hard copy version.

Restrictions: The attached information memorandum is being furnished in connection with an offering of securities exempt from registration under the Securities Act solely for the purpose of enabling a prospective investor to consider the purchase of the securities described therein.

NOTHING IN THIS ELECTRONIC TRANSMISSION CONSTITUTES AN OFFER OF SECURITIES FOR SALE IN THE UNITED STATES OR ANY OTHER JURISDICTION WHERE IT IS UNLAWFUL TO DO SO. THE SECURITIES HAVE NOT BEEN, AND WILL NOT BE, REGISTERED UNDER THE SECURITIES ACT, OR THE SECURITIES LAWS OF ANY STATE OF THE U.S. OR OTHER JURISDICTION AND MAY NOT BE OFFERED, SOLD OR DELIVERED WITHIN THE U.S. OR TO, OR FOR THE ACCOUNT OR BENEFIT OF, U.S. PERSONS (AS DEFINED IN REGULATION S UNDER THE SECURITIES ACT), EXCEPT PURSUANT TO AN EXEMPTION FROM, OR IN A TRANSACTION NOT SUBJECT TO, THE REGISTRATION REQUIREMENTS OF THE SECURITIES ACT AND APPLICABLE STATE OR LOCAL SECURITIES LAWS.

Except with respect to eligible investors in jurisdictions where such offer is permitted by law, nothing in this electronic transmission constitutes an offer or an invitation by or on behalf of the Issuer, the First REIT Manager, The Hongkong and Shanghai Banking Corporation Limited, Oversea-Chinese Banking Corporation Limited or CIMB Bank Berhad to subscribe for or purchase any of the securities described therein, and access has been limited so that it shall not constitute in the United States or elsewhere a general solicitation or general advertising (as those terms are used in Regulation D under the Securities Act) or directed selling efforts (within the meaning of Regulation S under the Securities Act).

The attached information memorandum or any materials relating to the offering of securities do not constitute, and may not be used in connection with, an offer or solicitation in any place where offers or solicitations are not permitted by law. If a jurisdiction requires that the offering of securities be made by a licensed broker or dealer and the dealers or any affiliate of the dealers is a licensed broker or dealer in that jurisdiction, the offering of securities shall be deemed to be made by the dealers or such affiliate on behalf of the Issuer in such jurisdiction. The attached information memorandum may only be communicated to persons in the United Kingdom in circumstances where section 21(1) of the Financial Services and Markets Act 2000 does not apply.

You are reminded that you have accessed the attached information memorandum on the basis that you are a person into whose possession the attached information memorandum may be lawfully delivered in accordance with the laws of the jurisdiction in which you are located and you may not, nor are you authorised to, deliver the attached information memorandum, electronically or otherwise, to any other person. **If you have gained access to this transmission contrary to the foregoing restrictions, you will be unable to purchase any of the securities described therein.**

Actions that You May Not Take: If you receive the attached information memorandum by e-mail, you should not reply by e-mail, and you may not purchase any securities by doing so. Any reply e-mail communications, including those you generate by using the "Reply" function on your e-mail software, will be ignored or rejected.

YOU ARE NOT AUTHORISED TO, AND YOU MAY NOT, FORWARD OR DELIVER THE ATTACHED INFORMATION MEMORANDUM, ELECTRONICALLY OR OTHERWISE, TO ANY OTHER PERSON OR REPRODUCE SUCH INFORMATION MEMORANDUM IN ANY MANNER WHATSOEVER. ANY FORWARDING, DISTRIBUTION OR REPRODUCTION OF THIS DOCUMENT AND THE ATTACHED INFORMATION MEMORANDUM IN WHOLE OR IN PART IS UNAUTHORISED. FAILURE TO COMPLY WITH THIS DIRECTIVE MAY RESULT IN A VIOLATION OF THE SECURITIES ACT OR THE APPLICABLE LAWS OF OTHER JURISDICTIONS.

You are responsible for protecting against viruses and other destructive items. If you receive the attached information memorandum by e-mail, your use of this e-mail is at your own risk and it is your responsibility to take precautions to ensure that it is free from viruses and other items of a destructive nature.

FIRST REIT

FIRST REAL ESTATE INVESTMENT TRUST

(A real estate investment trust constituted on 19 October 2006
under the laws of the Republic of Singapore)

Managed by

Bowsprit Capital Corporation Limited

(UEN/Company Registration No. 200607070D)

S\$500,000,000

Multicurrency Debt Issuance Programme (the “Programme”)

This Information Memorandum has not been registered as a prospectus with the Monetary Authority of Singapore. Accordingly, this Information Memorandum and any other document or material in connection with the offer or sale, or invitation for subscription or purchase, of notes (the “Notes”) and perpetual securities (the “Perpetual Securities”) and together with the Notes, the “Securities”) to be issued from time to time by Perpetual (Asia) Limited (in its capacity as trustee of First Real Estate Investment Trust (“First REIT”)) (the “Issuer”) pursuant to the Programme may not be circulated or distributed, nor may the Securities be offered or sold, or be made the subject of an invitation for subscription or purchase, whether directly or indirectly, to any person in Singapore other than (i) to an institutional investor (as defined in the Securities and Futures Act, Chapter 289 of Singapore (the “SFA”)) under Section 274 of the SFA, (ii) to a relevant person (as defined in Section 275(2) of the SFA) pursuant to Section 275(1) of the SFA or any person pursuant to Section 275(1A) of the SFA and in accordance with the conditions specified in Section 275 of the SFA, or (iii) otherwise pursuant to, and in accordance with the conditions of, any other applicable provision of the SFA.

Where the Securities are subscribed or purchased under Section 275 of the SFA by a relevant person which is:

- (a) a corporation (which is not an accredited investor (as defined in the SFA)) the sole business of which is to hold investments and the entire share capital of which is owned by one or more individuals, each of whom is an accredited investor; or
- (b) a trust (where the trustee is not an accredited investor) whose sole purpose is to hold investments and each beneficiary of the trust is an individual who is an accredited investor,

securities (as defined in Section 2(1) of the SFA) or securities-based derivatives contracts (as defined in Section 2(1) of the SFA) of that corporation or the beneficiaries’ rights and interest (howsoever described) in that trust shall not be transferred within six months after that corporation or that trust has acquired the Securities pursuant to an offer made under Section 275 of the SFA except:

- (1) to an institutional investor or to a relevant person or to any person arising from an offer referred to in Section 275(1A) or Section 276(4)(i)(B) of the SFA;
- (2) where no consideration is or will be given for the transfer;
- (3) where the transfer is by operation of law;
- (4) as specified in Section 276(7) of the SFA; or
- (5) as specified in Regulation 37A of the Securities and Futures (Offers of Investments) (Securities and Securities-based Derivatives Contracts) Regulations 2018.

Any reference to the “SFA” is a reference to the Securities and Futures Act, Chapter 289 of Singapore and a reference to any term as defined in the SFA or any provision in the SFA is a reference to that term or provision as modified or amended from time to time including by such of its subsidiary legislation as may be applicable at the relevant time.

Approval in-principle has been received from the Singapore Exchange Securities Trading Limited (the “SGX-ST”) in respect of the Programme, and application will be made for the listing and the quotation of any Securities which are agreed at the time of issue thereof to be so listed on the SGX-ST. Such permission will be granted when such Securities have been admitted for listing and quotation on the SGX-ST. The SGX-ST assumes no responsibility for the correctness of any of the statements made, opinions expressed or reports contained herein. Approval in-principle from, admission to the Official List of, and the listing and quotation of any Securities on, the SGX-ST are not to be taken as an indication of the merits of the Issuer, First REIT, the First REIT Manager (as defined herein) their respective subsidiaries (if any), their respective associated companies (if any), the Programme or such Securities.

Arrangers



Dealers



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NOTICE

The Hongkong and Shanghai Banking Corporation Limited and Oversea-Chinese Banking Corporation Limited (together, the “**Arrangers**”) have been authorised by HSBC Institutional Trust Services (Singapore) Limited (“**HSBCIT**”) (in its capacity as trustee of First Real Estate Investment Trust (“**First REIT**”)) to arrange the S\$500,000,000 Multicurrency Debt Issuance Programme (the “**Programme**”) described herein. Pursuant to the retirement of HSBCIT as trustee of First REIT and the appointment of Perpetual (Asia) Limited (“**Perpetual**”) as the new trustee of First REIT, Perpetual (in its capacity as trustee of First REIT) has been substituted as the issuer under the Programme (in such capacity, the “**Issuer**”), with effect from 1 March 2018. Under the Programme, the Issuer may, subject to compliance with all relevant laws, regulations and directives, from time to time issue Securities denominated in Singapore dollars and/or any other currencies.

This Information Memorandum contains information with regard to the Issuer, First REIT, the First REIT Manager (as defined herein), the Group (as defined herein), the Programme and the Securities.

The Issuer confirms that this Information Memorandum contains all information relating to itself (in its personal capacity as well as in its capacity as trustee of First REIT), the First REIT Manager, First REIT and the assets of First REIT (the “**First REIT Sections**”) which is material in the context of the Programme and the issue and offering of the Securities, that all the information contained in the First REIT Sections is true and accurate in all material respects, that the opinions, expectations and intentions expressed in the First REIT Sections have been carefully considered, are based on all relevant considerations and facts existing at the date of this Information Memorandum and are fairly, reasonably and honestly held and that there are no other facts relating to the First REIT Sections the omission of which in the context of the Programme and the issue and offering of the Securities would make any such information or expressions of opinion, expectation or intention misleading in any material respect. The Issuer accepts responsibility for the First REIT Sections contained in this Information Memorandum.

The First REIT Manager confirms that this Information Memorandum contains all information which is material in the context of the Programme and the issue and offering of the Securities, that all the information in this Information Memorandum is true and accurate in all material respects, that the opinions, expectations and intentions expressed in this Information Memorandum have been carefully considered, are based on all relevant considerations and facts existing at the date of this Information Memorandum and are fairly, reasonably and honestly held and that there are no other facts the omission of which in the context of the Programme and the issue and offering of the Securities would make any such information or expressions of opinion, expectation or intention misleading in any material respect. The First REIT Manager accepts responsibility for the information contained in this Information Memorandum.

Notes may be issued in series having one or more issue dates and the same maturity date, and on identical terms (including as to listing) except (in the case of Notes other than Variable Rate Notes (as described under the section “Summary of the Programme”)) for the issue dates, issue prices and/or the dates of the first payment of interest, or (in the case of Variable Rate Notes) for the issue prices and rates of interest. Each series may be issued in one or more tranches on the same issue date or different issue dates. The Notes will be issued in bearer form or registered form and may be listed on a stock exchange. The Notes will initially be represented by either a Temporary Global Security (as defined herein) in bearer form or a Permanent Global Security (as defined herein) in bearer form or a Global Certificate (as defined herein) in registered form which will be deposited on the issue date with or registered in the name of, or in the name of a nominee of, either CDP (as defined herein) or a common depository on behalf of Euroclear Bank SA/NV (“**Euroclear**”) and/or Clearstream Banking, S.A. (“**Clearstream, Luxembourg**”) or otherwise delivered as agreed between the Issuer and the relevant Dealer (as defined herein). Subject to compliance with all relevant laws, regulations and directives, the Notes may have maturities of such tenor as may be agreed between the Issuer and the relevant Dealer and may be subject to redemption or purchase in whole or in part. The Notes may bear interest at a fixed, floating, variable or hybrid rate or may not bear interest or may be such other notes as may be agreed between the Issuer and the relevant Dealer. The Notes will be repayable at par, at a

specified amount above or below par or at an amount determined by reference to a formula, in each case with terms as specified in the Pricing Supplement (as defined herein) issued in relation to each series or tranche of Notes (the “**Redemption Amount**”). Details applicable to each series or tranche of Notes will be specified in the applicable Pricing Supplement which is to be read in conjunction with this Information Memorandum.

Perpetual Securities may be issued in series having one or more issue dates and on identical terms (including as to listing) except for the issue dates, issue prices and/or the dates of the first payment of distribution. Each series may be issued in one or more tranches on the same or different issue dates. The Perpetual Securities will be issued in bearer form or registered form and may be listed on a stock exchange. The Perpetual Securities will initially be represented by either a Temporary Global Security in bearer form or a Permanent Global Security in bearer form or a Global Certificate in registered form which will be deposited on the issue date with or registered in the name of, or in the name of a nominee of, either CDP or a common depositary for Euroclear and/or Clearstream, Luxembourg or otherwise delivered as agreed between the Issuer and the relevant Dealer. Subject to compliance with all relevant laws, regulations and directives, the Perpetual Securities may be subject to redemption or purchase in whole or in part. The Perpetual Securities may confer a right to receive distributions at a fixed or floating rate. Details applicable to each series or tranche of Perpetual Securities will be specified in the applicable Pricing Supplement which is to be read in conjunction with this Information Memorandum.

The maximum aggregate principal amount of the Securities to be issued, when added to the aggregate principal amount of all Securities outstanding (as defined in the Trust Deed referred to herein), shall be S\$500,000,000 (or its equivalent in any other currencies) or such higher amount as may be agreed between the Issuer, the First REIT Manager and the Arrangers.

No person has been authorised to give any information or to make any representation other than those contained in this Information Memorandum and, if given or made, such information or representation must not be relied upon as having been authorised by the Issuer, the First REIT Manager, either of the Arrangers, any of the Dealers or the Trustee (as defined herein). Save as expressly stated in this Information Memorandum, nothing contained herein is, or may be relied upon as, a promise or representation as to the future performance or policies of the Issuer, the First REIT Manager, First REIT or any of the subsidiaries (if any) or associated companies (if any) of First REIT. Neither this Information Memorandum nor any other document or information (or any part thereof) delivered or supplied under or in relation to the Programme may be used for the purpose of, or constitutes an offer of, or solicitation or invitation by or on behalf of the Issuer, the First REIT Manager, either of the Arrangers, any of the Dealers or the Trustee to subscribe for or purchase, the Securities in any jurisdiction or under any circumstances in which such offer, solicitation or invitation is unlawful, or not authorised or to any person to whom it is unlawful to make such offer, solicitation or invitation. The distribution and publication of this Information Memorandum or any such other document or information (or any part thereof) and the offer of the Securities in certain jurisdictions may be restricted by law. Persons who distribute or publish this Information Memorandum or any such other document or information (or any part thereof) or into whose possession this Information Memorandum or any such other document or information (or any part thereof) comes are required to inform themselves about and to observe any such restrictions and all applicable laws, orders, rules and regulations.

The Securities have not been, and will not be, registered under the Securities Act (as defined herein) or with any securities regulatory authority of any state or other jurisdiction of the United States and include Securities in bearer form that are subject to U.S. tax law requirements and restrictions. Subject to certain exceptions, the Securities may not be offered, sold or delivered within the United States or to, or for the account or benefit of, U.S. persons (as defined in the U.S. Internal Revenue Code of 1986, as amended, and regulations thereunder).

Neither this Information Memorandum nor any other document or information (or any part thereof) delivered or supplied under or in relation to the Programme shall be deemed to constitute an offer of, or an invitation by or on behalf of the Issuer, the First REIT Manager, either of the Arrangers, any of the Dealers or the Trustee to subscribe for or purchase, any of the Securities.

This Information Memorandum and any other document or material in relation to the issue, offering or sale of the Securities have been prepared solely for the purpose of the initial sale by the relevant Dealers of the Securities from time to time to be issued pursuant to the Programme. This Information Memorandum and such other documents or materials are made available to the recipients thereof solely on the basis that they are persons falling within the ambit of Section 274 and/or Section 275 of the SFA and may not be relied upon by any person other than persons to whom the Securities are sold or with whom they are placed by the relevant Dealers as aforesaid or for any other purpose. Recipients of this Information Memorandum shall not reissue, circulate or distribute this Information Memorandum or any part thereof in any manner whatsoever.

Neither the delivery of this Information Memorandum (or any part thereof) nor the issue, offering, purchase or sale of the Securities shall, under any circumstances, constitute a representation, or give rise to any implication, that there has been no change in the prospects, results of operations or general affairs of the Issuer, First REIT, the First REIT Manager or any of the subsidiaries (if any) or associated companies (if any) of First REIT or in the information herein since the date hereof or the date on which this Information Memorandum has been most recently amended or supplemented.

The Arrangers, the Dealers and the Trustee have not separately verified the information contained in this Information Memorandum. None of the Arrangers, the Dealers, the Trustee or any of their respective officers, employees or agents is making any representation or warranty expressed or implied as to the merits of the Securities or the subscription therefor, purchase or acquisition thereof, or the creditworthiness or financial condition or otherwise of the Issuer, First REIT, the First REIT Manager or the subsidiaries (if any) or associated companies (if any) of First REIT. Further, none of the Arrangers, any of the Dealers nor the Trustee makes any representation or warranty as to the Issuer, First REIT, the subsidiaries (if any) or associated companies (if any) of First REIT or as to the accuracy, reliability or completeness of the information set out herein (including the legal and regulatory requirements pertaining to Sections 274, 275 and 276 or any other provisions of the SFA) and the documents which are incorporated by reference in, and form part of, this Information Memorandum.

Neither this Information Memorandum nor any other document or information (or any part thereof) delivered or supplied under or in relation to the Programme or the issue of the Securities is intended to provide the basis of any credit or other evaluation, or should be considered as a recommendation by the Issuer, the First REIT Manager, either of the Arrangers, any of the Dealers or the Trustee that any recipient of this Information Memorandum or such other document or information (or such part thereof) should subscribe for or purchase any of the Securities. A prospective purchaser shall make its own assessment of the foregoing and other relevant matters including the financial condition and affairs and the creditworthiness of the Issuer, the First REIT Manager, First REIT and the subsidiaries (if any) and associated companies (if any) of First REIT, and obtain its own independent legal or other advice thereon, and its investment shall be deemed to be based on its own independent investigation of the financial condition and affairs and its appraisal of the creditworthiness of the Issuer, the First REIT Manager, First REIT and the subsidiaries (if any) and associated companies (if any) of First REIT. Accordingly, notwithstanding anything herein, none of the Arrangers, the Dealers, the Trustee or any of their respective officers, employees or agents shall be held responsible for any loss or damage suffered or incurred by the recipients of this Information Memorandum or such other document or information (or such part thereof) as a result of or arising from anything expressly or implicitly contained in or referred to in this Information Memorandum or such other document or information (or such part thereof) and the same shall not constitute a ground for rescission of any purchase or acquisition of any of the Securities by a recipient of this Information Memorandum or such other document or information (or such part thereof).

To the fullest extent permitted by law, none of the Arrangers, any of the Dealers or the Trustee accepts any responsibility for the contents of this Information Memorandum or for any other statement, made or purported to be made by either of the Arrangers or any of the Dealers or on its behalf in connection with the Issuer, the First REIT Manager or the issue and offering of the Securities. Each Arranger, each Dealer and the Trustee accordingly disclaims all and any liability whether arising in tort or contract or otherwise (save as referred to above) which it might otherwise have in respect of this Information Memorandum or any such statement.

In connection with the issue of any series of Securities, one or more Dealers named as stabilising manager(s) (the “**Stabilising Manager(s)**”) (or persons acting on behalf of any Stabilising Manager) in the relevant Pricing Supplement may over-allot Securities or effect transactions with a view to supporting the market price of the Securities at a level higher than that which might otherwise prevail. However, there is no assurance that the Stabilising Manager(s) (or persons acting on behalf of any Stabilising Manager) will undertake any stabilisation action. Any stabilisation action may begin at any time, on or after the date on which adequate public disclosure of the terms of the offer of the relevant series of Securities is made and, if begun, may be ended or discontinued at any time, but it must end no later than the earlier of 30 days after the issue date of the relevant series of Securities and 60 days after the date of the allotment of the relevant series of Securities. Any stabilisation action will be conducted in accordance with the law.

The following documents published or issued from time to time after the date hereof shall be deemed to be incorporated by reference in, and to form part of, this Information Memorandum: (1) any annual reports or audited accounts and/or unaudited published financial statements of First REIT and its subsidiaries (if any) and any notes to the accounts in connection therewith and (2) any supplement or amendment to this Information Memorandum issued by the Issuer (including each relevant Pricing Supplement). This Information Memorandum is to be read in conjunction with all such documents which are incorporated by reference herein and, with respect to any series or tranche of Securities, any Pricing Supplement in respect of such series or tranche. Any statement contained in this Information Memorandum or in a document deemed to be incorporated by reference herein shall be deemed to be modified or superseded for the purpose of this Information Memorandum to the extent that a statement contained in this Information Memorandum or in such subsequent document that is also deemed to be incorporated by reference herein modifies or supersedes such earlier statement (whether expressly, by implication or otherwise). Any statement so modified or superseded shall not be deemed, except as so modified or superseded, to constitute a part of this Information Memorandum.

Copies of all documents deemed incorporated by reference herein are available for inspection at the specified office of the Issuer.

Any purchase or acquisition of the Securities is in all respects conditional on the satisfaction of certain conditions set out in the Programme Agreement (as defined herein) and the issue of the Securities by the Issuer pursuant to the Programme Agreement. Any offer, invitation to offer or agreement made in connection with the purchase or acquisition of the Securities or pursuant to this Information Memorandum shall (without any liability or responsibility on the part of the Issuer, the First REIT Manager, either of the Arrangers, any of the Dealers or the Trustee) lapse and cease to have any effect if (for any other reason whatsoever) the Securities are not issued by the Issuer pursuant to the Programme Agreement.

Any discrepancies in the tables included herein between the listed amounts and totals thereof are due to rounding.

The attention of recipients of this Information Memorandum is drawn to the restrictions on resale of the Securities set out under the section “Subscription, Purchase and Distribution” on pages 218 to 220 of this Information Memorandum.

Any person(s) who is/are invited to purchase or subscribe for the Securities or to whom this Information Memorandum is sent shall not make any offer or sale, directly or indirectly, of any Securities or distribute or cause to be distributed any document or other material in connection therewith in any country or jurisdiction except in such manner and in such circumstances as will result in compliance with any applicable laws and regulations.

It is recommended that persons proposing to subscribe for or purchase any of the Securities consult their own legal and other advisers before purchasing or acquiring the Securities.

Notification under Section 309B of the SFA

Unless otherwise stated in the Pricing Supplement in respect of any Securities, all Securities issued or to be issued under the Programme shall be prescribed capital markets products (as defined in the Securities and Futures (Capital Markets Products) Regulations 2018) and Excluded Investment Products (as defined in MAS Notice SFA 04-N12: Notice on the Sale of Investment Products and MAS Notice FAA-N16: Notice on Recommendations on Investment Products).

Markets in Financial Instruments Directive II

The Pricing Supplement in respect of any Securities will include a legend entitled “MiFID II Product Governance” which will outline the target market assessment in respect of the Securities and which channels for distribution of the Securities are appropriate. Any person subsequently offering, selling or recommending the Securities (a “**distributor**”) should take into consideration the target market assessment; however, a distributor subject to Directive 2014/65/EU (as amended, “**MiFID II**”) is responsible for undertaking its own target market assessment in respect of the Securities (by either adopting or refining the target market assessment) and determining appropriate distribution channels.

A determination will be made in relation to each issue about whether, for the purpose of the MiFID Product Governance rules under EU Delegated Directive 2017/593 (the “**MiFID Product Governance Rules**”), any Dealer subscribing for any Securities is a manufacturer in respect of such Securities, but otherwise neither the Arrangers nor the Dealers nor any of their respective affiliates will be a manufacturer for the purpose of the MiFID Product Governance Rules.

FORWARD-LOOKING STATEMENTS

All statements contained in this Information Memorandum that are not statements of historical fact constitute “forward-looking statements”. Some of these statements can be identified by forward-looking terms such as “expect”, “believe”, “plan”, “intend”, “estimate”, “anticipate”, “may”, “will”, “would” and “could” or similar words. However, these words are not the exclusive means of identifying forward-looking statements. All statements regarding the expected financial position, business strategy, plans and prospects of the Issuer, First REIT and/or the Group (including statements as to the Issuer’s, First REIT’s and/or the Group’s revenue and profitability, prospects, future plans and other matters discussed in this Information Memorandum regarding matters that are not historical facts and including the financial forecasts, profit projections, statements as to the expansion plans of First REIT and/or the Group, expected growth in First REIT and/or the Group and other related matters), if any, are forward-looking statements and accordingly, are only predictions. These forward-looking statements involve known and unknown risks, uncertainties and other factors that may cause the actual results, performance or achievements of First REIT and/or the Group to be materially different from any future results, performance or achievements expressed or implied by such forward-looking statements. These factors include, among others:

- changes in general political, social and economic conditions;
- changes in currency exchange and interest rates;
- demographic changes;
- changes in competitive conditions; and
- other factors beyond the control of the Issuer and/or the Group.

Some of these factors are discussed in greater detail under, in particular, but not limited to, the section “Investment Considerations” herein.

Given the risks and uncertainties that may cause the actual future results, performance or achievements of First REIT or the Group to be materially different from the results, performance or achievements expected, expressed or implied by the financial forecasts, profit projections and forward-looking statements in this Information Memorandum, undue reliance must not be placed on those forecasts, projections and statements. The Issuer, the First REIT Manager, the Arrangers, the Dealers and the Trustee do not represent or warrant that the actual future results, performance or achievements of First REIT or the Group will be as discussed in those statements.

Neither the delivery of this Information Memorandum nor the issue of any Securities by the Issuer shall under any circumstances constitute a continuing representation or create any suggestion or implication that there has been no change in the affairs of the Issuer, First REIT, the First REIT Manager, the Group or any statement of fact or information contained in this Information Memorandum since the date of this Information Memorandum or on the date on which this Information Memorandum has been most recently amended or supplemented.

Further, the Issuer, the First REIT Manager, the Arrangers, the Dealers and the Trustee disclaim any responsibility, and undertake no obligation, to update or revise any forward-looking statements contained herein to reflect any changes in the expectations with respect thereto after the date of this Information Memorandum or to reflect any change in events, conditions or circumstances on which any such statements are based.

DEFINITIONS

The following definitions have, where appropriate, been used in this Information Memorandum:

- “A&E”** : Accident and Emergency.
- “Agency Agreement”** : The Agency Agreement dated 11 April 2013 made between (1) HSBCIT (in its capacity as trustee of First REIT), as issuer, (2) The Bank of New York Mellon, Singapore Branch, as issuing and paying agent, (3) The Bank of New York Mellon, Singapore Branch, as agent bank, and (4) the Trustee, as trustee, as amended and restated by an agency amendment and restatement agreement dated 16 July 2015 made between (1) HSBCIT (in its capacity as trustee of First REIT), as issuer, (2) The Bank of New York Mellon, acting through its Singapore Branch, as issuing and paying agent, transfer agent and registrar in respect of Securities cleared through the CDP System, (3) The Bank of New York Mellon, acting through its London Branch, as paying agent in respect of Non-CDP Securities, (4) The Bank of New York Mellon, acting through its London Branch, as agent bank, (5) The Bank of New York Mellon (Luxembourg) S.A., as transfer agent and registrar in respect of Non-CDP Securities, and (6) the Trustee, as trustee, as novated by a novation agreement dated 1 March 2018 made between (1) HSBCIT (in its capacity as retiring trustee of First REIT), as existing issuer, (2) Perpetual (Asia) Limited (in its capacity as new trustee of First REIT), as new issuer, (3) The Bank of New York Mellon, Singapore Branch, as issuing and paying agent, agent bank, transfer agent in respect of Securities cleared through the CDP System and registrar in respect of Securities cleared through the CDP System, (4) The Bank of New York Mellon, London Branch, as paying agent in respect of Non-CDP Securities and agent bank, (5) The Bank of New York Mellon SA/NV, Luxembourg Branch (formerly known as The Bank of New York Mellon (Luxembourg) S.A.), as transfer agent and registrar in respect of Non-CDP Securities, and (6) the Trustee, as trustee, as amended and restated by a second amendment and restatement agency agreement dated 1 March 2018 made between (1) the Issuer, as issuer, (2) The Bank of New York Mellon, Singapore Branch, as issuing and paying agent, transfer agent and registrar in respect of Securities cleared through the CDP System, (3) The Bank of New York Mellon, London Branch, as paying agent in respect of Non-CDP Securities, (4) The Bank of New York Mellon, London Branch, as agent bank, (5) The Bank of New York Mellon SA/NV, Luxembourg Branch, as transfer agent and registrar in respect of Non-CDP Securities, and (6) the Trustee, as trustee, and as further amended, restated or supplemented from time to time.
- “Agent Bank”** : The Bank of New York Mellon, London Branch.
- “Arrangers”** : The Hongkong and Shanghai Banking Corporation Limited and Oversea-Chinese Banking Corporation Limited.
- “BOT”** : Build, Operate and Transfer.

“Business Day”	:	In respect of each Security, (a) a day (other than a Saturday, Sunday or gazetted public holiday) on which Euroclear, Clearstream, Luxembourg and the Depository, as applicable, are operating, (b) a day (other than a Saturday, Sunday or gazetted public holiday) on which banks and foreign exchange markets are open for general business in the country of the Issuing and Paying Agent’s and, in the case of Non-CDP Securities, the Non-CDP Paying Agent’s specified office and (c) (if a payment is to be made on that day) (i) (in the case of Securities denominated in Singapore dollars) a day (other than a Saturday, Sunday or gazetted public holiday) on which banks and foreign exchange markets are open for general business in Singapore, (ii) (in the case of Securities denominated in Euros) a day (other than a Saturday, Sunday or gazetted public holiday) on which the TARGET System is open for settlement in Euros and (iii) (in the case of Securities denominated in a currency other than Singapore dollars and Euros) a day (other than a Saturday, Sunday or gazetted public holiday) on which banks and foreign exchange markets are open for general business in the principal financial centre for that currency.
“CDP” or the “Depository”	:	The Central Depository (Pte) Limited.
“CDP Registrar”	:	The Bank of New York Mellon, Singapore Branch.
“CDP System”	:	The computerised system operated by the Depository whereby, in accordance with the Securities Account Conditions (as defined in the Depository Agreement), Securities Accounts (as defined in the Agency Agreement) are maintained by Depositors (as defined in the Agency Agreement) with the Depository and, <i>inter alia</i> , transfers of the Securities are effected electronically between Securities Accounts.
“CDP Transfer Agent”	:	The Bank of New York Mellon, Singapore Branch.
“Certificate”	:	A registered certificate representing one or more Registered Securities of the same Series, being substantially in the form set out in Part II of Schedule 1 or, as the case may be, Part II of Schedule 5 to the Trust Deed and, save as provided in the Conditions of the Notes or, as the case may be, the Conditions of the Perpetual Securities, comprising the entire holding by a holder of Registered Securities of that Series.
“CIS Code”	:	The Code on Collective Investment Schemes issued by the MAS, as amended or modified from time to time.
“Clearstream, Luxembourg”	:	Clearstream Banking, S.A.
“Common Depository”	:	In relation to a Series of Securities, a depository common to Euroclear and Clearstream, Luxembourg.
“Companies Act”	:	The Companies Act, Chapter 50 of Singapore, as amended or modified from time to time.

“Conditions”	:	<p>(a) In relation to the Notes of any Series, the terms and conditions applicable thereto, which shall be substantially in the form set out in Part III of Schedule 1 to the Trust Deed, as modified, with respect to any Notes represented by a Global Security or a Global Certificate, by the provisions of such Global Security or, as the case may be, Global Certificate, shall incorporate any additional provisions forming part of such terms and conditions set out in the Pricing Supplement(s) relating to the Notes of such Series and shall be endorsed on the Definitive Securities or, as the case may be, Certificates, subject to amendment and completion as referred to in the first paragraph appearing after the heading “Terms and Conditions of the Notes” as set out in Part III of Schedule 1 of the Trust Deed, and any reference to a particularly numbered Condition shall be construed accordingly; and</p> <p>(b) in relation to the Perpetual Securities of any Series, the terms and conditions applicable thereto, which shall be substantially in the form set out in Part III of Schedule 5 to the Trust Deed, as modified, with respect to any Perpetual Securities represented by a Global Security or a Global Certificate, by the provisions of such Global Security or, as the case may be, Global Certificate, shall incorporate any additional provisions forming part of such terms and conditions set out in the Pricing Supplement(s) relating to the Perpetual Securities of such Series and shall be endorsed on the Definitive Securities or, as the case may be, Certificates, subject to amendment and completion as referred to in the first paragraph appearing after the heading “Terms and Conditions of the Perpetual Securities” as set out in Part III of Schedule 5 of the Trust Deed, and any reference to a particularly numbered Condition shall be construed accordingly.</p>
“Couponholders”	:	The holders of the Coupons.
“Coupons”	:	The bearer coupons appertaining to an interest or distribution bearing Bearer Security.
“CPI”	:	Consumer Price Index.
“Dealers”	:	Persons appointed as dealers under the Programme.
“Definitive Security”	:	A definitive Bearer Security, being substantially in the form set out in Part I of Schedule 1 or, as the case may be, Part I of Schedule 5 to the Trust Deed and having, where appropriate, Coupons and/or a Talon attached on issue.
“Deposited Property”	:	All the assets of First REIT, including the Properties and all of the authorised investments of First REIT for the time being held or deemed to be held upon the trusts under the First REIT Trust Deed.

“Depository Agreement”	:	The application form dated 1 March 2018 signed by the Issuer and accepted by the Depository together with the terms and conditions for the provision of depository services by the Depository referred to therein, and as may be further amended, modified or supplemented from time to time.
“Directors”	:	The directors (including alternate directors, if any) of the First REIT Manager as at the date of this Information Memorandum.
“Euro”	:	The currency of the member states of the European Union that adopt the single currency in accordance with the Treaty establishing the European Community, as amended from time to time.
“Euroclear”	:	Euroclear Bank SA/NV.
“Extraordinary Resolution”	:	A resolution passed at a meeting duly convened and held in accordance with the Trust Deed by a majority of at least 75 per cent. of the total number of votes cast.
“First REIT”	:	First Real Estate Investment Trust established in Singapore as a collective investment scheme and constituted by the First REIT Trust Deed.
“First REIT Manager”	:	Bowsprit Capital Corporation Limited, as manager of First REIT.
“First REIT Trust Deed”	:	The trust deed dated 19 October 2006 made between (1) the First REIT Manager, as manager, and (2) HSBCIT, as trustee, as amended, modified and supplemented by a first supplemental deed dated 6 September 2007, a second supplemental deed dated 19 April 2010, a third supplemental deed dated 26 April 2011 and a fourth supplemental deed dated 1 April 2013, as amended and restated by a first amending and restating deed dated 23 March 2016, in each case, made between the same parties as amended, modified and supplemented by a supplemental deed of retirement and appointment of trustee dated 1 November 2017 made between (1) the First REIT Manager, as manager, (2) HSBCIT, as retiring trustee of First REIT, and (3) Perpetual, as new trustee of First REIT, as amended, modified and supplemented by a fifth supplemental deed dated 22 May 2018 between (1) the First REIT Manager, as manager, and (2) Perpetual, as trustee of First REIT, and as further amended, modified or supplemented from time to time.
“FY”	:	Financial year ended 31 December.
“GFA”	:	Gross Floor Area.
“Global Certificate”	:	A Certificate representing Registered Securities of one or more Tranches of the same Series that are registered in the name of, or in the name of a nominee of, (i) the Common Depository, (ii) the Depository and/or (iii) any other clearing system.

“Global Security”	:	A global bearer security representing Bearer Securities of one or more Tranches of the same Series, being a Temporary Global Security and/or, as the context may require, a Permanent Global Security, in each case without Coupons and/or a Talon.
“Group”	:	First REIT and its subsidiaries.
“HGB”	:	<i>Hak Guna Bangunan</i> (Right to Build).
“HSBCIT”	:	HSBC Institutional Trust Services (Singapore) Limited.
“Indonesia Properties”	:	The properties set out on pages 163 to 192 of this Information Memorandum.
“Indonesia SPCs”	:	The Offshore SPCs in respect of the Indonesia Properties.
“IRAS”	:	Inland Revenue Authority of Singapore.
“Issuer” or “First REIT Trustee”	:	Perpetual (Asia) Limited, in its capacity as trustee of First REIT.
“Issuing and Paying Agent”	:	(In relation to any Series of Securities that are to be cleared through the CDP System) The Bank of New York Mellon, Singapore Branch or (in relation to any Series of Securities that are to be cleared through any other clearing system other than the Depository) the Non-CDP Paying Agent.
“ITA”	:	Income Tax Act, Chapter 134 of Singapore, as amended or modified from time to time.
“km”	:	Kilometres.
“Latest Practicable Date”	:	15 March 2019.
“Lippo Karawaci”	:	PT Lippo Karawaci Tbk, or where the context so requires, PT Lippo Karawaci Tbk and its subsidiaries.
“Listing Manual”	:	The Listing Manual of the SGX-ST.
“LMIRT”	:	Lippo Malls Indonesia Retail Trust.
“LRT”	:	Light Rail Transit (Singapore).
“MAS”	:	The Monetary Authority of Singapore.
“Master Lease Agreements”	:	The respective agreements made between the Master Lessee and: <ul style="list-style-type: none"> (a) in respect of the Indonesia Properties and the South Korea Property, the Offshore SPCs; and (b) in respect of the Singapore Properties, the First REIT Trustee (in its capacity as trustee of First REIT), in relation to the lease of the Properties.

“Master Lessee”	:	In respect of: <ul style="list-style-type: none"> (a) Siloam Sriwijaya, Siloam Hospitals Purwakarta and Siloam Hospitals Kupang¹, PT MPU (a limited liability company incorporated in Indonesia and a party independent from First REIT); (b) Lippo Plaza Kupang², PT Bumi Sarana Sejahtera (a subsidiary of PT MPU); (c) the rest of the Indonesia Properties, Lippo Karawaci, and in respect of: <ul style="list-style-type: none"> (i) Siloam Hospitals Lippo Cikarang, Lippo Karawaci’s wholly-owned subsidiary, PT East Jakarta Medika; (ii) Siloam Hospitals Labuan Bajo, Lippo Karawaci and PT Lintas Buana Jaya, a wholly-owned subsidiary of PT Siloam; (iii) Siloam Hospitals Buton³, Lippo Karawaci and PT Bina Bahtera Sejati, a wholly-owned subsidiary of PT Siloam; (iv) Lippo Plaza Buton⁴, Lippo Karawaci’s indirect wholly-owned subsidiary, PT Andromeda Sakti; and (v) Siloam Hospitals Yogyakarta, Lippo Karawaci and PT Taruna Perkasa Megah, a wholly-owned subsidiary of PT Siloam; (d) Pacific Healthcare Nursing Home @ Bukit Merah, Pacific Healthcare Nursing Home Pte. Ltd.; (e) Pacific Healthcare Nursing Home II @ Bukit Panjang, Pacific Eldercare and Nursing Pte. Ltd.; (f) The Lentor Residence, The Lentor Residence Pte. Ltd.; and (g) Sarang Hospital, Dr Park Ki Ju.
“MRT”	:	Mass Rapid Transit (Singapore).
“Non-CDP Notes”	:	Each Series of Notes other than Notes which have been or will be cleared through the CDP System.
“Non-CDP Paying Agent”	:	The Bank of New York Mellon, London Branch.
“Non-CDP Perpetual Securities”	:	Each Series of Perpetual Securities other than Perpetual Securities which have been or will be cleared through the CDP System.

¹ Siloam Hospitals Kupang is part of an integrated development comprising Siloam Hospitals Kupang & Lippo Plaza Kupang.

² Lippo Plaza Kupang is part of an integrated development comprising Siloam Hospitals Kupang & Lippo Plaza Kupang.

³ Siloam Hospitals Buton is part of an integrated development comprising Siloam Hospitals Buton & Lippo Plaza Buton.

⁴ Lippo Plaza Buton is part of an integrated development comprising Siloam Hospitals Buton & Lippo Plaza Buton.

“Non-CDP Registrar”	:	The Bank of New York Mellon SA/NV, Luxembourg Branch (formerly known as The Bank of New York Mellon (Luxembourg) S.A.).
“Non-CDP Securities”	:	The Non-CDP Notes and Non-CDP Perpetual Securities.
“Non-CDP Transfer Agent”	:	The Bank of New York Mellon SA/NV, Luxembourg Branch (formerly known as The Bank of New York Mellon (Luxembourg) S.A.).
“Noteholders”	:	The holders of the Notes.
“Notes”	:	The notes to be issued by the Issuer under the Programme.
“Offshore SPCs”	:	In respect of: <ul style="list-style-type: none"> (a) the Indonesia Properties, PT Primatama Cemerlang, PT Graha Pilar Sejahtera, PT Sentra Dinamika Perkasa, PT Graha Indah Pratama, PT Tata Prima Indah, PT Karya Sentra Sejahtera, PT Bayutama Sukses, PT Menara Abadi Megah, PT Dasa Graha Jaya, PT Perisai Dunia Sejahtera, PT Eka Dasa Parinama, PT Sriwijaya Mega Abadi, PT Nusa Bahana Niaga, PT Prima Labuan Bajo, PT Buton Bangun Cipta and PT Yogya Central Terpadu; and (b) the South Korea Property, Kalmore (Korea) Limited.
“Onshore SPCs”	:	In respect of: <ul style="list-style-type: none"> (a) the Indonesia Properties, Gold Capital Pte. Ltd., Platinum Strategic Investments Pte. Ltd., Higrade Capital Pte. Ltd., Ultra Investments Pte. Ltd., GOT Pte. Ltd., Lovage International Pte. Ltd., Henley Investments Pte. Ltd., Primerich Investments Pte. Ltd., Rhuddlan Investment Pte. Ltd., Caernarfon Investment Pte. Ltd., Raglan Investment Pte. Ltd. Carmathen Investment Pte. Ltd., Globalink Investments Pte. Ltd., Fortuna Capital Pte. Ltd., Great Capital Pte. Ltd., Key Capital Pte. Ltd., Finura Investments Pte. Ltd. Glamis Investments Pte. Ltd., IAHCC Investment Pte. Ltd., Surabaya Hospitals Investment Pte. Ltd., Sriwijaya Investment I Pte. Ltd., Sriwijaya Investment II Pte. Ltd., SHKP Investment I Pte. Ltd., SHKP Investment II Pte. Ltd., SHLB Investment I Pte. Ltd., SHLB Investment II Pte. Ltd., SHButon Investment I Pte. Ltd., SHButon Investment II Pte. Ltd. and Icon1 Holdings Pte. Ltd.; and (b) the South Korea Property, Kalmore Investments Pte. Ltd.
“OUE”	:	OUE Limited.
“OUELH”	:	OUE Lippo Healthcare Limited.
“Permanent Global Security”	:	A Global Security representing Bearer Securities of one or more Tranches of the same Series, either on issue or upon exchange of interests in a Temporary Global Security, being substantially in the form set out in Schedule 3 or, as the case may be, Schedule 7 to the Trust Deed.

“Perpetual Securities”	:	The perpetual securities to be issued by the Issuer under the Programme which are expressed to rank as subordinated obligations of the Issuer pursuant to the Conditions of the Perpetual Securities.
“Perpetual Securityholders”	:	The holders of the Perpetual Securities.
“Pricing Supplement”	:	In relation to any Tranche or Series, a pricing supplement, supplemental to this Information Memorandum, specifying the relevant issue details in relation to such Tranche or, as the case may be, Series, substantially in the form of Appendix 2 or, as the case may be, Appendix 3 to the Programme Agreement.
“Programme”	:	The S\$500,000,000 Multicurrency Debt Issuance Programme established by the Issuer pursuant to the Programme Agreement.
“Programme Agreement”	:	The Programme Agreement dated 11 April 2013 made between (1) HSBCIT (in its capacity as trustee of First REIT), as issuer, (2) the First REIT Manager, as manager of First REIT, (3) The Hongkong and Shanghai Banking Corporation Limited and Oversea-Chinese Banking Corporation Limited, as arrangers, and (4) The Hongkong and Shanghai Banking Corporation Limited and Oversea-Chinese Banking Corporation Limited, as dealers, as amended and restated by an amendment and restatement programme agreement dated 16 July 2015 made between (1) HSBCIT (in its capacity as trustee of First REIT), (2) the First REIT Manager, (3) The Hongkong and Shanghai Banking Corporation Limited and Oversea-Chinese Banking Corporation Limited, as arrangers, and (4) CIMB Bank Berhad, The Hongkong and Shanghai Banking Corporation Limited and Oversea-Chinese Banking Corporation Limited, as dealers, as novated by a novation agreement dated 1 March 2018 made between (1) HSBCIT (in its capacity as retiring trustee of First REIT), as existing issuer, (2) Perpetual (in its capacity as new trustee of First REIT), as new issuer, (3) the First REIT Manager, as manager of First REIT, (4) The Hongkong and Shanghai Banking Corporation Limited and Oversea-Chinese Banking Corporation Limited, as arrangers, and (5) CIMB Bank Berhad, The Hongkong and Shanghai Banking Corporation Limited and Oversea-Chinese Banking Corporation Limited, as dealers, as amended and restated by a second amendment and restatement programme agreement dated 1 March 2018 made between (1) the Issuer, (2) the First REIT Manager, (3) The Hongkong and Shanghai Banking Corporation Limited and Oversea-Chinese Banking Corporation Limited, as arrangers, and (4) CIMB Bank Berhad, The Hongkong and Shanghai Banking Corporation Limited and Oversea-Chinese Banking Corporation Limited, as dealers, and as further amended, restated or supplemented from time to time.
“Properties”	:	The properties forming the portfolio of First REIT, as at 31 December 2018, comprising the Indonesia Properties, the Singapore Properties and the South Korea Property.

“Property Funds Appendix”	:	Appendix 6 to the CIS Code issued by the MAS in relation to real estate investment trusts.
“PT MPU”	:	PT Metropolis Propertindo Utama.
“PT Siloam”	:	PT Siloam International Hospitals Tbk, a subsidiary of Lippo Karawaci.
“REIT”	:	Real estate investment trust.
“Registered Securities”	:	Securities in registered form.
“Registrar”	:	(In relation to any Series of Securities that are to be cleared through the CDP System) the CDP Registrar or (in relation to any Series of Securities that are to be cleared through any other clearing system other than the Depository) the Non-CDP Registrar.
“Rupiah” or “Rp”	:	The lawful currency of the Republic of Indonesia.
“S\$” or “Singapore dollars”	:	The lawful currency of Singapore.
“Singapore Properties”	:	The properties set out on pages 193 to 195 of this Information Memorandum.
“Singapore SPCs”	:	The Onshore SPCs in respect of the Indonesia Properties and Sarang Hospital.
“Securities”	:	The Notes and the Perpetual Securities.
“Securities Act”	:	The Securities Act of 1933 of the United States, as amended or modified from time to time.
“Securityholders”	:	The Noteholders and the Perpetual Securityholders.
“Series”	:	(a) (in relation to Securities other than Variable Rate Notes) a Tranche, together with any further Tranche or Tranches, which are (i) expressed to be consolidated and forming a single series and (ii) identical in all respects (including as to listing) except for their respective issue dates, issue prices and/or dates of the first payment of (in the case of Notes other than Variable Rate Notes) interest or (in the case of Perpetual Securities) distribution and (b) (in relation to Variable Rate Notes) Notes which are identical in all respects (including as to listing) except for their respective issue prices and rates of interest.
“SFA”	:	The Securities and Futures Act, Chapter 289 of Singapore, as amended or modified from time to time.
“SGX-ST”	:	Singapore Exchange Securities Trading Limited.
“Siloam Hospitals Group”	:	PT Siloam International Hospitals Tbk and its subsidiaries.
“South Korea Property”	:	The property set out on page 196 of this Information Memorandum.
“sq m”	:	Square metres.

“subsidiary”	:	<p>Any company which is for the time being a subsidiary (within the meaning of Section 5 of the Companies Act), and in relation to First REIT, means any company, corporation, trust, fund or other entity (whether or not a body corporate):</p> <p>(a) which is controlled, directly or indirectly, by the Issuer; or</p> <p>(b) more than half the interests of which is beneficially owned, directly or indirectly, by the Issuer; or</p> <p>(c) which is a subsidiary of any company, corporation, trust, fund or other entity (whether or not a body corporate) to which paragraph (i) or (ii) above applies,</p> <p>and for these purposes, any company, corporation, trust, fund or other entity (whether or not a body corporate) shall be treated as being controlled by First REIT if First REIT (whether through its trustee or otherwise) is able to direct its affairs and/or to control the composition of its board of directors or equivalent body.</p>
“Talons”	:	<p>Talons for further Coupons or, as the context may require, a specific number of them and includes any replacement Talons issued pursuant to the Conditions.</p>
“TARGET System”	:	<p>The Trans-European Automated Real-Time Gross Settlement Express Transfer (known as TARGET 2) System which was launched on 19 November 2007 or any successor thereto.</p>
“Temporary Global Security”	:	<p>A Global Security representing Bearer Securities of one or more Tranches of the same Series on issue, being substantially in the form set out in Schedule 2 or, as the case may be, Schedule 6 to the Trust Deed.</p>
“Tranche”	:	<p>Securities which are identical in all respects (including as to listing).</p>
“Transfer Agent”	:	<p>(In relation to any Series of Securities that are to be cleared through the CDP System) the CDP Transfer Agent or (in relation to any Series of Securities that are to be cleared through any other clearing system other than the Depository) the Non-CDP Transfer Agent.</p>
“Trust Deed”	:	<p>The Trust Deed dated 11 April 2013 made between (1) HSBCIT (in its capacity as trustee of First REIT), as issuer, and (2) the Trustee, as trustee, as amended and restated by the amendment and restatement trust deed dated 16 July 2015 made between the same parties, as novated by a deed of novation dated 1 March 2018 made between (1) HSBCIT (in its capacity as retiring trustee of First REIT), as existing issuer, (2) Perpetual (in its capacity as new trustee of First REIT), as new issuer, and (3) the Trustee, as trustee, as amended and restated by a second amendment and restatement trust deed dated 1 March 2018 made between (1) the Issuer, as issuer and (2) the Trustee, as trustee and a supplemental trust deed dated 22 March 2019 made between the same parties and as further amended, restated or supplemented from time to time.</p>

“Trustee”	:	The Bank of New York Mellon, Singapore Branch.
“Unit”	:	An undivided interest in First REIT as provided for in the First REIT Trust Deed.
“Unitholders”	:	Unitholders of First REIT.
“United States” or “U.S.”	:	United States of America.
“US\$” or “USD” or “US dollars”	:	United States dollars.
“%”	:	Per cent.
“1Q”	:	First quarter of the financial period ended 31 March.
“2Q”	:	Second quarter of the financial period ended 30 June.
“3Q”	:	Third quarter of the financial period ended 30 September.
“4Q”	:	Fourth quarter of the financial period ended 31 December.

Words importing the singular shall, where applicable, include the plural and *vice versa*, and words importing the masculine gender shall, where applicable, include the feminine and neuter genders. References to persons shall, where applicable, include corporations. Any reference to a time of day in this Information Memorandum shall be a reference to Singapore time unless otherwise stated. Any reference in this Information Memorandum to any enactment is a reference to that enactment as for the time being amended or re-enacted. Any word defined under the Companies Act or the SFA or any statutory modification thereof and used in this Information Memorandum shall, where applicable, have the meaning ascribed to it under the Companies Act or, as the case may be, the SFA.

CORPORATE INFORMATION

Issuer	:	Perpetual (Asia) Limited (in its capacity as trustee of First REIT)
Registered Office	:	8 Marina Boulevard #05-02 Marina Bay Financial Centre Singapore 018981
Auditors for First REIT	:	RSM Chio Lim LLP
First REIT Manager	:	Bowsprit Capital Corporation Limited
Registered Office	:	50 Collyer Quay #06-01, OUE Bayfront Singapore 049321
Board of Directors	:	Mr Christopher James Williams Mr Tan Kok Mian Victor Mr Chan Pengee Adrian Mr Tan Chuan Lye Mr Martin Lechner Mr Ferris Charles Bye Mr Ketut Budi Wijaya
Company Secretary	:	Mr Victor Lai Kuan Loong
Arrangers of the Programme	:	The Hongkong and Shanghai Banking Corporation Limited 21 Collyer Quay #10-01 HSBC Building Singapore 049320 Oversea-Chinese Banking Corporation Limited 63 Chulia Street #03-05 OCBC Centre East Singapore 049514
Legal Advisers to the Arrangers	:	Allen & Gledhill LLP #28-00 One Marina Boulevard Singapore 018989
Legal Advisers to the First REIT Manager	:	Shook Lin & Bok LLP 1 Robinson Road #18-00 AIA Tower Singapore 048542
Legal Advisers to the First REIT Trustee	:	Shook Lin & Bok LLP 1 Robinson Road #18-00 AIA Tower Singapore 048542

- Legal Advisers to the Trustee** : Allen & Gledhill LLP
#28-00 One Marina Boulevard
Singapore 018989
- Issuing and Paying Agent, CDP Registrar and CDP Transfer Agent** : The Bank of New York Mellon, Singapore Branch
One Temasek Avenue
#02-01 Millenia Tower
Singapore 039192
- Non-CDP Paying Agent and Agent Bank** : The Bank of New York Mellon, London Branch
One Canada Square
London E14 5AL
United Kingdom
- Non-CDP Registrar and Non-CDP Transfer Agent** : The Bank of New York Mellon SA/NV, Luxembourg Branch
Vertigo Building – Polaris
2-4 Rue Eugène Ruppert
L-2453 Luxembourg
- Trustee for the Securityholders** : The Bank of New York Mellon, Singapore Branch
One Temasek Avenue
#02-01 Millenia Tower
Singapore 039192

SUMMARY OF THE PROGRAMME

The following summary is derived from, and should be read in conjunction with, the full text of this Information Memorandum (and any relevant supplement to this Information Memorandum), the Programme Agreement, the Trust Deed, the Agency Agreement and the relevant Pricing Supplement.

Issuer	:	Perpetual (Asia) Limited (in its capacity as trustee of First REIT).
Arrangers	:	The Hongkong and Shanghai Banking Corporation Limited and Oversea-Chinese Banking Corporation Limited.
Dealers	:	CIMB Bank Berhad, The Hongkong and Shanghai Banking Corporation Limited and Oversea-Chinese Banking Corporation Limited and/or such other Dealers as may be appointed by the Issuer in accordance with the Programme Agreement.
Trustee	:	The Bank of New York Mellon, Singapore Branch.
Issuing and Paying Agent, CDP Registrar and CDP Transfer Agent	:	The Bank of New York Mellon, Singapore Branch.
Non-CDP Paying Agent and Agent Bank	:	The Bank of New York Mellon, London Branch.
Non-CDP Registrar and Non-CDP Transfer Agent	:	The Bank of New York Mellon SA/NV, Luxembourg Branch (formerly known as The Bank of New York Mellon (Luxembourg) S.A.).
Description	:	S\$500,000,000 Multicurrency Debt Issuance Programme.
Programme Size	:	The maximum aggregate principal amount of the Securities outstanding at any time shall be S\$500,000,000 (or its equivalent in other currencies) or such higher amount as may be agreed between the Issuer, the First REIT Manager and the Arrangers.
Currency	:	Subject to compliance with all relevant laws, regulations and directives, Securities may be issued in Singapore dollars or any other currency agreed between the Issuer and the relevant Dealer(s).

- Use of Proceeds : The net proceeds arising from the issue of the Securities under the Programme (after deducting issue expenses) will be used for (a) the purpose of (1) refinancing the existing borrowings of the Group, (2) financing or refinancing the acquisitions and/or investments of First REIT and any development and asset enhancement works initiated by First REIT, (3) financing general working capital purposes and capital expenditure requirements of the Group or (b) such other purpose as may be specified in the relevant Pricing Supplement.
- Method of Issue : Securities may be issued from time to time under the Programme on a syndicated or non-syndicated basis. Each Series may be issued in one or more Tranches, on the same or different issue dates. The specific terms of each Series or Tranche will be specified in the relevant Pricing Supplement.
- Issue Price : Securities may be issued at par or at a discount, or premium, to par.
- Form and Denomination : The Securities will be issued in bearer form or registered form and in such denomination as may be agreed between the Issuer and the relevant Dealer. Each Tranche or Series of Bearer Securities may initially be represented by a Temporary Global Security or a Permanent Global Security. Each Temporary Global Security may be deposited on the relevant issue date with CDP, a common depository for Euroclear and Clearstream, Luxembourg and/or any other agreed clearing system and will be exchangeable upon request as described therein, either for a Permanent Global Security or Definitive Securities (as indicated in the applicable Pricing Supplement). Each Permanent Global Security may be exchanged, unless otherwise specified in the applicable Pricing Supplement upon request as described therein, in whole (but not in part) for Definitive Securities upon the terms therein. Each Tranche or Series of registered Securities will initially be represented by a Global Certificate. Each Global Certificate may be registered in the name of, or in the name of a nominee of, CDP, a common depository for Euroclear and/or Clearstream, Luxembourg and/or any other agreed clearing system. Each Global Certificate may be exchanged, upon request as described therein, in whole (but not in part) for Certificates upon the terms therein. Save as provided in the Conditions, a Certificate shall be issued in respect of each Securityholder's entire holding of Registered Securities of one Series.

- Custody of the Securities : Securities which are to be cleared through CDP are required to be kept with CDP as authorised depository. Securities which are to be cleared through Euroclear and/or Clearstream, Luxembourg are required to be kept with a common depository on behalf of Euroclear and Clearstream, Luxembourg.
- Record Date for Global Certificates registered in the name of, or in the name of a nominee of, a common depository for Euroclear and/or Clearstream, Luxembourg : So long as the Securities of any Series and/or Tranche are represented by a Global Certificate and the Global Certificate for such Series and/or Tranche of Securities is registered in the name of, or in the name of a nominee of, a common depository for Euroclear and/or Clearstream, Luxembourg, the “**Record Date**” for such Series and/or Tranche of Securities shall be the close of business (in the relevant clearing system) on the Clearing System Business Day immediately before the due date for such payment where “**Clearing System Business Day**” means Monday to Friday inclusive except 1 January and 25 December.
- Compliance with Laws and Regulations : The Issuer has covenanted with the Trustee in the Trust Deed that so long as any of the Securities remains outstanding, *inter alia*, it will comply with, and shall procure that First REIT and the subsidiaries of First REIT comply, with the terms and conditions of all laws and regulations applicable to First REIT and its subsidiaries, including the SFA, the CIS Code, the Property Funds Appendix and other relevant codes and guidelines on collective investment schemes issued by the MAS.
- Listing : Each Series of the Securities may, if so agreed between the Issuer, the First REIT Manager and the relevant Dealer(s), be listed on the SGX-ST or any stock exchange(s) as may be agreed between the Issuer, the First REIT Manager and the relevant Dealer(s), subject to all necessary approvals having been obtained. If the application to the SGX-ST to list a particular Series of Securities is approved, for so long as such Securities are listed on the SGX-ST and the rules of the SGX-ST so require, such Securities will be traded on the SGX-ST in a minimum board lot size of S\$200,000 (or its equivalent in foreign currencies).
- Selling Restrictions : For a description of certain restrictions on offers, sales and deliveries of Securities and the distribution of offering material relating to the Securities, please see the section on “Subscription, Purchase and Distribution” herein. Further restrictions may apply in connection with any particular Series or Tranche of Securities.

- Substitution : The Trust Deed provides that the Issuer may substitute in place of the First REIT Trustee (or of any previous substitute) as the principal debtor under the Trust Deed, the Securities, the Coupons and the Talons, another entity being appointed as the replacement or substitute trustee of First REIT in accordance with the terms of the First REIT Trust Deed, provided that such entity is approved by the Monetary Authority of Singapore (or such other relevant authority) to act as trustee of collective investment schemes in Singapore and provided further that the conditions specified in the Trust Deed are met.

- Governing Law : The Programme and any Securities issued under the Programme will be governed by, and construed in accordance with, the laws of Singapore.

NOTES

- Maturities : Subject to compliance with all relevant laws, regulations and directives, Notes may have maturities of such tenor as may be agreed between the Issuer and the relevant Dealer.

- Mandatory Redemption : Unless previously redeemed or purchased and cancelled, each Note will be redeemed at its redemption amount on the maturity date shown on its face.

- Interest Basis : Notes may bear interest at fixed, floating, variable or hybrid rates or may not bear interest.

- Fixed Rate Notes : Fixed Rate Notes will bear a fixed rate of interest which will be payable in arrear on specified dates and at maturity.

- Floating Rate Notes : Floating Rate Notes which are denominated in Singapore dollars will bear interest to be determined separately for each Series by reference to S\$ SIBOR or S\$Swap Rate (or in any other case such other benchmark as may be agreed between the Issuer and the relevant Dealer(s)), as adjusted for any applicable margin. Interest periods in relation to the Floating Rate Notes will be agreed between the Issuer and the relevant Dealer(s) prior to their issue.

Floating Rate Notes which are denominated in other currencies will bear interest to be determined separately for each Series by reference to such other benchmark as may be agreed between the Issuer and the relevant Dealer(s).

- Variable Rate Notes : Variable Rate Notes will bear interest at a variable rate determined in accordance with the Conditions of the Notes. Interest periods in relation to the Variable Rate Notes will be agreed between the Issuer and the relevant Dealer(s) prior to their issue.
- Hybrid Notes : Hybrid Notes will bear interest during the fixed rate period, to be agreed between the Issuer and the relevant Dealer(s), at a fixed rate of interest which will be payable in arrear on specified dates and, during the floating rate period to be agreed between the Issuer and the relevant Dealer(s), at the rate of interest to be determined by reference to S\$ SIBOR or S\$Swap Rate (or such other benchmark as may be agreed between the Issuer and the relevant Dealer(s)), as adjusted for any applicable margin (provided that if the Hybrid Notes are denominated in a currency other than Singapore dollars, such Hybrid Notes will bear interest to be determined separately by reference to such benchmark as may be agreed between the Issuer and the relevant Dealer(s)), in each case payable at the end of each interest period to be agreed between the Issuer and the relevant Dealer(s).
- Zero Coupon Notes : Zero Coupon Notes may be issued at their nominal amount or at a discount to it and will not bear interest other than in the case of late payment.
- Status of the Notes : The Notes and Coupons of all Series will constitute direct, unconditional, unsubordinated and unsecured obligations of the Issuer and shall at all times rank *pari passu*, without any preference or priority among themselves, and *pari passu* with all other present and future unsecured obligations (other than subordinated obligations and priorities created by law) of the Issuer.
- Optional Redemption and Purchase : If so provided on the face of the Note and the relevant Pricing Supplement, Notes may be redeemed (either in whole or in part) prior to their stated maturity at the option of the Issuer and/or the Noteholders. Further, if so provided on the face of the Note and the relevant Pricing Supplement, Notes may be purchased by the Issuer (either in whole or in part) prior to their stated maturity at the option of the Issuer and/or the Noteholders.

- Redemption on Change of Control : If so provided on the face of the Note and the relevant Pricing Supplement, if, for any reason, a Change of Control Event (as defined in the Conditions of the Notes) occurs, the Issuer will within seven days of such occurrence give notice to the Noteholders of the occurrence of such event (the “**Notice**”) and shall, at the option of the holder of any Note, redeem such Note at its Redemption Amount, together with interest accrued to the date fixed for redemption, on the date falling 60 days from the date of the Notice (or if such date is not a business day, on the next day which is a business day).
- Redemption on Termination of First REIT : In the event that First REIT is terminated in accordance with the provisions of the First REIT Trust Deed, the Issuer shall redeem all (and not some only) of the Notes at their Redemption Amount together with interest accrued to the date fixed for redemption on any date on which interest is due to be paid on such Notes or, if earlier, the date of termination of First REIT.
- The Issuer shall forthwith notify the Trustee, the Agents (as defined in the Trust Deed) and the Noteholders of the termination of First REIT.
- Redemption upon Cessation or Suspension of Trading of Units in First REIT : In the event that (i) the units in First REIT cease to be traded on the SGX-ST or (ii) trading in the units in First REIT on the SGX-ST is suspended for a continuous period of more than seven days (other than by reason of holiday, statutory or otherwise), the Issuer shall, at the option of the holder of any Note, redeem such Note at its Redemption Amount together with interest accrued to the date fixed for redemption on any date on which interest is due to be paid on such Notes or, if earlier, the date falling 45 days after (in the case of (i)) the date of cessation of trading or (in the case of (ii)) the business day immediately following the expiry of such continuous period of seven days.
- Redemption for Taxation Reasons : If so provided on the face of the Note and the relevant Pricing Supplement, the Notes may be redeemed at the option of the Issuer in whole, but not in part, on any Interest Payment Date or, if so specified thereon, at any time on giving not less than 30 nor more than 60 days’ notice to the Noteholders (which notice shall be irrevocable), at their Redemption Amount or (in the case of Zero Coupon Notes) Early Redemption Amount (as defined in the Conditions of the Notes) (together with interest accrued to (but excluding) the date fixed for redemption), if (i) the Issuer has or will become obliged to pay additional amounts as provided or referred to in Condition 8 of the Notes, or increase the payment of such additional amounts, as

a result of any change in, or amendment to, the laws (or any regulations, rulings or other administrative pronouncements promulgated thereunder) of Singapore or any political subdivision or any authority thereof or therein having power to tax, or any change in the application or official interpretation of such laws, regulations, rulings or other administrative pronouncements, which change or amendment is made public on or after the Issue Date or any other date specified in the Pricing Supplement, and (ii) such obligations cannot be avoided by the Issuer taking reasonable measures available to it, provided that no such notice of redemption shall be given earlier than 90 days prior to the earliest date on which the Issuer would be obliged to pay such additional amounts were a payment in respect of the Notes then due.

Negative Pledge

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- So long as any Note or Coupon remains outstanding (as defined in the Trust Deed), the Issuer will not, and will ensure that none of the Principal Subsidiaries (as defined in the Conditions of the Notes) of First REIT will create, or have outstanding, any mortgage, charge, lien, pledge or other security interest, upon the whole or any part of its present or future undertaking, assets or revenues (including any uncalled capital) to secure any Relevant Indebtedness (as defined in the Conditions of the Notes) or to secure any guarantee or indemnity in respect of any Relevant Indebtedness, without at the same time or prior thereto according to the Notes and the Coupons the same security as is created or subsisting to secure any such Relevant Indebtedness, guarantee or indemnity or such other security as either (i) the Trustee shall in its absolute discretion deem not materially less beneficial to the interest of the Noteholders or (ii) shall be approved by an Extraordinary Resolution of the Noteholders.

Financial Covenants

- :
- The Issuer has further covenanted with the Trustee in the Trust Deed that so long as any Note or Coupon remains outstanding, it will ensure that:
- (i) the Consolidated Total Assets (as defined in the Conditions of the Notes) shall not be less than S\$600,000,000;
 - (ii) the ratio of Consolidated Total Borrowings (as defined in the Conditions of the Notes) to Consolidated Total Assets shall not exceed 0.35 times or such higher ratio as may be permitted under the Property Funds Appendix or the First REIT Trust Deed, provided that in no circumstance shall such ratio exceed 0.50 times; and

- (iii) the ratio of EBITDA (as defined in the Conditions of the Notes) to Interest Expense (as defined in the Conditions of the Notes) shall be at least 3.0 times.

- Events of Default : See Condition 10 of the Notes.
- Taxation : All payments in respect of the Notes and the Coupons by or on behalf of the Issuer shall be made free and clear of, and without deduction or withholding for or on account of, any present or future taxes, duties, assessments or governmental charges of whatever nature imposed, levied, collected, withheld or assessed by or within Singapore or any authority thereof or therein having power to tax, unless such withholding or deduction is required by law. In such event, the Issuer shall pay such additional amounts as will result in the receipt by the Noteholders and the Couponholders of such amounts as would have been received by them had no such deduction or withholding been required, save for certain exceptions. For further details, please see the section on "Taxation" herein.

PERPETUAL SECURITIES

- No Fixed Maturity : The Perpetual Securities are perpetual securities in respect of which there is no fixed redemption date and the Issuer shall only have the right to redeem or purchase them in accordance with the provisions of the Conditions of the Perpetual Securities.
- Distribution Basis : Perpetual Securities may confer a right to receive distribution at fixed or floating rates.
- Fixed Rate Perpetual Securities : Fixed Rate Perpetual Securities will confer a right to receive distribution at a fixed rate which will be payable in arrear on specified dates. If so provided on the face of the Fixed Rate Perpetual Securities, the distribution rate may be reset on such dates and bases as may be set out in the applicable Pricing Supplement.
- Floating Rate Perpetual Securities : Floating Rate Perpetual Securities which are denominated in Singapore dollars will confer a right to receive distribution at a rate to be determined separately for each Series by reference to S\$ SIBOR or S\$ Swap Rate (or in any other case such other benchmark as may be agreed between the Issuer and the relevant Dealer(s)), as adjusted for any applicable margin. Distribution periods in relation to the Floating Rate Perpetual Securities will be agreed between the Issuer and the relevant Dealer(s) prior to their issue.

Floating Rate Perpetual Securities which are denominated in other currencies will confer a right to receive distribution at a rate to be determined separately for each Series by reference to such other benchmark as may be agreed between the Issuer and the relevant Dealer(s).

Distribution Discretion : The Issuer may, at its sole discretion, elect not to pay a distribution (or to pay only part of a distribution) which is scheduled to be paid on a Distribution Payment Date (as defined in the Conditions of the Perpetual Securities) by giving notice to the Trustee, the Issuing and Paying Agent, the Registrar and the Perpetual Securityholders (in accordance with Condition 14 of the Perpetual Securities) not more than 15 nor less than three business days (or such other notice period as may be specified on the face of the Perpetual Security and the relevant Pricing Supplement) prior to a scheduled Distribution Payment Date.

Non-Cumulative Deferral : Any distribution deferred pursuant to Condition 4(IV) of the Perpetual Securities is non-cumulative and will not accrue interest. The Issuer is not under any obligation to pay that or any other distributions that have not been paid in whole or in part. The Issuer may, at its sole discretion, and at any time, elect to pay an optional amount up to the amount of distribution which is unpaid (an “**Optional Distribution**”) in whole or in part by complying with the notice requirements in Condition 4(IV)(e) of the Perpetual Securities. There is no limit on the number of times or the extent of the amount with respect to which the Issuer can elect not to pay distributions pursuant to Condition 4(IV) of the Perpetual Securities.

Restrictions in the case of Non-Payment : If, on any Distribution Payment Date, payments of all distribution scheduled to be made on such date are not made in full by reason of Condition 4(IV) of the Perpetual Securities, the Issuer shall not and shall procure that none of its subsidiaries shall:

(a) declare or pay any dividends, distributions or make any other payment on, and will procure that no dividend, distribution or other payment is made on, any of the Junior Obligations of the Issuer or (except on a *pro rata* basis) any of the Parity Obligations of the Issuer; or

(b) redeem, reduce, cancel, buy-back or acquire for any consideration, and will procure that no redemption, reduction, cancellation, buy-back or acquisition for any consideration is made in respect of, any of the Junior Obligations of the Issuer or (except on a *pro rata* basis) any of the Parity Obligations of the Issuer,

unless and until (1) a redemption of all the outstanding Perpetual Securities has occurred, (2) the next scheduled distribution has been paid in full, (3) an Optional Distribution equal to the amount of a distribution payable with respect to the most recent Distribution Payment Date that was unpaid in full or in part, has been paid in full or (4) the Issuer is permitted to do so by an Extraordinary Resolution of the Perpetual Securityholders.

For the purposes of the Conditions of the Perpetual Securities:

- (i) **“Junior Obligation”** means any class of equity capital in First REIT and any instrument or security issued, entered into or guaranteed by the Issuer, other than any instrument or security (including without limitation any preferred units) ranking in priority in payment and in all other respects to the ordinary units of First REIT; and
- (ii) **“Parity Obligation”** means any instrument or security (including without limitation any preference units in First REIT) issued, entered into or guaranteed by the Issuer (1) which ranks or is expressed to rank, by its terms or by operation of law, *pari passu* with a First REIT Notional Preferred Unit (as defined below) and (2) the terms of which provide that the making of payments thereon or distributions in respect thereof are fully at the discretion of the Issuer and/or, in the case of an instrument or security guaranteed by the Issuer, the issuer thereof.

Status of the Perpetual Securities : The Perpetual Securities and Coupons relating to them constitute direct, unconditional, subordinated and unsecured obligations of the Issuer and shall at all times rank *pari passu*, without any preference or priority among themselves, and *pari passu* with any Parity Obligations of the Issuer.

Subordination of Perpetual Securities : Subject to the insolvency laws of Singapore and other applicable laws, in the event of the Winding-Up of First REIT, there shall be payable by the Issuer in respect of each Perpetual Security (in lieu of any other payment by the Issuer), such amount, if any, as would have been payable to such Perpetual Securityholder if, on the day prior to the commencement of the Winding-Up of First REIT, and thereafter, such Perpetual Securityholder were the holder of one of a class of preferred units in the capital of First REIT (and if more than one class of preferred units is outstanding, the most junior ranking class of such preferred units) (the **“First REIT Notional Preferred Units”**) having an

equal right to return of assets in the Winding-Up of First REIT and so ranking *pari passu* with the holders of that class or classes of preferred units (if any) which have a preferential right to return of assets in the Winding-Up of First REIT, and so rank ahead of, the holders of Junior Obligations of the Issuer, but junior to the claims of all other present and future creditors of the Issuer (other than Parity Obligations of the Issuer), on the assumption that the amount that such Perpetual Securityholder was entitled to receive in respect of each First REIT Notional Preferred Unit on a return of assets in such Winding-Up were an amount equal to the principal amount (and any applicable premium outstanding) of the relevant Perpetual Security together with distributions accrued and unpaid since the immediately preceding Distribution Payment Date or the Issue Date (as the case may be) and any unpaid Optional Distributions (as defined in the Conditions of the Perpetual Securities) in respect of which the Issuer has given notice to the Perpetual Securityholders in accordance with these Conditions.

For the purposes of the Conditions of the Perpetual Securities, “**Winding-Up**” means the bankruptcy, termination, winding-up, liquidation, receivership, administration or similar proceedings in respect of First REIT.

Set-off in relation to Subordinated Perpetual Securities : Subject to applicable law, no holder of Perpetual Securities or any Coupons relating to them may exercise, claim or plead any right of set-off, deduction, withholding, counterclaim, compensation or retention in respect of any amount owed to it by the Issuer in respect of, or arising under or in connection with the Perpetual Securities or Coupons relating to them, and each holder of Perpetual Securities or any Coupons relating to them shall, by virtue of his holding of any Perpetual Securities or Coupons relating to them, be deemed to have waived all such rights of set-off, deduction, withholding, counterclaim, compensation or retention against the Issuer. Notwithstanding the preceding sentence, if at any time any Perpetual Securityholder receives payment or benefit of any sum in respect of, or arising under or in connection with the Perpetual Securities (including any benefit received pursuant to any set-off, deduction, withholding, counterclaim, compensation or retention) other than in accordance with the Conditions of the Perpetual Securities, the payment of such sum or receipt of such benefit shall, to the fullest extent permitted by law, be deemed void for all purposes and such Perpetual Securityholder shall immediately pay an amount equal to the amount of such discharge to the Issuer (or, in

the event of First REIT's Winding-Up or administration, the liquidator or, as appropriate, administrator of First REIT) and, until such time as payment is made, shall hold such amount in trust for the Issuer (or the liquidator or, as appropriate, administrator of First REIT) and accordingly any such discharge shall be deemed not to have taken place.

Redemption at the Option of the Issuer : If so provided on the face of the Perpetual Security and the relevant Pricing Supplement, the Issuer may, on giving irrevocable notice to the Perpetual Securityholders falling within the Issuer's Redemption Option Period shown on the face thereof, redeem all or, if so provided, some of the Perpetual Securities at their Redemption Amount or integral multiples thereof and on the date or dates so provided. Any such redemption of Perpetual Securities shall be at their Redemption Amount, together with distribution accrued to the date fixed for redemption.

Redemption for Taxation Reasons : If so provided on the face of the Perpetual Security and the relevant Pricing Supplement, the Perpetual Securities may be redeemed at the option of the Issuer in whole, but not in part, on any Distribution Payment Date or, if so specified thereon, at any time on giving not less than 30 nor more than 60 days' notice to the Perpetual Securityholders (which notice shall be irrevocable), at their Redemption Amount (together with distribution accrued to the date fixed for redemption), if:

(i) the Issuer has or will become obliged to pay additional amounts as provided or referred to in Condition 7 of the Perpetual Securities, or increase the payment of such additional amounts as a result of any change in, or amendment to, the laws (or any regulations, rulings or other administrative pronouncements promulgated thereunder) of Singapore or any political subdivision or any authority thereof or therein having power to tax, or any change in the application or official interpretation of such laws, regulations, rulings or other administrative pronouncements, which change or amendment is made public on or after the Issue Date or any other date specified in the Pricing Supplement; and

(ii) such obligations cannot be avoided by the Issuer taking reasonable measures available to it,

provided that no such notice of redemption shall be given earlier than 90 days prior to the earliest date on which the Issuer would be obliged to pay such additional amounts were a payment in respect of the Perpetual Securities then due.

- Redemption for Accounting Reasons : If so provided on the face of the Perpetual Security and the relevant Pricing Supplement, the Perpetual Securities may be redeemed at the option of the Issuer in whole, but not in part, on any Distribution Payment Date or, if so specified thereon, at any time on giving not less than 30 nor more than 60 days' notice to the Perpetual Securityholders (which notice shall be irrevocable), at their Redemption Amount (together with distribution accrued to the date fixed for redemption) if, on such Distribution Payment Date or any time after that Distribution Payment Date, as a result of any changes or amendments to Singapore Financial Reporting Standards issued by the Singapore Accounting Standards Council ("**SFRS**") or any other accounting standards that may replace SFRS for the purposes of the consolidated financial statements of First REIT (the "**Relevant Accounting Standard**"), the Perpetual Securities will not or will no longer be recorded as "equity" of First REIT pursuant to the Relevant Accounting Standard.
- Redemption in the case of Minimal Outstanding Amount : If so provided on the face of the Perpetual Security and the relevant Pricing Supplement, the Perpetual Securities may be redeemed at the option of the Issuer in whole, but not in part, on any Distribution Payment Date or, if so specified thereon, at any time on giving not less than 30 nor more than 60 days' notice to the Perpetual Securityholders (which notice shall be irrevocable), at their Redemption Amount (together with distribution accrued to the date fixed for redemption) if, immediately before giving such notice, the aggregate principal amount of the Perpetual Securities outstanding is less than 10 per cent. of the aggregate principal amount originally issued.
- Redemption upon a Regulatory Event : If so provided on the face of the Perpetual Security and the relevant Pricing Supplement, the Issuer may, at its option, redeem the Perpetual Securities in whole, but not in part, at any time at their principal amount, together with distributions accrued from the immediately preceding Distribution Payment Date to the date fixed for redemption, on the Issuer giving not less than 30 nor more than 60 days' notice to the Perpetual Securityholders and the Trustee (which notice shall be irrevocable and shall oblige the Issuer to redeem the Perpetual Securities), if the Issuer satisfies the Trustee immediately prior to the giving of such notice that as a result of any change in, or amendment to, the Property Funds Appendix, or any change in the application or official interpretation of the Property Funds Appendix, the Perpetual Securities count or will count towards the Aggregate Leverage (as defined in the Conditions of the Perpetual Securities) under the Property Funds Appendix, provided that no such notice of redemption shall be given earlier than 90 days prior to the earliest date on which the Perpetual Securities will count towards the Aggregate Leverage.

Limited right to institute proceedings in relation to Perpetual Securities : The right to institute proceedings for Winding-Up is limited to circumstances where payment has become due. In the case of any distribution, such distribution will not be due if the Issuer has elected not to pay that distribution in accordance with Condition 4(IV) of the Perpetual Securities.

Proceedings for winding-up : If (i) an order is made or an effective resolution is passed for the Winding-Up of First REIT or (ii) the Issuer fails to make payment in respect of the Perpetual Securities when due and such failure continues for a period of three business days after the due date, the Issuer shall be deemed to be in default under the Trust Deed and the Perpetual Securities and the Trustee may, subject to the provisions of Condition 9(d) of the Perpetual Securities, institute proceedings for the Winding-Up of First REIT and/or prove in the Winding-Up of First REIT and/or claim in the liquidation of First REIT for such payment.

Taxation : Where the Perpetual Securities are recognised as debt securities for Singapore income tax purposes, all payments in respect of the Perpetual Securities and the Coupons by or on behalf of the Issuer shall be made free and clear of, and without deduction or withholding for or on account of, any present or future taxes, duties, assessments or governmental charges of whatever nature imposed, levied, collected, withheld or assessed by or within Singapore or any authority thereof or therein having power to tax, unless such withholding or deduction is required by law. In such event, the Issuer shall pay such additional amounts (“**Additional Amounts**”) as will result in the receipt by the Perpetual Securityholders and the Couponholders of such amounts as would have been received by them had no such deduction or withholding been required, save for certain exceptions.

Where the Perpetual Securities are not recognised as debt securities for Singapore income tax purposes, all payments in respect of the Perpetual Securities and the Coupons by or on behalf of the Issuer may be subject to any present or future taxes, duties, assessments or governmental charges of whatever nature imposed, levied, collected, withheld or assessed by within Singapore or any authority thereof or therein having power to tax in the same manner as distributions on ordinary units of First REIT, and First REIT may be obliged (in certain circumstances) to withhold or deduct tax at the rate of 10% or 17% under Section 45G of the Income Tax Act, Chapter 134 of Singapore. In that event, the Issuer will not pay any Additional Amounts in respect of any such withholding or deduction from payments in respect of the Perpetual Securities and the Coupons for or on account of any such taxes or duties.

For further details, please see the section on “Taxation” herein.

TERMS AND CONDITIONS OF THE NOTES

The following is the text of the terms and conditions which, subject to completion and amendment and as supplemented or varied in accordance with the provisions of the relevant Pricing Supplement, will be endorsed on the Notes in definitive form issued in exchange for the Global Security(ies) or the Global Certificate(s) representing each Series. Either (i) the full text of these terms and conditions together with the relevant provisions of the Pricing Supplement or (ii) these terms and conditions as so completed, amended, supplemented or varied (and subject to simplification by the deletion of non-applicable provisions), shall be endorsed on such Notes. Unless otherwise stated, all capitalised terms that are not defined in these Conditions will have the meanings given to them in the relevant Pricing Supplement. Those definitions will be endorsed on such Bearer Notes or on the Certificates relating to such Registered Notes. References in the Conditions to “Notes” are to the Notes of one Series only, not to all Notes that may be issued under the Programme, details of the relevant Series being shown on the face of the relevant Notes and in the relevant Pricing Supplement.

The Notes are constituted by a trust deed dated 11 April 2013 made between (1) HSBC Institutional Trust Services (Singapore) Limited (“**HSBCIT**”) (in its capacity as trustee of First Real Estate Investment Trust (“**First REIT**”)), as issuer, and (2) The Bank of New York Mellon, Singapore Branch, as trustee for the Noteholders (as defined below) (the “**Trustee**”, which expression shall wherever the context so admits include such company and all other persons for the time being the trustee or trustees of the Trust Deed) (as amended and restated by an amendment and restatement trust deed dated 16 July 2015 made between the same parties, as novated by a deed of novation dated 1 March 2018 made between (1) HSBCIT (in its capacity as retiring trustee of First REIT), as existing issuer, (2) Perpetual (Asia) Limited (“**Perpetual**”) (in its capacity as new trustee of First REIT), as new issuer, and (3) the Trustee, as trustee, as amended and restated by a second amendment and restatement trust deed dated 1 March 2018 made between (1) Perpetual (in its capacity as trustee of First REIT), as issuer (the “**Issuer**”), and (2) the Trustee, as trustee, and a supplemental trust deed dated 22 March 2019 made between the same parties and as further amended, restated or supplemented from time to time, the “**Trust Deed**”) and (where applicable) the Notes are issued with the benefit of a deed of covenant dated 11 April 2013 executed by HSBCIT (in its capacity as trustee of First REIT) by way of a deed poll (as supplemented by a supplemental deed of covenant dated 16 July 2015, as novated by a deed of novation dated 1 March 2018 made between (1) HSBCIT (in its capacity as retiring trustee of First REIT), as existing issuer, and (2) Perpetual (in its capacity as new trustee of First REIT), as new issuer, and as further amended, varied or supplemented from time to time, the “**Deed of Covenant**”) relating to the Notes executed by the Issuer. These terms and conditions (the “**Conditions**”) include summaries of, and are subject to, the detailed provisions of the Trust Deed, which includes the form of the Bearer Notes, Certificates, Coupons and Talons referred to below. The Issuer has entered into an agency agreement dated 11 April 2013 made between (1) HSBCIT (in its capacity as trustee of First REIT), as issuer, (2) The Bank of New York Mellon, Singapore Branch, as issuing and paying agent and agent bank, and (3) the Trustee, as trustee (as amended and restated by an agency amendment and restatement agreement dated 16 July 2015 made between (1) HSBCIT (in its capacity as trustee of First REIT), (2) The Bank of New York Mellon, acting through its Singapore Branch, as issuing and paying agent (in such capacity, the “**Issuing and Paying Agent**”), transfer agent (in such capacity, the “**CDP Transfer Agent**”) and registrar (in such capacity, the “**CDP Registrar**”) in respect of Notes cleared through the CDP System (as defined in the Trust Deed), (3) The Bank of New York Mellon, acting through its London Branch, as paying agent in respect of Non-CDP Notes (as defined in the Trust Deed) (in such capacity, the “**Non-CDP Paying Agent**”) and, together with the Issuing and Paying Agent and any other paying agents that may be appointed, the “**Paying Agents**”) and agent bank in respect of the Notes (in such capacity, the “**Agent Bank**”), (4) The Bank of New York Mellon (Luxembourg) S.A., as transfer agent and registrar in respect of Non-CDP Notes, and (5) the Trustee, as novated by a novation agreement dated 1 March 2018 made between (1) HSBCIT (in its capacity as retiring trustee of First REIT), as existing issuer, (2) Perpetual (in its capacity as new trustee of First

REIT), as new issuer, (3) The Bank of New York Mellon, Singapore Branch, as issuing and paying agent, agent bank, transfer agent in respect of Notes cleared through the CDP System and registrar in respect of Notes cleared through the CDP System, (4) The Bank of New York Mellon, London Branch, as paying agent in respect of Non-CDP Notes and agent bank, (5) The Bank of New York Mellon SA/NV, Luxembourg Branch (formerly known as The Bank of New York Mellon (Luxembourg) S.A.), as transfer agent in respect of Non-CDP Notes (in such capacity, the “**Non-CDP Transfer Agent**” and, together with the CDP Transfer Agent and any other transfer agents that may be appointed, the “**Transfer Agents**”) and registrar in respect of Non-CDP Notes (in such capacity, the “**Non-CDP Registrar**” and, together with the CDP Registrar, the “**Registrars**”), and (6) the Trustee, as trustee, as amended and restated by a second amendment and restatement agency agreement dated 1 March 2018 made between (1) the Issuer, as issuer, (2) The Bank of New York Mellon, Singapore Branch, as issuing and paying agent, transfer agent in respect of Notes cleared through the CDP System and registrar in respect of Notes cleared through the CDP System, (3) The Bank of New York Mellon, London Branch, as paying agent in respect of Non-CDP Notes, (4) The Bank of New York Mellon, London Branch, as agent bank, (5) The Bank of New York Mellon SA/NV, Luxembourg Branch, as transfer agent in respect of Non-CDP Notes and registrar in respect of Non-CDP Notes, and (6) the Trustee, as trustee, and as further amended, restated or supplemented from time to time, the “**Agency Agreement**”). The Noteholders and the holders (the “**Couponholders**”) of the coupons (the “**Coupons**”) appertaining to the interest-bearing Notes in bearer form and, where applicable in the case of such Notes, talons for further Coupons (the “**Talons**”) are bound by and are deemed to have notice of all of the provisions of the Trust Deed, the Agency Agreement and the Deed of Covenant.

Copies of the Trust Deed, the Agency Agreement and the Deed of Covenant are available for inspection at the principal office of the Trustee for the time being and at the specified office of the Issuing and Paying Agent for the time being. For the purposes of these Conditions, all references to (a) “**Agents**” means the Paying Agents, the Agent Bank, the Registrars and the Transfer Agents and any other agent or agents appointed from time to time with respect to the Notes, (b) the “**Issuing and Paying Agent**” shall, with respect to Non-CDP Notes be deemed to be a reference to the Non-CDP Paying Agent, (c) the “**Registrar**” shall, in the case of Notes to be cleared through the CDP System, be deemed to be a reference to the CDP Registrar and, in the case of Non-CDP Notes, be deemed to be a reference to the Non-CDP Registrar, and (d) the “**Transfer Agent**” shall, in the case of Notes to be cleared through the CDP System, be deemed to be a reference to the CDP Transfer Agent and, in the case of Non-CDP Notes, be deemed to be a reference to the Non-CDP Transfer Agent, and (unless the context otherwise requires) all such references shall be construed accordingly.

1. Form, Denomination and Title

(a) Form and Denomination

- (i) The Notes of the Series of which this Note forms part (in these Conditions, the “**Notes**”) are issued in bearer form (“**Bearer Notes**”) or in registered form (“**Registered Notes**”) in each case in the Denomination Amount shown hereon.
- (ii) This Note is a Fixed Rate Note, a Floating Rate Note, a Variable Rate Note, a Hybrid Note or a Zero Coupon Note (depending upon the Interest Basis shown on its face).
- (iii) Bearer Notes are serially numbered and issued with Coupons (and, where appropriate, a Talon) attached, save in the case of Notes that do not bear interest in which case references to interest (other than in relation to default interest referred to in Condition 6(f)) in these Conditions are not applicable.

- (iv) Registered Notes are represented by registered certificates (“**Certificates**”) and, save as provided in Condition 2(c), each Certificate shall represent the entire holding of Registered Notes by the same holder.

(b) Title

- (i) Title to the Bearer Notes and the Coupons and Talons appertaining thereto shall pass by delivery. Title to the Registered Notes shall pass by registration in the register that the Issuer shall procure to be kept by the Registrar in accordance with the provisions of the Agency Agreement (the “**Register**”).
- (ii) Except as ordered by a court of competent jurisdiction or as required by law, the holder of any Note, Coupon or Talon shall be deemed to be and may be treated as the absolute owner of such Note, Coupon or Talon, as the case may be, for the purpose of receiving payment thereof or on account thereof and for all other purposes, whether or not such Note, Coupon or Talon shall be overdue and notwithstanding any notice of ownership, theft, loss or forgery thereof or any writing thereon made by anyone, and no person shall be liable for so treating such holder.
- (iii) For so long as any of the Notes is represented by a Global Security (as defined below) or, as the case may be, a Global Certificate (as defined below) and such Global Security or Global Certificate is held by a common depository for Euroclear Bank SA/NV (“**Euroclear**”) and/or Clearstream Banking, S.A. (“**Clearstream, Luxembourg**”) and/or The Central Depository (Pte) Limited (the “**Depository**”), each person who is for the time being shown in the records of Euroclear, Clearstream, Luxembourg and/or the Depository as the holder of a particular principal amount of such Notes (in which regard any certificate or other document issued by Euroclear, Clearstream, Luxembourg and/or the Depository as to the principal amount of such Notes standing to the account of any person shall be conclusive and binding for all purposes save in the case of manifest error) shall be treated by the Issuer, the Paying Agents, the Agent Bank, the Registrar, the other Transfer Agents, all other agents of the Issuer and the Trustee as the holder of such principal amount of Notes other than with respect to the payment of principal, premium, interest, redemption, purchase and/or any other amounts in respect of the Notes, for which purpose the bearer of the Global Security or, as the case may be, the person whose name is shown on the Register shall be treated by the Issuer, the Paying Agents, the Agent Bank, the Registrar, the other Transfer Agents, all other agents of the Issuer and the Trustee as the holder of such Notes in accordance with and subject to the terms of the Global Security or, as the case may be, the Global Certificate (and the expressions “**Noteholder**” and “**holder of Notes**” and related expressions shall be construed accordingly). Notes which are represented by a Global Security or, as the case may be, a Global Certificate and held by Euroclear, Clearstream, Luxembourg and/or the Depository will be transferable only in accordance with the rules and procedures for the time being of Euroclear, Clearstream, Luxembourg and/or the Depository.
- (iv) In these Conditions, “**Global Security**” means the relevant Temporary Global Security representing each Series or the relevant Permanent Global Security representing each Series, “**Global Certificate**” means the relevant Global Certificate representing each Series that is registered in the name of, or in the name of a nominee of, (1) a common depository for Euroclear and/or Clearstream, Luxembourg, (2) the Depository and/or (3) any other clearing system, “**Noteholder**” means the bearer of any Bearer Note or the person in whose name a Registered Note is registered (as the case may be) and “**holder**” (in relation to a Note, Coupon or Talon) means the bearer of any Bearer Note, Coupon or Talon or the person in whose name a Registered Note is registered (as the case may be), “**Series**” means (a) (in relation to Notes other than Variable Rate Notes)

a Tranche, together with any further Tranche or Tranches, which are (i) expressed to be consolidated and forming a single series and (ii) identical in all respects (including as to listing) except for their respective issue dates, issue prices and/or dates of the first payment of interest and (b) (in relation to Variable Rate Notes) Notes which are identical in all respects (including as to listing) except for their respective issue prices and rates of interest and “**Tranche**” means Notes which are identical in all respects (including as to listing).

- (v) Words and expressions defined in the Trust Deed or used in the applicable Pricing Supplement (as defined in the Trust Deed) shall have the same meanings where used in these Conditions unless the context otherwise requires or unless otherwise stated and provided that, in the event of inconsistency between the Trust Deed and the applicable Pricing Supplement, the applicable Pricing Supplement will prevail.

2. No Exchange of Notes and Transfers of Registered Notes

- (a) **No Exchange of Notes:** Registered Notes may not be exchanged for Bearer Notes. Bearer Notes of one Denomination Amount may not be exchanged for Bearer Notes of another Denomination Amount. Bearer Notes may not be exchanged for Registered Notes.
- (b) **Transfer of Registered Notes:** Subject to Conditions 2(e) and 2(f) below, one or more Registered Notes may be transferred upon the surrender (at the specified office of the Registrar or any other Transfer Agent) of the Certificate representing such Registered Notes to be transferred, together with the form of transfer endorsed on such Certificate (or another form of transfer substantially in the same form and containing the same representations and certifications (if any), unless otherwise agreed by the Issuer) duly completed and executed and any other evidence as the Registrar or such other Transfer Agent may require to prove the title of the transferor and the authority of the individuals who have executed the form of transfer. In the case of a transfer of part only of a holding of Registered Notes represented by one Certificate, a new Certificate shall be issued to the transferee in respect of the part transferred and a further new Certificate in respect of the balance of the holding not transferred shall be issued to the transferor. All transfers of Notes and entries on the Register will be made subject to the detailed regulations concerning transfers of Notes scheduled to the Agency Agreement. The regulations may be changed by the Issuer, with the prior written approval of the Registrar, the Transfer Agent and the Trustee. A copy of the current regulations will be made available by the Registrar to any Noteholder upon request.
- (c) **Exercise of Options or Partial Redemption or Purchase in respect of Registered Notes:** In the case of an exercise of the Issuer’s or Noteholders’ option in respect of, or a partial redemption or purchase of, a holding of Registered Notes represented by a single Certificate, a new Certificate shall be issued to the holder to reflect the exercise of such option or in respect of the balance of the holding not redeemed or purchased. In the case of a partial exercise of an option resulting in Registered Notes of the same holding having different terms, separate Certificates shall be issued in respect of those Notes of that holding that have the same terms. New Certificates shall only be issued against surrender of the existing Certificates to the Registrar or any other Transfer Agent. In the case of a transfer of Registered Notes to a person who is already a holder of Registered Notes, a new Certificate representing the enlarged holding shall only be issued against surrender of the Certificate representing the existing holding.
- (d) **Delivery of New Certificates:** Each new Certificate to be issued pursuant to Condition 2(b) or 2(c) shall be available for delivery within five business days of receipt of the form of transfer or exercise notice delivered pursuant to these Conditions and surrender of the Certificate for exchange. Delivery of the new Certificate(s) shall be made at the specified office of the Registrar or such other Transfer Agent (as the case may be) to whom delivery

or surrender of such form of transfer, exercise notice or Certificate shall have been made or, at the option of the holder making such delivery or surrender as aforesaid and as specified in the relevant form of transfer, exercise notice or otherwise in writing, be mailed by uninsured post at the risk of the holder entitled to the new Certificate to such address as may be so specified, unless such holder requests otherwise and pays in advance to the Registrar or the relevant Transfer Agent the costs of such other method of delivery and/or such insurance as it may specify. In this Condition 2(d), “**business day**” means a day (other than a Saturday, Sunday or gazetted public holiday) on which commercial banks are open for business in the place of the specified office of the Registrar or the relevant Transfer Agent (as the case may be).

- (e) **Transfers Free of Charge:** Transfers of Notes and Certificates on registration, transfer, exercise of an option or partial redemption shall be effected without charge by or on behalf of the Issuer, the Registrar or any other Transfer Agent, but upon payment of any tax or other governmental charges that may be imposed in relation to it (or the giving of such indemnity and/or security and/or prefunding as the Registrar or the other relevant Transfer Agent may require) in respect of tax or charges.
- (f) **Closed Periods:** No Noteholder may require the transfer of a Registered Note to be registered (i) during the period of 15 days ending on the due date for redemption of any Note, (ii) during the period of 15 days prior to any date on which Notes may be called for redemption by the Issuer at its option pursuant to Condition 6(d), (iii) after any such Note has been called for redemption or (iv) during the period of 15 days ending on (and including) any Record Date (as defined in Condition 7(b)(ii)).

3. Status

The Notes and Coupons of all Series constitute direct, unconditional, unsubordinated and unsecured obligations of the Issuer and shall at all times rank *pari passu*, without any preference or priority among themselves, and *pari passu* with all other present and future unsecured obligations (other than subordinated obligations and priorities created by law) of the Issuer.

4. Negative Pledge and Financial Covenants

(a) Negative Pledge

So long as any Note or Coupon remains outstanding (as defined in the Trust Deed), the Issuer will not, and will ensure that none of the Principal Subsidiaries (as defined in Condition 10) of First REIT will create, or have outstanding, any mortgage, charge, lien, pledge or other security interest, upon the whole or any part of its present or future undertaking, assets or revenues (including any uncalled capital) to secure any Relevant Indebtedness or to secure any guarantee or indemnity in respect of any Relevant Indebtedness, without at the same time or prior thereto according to the Notes and the Coupons the same security as is created or subsisting to secure any such Relevant Indebtedness, guarantee or indemnity or such other security as either (i) the Trustee shall in its absolute discretion deem not materially less beneficial to the interest of the Noteholders or (ii) shall be approved by an Extraordinary Resolution (as defined in the Trust Deed) of the Noteholders.

(b) Financial Covenants

The Issuer has further covenanted with the Trustee in the Trust Deed that so long as any Note or Coupon remains outstanding, it will ensure that:

- (i) the Consolidated Total Assets shall not be less than S\$600,000,000;

- (ii) the ratio of Consolidated Total Borrowings to Consolidated Total Assets shall not exceed 0.35 times or such higher ratio as may be permitted under the Property Funds Appendix or the First REIT Trust Deed, provided that in no circumstance shall such ratio exceed 0.50 times; and
- (iii) the ratio of EBITDA to Interest Expense shall be at least 3.0 times.

In these Conditions:

- (1) **“Consolidated Total Assets”** means, at any particular time, the consolidated amount of the book values of all the assets of the Group (as defined in the Trust Deed), determined as assets in accordance with generally accepted accounting principles in Singapore;
- (2) **“Consolidated Total Borrowings”** means in relation to the Group, an amount (expressed in Singapore dollars) for the time being, calculated on a consolidated basis, in accordance with generally accepted accounting principles in Singapore, equal to the aggregate of:
 - (A) bank overdrafts and all other indebtedness in respect of any borrowings maturing within 12 months;
 - (B) the principal amount of the Notes or any bonds or debentures of any member of the Group whether issued for cash or a consideration other than cash;
 - (C) the liabilities of the Issuer under the Trust Deed or the Notes;
 - (D) all other indebtedness whatsoever of the Group for borrowed moneys; and
 - (E) any redeemable preference shares or units issued by any member of the Group and which is regarded by generally accepted accounting principles in Singapore as debt or other liability of the Group;
- (3) **“EBITDA”** means, in relation to any Test Period, the total consolidated profit of the Issuer for that Test Period;
 - (A) before taking into account Interest Expense, tax and extraordinary and exceptional items; and
 - (B) after adding back all amounts provided for depreciation and amortisation for that Test Period;
- (4) **“Interest Expense”** means, in relation to any Test Period, the aggregate amount of interest accrued, paid or payable (including any capitalised interest and commissions paid or payable) by the Issuer during that Test Period;
- (5) **“Relevant Indebtedness”** means any indebtedness which is in the form of, or represented or evidenced by, bonds, notes, debentures, loan stock or other securities which for the time being are, or are intended to be or capable of being, quoted, listed or dealt in or traded on any stock exchange or over-the-counter or other securities market; and
- (6) **“Test Period”** means each period of six months ending on the last day of each financial half-year and each financial year of the Issuer.

5. (I) **Interest on Fixed Rate Notes**

(a) **Interest Rate and Accrual**

Each Fixed Rate Note bears interest on its Calculation Amount (as defined in Condition 5(II)(d)) from the Interest Commencement Date in respect thereof and as shown on the face of such Note at the rate per annum (expressed as a percentage) equal to the Interest Rate shown on the face of such Note payable in arrear on each Interest Payment Date or Interest Payment Dates shown on the face of such Note in each year and on the Maturity Date shown on the face of such Note if that date does not fall on an Interest Payment Date.

The first payment of interest will be made on the Interest Payment Date next following the Interest Commencement Date (and if the Interest Commencement Date is not an Interest Payment Date, will amount to the Initial Broken Amount shown on the face of such Note), unless the Maturity Date falls before the date on which the first payment of interest would otherwise be due. If the Maturity Date is not an Interest Payment Date, interest from the preceding Interest Payment Date (or from the Interest Commencement Date, as the case may be) to the Maturity Date will amount to the Final Broken Amount shown on the face of the Note.

Interest will cease to accrue on each Fixed Rate Note from the due date for redemption thereof unless, upon due presentation and subject to the provisions of the Trust Deed, payment of the Redemption Amount shown on the face of the Note is improperly withheld or refused, in which event interest at such rate will continue to accrue (as well after as before judgment) at the rate and in the manner provided in this Condition 5(I) and the Agency Agreement to the Relevant Date (as defined in Condition 8).

(b) **Calculations**

In the case of a Fixed Rate Note, interest in respect of a period of less than one year will be calculated on the Day Count Fraction shown on the face of the Note. The amount of interest payable per Calculation Amount for any Fixed Rate Interest Period in respect of any Fixed Rate Note shall be calculated by multiplying the product of the Interest Rate and the Calculation Amount, by the Day Count Fraction shown on the Note and rounding the resultant figure to the nearest sub-unit of the Relevant Currency.

For the purposes of these Conditions, “**Fixed Rate Interest Period**” means the period beginning on (and including) the Interest Commencement Date and ending on (but excluding) the first Interest Payment Date and each successive period beginning on (and including) an Interest Payment Date and ending on (but excluding) the next succeeding Interest Payment Date.

(II) **Interest on Floating Rate Notes or Variable Rate Notes**

(a) **Interest Payment Dates**

Each Floating Rate Note or Variable Rate Note bears interest on its Calculation Amount from the Interest Commencement Date in respect thereof and as shown on the face of such Note, and such interest will be payable in arrear on each interest payment date (“**Interest Payment Date**”). Such Interest Payment Date(s) is/are either shown hereon as Specified Interest Payment Date(s) or, if no Specified Interest Payment Date(s) is/are shown hereon, Interest Payment Date shall mean each date which (save as mentioned in these Conditions) falls the number of months specified as the Interest Period (as defined below) on the face of the Note (the “**Specified Number of Months**”)

after the preceding Interest Payment Date or, in the case of the first Interest Payment Date, after the Interest Commencement Date (and which corresponds numerically with such preceding Interest Payment Date or the Interest Commencement Date, as the case may be), provided that the Agreed Yield (as defined in Condition 5(II)(c)) in respect of any Variable Rate Note for any Interest Period relating to that Variable Rate Note shall be payable on the first day of that Interest Period. If any Interest Payment Date referred to in these Conditions that is specified to be subject to adjustment in accordance with a Business Day Convention would otherwise fall on a day that is not a business day (as defined below), then if the Business Day Convention specified is (1) the Floating Rate Business Day Convention, such date shall be postponed to the next day which is a business day unless it would thereby fall into the next calendar month, in which event (i) such date shall be brought forward to the immediately preceding business day and (ii) each subsequent such date shall be the last business day of the month in which such date would have fallen had it not been subject to adjustment, (2) the Following Business Day Convention, such date shall be postponed to the next day that is a business day, (3) the Modified Following Business Day Convention, such date shall be postponed to the next day that is a business day unless it would thereby fall into the next calendar month, in which event such date shall be brought forward to the immediately preceding business day or (4) the Preceding Business Day Convention, such date shall be brought forward to the immediately preceding business day.

The period beginning on the Interest Commencement Date and ending on the first Interest Payment Date and each successive period beginning on an Interest Payment Date and ending on the next succeeding Interest Payment Date is herein called an **“Interest Period”**.

Interest will cease to accrue on each Floating Rate Note or Variable Rate Note from the due date for redemption thereof unless, upon due presentation and subject to the provisions of the Trust Deed, payment of the Redemption Amount is improperly withheld or refused, in which event interest will continue to accrue (as well after as before judgment) at the rate and in the manner provided in this Condition 5(II) and the Agency Agreement to the Relevant Date.

(b) Rate of Interest – Floating Rate Notes

- (i) Each Floating Rate Note bears interest at a floating rate determined by reference to a Benchmark as stated on the face of such Floating Rate Note, being (in the case of Notes which are denominated in Singapore dollars) SIBOR (in which case such Note will be a SIBOR Note) or Swap Rate (in which case such Note will be a Swap Rate Note) or (in any other case or in the case of Notes which are denominated in a currency other than Singapore dollars) such other Benchmark as is set out on the face of such Note.

Such floating rate may be adjusted by adding or subtracting the Spread (if any) stated on the face of such Note. The “Spread” is the percentage rate per annum specified on the face of such Note as being applicable to the rate of interest for such Note. The rate of interest so calculated shall be subject to Condition 5(V)(a) below.

The rate of interest payable in respect of a Floating Rate Note from time to time is referred to in these Conditions as the **“Rate of Interest”**.

- (ii) The Rate of Interest payable from time to time in respect of each Floating Rate Note will be determined by the Agent Bank on the basis of the following provisions:
- (1) in the case of Floating Rate Notes which are SIBOR Notes:
- (A) the Agent Bank will, at or about the Relevant Time on the relevant Interest Determination Date in respect of each Interest Period, determine the Rate of Interest for such Interest Period which shall be the offered rate for deposits in Singapore dollars for a period equal to the duration of such Interest Period which appears on the Reuters Screen ABSFIX01 Page under the caption "ABS SIBOR FIX – SIBOR AND SWAP OFFER RATES – RATES AT 11.00 HRS SINGAPORE TIME" and under the column headed "SGD SIBOR" (or such other replacement page thereof for the purpose of displaying SIBOR or such other Screen Page (as defined below) as may be provided hereon) and as adjusted by the Spread (if any);
 - (B) if no such rate appears on the Reuters Screen ABSFIX01 Page (or such other replacement page as aforesaid) or if the Reuters Screen ABSFIX01 Page (or such other replacement page as aforesaid) is unavailable for any reason, the Agent Bank will request the principal Singapore offices of each of the Reference Banks to provide the Agent Bank with the rate at which deposits in Singapore dollars are offered by it at approximately the Relevant Time on the Interest Determination Date to prime banks in the Singapore interbank market for a period equivalent to the duration of such Interest Period commencing on such Interest Payment Date in an amount comparable to the aggregate principal amount of the relevant Floating Rate Notes. The Rate of Interest for such Interest Period shall be the arithmetic mean (rounded up, if necessary, to four decimal places) of such offered quotations and as adjusted by the Spread (if any), as determined by the Agent Bank;
 - (C) if on any Interest Determination Date two but not all the Reference Banks provide the Agent Bank with such quotations, the Rate of Interest for the relevant Interest Period shall be determined in accordance with (B) above on the basis of the quotations of those Reference Banks providing such quotations; and
 - (D) if on any Interest Determination Date one only or none of the Reference Banks provides the Agent Bank with such quotation, the Rate of Interest for the relevant Interest Period shall be the rate per annum which the Agent Bank determines to be the arithmetic mean (rounded up, if necessary, to four decimal places) of the prime lending rates for Singapore dollars quoted by the Reference Banks at or about the Relevant Time on such Interest Determination Date and as adjusted by the Spread (if any);
- (2) in the case of Floating Rate Notes which are Swap Rate Notes:
- (A) the Agent Bank will, at or about the Relevant Time on the relevant Interest Determination Date in respect of each Interest Period, determine the Rate of Interest for such Interest Period as being the rate which appears on the Reuters Screen ABSFIX01 Page under the caption "SGD SOR rates as of 11:00hrs London Time" under the column headed "SGD SOR" (or such replacement page thereof for the purpose of displaying the swap rates of leading reference banks) at or about the Relevant Time on such Interest Determination Date and for a period equal to the duration of such Interest Period and as adjusted by the Spread (if any);

- (B) if on any Interest Determination Date no such rate is quoted on the Reuters Screen ABSFIX01 Page (or such other replacement page as aforesaid) or the Reuters Screen ABSFIX01 Page (or such other replacement page as aforesaid) is unavailable for any reason, the Agent Bank will determine the Rate of Interest for such Interest Period as being the rate (or, if there is more than one rate which is published, the arithmetic mean of those rates (rounded up, if necessary, to four decimal places)) for a period equal to the duration of such Interest Period published by a recognised industry body where such rate is widely used (after taking into account the industry practice at that time), or by such other relevant authority as may be agreed between the Agent Bank and the Issuer, and as adjusted by the Spread (if any); and
 - (C) if on any Interest Determination Date the Agent Bank is unable to determine the Rate of Interest under paragraph (b)(ii)(2)(B) above or if no agreement on the relevant authority is reached between the Agent Bank and the Issuer under paragraph (b)(ii)(2)(B) above, the Rate of Interest shall be determined by the Agent Bank to be the rate per annum equal to the arithmetic mean (rounded up, if necessary, to four decimal places) of the rates quoted by the Singapore offices of the Reference Banks or those of them (being at least two in number) to the Agent Bank at or about 11.00 a.m. (Singapore time) on the first business day following such Interest Determination Date as being their cost (including the cost occasioned by or attributable to complying with reserves, liquidity, deposit or other requirements imposed on them by any relevant authority or authorities) of funding, for the relevant Interest Period, an amount equal to the aggregate principal amount of the relevant Floating Rate Notes for such Interest Period by whatever means they determine to be most appropriate and as adjusted by the Spread (if any), or if on such day one only or none of the Singapore offices of the Reference Banks provides the Agent Bank with such quotation, the Rate of Interest for the relevant Interest Period shall be the rate per annum equal to the arithmetic mean (rounded up, if necessary, to four decimal places) of the prime lending rates for Singapore dollars quoted by the Singapore offices of the Reference Banks at or about 11.00 a.m. (Singapore time) on such Interest Determination Date and as adjusted by the Spread (if any); and
- (3) in the case of Floating Rate Notes which are not SIBOR Notes or Swap Rate Notes or which are denominated in a currency other than Singapore dollars, the Agent Bank will determine the Rate of Interest in respect of any Interest Period at or about the Relevant Time on the Interest Determination Date in respect of such Interest Period as follows:
- (A) if the Primary Source (as defined below) for the Floating Rate Notes is a Screen Page, subject as provided below, the Rate of Interest in respect of such Interest Period shall be:
 - (aa) the Relevant Rate (as defined below) (where such Relevant Rate on such Screen Page is a composite quotation or is customarily supplied by one entity); or

(bb) the arithmetic mean of the Relevant Rates of the persons whose Relevant Rates appear on that Screen Page, in each case appearing on such Screen Page at the Relevant Time on the Interest Determination Date,

and as adjusted by the Spread (if any);

(B) if the Primary Source for the Floating Rate Notes is Reference Banks or if paragraph (b)(ii)(3)(A)(aa) applies and no Relevant Rate appears on the Screen Page at the Relevant Time on the Interest Determination Date or if paragraph (b)(ii)(3)(A)(bb) applies and fewer than two Relevant Rates appear on the Screen Page at the Relevant Time on the Interest Determination Date, subject as provided below, the Rate of Interest shall be the rate per annum which the Agent Bank determines to be the arithmetic mean (rounded up, if necessary, to four decimal places) of the Relevant Rates that each of the Reference Banks is quoting to leading banks in the Relevant Financial Centre (as defined below) at the Relevant Time on the Interest Determination Date and as adjusted by the Spread (if any); and

(C) if paragraph (b)(ii)(3)(B) applies and the Agent Bank determines that fewer than two Reference Banks are so quoting Relevant Rates, the Rate of Interest shall be the Rate of Interest determined on the previous Interest Determination Date.

(iii) On the last day of each Interest Period, the Issuer will pay interest on each Floating Rate Note to which such Interest Period relates at the Rate of Interest for such Interest Period.

(iv) For the avoidance of doubt, in the event that the Rate of Interest in relation to any Interest Period is less than zero, the Rate of Interest in relation to such Interest Period shall be equal to zero.

(c) Rate of Interest – Variable Rate Notes

(i) Each Variable Rate Note bears interest at a variable rate determined in accordance with the provisions of this paragraph (c). The interest payable in respect of a Variable Rate Note on the first day of an Interest Period relating to that Variable Rate Note is referred to in these Conditions as the “**Agreed Yield**” and the rate of interest payable in respect of a Variable Rate Note on the last day of an Interest Period relating to that Variable Rate Note is referred to in these Conditions as the “**Rate of Interest**”.

(ii) The Agreed Yield or, as the case may be, the Rate of Interest payable from time to time in respect of each Variable Rate Note for each Interest Period shall, subject as referred to in paragraph (c)(iv) below, be determined as follows:

(1) not earlier than 9.00 a.m. (Singapore time) on the ninth business day nor later than 3.00 p.m. (Singapore time) on the third business day prior to the commencement of each Interest Period, the Issuer and the Relevant Dealer (as defined below) shall endeavour to agree on the following:

(A) whether interest in respect of such Variable Rate Note is to be paid on the first day or the last day of such Interest Period;

- (B) if interest in respect of such Variable Rate Note is agreed between the Issuer and the Relevant Dealer to be paid on the first day of such Interest Period, an Agreed Yield in respect of such Variable Rate Note for such Interest Period (and, in the event of the Issuer and the Relevant Dealer so agreeing on such Agreed Yield, the Interest Amount (as defined below) for such Variable Rate Note for such Interest Period shall be zero); and
 - (C) if interest in respect of such Variable Rate Note is agreed between the Issuer and the Relevant Dealer to be paid on the last day of such Interest Period, a Rate of Interest in respect of such Variable Rate Note for such Interest Period (an “**Agreed Rate**”) and, in the event of the Issuer and the Relevant Dealer so agreeing on an Agreed Rate, such Agreed Rate shall be the Rate of Interest for such Variable Rate Note for such Interest Period; and
 - (2) if the Issuer and the Relevant Dealer shall not have agreed either an Agreed Yield or an Agreed Rate in respect of such Variable Rate Note for such Interest Period by 3.00 p.m. (Singapore time) on the third business day prior to the commencement of such Interest Period, or if there shall be no Relevant Dealer during the period for agreement referred to in (1) above, the Rate of Interest for such Variable Rate Note for such Interest Period shall automatically be the rate per annum equal to the Fall Back Rate (as defined below) for such Interest Period.
- (iii) The Issuer has undertaken to the Issuing and Paying Agent and the Agent Bank that it will as soon as possible after the Agreed Yield or, as the case may be, the Agreed Rate in respect of any Variable Rate Note is determined but not later than 10.30 a.m. (Singapore time) on the next following business day after the business day during which the Agreed Yield or, as the case may be, the Agreed Rate for such Variable Rate Note is determined:
 - (1) notify the Issuing and Paying Agent and the Agent Bank of the Agreed Yield or, as the case may be, the Agreed Rate for such Variable Rate Note for such Interest Period; and
 - (2) cause such Agreed Yield or, as the case may be, Agreed Rate for such Variable Rate Note to be notified by the Issuing and Paying Agent to the relevant Noteholder at its request.
- (iv) For the purposes of sub-paragraph (ii) above, the Rate of Interest for each Interest Period for which there is neither an Agreed Yield nor Agreed Rate in respect of any Variable Rate Note or no Relevant Dealer in respect of the Variable Rate Note(s) shall be the rate (the “**Fall Back Rate**”) determined by reference to a Benchmark as stated on the face of such Variable Rate Note(s), being (in the case of Variable Rate Notes which are denominated in Singapore dollars) SIBOR (in which case such Variable Rate Note(s) will be SIBOR Note(s)) or Swap Rate (in which case such Variable Rate Note(s) will be Swap Rate Note(s)) or (in any other case or in the case of Variable Rate Notes which are denominated in a currency other than Singapore dollars) such other Benchmark as is set out on the face of such Variable Rate Note(s).

Such rate may be adjusted by adding or subtracting the Spread (if any) stated on the face of such Variable Rate Note. The “Spread” is the percentage rate per annum specified on the face of such Variable Rate Note as being applicable to the rate of interest for such Variable Rate Note. The rate of interest so calculated shall be subject to Condition 5(V)(a) below.

The Fall Back Rate payable from time to time in respect of each Variable Rate Note will be determined by the Agent Bank in accordance with the provisions of Condition 5(II)(b)(ii) above (*mutatis mutandis*) and references therein to “**Rate of Interest**” shall mean “**Fall Back Rate**”.

- (v) If interest is payable in respect of a Variable Rate Note on the first day of an Interest Period relating to such Variable Rate Note, the Issuer will pay the Agreed Yield applicable to such Variable Rate Note for such Interest Period on the first day of such Interest Period. If interest is payable in respect of a Variable Rate Note on the last day of an Interest Period relating to such Variable Rate Note, the Issuer will pay the Interest Amount for such Variable Rate Note for such Interest Period on the last day of such Interest Period.
- (vi) For the avoidance of doubt, in the event that the Rate of Interest in relation to any Interest Period is less than zero, the Rate of Interest in relation to such Interest Period shall be equal to zero.

(d) Definitions

As used in these Conditions:

“**Benchmark**” means the rate specified as such in the applicable Pricing Supplement;

“**business day**” means, in respect of each Note, (i) a day (other than a Saturday, Sunday or gazetted public holiday) on which Euroclear, Clearstream, Luxembourg and the Depository, as applicable, are operating, (ii) a day (other than a Saturday, Sunday or gazetted public holiday) on which banks and foreign exchange markets are open for general business in the country of the Issuing and Paying Agent’s and, in the case of Non-CDP Notes, the Non-CDP Paying Agent’s specified office and (iii) (if a payment is to be made on that day) (1) (in the case of Notes denominated in Singapore dollars) a day (other than a Saturday, Sunday or gazetted public holiday) on which banks and foreign exchange markets are open for general business in Singapore, (2) (in the case of Notes denominated in Euros) a day (other than a Saturday, Sunday or gazetted public holiday) on which the TARGET System is open for settlement in Euros and (3) (in the case of Notes denominated in a currency other than Singapore dollars and Euros) a day (other than a Saturday, Sunday or gazetted public holiday) on which banks and foreign exchange markets are open for general business in the principal financial centre for that currency;

“**Calculation Amount**” means the amount specified as such on the face of any Note or, if no such amount is so specified, the Denomination Amount of such Note as shown on the face thereof;

“**Day Count Fraction**” means, in respect of the calculation of an amount of interest in accordance with Condition 5:

- (i) if “Actual/Actual” is specified in the applicable Pricing Supplement, the actual number of days in (in the case of Fixed Rate Notes or Hybrid Notes during the Fixed Rate Period) the Fixed Rate Interest Period or (in the case of Floating Rate

Notes, Variable Rate Notes or Hybrid Notes during the Floating Rate Period) the Interest Period divided by 365 (or, if any portion of that Fixed Rate Interest Period or, as the case may be, Interest Period falls in a leap year, the sum of (1) the actual number of days in that portion of the Fixed Rate Interest Period or, as the case may be, Interest Period falling in a leap year divided by 366 and (2) the actual number of days in that portion of the Fixed Rate Interest Period or, as the case may be, Interest Period falling in a non-leap year divided by 365);

- (ii) if “Actual/360” is specified in the applicable Pricing Supplement, the actual number of days in (in the case of Fixed Rate Notes or Hybrid Notes during the Fixed Rate Period) the Fixed Rate Interest Period or (in the case of Floating Rate Notes, Variable Rate Notes or Hybrid Notes during the Floating Rate Period) the Interest Period in respect of which payment is being made divided by 360; and
- (iii) if “Actual/365 (Fixed)” is specified in the applicable Pricing Supplement, the actual number of days in (in the case of Fixed Rate Notes or Hybrid Notes during the Fixed Rate Period) the Fixed Rate Interest Period or (in the case of Floating Rate Notes, Variable Rate Notes or Hybrid Notes during the Floating Rate Period) the Interest Period in respect of which payment is being made divided by 365;

“**Euro**” means the currency of the member states of the European Union that adopt the single currency in accordance with the Treaty establishing the European Community, as amended from time to time;

“**Interest Commencement Date**” means the Issue Date or such other date as may be specified as the Interest Commencement Date on the face of such Note;

“**Interest Determination Date**” means, in respect of any Interest Period, that number of business days prior thereto as is set out in the applicable Pricing Supplement or on the face of the relevant Note;

“**Primary Source**” means (i) the Screen Page specified as such in the applicable Pricing Supplement and (in the case of any Screen Page provided by any information service other than the Reuters Monitor Money Rates Service (“**Reuters**”)) agreed to by the Agent Bank or (ii) the Reference Banks, as the case may be;

“**Reference Banks**” means the institutions specified as such in the applicable Pricing Supplement or, if none, three major banks selected by the Agent Bank in the interbank market that is most closely connected with the Benchmark;

“**Relevant Currency**” means the currency in which the Notes are denominated;

“**Relevant Dealer**” means, in respect of any Variable Rate Note, the Dealer party to the Programme Agreement referred to in the Agency Agreement with whom the Issuer has concluded or is negotiating an agreement for the issue of such Variable Rate Note pursuant to the Programme Agreement;

“**Relevant Financial Centre**” means, in the case of interest to be determined on an Interest Determination Date with respect to any Floating Rate Note or Variable Rate Note, the financial centre with which the relevant Benchmark is most closely connected or, if none is so connected, Singapore;

“**Relevant Rate**” means the Benchmark for a Calculation Amount of the Relevant Currency for a period (if applicable or appropriate to the Benchmark) equal to the relevant Interest Period;

“Relevant Time” means, with respect to any Interest Determination Date, the local time in the Relevant Financial Centre at which it is customary to determine bid and offered rates in respect of deposits in the Relevant Currency in the inter-bank market in the Relevant Financial Centre;

“Screen Page” means such page, section, caption, column or other part of a particular information service (including, but not limited to, the Bloomberg agency and Reuters) as may be specified in the applicable Pricing Supplement for the purpose of providing the Benchmark, or such other page, section, caption, column or other part as may replace it on that information service or on such other information service, in each case as may be nominated by the person or organisation providing or sponsoring the information appearing there for the purpose of displaying rates or prices comparable to the Benchmark; and

“TARGET System” means the Trans-European Automated Real-Time Gross Settlement Express Transfer (known as TARGET 2) System which was launched on 19 November 2007 or any successor thereto.

(III) Interest on Hybrid Notes

(a) Interest Rate and Accrual

Each Hybrid Note bears interest on its Calculation Amount from the Interest Commencement Date in respect thereof and as shown on the face of such Note.

(b) Fixed Rate Period

- (i) In respect of the Fixed Rate Period shown on the face of such Note, each Hybrid Note bears interest on its Calculation Amount from the first day of the Fixed Rate Period at the rate per annum (expressed as a percentage) equal to the Interest Rate shown on the face of such Note payable in arrear on each Interest Payment Date or Interest Payment Dates shown on the face of the Note in each year and on the last day of the Fixed Rate Period if that date does not fall on an Interest Payment Date.
- (ii) The first payment of interest will be made on the Interest Payment Date next following the first day of the Fixed Rate Period (and if the first day of the Fixed Rate Period is not an Interest Payment Date, will amount to the Initial Broken Amount shown on the face of such Note), unless the last day of the Fixed Rate Period falls before the date on which the first payment of interest would otherwise be due. If the last day of the Fixed Rate Period is not an Interest Payment Date, interest from the preceding Interest Payment Date (or from the first day of the Fixed Rate Period, as the case may be) to the last day of the Fixed Rate Period will amount to the Final Broken Amount shown on the face of the Note.
- (iii) Where the due date of redemption of any Hybrid Note falls within the Fixed Rate Period, interest will cease to accrue on the Note from the due date for redemption thereof unless, upon due presentation and subject to the provisions of the Trust Deed, payment of principal (or Redemption Amount, as the case may be) is improperly withheld or refused, in which event interest at such rate will continue to accrue (as well after as before judgment) at the rate and in the manner provided in this Condition 5(III) and the Agency Agreement to the Relevant Date.

- (iv) In the case of a Hybrid Note, interest in respect of a period of less than one year will be calculated on the Day Count Fraction specified hereon during the Fixed Rate Period.

(c) Floating Rate Period

- (i) In respect of the Floating Rate Period shown on the face of such Note, each Hybrid Note bears interest on its Calculation Amount from the first day of the Floating Rate Period, and such interest will be payable in arrear on each interest payment date (“**Interest Payment Date**”). Such Interest Payment Date(s) is/are either shown hereon as Specified Interest Payment Date(s) or, if no Specified Interest Payment Date(s) is/are shown hereon, Interest Payment Date shall mean each date which (save as mentioned in these Conditions) falls the number of months specified as the Interest Period on the face of the Note (the “**Specified Number of Months**”) after the preceding Interest Payment Date or, in the case of the first Interest Payment Date, after the first day of the Floating Rate Period (and which corresponds numerically with such preceding Interest Payment Date or the first day of the Floating Rate Period, as the case may be). If any Interest Payment Date referred to in these Conditions that is specified to be subject to adjustment in accordance with a Business Day Convention would otherwise fall on a day that is not a business day, then if the Business Day Convention specified is (1) the Floating Rate Business Day Convention, such date shall be postponed to the next day which is a business day unless it would thereby fall into the next calendar month, in which event (i) such date shall be brought forward to the immediately preceding business day and (ii) each subsequent such date shall be the last business day of the month in which such date would have fallen had it not been subject to adjustment, (2) the Following Business Day Convention, such date shall be postponed to the next day that is a business day, (3) the Modified Following Business Day Convention, such date shall be postponed to the next day that is a business day unless it would thereby fall into the next calendar month, in which event such date shall be brought forward to the immediately preceding business day or (4) the Preceding Business Day Convention, such date shall be brought forward to the immediately preceding business day.
- (ii) The period beginning on the first day of the Floating Rate Period and ending on the first Interest Payment Date and each successive period beginning on an Interest Payment Date and ending on the next succeeding Interest Payment Date is herein called an “**Interest Period**”.
- (iii) Where the due date of redemption of any Hybrid Note falls within the Floating Rate Period, interest will cease to accrue on the Note from the due date for redemption thereof unless, upon due presentation thereof and subject to the provisions of the Trust Deed, payment of principal (or Redemption Amount, as the case may be) is improperly withheld or refused, in which event interest will continue to accrue (as well after as before judgment) at the rate and in the manner provided in this Condition 5(III) and the Agency Agreement to the Relevant Date.
- (iv) The provisions of Condition 5(II)(b) shall apply to each Hybrid Note during the Floating Rate Period as though references therein to Floating Rate Notes are references to Hybrid Notes.

(IV) Zero Coupon Notes

Where a Note the Interest Basis of which is specified to be Zero Coupon is repayable prior to the Maturity Date and is not paid when due, the amount due and payable prior to the Maturity Date shall be the Early Redemption Amount of such Note (determined in accordance with Condition 6(h)). As from the Maturity Date, the rate of interest for any overdue principal of such a Note shall be a rate per annum (expressed as a percentage) equal to the Amortisation Yield (as defined in Condition 6(h)).

(V) Calculations

(a) Determination of Rate of Interest and Calculation of Interest Amounts

The Agent Bank will, as soon as practicable after the Relevant Time on each Interest Determination Date determine the Rate of Interest and calculate the amount of interest payable (the “**Interest Amounts**”) in respect of each Calculation Amount of the relevant Floating Rate Notes, Variable Rate Notes or (where applicable) Hybrid Notes for the relevant Interest Period. The amount of interest payable in respect of any Floating Rate Note, Variable Rate Note or (where applicable) Hybrid Note shall be calculated by multiplying the product of the Rate of Interest and the Calculation Amount, by the Day Count Fraction shown on the Note and rounding the resultant figure to the nearest sub-unit of the relevant currency. The determination of any rate or amount, the obtaining of each quotation and the making of each determination or calculation by the Agent Bank shall (in the absence of manifest error) be final and binding upon all parties.

(b) Notification

The Agent Bank will cause the Rate of Interest and the Interest Amounts for each Interest Period and the relevant Interest Payment Date to be notified to the Issuing and Paying Agent, the Trustee and the Issuer as soon as possible after their determination but in no event later than the fourth business day after the relevant Interest Determination Date. In the case of Floating Rate Notes, the Agent Bank will also cause the Rate of Interest and the Interest Amounts for each Interest Period and the relevant Interest Payment Date to be notified to Noteholders in accordance with Condition 16 as soon as possible after their determination. The Interest Amounts and the Interest Payment Date so notified may subsequently be amended (or appropriate alternative arrangements made by way of adjustment) without notice in the event of an extension or shortening of the Interest Period by reason of any Interest Payment Date not being a business day. If the Floating Rate Notes, Variable Rate Notes or, as the case may be, Hybrid Notes become due and payable under Condition 10, the Rate of Interest and Interest Amounts payable in respect of the Floating Rate Notes, Variable Rate Notes or, as the case may be, Hybrid Notes shall nevertheless continue to be calculated as previously in accordance with this Condition but no publication of the Rate of Interest and Interest Amounts need to be made unless the Trustee requires otherwise.

(c) Determination or Calculation by the Trustee

If the Agent Bank does not at any material time determine or calculate the Rate of Interest for an Interest Period or any Interest Amount, the Trustee shall do so. In doing so, the Trustee shall apply the foregoing provisions of this Condition, with any necessary consequential amendments, to the extent that, in its opinion, it can do so, and, in all other respects, it shall do so in such manner as it shall deem fair and reasonable in all the circumstances.

(d) Agent Bank and Reference Banks

The Issuer will procure that, so long as any Floating Rate Note, Variable Rate Note or Hybrid Note remains outstanding, there shall at all times be three Reference Banks (or such other number as may be required) and, so long as any Floating Rate Note, Variable Rate Note, Hybrid Note or Zero Coupon Note remains outstanding, there shall at all times be an Agent Bank. If any Reference Bank (acting through its relevant office) is unable or unwilling to continue to act as a Reference Bank or the Agent Bank is unable or unwilling to act as such or if the Agent Bank fails duly to establish the Rate of Interest for any Interest Period or to calculate the Interest Amounts, the Issuer will appoint another bank with an office in the Relevant Financial Centre to act as such in its place. The Agent Bank may not resign from its duties without a successor having been appointed as aforesaid.

6. Redemption and Purchase

(a) Final Redemption

Unless previously redeemed or purchased and cancelled as provided below, this Note will be redeemed at its Redemption Amount on the Maturity Date shown on its face (if this Note is shown on its face to be a Fixed Rate Note, Hybrid Note (during the Fixed Rate Period) or Zero Coupon Note) or on the Interest Payment Date falling in the Redemption Month shown on its face (if this Note is shown on its face to be a Floating Rate Note, Variable Rate Note or Hybrid Note (during the Floating Rate Period)).

(b) Purchase at the Option of the Issuer

If so provided hereon, the Issuer shall have the option to purchase all or any of the Fixed Rate Notes, Floating Rate Notes, Variable Rate Notes or Hybrid Notes at their Redemption Amount on any date on which interest is due to be paid on such Notes and the Noteholders shall be bound to sell such Notes to the Issuer accordingly. To exercise such option, the Issuer shall give irrevocable notice to the Noteholders within the Issuer's Purchase Option Period shown on the face hereof. Such Notes may be held, resold or surrendered to the Issuing and Paying Agent for cancellation. The Notes so purchased, while held by or on behalf of the Issuer, shall not entitle the holder to vote at any meetings of the Noteholders and shall not be deemed to be outstanding for the purposes of calculating quorums at meetings of the Noteholders or for the purposes of Conditions 10, 11 and 12.

In the case of a purchase of some only of the Notes, the notice to Noteholders shall also contain the certificate numbers of the Bearer Notes, or in the case of Registered Notes, shall specify the principal amount of Registered Notes drawn and the holder(s) of such Registered Notes, to be purchased, which shall have been drawn by or on behalf of the Issuer in such place and in such manner as may be agreed between the Issuer and the Trustee, subject to compliance with any applicable laws. So long as the Notes are listed on any Stock Exchange (as defined in the Trust Deed), the Issuer shall comply with the rules of such Stock Exchange in relation to the publication of any purchase of such Notes.

(c) Purchase at the Option of Noteholders

(i) Each Noteholder shall have the option to have all or any of his Variable Rate Notes purchased by the Issuer at their Redemption Amount on any Interest Payment Date and the Issuer will purchase such Variable Rate Notes accordingly. To exercise such option, a Noteholder shall deposit (in the case of Bearer Notes) such Variable Rate Notes (together with all unmatured Coupons and unexchanged Talons) with the Issuing and Paying Agent at its specified office or (in the case of Registered Notes) the Certificate

representing such Variable Rate Notes to be purchased with the Registrar or any other Transfer Agent at its specified office, together with a duly completed option exercise notice in the form obtainable from the Issuing and Paying Agent, the Registrar or any Transfer Agent (as applicable) within the Noteholders' VRN Purchase Option Period shown on the face hereof. Any Variable Rate Notes or Certificates representing such Variable Rate Notes so deposited may not be withdrawn (except as provided in the Agency Agreement) without the prior consent of the Issuer. Such Variable Rate Notes may be held, resold or surrendered for cancellation, in the case of Bearer Notes, by surrendering such Variable Rate Note (together with all unmatured Coupons and unexchanged Talons) to the Issuing and Paying Agent and in the case of Registered Notes, by surrendering the Certificate representing such Variable Rate Note to the Registrar. The Variable Rate Notes so purchased, while held by or on behalf of the Issuer, shall not entitle the holder to vote at any meetings of the Noteholders and shall not be deemed to be outstanding for the purposes of calculating quorums at meetings of the Noteholders or for the purposes of Conditions 10, 11 and 12.

- (ii) If so provided hereon, each Noteholder shall have the option to have all or any of his Fixed Rate Notes, Floating Rate Notes or Hybrid Notes purchased by the Issuer at their Redemption Amount on any date on which interest is due to be paid on such Notes and the Issuer will purchase such Notes accordingly. To exercise such option, a Noteholder shall deposit (in the case of Bearer Notes) such Note to be purchased (together with all unmatured Coupons and unexchanged Talons) with the Issuing and Paying Agent at its specified office or (in the case of Registered Notes) the Certificate representing such Note(s) to be purchased with the Registrar or any other Transfer Agent at its specified office, together with a duly completed option exercise notice in the form obtainable from the Issuing and Paying Agent, the Registrar or any Transfer Agent (as applicable) within the Noteholders' Purchase Option Period shown on the face hereof. Any Notes or Certificates so deposited may not be withdrawn (except as provided in the Agency Agreement) without the prior consent of the Issuer. Such Notes may be held, resold or surrendered for cancellation, in the case of Bearer Notes, by surrendering such Note (together with all unmatured Coupons and unexchanged Talons) to the Issuing and Paying Agent and, in the case of Registered Notes, by surrendering the Certificate representing such Notes to the Registrar. The Notes so purchased, while held by or on behalf of the Issuer, shall not entitle the holder to vote at any meetings of the Noteholders and shall not be deemed to be outstanding for the purposes of calculating quorums at meetings of the Noteholders or for the purposes of Conditions 10, 11 and 12.

(d) Redemption at the Option of the Issuer

If so provided hereon, the Issuer may, on giving irrevocable notice to the Noteholders falling within the Issuer's Redemption Option Period shown on the face hereof, redeem all or, if so provided, some of the Notes at their Redemption Amount or integral multiples thereof and on the date or dates so provided. Any such redemption of Notes shall be at their Redemption Amount, together with interest accrued to the date fixed for redemption.

All Notes in respect of which any such notice is given shall be redeemed on the date specified in such notice in accordance with this Condition 6(d).

In the case of a partial redemption of the Notes, the notice to Noteholders shall also contain the certificate numbers of the Bearer Notes or, in the case of Registered Notes, shall specify the principal amount of Registered Notes drawn and the holder(s) of such Registered Notes, to be redeemed, which shall have been drawn by or on behalf of the Issuer in such place and in such manner as may be agreed between the Issuer and the Trustee, subject to compliance

with any applicable laws. So long as the Notes are listed on any Stock Exchange, the Issuer shall comply with the rules of such Stock Exchange in relation to the publication of any redemption of such Notes.

(e) Redemption at the Option of Noteholders

- (i) If so provided hereon, the Issuer shall, at the option of the holder of any Note, redeem such Note on the date or dates so provided at its Redemption Amount, together with interest accrued to the date fixed for redemption. To exercise such option, the holder must deposit (in the case of Bearer Notes) such Note (together with all unmatured Coupons and unexchanged Talons) with the Issuing and Paying Agent or any other Paying Agent at its specified office or (in the case of Registered Notes) the Certificate representing such Note(s) with the Registrar or any other Transfer Agent at its specified office, together with a duly completed option exercise notice in the form obtainable from the Issuing and Paying Agent, the Registrar, any other Transfer Agent or the Issuer (as applicable) within the Noteholders' Redemption Option Period shown on the face hereof. Any Note or Certificate so deposited may not be withdrawn (except as provided in the Agency Agreement) without the prior consent of the Issuer.

- (ii) If so provided hereon, if, for any reason, a Change of Control Event occurs, the Issuer will within seven days of such occurrence give notice to the Noteholders of the occurrence of such event (the "**Notice**") and shall, at the option of the holder of any Note, redeem such Note at its Redemption Amount, together with interest accrued to the date fixed for redemption, on the date falling 60 days from the date of the Notice (or if such date is not a business day, on the next day which is a business day). To exercise such option, the holder must deposit (in the case of Bearer Notes) such Note (together with all unmatured Coupons and unexchanged Talons) with the Issuing and Paying Agent at its specified office or (in the case of Registered Notes) the Certificate representing such Note(s) with the Registrar or any other Transfer Agent at its specified office, together with a duly completed option exercise notice in the form obtainable from the Issuing and Paying Agent, the Registrar, any other Transfer Agent or the Issuer (as applicable) no later than 30 days from the date of the Notice. Any Note or Certificate so deposited may not be withdrawn (except as provided in the Agency Agreement) without the prior consent of the Issuer.

For the purposes of this Condition 6(e)(ii), a "**Change of Control Event**" occurs when:

- (1) OUE Lippo Healthcare Limited ceases to own (whether directly or indirectly) an interest in at least 8 per cent. of all the units in First REIT;

- (2) OUE Limited ceases to own (whether directly or indirectly) an interest in at least 40 per cent. of the shares of Bowsprit Capital Corporation Limited (in its capacity as manager of First REIT) whilst it is the manager of First REIT;

- (3) (A) an offer is made to all (or as nearly as may be practicable all) Holders (as defined in the Trust Deed) (or all (or as nearly as may be practicable all) Holders other than the offeror and/or any person acting in concert (as defined in the Singapore Code on Takeovers and Mergers) with the offeror) to acquire the whole of the issued units of First REIT, or (B) any person proposes a scheme of arrangement with regard to such acquisition, and (such offer or scheme having become or been declared unconditional in all respects) the right to cast more than 50 per cent. of the votes which may ordinarily be cast on a poll at a general meeting of Holders of First REIT has become unconditionally vested in the offeror and/or such person(s) acting in concert as aforesaid, or an event occurs which has a like or similar effect;

- (4) there is a direct or indirect sale, transfer, conveyance or other disposition, in one or a series of related transactions, of all or substantially all of the properties or assets of First REIT and its subsidiaries, taken as a whole, to any person or group; or
 - (5) a plan is adopted relating to the liquidation or dissolution of First REIT.
- (iii) In the event that (1) the units in First REIT cease to be traded on the SGX-ST or (2) trading in the units in First REIT on the SGX-ST is suspended for a continuous period of more than seven days (other than by reason of holiday, statutory or otherwise), the Issuer shall, at the option of the holder of any Note, redeem such Note at its Redemption Amount together with interest accrued to the date fixed for redemption on any date on which interest is due to be paid on such Notes or, if earlier, the date falling 45 days after (in the case of (1)) the date of cessation of trading or (in the case of (2)) the business day immediately following the expiry of such continuous period of seven days (in either case, the “**Effective Date**”). The Issuer shall within seven days after the Effective Date, give notice to the Trustee, the Issuing and Paying Agent, the Registrar, the Transfer Agent and the Noteholders of the occurrence of the event specified in this sub-paragraph (iii) (provided that any failure by the Issuer to give such notice shall not prejudice any Noteholder of such option). To exercise such option, the holder must deposit (in the case of Bearer Notes) such Note (together with all unmatured Coupons and unexchanged Talons) with the Issuing and Paying Agent at its specified office or (in the case of Registered Notes) the Certificate representing such Note(s) with the Registrar or any other Transfer Agent at its specified office, together with a duly completed option exercise notice in the form obtainable from the Issuing and Paying Agent, the Registrar, any other Transfer Agent or the Issuer (as applicable) not later than 21 days after the Effective Date. Any Note so deposited may not be withdrawn (except as provided in the Agency Agreement) without the prior consent of the Issuer.

(f) Redemption for Taxation Reasons

If so provided hereon, the Notes may be redeemed at the option of the Issuer in whole, but not in part, on any Interest Payment Date or, if so specified hereon, at any time on giving not less than 30 nor more than 60 days’ notice to the Noteholders (which notice shall be irrevocable), at their Redemption Amount or (in the case of Zero Coupon Notes) Early Redemption Amount (as defined in Condition 6(h) below) (together with interest accrued to (but excluding) the date fixed for redemption), if (i) the Issuer has or will become obliged to pay additional amounts as provided or referred to in Condition 8, or increase the payment of such additional amounts, as a result of any change in, or amendment to, the laws (or any regulations, rulings or other administrative pronouncements promulgated thereunder) of Singapore or any political subdivision or any authority thereof or therein having power to tax, or any change in the application or official interpretation of such laws, regulations, rulings or other administrative pronouncements, which change or amendment is made public on or after the Issue Date or any other date specified in the Pricing Supplement, and (ii) such obligations cannot be avoided by the Issuer taking reasonable measures available to it, provided that no such notice of redemption shall be given earlier than 90 days prior to the earliest date on which the Issuer would be obliged to pay such additional amounts were a payment in respect of the Notes then due. Prior to the publication of any notice of redemption pursuant to this paragraph, the Issuer shall deliver to the Trustee and the Issuing and Paying Agent a certificate signed by two duly authorised signatories of the Issuer stating that the Issuer is entitled to effect such redemption and setting forth a statement of facts showing that the conditions precedent to the right of the Issuer so to redeem have occurred, and an opinion of independent legal advisers of recognised standing to the effect that the Issuer has or is likely to become obliged to pay such additional amounts as a result of such change or amendment.

(g) Purchases

The Issuer or any of the related corporations of First REIT may at any time purchase Notes at any price (provided that they are purchased together with all unmatured Coupons and unexchanged Talons relating to them) in the open market or otherwise, provided that in any such case such purchase or purchases is in compliance with all relevant laws, regulations and directives.

Notes purchased by the Issuer or any of the related corporations of First REIT may be surrendered by the purchaser through the Issuer to, in the case of Bearer Notes, the Issuing and Paying Agent and, in the case of Registered Notes, the Registrar for cancellation or may at the option of the Issuer or relevant related corporation be held or resold.

For the purposes of these Conditions, “**directive**” includes any present or future directive, regulation, request, requirement, rule or credit restraint programme of any relevant agency, authority, central bank department, government, legislative, minister, ministry, official public or statutory corporation, self-regulating organisation or stock exchange.

(h) Early Redemption of Zero Coupon Notes

- (i) The Early Redemption Amount payable in respect of any Zero Coupon Note, the Early Redemption Amount of which is not linked to an index and/or formula, upon redemption of such Note pursuant to Condition 6(f) or upon it becoming due and payable as provided in Condition 10, shall be the Amortised Face Amount (calculated as provided below) of such Note unless otherwise specified hereon.
- (ii) Subject to the provisions of sub-paragraph (iii) below, the Amortised Face Amount of any such Note shall be the scheduled Redemption Amount of such Note on the Maturity Date discounted at a rate per annum (expressed as a percentage) equal to the Amortisation Yield (which, if none is shown hereon, shall be such rate as would produce an Amortised Face Amount equal to the issue price of the Notes if they were discounted back to their issue price on the Issue Date) compounded annually.
- (iii) If the Early Redemption Amount payable in respect of any such Note upon its redemption pursuant to Condition 6(f) or upon it becoming due and payable as provided in Condition 10 is not paid when due, the Early Redemption Amount due and payable in respect of such Note shall be the Amortised Face Amount of such Note as defined in sub-paragraph (ii) above, except that such sub-paragraph shall have effect as though the date on which the Note becomes due and payable were the Relevant Date. The calculation of the Amortised Face Amount in accordance with this sub-paragraph will continue to be made (as well after as before judgment) until the Relevant Date, unless the Relevant Date falls on or after the Maturity Date, in which case the amount due and payable shall be the scheduled Redemption Amount of such Note on the Maturity Date together with any interest which may accrue in accordance with Condition 5(IV).

Where such calculation is to be made for a period of less than one year, it shall be made on the basis of the Day Count Fraction shown hereon.

(i) Redemption upon Termination of First REIT

In the event that First REIT is terminated in accordance with the provisions of the First REIT Trust Deed (as defined in the Trust Deed), the Issuer shall redeem all (and not some only) of the Notes at their Redemption Amount together with interest accrued to the date fixed for redemption on any date on which interest is due to be paid on such Notes or, if earlier, the date of termination of First REIT.

The Issuer shall forthwith notify the Trustee, the Agents and the Noteholders of the termination of First REIT.

(j) Cancellation

All Notes purchased by or on behalf of the Issuer or any of the related corporations of First REIT may be surrendered for cancellation, in the case of Bearer Notes, by surrendering each such Note together with all unmatured Coupons and all unexchanged Talons to the Issuing and Paying Agent at its specified office and, in the case of Registered Notes, by surrendering the Certificate representing such Notes to the Registrar and, in each case, if so surrendered, shall, together with all Notes redeemed by the Issuer, be cancelled forthwith (together with all unmatured Coupons and unexchanged Talons attached thereto or surrendered therewith). Any Notes or Certificates so surrendered for cancellation may not be reissued or resold.

7. Payments

(a) Principal and Interest in respect of Bearer Notes

Payments of principal and interest (which shall include the Redemption Amount and the Early Redemption Amount) in respect of Bearer Notes will, subject as mentioned below, be made against presentation and surrender of the relevant Notes or Coupons, as the case may be, at the specified office of the Issuing and Paying Agent by a cheque drawn in the currency in which payment is due on, or, at the option of the payee, by transfer to an account maintained by the payee in that currency with, a bank in the principal financial centre for that currency.

(b) Principal and Interest in respect of Registered Notes

(i) Payments of principal in respect of Registered Notes will, subject as mentioned below, be made against presentation and surrender of the relevant Certificates at the specified office of the Registrar or any of the other Transfer Agents and in the manner provided in Condition 7(b)(ii).

(ii) Interest on Registered Notes shall be paid to the person shown on the Register at the close of business on the fifteenth day before the due date for payment thereof (the "**Record Date**"). Payments of interest on each Registered Note shall be made by a cheque drawn in the currency in which payment is due on and mailed to the holder (or to the first named of joint holders) of such Note at its address appearing in the Register. Upon application by the holder to the specified office of the Registrar or any other Transfer Agent before the Record Date, such payment of interest may be made by transfer to an account maintained by the holder in that currency with, a bank in the principal financial centre for that currency.

(c) Payments subject to law etc.

All payments are subject in all cases to (i) any applicable fiscal or other laws, regulations and directives, but without prejudice to the provisions of Condition 8 and (ii) any withholding or deduction required pursuant to an agreement described in Section 1471(b) of the U.S. Internal Revenue Code of 1986 (the "**Code**") or otherwise imposed pursuant to Sections 1471 through 1474 of the Code, any regulations or agreements thereunder, any official interpretations thereof, or (without prejudice to the provisions of Condition 8) any law implementing an intergovernmental approach thereto. No commission or expenses shall be charged to the Noteholders or Couponholders in respect of such payments.

(d) Appointment of Agents

The Paying Agents, the Agent Bank, the Transfer Agents and the Registrars and their specified offices are listed below. The Issuer reserves the right at any time to vary or terminate the appointment of the Paying Agents, the Agent Bank, any Transfer Agent and the Registrars and to appoint additional or other Paying Agents, Agent Banks, Transfer Agents and Registrars, provided that it will at all times maintain (i) an Issuing and Paying Agent, a CDP Transfer Agent and a CDP Registrar having a specified office in Singapore and (ii) an Agent Bank where the Conditions so require.

Notice of any such change or any change of any specified office will promptly be given to the Noteholders in accordance with Condition 16.

The Agency Agreement may be amended by the Issuer, the Issuing and Paying Agent, the Agent Bank, the Transfer Agent, the Registrar and the Trustee, without the consent of the holder of any Note or Coupon, for the purpose of curing any ambiguity or of curing, correcting or supplementing any defective provision contained therein or in any manner which the Issuer, the Issuing and Paying Agent, the Agent Bank, the Transfer Agent, the Registrar and the Trustee may mutually deem necessary or desirable and which does not, in the reasonable opinion of the Issuer, the Issuing and Paying Agent, the Agent Bank, the Transfer Agent, the Registrar and the Trustee, materially and adversely affect the interests of the holders of the Notes or the Coupons.

(e) Unmatured Coupons and unexchanged Talons

- (i) Bearer Notes which comprise Fixed Rate Notes and Hybrid Notes should be surrendered for payment together with all unexpired Coupons (if any) relating to such Notes (and, in the case of Hybrid Notes, relating to interest payable during the Fixed Rate Period), failing which an amount equal to the face value of each missing unexpired Coupon (or, in the case of payment not being made in full, that proportion of the amount of such missing unexpired Coupon which the sum of principal so paid bears to the total principal due) will be deducted from the Redemption Amount due for payment. Any amount so deducted will be paid in the manner mentioned above against surrender of such missing Coupon within a period of five years from the Relevant Date for the payment of such principal (whether or not such Coupon has become void pursuant to Condition 9).
- (ii) Subject to the provisions of the relevant Pricing Supplement, upon the due date for redemption of any Bearer Note comprising a Floating Rate Note, Variable Rate Note or Hybrid Note, unexpired Coupons relating to such Note (and, in the case of Hybrid Notes, relating to interest payable during the Floating Rate Period) (whether or not attached) shall become void and no payment shall be made in respect of them.
- (iii) Upon the due date for redemption of any Bearer Note, any unexpired Talon relating to such Note (whether or not attached) shall become void and no Coupon shall be delivered in respect of such Talon.
- (iv) Where any Bearer Note comprising a Floating Rate Note, Variable Rate Note or Hybrid Note is presented for redemption without all unexpired Coupons relating to it, and where any Bearer Note is presented for redemption without any unexpired Talon relating to it (and, in the case of Hybrid Notes, relating to interest payable during the Floating Rate Period), redemption shall be made only against the provision of such indemnity as the Issuer may require.

- (v) If the due date for redemption or repayment of any Note is not a due date for payment of interest, interest accrued from the preceding due date for payment of interest or the Interest Commencement Date, as the case may be, shall only be payable against presentation (and surrender if appropriate) of the relevant Bearer Note or Certificate.

(f) Talons

On or after the Interest Payment Date for the final Coupon forming part of a Coupon sheet issued in respect of any Bearer Note, the Talon forming part of such Coupon sheet may be surrendered at the specified office of the Issuing and Paying Agent on any business day in exchange for a further Coupon sheet (and if necessary another Talon for a further Coupon sheet) (but excluding any Coupons that may have become void pursuant to Condition 9).

(g) Non-business days

Subject as provided in the relevant Pricing Supplement or subject as otherwise provided in these Conditions, if any date for the payment in respect of any Note or Coupon is not a business day, the holder shall not be entitled to payment until the next following business day and shall not be entitled to any further interest or other payment in respect of any such delay.

(h) Default Interest

If on or after the due date for payment of any sum in respect of the Notes, payment of all or any part of such sum is not made against due presentation of the Notes or, as the case may be, the Coupons, the Issuer shall pay interest on the amount so unpaid from such due date up to the day of actual receipt by the relevant Noteholders or, as the case may be, Couponholders (as well after as before judgment) at a rate per annum determined by the Issuing and Paying Agent to be equal to two per cent. per annum above (in the case of a Fixed Rate Note or a Hybrid Note during the Fixed Rate Period) the Interest Rate applicable to such Note, (in the case of a Floating Rate Note or a Hybrid Note during the Floating Rate Period) the Rate of Interest applicable to such Note or (in the case of a Variable Rate Note) the variable rate by which the Agreed Yield applicable to such Note is determined or, as the case may be, the Rate of Interest applicable to such Note, or in the case of a Zero Coupon Note, as provided for in the relevant Pricing Supplement. So long as the default continues then such rate shall be re-calculated on the same basis at intervals of such duration as the Issuing and Paying Agent may select, save that the amount of unpaid interest at the above rate accruing during the preceding such period shall be added to the amount in respect of which the Issuer is in default and itself bear interest accordingly. Interest at the rate(s) determined in accordance with this paragraph shall be calculated on the Day Count Fraction specified hereon and the actual number of days elapsed, shall accrue on a daily basis and shall be immediately due and payable by the Issuer.

8. Taxation

All payments in respect of the Notes and the Coupons by or on behalf of the Issuer shall be made free and clear of, and without deduction or withholding for or on account of, any present or future taxes, duties, assessments or governmental charges of whatever nature imposed, levied, collected, withheld or assessed by or within Singapore or any authority thereof or therein having power to tax, unless such withholding or deduction is required by law. In such event, the Issuer shall pay such additional amounts as will result in the receipt by the Noteholders and the Couponholders of such amounts as would have been received by them had no such deduction or withholding been required, except that no such additional amounts shall be payable in respect of any Note or Coupon presented (or in respect of which the Certificate representing it is presented) for payment:

- (a) by or on behalf of a holder who is subject to such taxes, duties, assessments or governmental charges by reason of his being connected with Singapore otherwise than by reason only of the holding of such Note or Coupon or the receipt of any sums due in respect of such Note or Coupon (including, without limitation, the holder being a resident of, or a permanent establishment in, Singapore);

- (b) more than 30 days after the Relevant Date except to the extent that the holder thereof would have been entitled to such additional amounts on presenting the same for payment on the last day of such period of 30 days; or
- (c) by, or on behalf of, a holder who would be able to lawfully avoid (but has not so avoided) such deduction or withholding by making a declaration or any other statement including, but not limited to, a declaration of residence or non-residence, but fails to do so.

Notwithstanding any other provision of these Conditions, if the Issuer, or any other person through whom payments on the Notes or Coupons are made, is required to make any withholding or deduction required pursuant to an agreement described in Section 1471(b) of the Code or otherwise imposed pursuant to Sections 1471 through 1474 of the Code, any regulations or agreements thereunder, any official interpretations thereof, or any law implementing an intergovernmental approach thereto, the Issuer or that other person shall be permitted to make such withholding or deduction, and Noteholders and/or Couponholders and beneficial owners of Notes and/or Coupons will not be entitled to receive any gross up, additional amount or other amount for such withholding or deduction.

As used in these Conditions, “**Relevant Date**” in respect of any Note or Coupon means the date on which payment in respect thereof first becomes due or (if any amount of the money payable is improperly withheld or refused) the date on which payment in full of the amount outstanding is made or (if earlier) the date falling seven days after that on which notice is duly given to the Noteholders in accordance with Condition 16 that, upon further presentation of the Note (or relative Certificate) or Coupon being made in accordance with the Conditions, such payment will be made, provided that payment is in fact made upon presentation, and references to “**principal**” shall be deemed to include any premium payable in respect of the Notes, all Redemption Amounts, Early Redemption Amounts and all other amounts in the nature of principal payable pursuant to Condition 6, “**interest**” shall be deemed to include all Interest Amounts and all other amounts payable pursuant to Condition 5 and any reference to “**principal**” and/or “**premium**” and/or “**Redemption Amounts**” and/or “**interest**” and/or “**Early Redemption Amounts**” shall be deemed to include any additional amounts which may be payable under these Conditions.

9. Prescription

Claims against the Issuer for payment in respect of the Notes and Coupons (which, for this purpose, shall not include Talons) shall be prescribed and become void unless made within five years from the appropriate Relevant Date for payment.

10. Events of Default

If any of the following events (“**Events of Default**”) occurs the Trustee at its discretion may, and if so requested by holders of at least 25 per cent. in principal amount of the Notes then outstanding or if so directed by an Extraordinary Resolution shall (subject to being indemnified and/or secured and/or pre-funded to its satisfaction), give notice in writing to the Issuer that the Notes are immediately repayable, whereupon the Redemption Amount of such Notes or (in the case of Zero Coupon Notes) the Early Redemption Amount of such Notes together with accrued interest to the date of payment shall become immediately due and payable:

- (a) the Issuer does not pay any sum payable by it under any of the Notes within three business days of its due date at the place at and in the currency in which it is expressed to be payable;

- (b) the Issuer does not perform or comply with any one or more of its obligations (other than the payment obligation of the Issuer referred to in paragraph (a)) under any of the Issue Documents or any of the Notes and, if that default is capable of remedy, it is not remedied within 21 days (or such longer period as the Trustee may permit) of the earlier of (i) the Trustee giving written notice to the Issuer of the failure to perform or comply and requiring the same to be remedied and (ii) the Issuer becoming aware of the failure to perform or comply;
- (c) any representation, warranty or statement by the Issuer in any of the Issue Documents or any of the Notes or in any document delivered under any of the Issue Documents or any of the Notes is not complied with in any respect or is or proves to have been incorrect in any respect when made or deemed repeated and, if that default is capable of remedy, it is not remedied within 21 days (or such longer period as the Trustee may permit) of the earlier of (i) the Trustee giving written notice to the Issuer of such non-compliance or incorrect representation, warranty or statement and (ii) the Issuer becoming aware of such non-compliance or incorrect representation, warranty or statement;
- (d)
 - (i) any other indebtedness of the Issuer, First REIT or any of the Principal Subsidiaries of First REIT in respect of borrowed moneys is or is declared to be or is capable of being rendered due and payable prior to its stated maturity by reason of any actual or potential default, event of default or the like (however described) or is not paid when due or, as a result of any actual or potential default, event of default or the like (however described) any facility relating to any such indebtedness is or is declared to be or is capable of being cancelled or terminated before its normal expiry date or any person otherwise entitled to use any such facility is not so entitled; or
 - (ii) the Issuer, First REIT or any of the Principal Subsidiaries of First REIT fails to pay when due or expressed to be due, any amount payable by it under any present or future guarantee for, or indemnity in respect of, any moneys borrowed or raised,

provided however that no Event of Default will occur under this paragraph (d) unless and until the aggregate amount of the indebtedness in respect of which one or more of the events mentioned above in this paragraph (d) has/have occurred equals or exceeds S\$15,000,000 or its equivalent in any other currency or currencies;

- (e) the Issuer, First REIT or any of the Principal Subsidiaries of First REIT is (or is, or could be, deemed by law or a court to be) insolvent or unable to pay its debts, stops, suspends or threatens to stop or suspend payment of all or any material part of (or of a particular type of) its indebtedness, begins negotiations or takes any other step with a view to the deferral, rescheduling or other readjustment of all or any material part of (or of a particular type of) its indebtedness (or of any part which it will or might otherwise be unable to pay when due), proposes or makes a general assignment or an arrangement or composition with or for the benefit of the relevant creditors or a moratorium is agreed or declared in respect of or affecting all or any material part of (or of a particular type of) the indebtedness of the Issuer, First REIT or any of the Principal Subsidiaries of First REIT;
- (f) a distress, attachment, execution or other legal process is levied, enforced or sued out on or against all or any material part of the property, assets or revenues of the Issuer, First REIT or any of the Principal Subsidiaries of First REIT and is not discharged or stayed within 60 days (or such longer period as the Trustee may permit);

- (g) any security on or over the whole or any material part of the property or assets of the Issuer, First REIT or any of the Principal Subsidiaries of First REIT becomes enforceable or any step is taken to enforce it (including the taking of possession or the appointment of a receiver, manager or other similar person);
- (h) any step, corporate action or legal proceeding is taken by any person with a view to the winding-up or termination of the Issuer, First REIT or any of the Principal Subsidiaries of First REIT (except (i) for the purpose of and followed by a reconstruction, amalgamation, reorganisation, merger or consolidation on terms approved by the Noteholders by way of an Extraordinary Resolution before that event occurs or (ii) in the case of a Principal Subsidiary, where such winding-up does not involve insolvency and results in such Principal Subsidiary being able to pay all of its creditors in full) or for the appointment of a liquidator (including a provisional liquidator), receiver, judicial manager, trustee, administrator, agent or similar officer of the Issuer, First REIT or any of the Principal Subsidiaries of First REIT or over all or a material part of the property or assets of the Issuer, First REIT or any of the Principal Subsidiaries of First REIT;
- (i) the Issuer, First REIT or any of the Principal Subsidiaries of First REIT ceases or threatens to cease to carry on all or a material part of its business or (otherwise than as permitted by, and in accordance with, the provisions of the Trust Deed) disposes or threatens to dispose of (i) all or substantially all of its assets or (ii) any part of its assets which (1) is substantial in relation to its assets or, as the case may be, those of the Group or (2) has or is reasonably likely to have a material adverse effect on the Issuer or First REIT;
- (j) any step is taken by any person with a view to the seizure, compulsory acquisition, expropriation or nationalisation of all or any material part of the assets of the Issuer, First REIT or any of the Principal Subsidiaries of First REIT;
- (k) any action, condition or thing (including the obtaining of any necessary consent) at any time required to be taken, fulfilled or done for any of the purposes stated in Clause 15.6 of the Trust Deed is not taken, fulfilled or done, or any such consent ceases to be in full force and effect without modification or any condition in or relating to any such consent is not complied with (unless that consent or condition is no longer required or applicable);
- (l) it is or will become unlawful for the Issuer to perform or comply with any one or more of its payment or other material obligations under any of the Issue Documents or any of the Notes;
- (m) any of the Issue Documents to which it is a party or any of the Notes ceases for any reason (or is claimed by the Issuer not) to be the legal and valid obligations of the Issuer, binding upon it in accordance with its terms;
- (n) any litigation, arbitration or administrative proceeding is current or pending against the Issuer, First REIT or any of the Principal Subsidiaries of First REIT (other than those of a frivolous or vexatious nature which are being contested in good faith and by appropriate proceedings) (i) to restrain the exercise of any of the rights and/or the performance or enforcement of or compliance with any of the obligations of the Issuer under any of the Issue Documents or any of the Notes or (ii) which has or could have a material adverse effect on the Issuer, First REIT or any of the Principal Subsidiaries of First REIT;

- (o) if (i) (1) the First REIT Trustee resigns or is removed; (2) an order is made for the winding-up of the First REIT Trustee, a receiver, judicial manager, administrator, agent or similar officer of the First REIT Trustee is appointed; and/or (3) there is a declaration, imposition or promulgation in Singapore or in any relevant jurisdiction of a moratorium, any form of exchange control or any law, directive or regulation of any agency or the amalgamation, reconstruction or reorganisation of the First REIT Trustee which prevents or restricts the ability of the First REIT Trustee to perform its obligations under any of the Issue Documents or any of the Notes and (ii) a replacement or substitute trustee of First REIT is not appointed in accordance with the terms of the First REIT Trust Deed;
- (p) the First REIT Manager is removed pursuant to the terms of the First REIT Trust Deed, and the replacement or substitute manager is not appointed in accordance with the terms of the First REIT Trust Deed;
- (q) any event occurs which, under the law of any relevant jurisdiction, has an analogous or equivalent effect to any of the events mentioned in paragraph (e), (f), (g), (h), (i) or (j);
- (r) the Issuer or any of the Principal Subsidiaries of First REIT is declared by the Minister of Finance to be a declared company under the provisions of Part IX of the Companies Act, Chapter 50 of Singapore; and
- (s) the Issuer loses its right to be indemnified out of the assets of First REIT in respect of all liabilities, claims, demands and actions under or in connection with any of the Issue Documents or the Notes.

In these Conditions,

(A) **“Principal Subsidiary”** means any subsidiary of First REIT:

- (aa) whose total assets, as shown by the accounts of such subsidiary (consolidated in the case of a corporation which itself has subsidiaries), based upon which the latest audited consolidated accounts of the Group have been prepared, are at least 10 per cent. of the total assets of the Group as shown by such audited consolidated accounts; or
- (bb) whose gross revenue, as shown by the accounts of such subsidiary (consolidated in the case of a corporation which itself has subsidiaries), based upon which the latest audited consolidated accounts of the Group have been prepared, is at least 10 per cent. of the consolidated gross revenue of the Group as shown by such audited consolidated accounts,

provided that if any such subsidiary (the **“transferor”**) shall at any time transfer the whole or a substantial part of its business, undertaking or assets to another subsidiary or the Issuer (the **“transferee”**) then:

- (I) if the whole of the business, undertaking and assets of the transferor shall be so transferred, the transferor shall thereupon cease to become a Principal Subsidiary and the transferee (unless it is the Issuer) shall thereupon become a Principal Subsidiary; and
- (II) if a substantial part only of the business, undertaking and assets of the transferor shall be so transferred, the transferor shall remain a Principal Subsidiary and the transferee (unless it is the Issuer) shall thereupon become a Principal Subsidiary.

Any subsidiary which becomes a Principal Subsidiary by virtue of (I) above or which remains or becomes a Principal Subsidiary by virtue of (II) above shall continue to be a Principal Subsidiary until the date of issue of the first audited consolidated accounts of the Group prepared as at a date later than the date of the relevant transfer which show the total assets or, as the case may be, the gross revenue as shown by the accounts of such subsidiary (consolidated in the case of a corporation which itself has subsidiaries), based upon which such audited consolidated accounts have been prepared, to be less than 10 per cent. of the total assets or, as the case may be, the consolidated gross revenue of the Group, as shown by such audited consolidated accounts. A report by the Auditors (as defined in the Trust Deed), who shall also be responsible for producing any pro-forma accounts required for the above purposes, that in their opinion a subsidiary is or is not a Principal Subsidiary shall, in the absence of manifest error, be conclusive; and

(B) “**subsidiary**” has the meaning ascribed to it in the Trust Deed.

11. Enforcement of Rights

At any time after an Event of Default or Potential Event of Default shall have occurred or after the Notes shall have become due and payable, the Trustee may, at its discretion and without further notice, institute such proceedings against the Issuer as it may think fit to enforce repayment of the Notes, together with accrued interest, but it shall not be bound to take any such proceedings unless (a) it shall have been so directed by an Extraordinary Resolution of the Noteholders or so requested in writing by Noteholders holding not less than 25 per cent. in principal amount of the Notes outstanding and (b) it shall have been indemnified and/or secured and/or pre-funded by the Noteholders to its satisfaction. No Noteholder or Couponholder shall be entitled to proceed directly against the Issuer unless the Trustee, having become bound to do so, fails or neglects to do so within a reasonable period and such failure or neglect shall be continuing.

12. Meeting of Noteholders and Modifications

The Trust Deed contains provisions for convening meetings of Noteholders of a Series to consider any matter affecting their interests, including modification by Extraordinary Resolution of the Notes of such Series (including these Conditions insofar as the same may apply to such Notes) or any of the provisions of the Trust Deed.

The Trustee or the Issuer at any time may, and the Trustee upon the request in writing by Noteholders holding not less than 10 per cent. of the principal amount of the Notes of any Series for the time being outstanding shall, convene a meeting of the Noteholders of that Series. An Extraordinary Resolution duly passed at any such meeting shall be binding on all the Noteholders of the relevant Series, whether present or not and on all relevant Couponholders, except that any Extraordinary Resolution proposed, *inter alia*, (a) to amend the dates of maturity or redemption of the Notes or any date for payment of interest or Interest Amounts on the Notes, (b) to reduce or cancel the principal amount of, or any premium payable on redemption of, the Notes, (c) to reduce the rate or rates of interest in respect of the Notes or to vary the method or basis of calculating the rate or rates of interest or the basis for calculating any Interest Amount in respect of the Notes, (d) to vary any method of, or basis for, calculating the Redemption Amount or the Early Redemption Amount including the method of calculating the Amortised Face Amount, (e) to vary the currency or currencies of payment or denomination of the Notes, (f) to take any steps that as specified hereon may only be taken following approval by an Extraordinary Resolution to which the special quorum provisions apply or (g) to modify the provisions concerning the quorum required at any meeting of Noteholders or the majority required to pass the Extraordinary

Resolution, will only be binding if passed at a meeting of the Noteholders of the relevant Series (or at any adjournment thereof) at which a special quorum (provided for in the Trust Deed) is present.

The Trustee may agree, without the consent of the Noteholders or Couponholders, to (i) any modification of any of the provisions of the Trust Deed or these Conditions which in the opinion of the Trustee is of a formal, minor or technical nature or is made to correct a manifest error or to comply with mandatory provisions of Singapore law or is required by Euroclear, Clearstream, Luxembourg, the Depository and/or any other clearing system in which the Notes may be held and (ii) any other modification (except as mentioned in the Trust Deed), and any waiver or authorisation of any breach or proposed breach, of any of the provisions of the Trust Deed or these Conditions which is in the opinion of the Trustee not materially prejudicial to the interests of the Noteholders. Any such modification, authorisation or waiver shall be binding on the Noteholders and the Couponholders and, if the Trustee so requires, such modification, authorisation or waiver shall be notified to the Noteholders as soon as practicable.

The Trust Deed provides that the Issuer may substitute in place of the First REIT Trustee (or of any previous substitute) as the principal debtor under the Trust Deed, the Securities, the Coupons and the Talons, another entity being appointed as the replacement or substitute trustee of First REIT in accordance with the terms of the First REIT Trust Deed, provided that such entity is approved by the Monetary Authority of Singapore (or such other relevant authority) to act as a trustee of collective investment schemes in Singapore and provided further that the conditions specified in the Trust Deed are met.

In connection with the exercise of its functions (including but not limited to those in relation to any proposed modification, waiver, authorisation or substitution) the Trustee shall have regard to the interests of the Noteholders as a class and shall not have regard to the consequences of such exercise for individual Noteholders or Couponholders.

These Conditions may be amended, modified, or varied in relation to any Series of Notes by the terms of the relevant Pricing Supplement in relation to such Series.

13. Replacement of Notes, Certificates, Coupons and Talons

If a Note, Certificate, Coupon or Talon is lost, stolen, mutilated, defaced or destroyed it may be replaced, subject to applicable laws, regulations and stock exchange or other relevant authority regulations, at the specified office of the Issuing and Paying Agent (in the case of Bearer Notes, Coupons or Talons) and of the Registrar (in the case of Certificates), or at the specified office of such other Paying Agent or Transfer Agent, as the case may be, as may from time to time be designated by the Issuer for the purpose and notice of whose designation is given to the Noteholders in accordance with Condition 16, on payment by the claimant of the fees and costs incurred in connection with the replacement and on such terms as to evidence, undertaking, security and indemnity (which may provide, *inter alia*, that if the allegedly lost, stolen or destroyed Note, Certificate, Coupon or Talon is subsequently presented for payment, there will be paid to the Issuer on demand the amount payable by the Issuer in respect of such Note, Certificate, Coupon or Talon) or otherwise as the Issuer, the Issuing and Paying Agent, the Registrar and any other Transfer Agent may require. Mutilated or defaced Notes, Certificates, Coupons or Talons must be surrendered before replacements will be issued.

14. Further Issues

The Issuer may from time to time without the consent of the Noteholders or Couponholders create and issue further notes having the same terms and conditions as the Notes of any Series and so that the same shall be consolidated and form a single Series with such Notes, and references in these Conditions to “Notes” shall be construed accordingly.

15. Indemnification of the Trustee

The Trust Deed contains provisions for the indemnification of the Trustee and for its relief from responsibility, including provisions relieving it from taking proceedings to enforce repayment unless indemnified and/or secured to its satisfaction. The Trust Deed also contains a provision entitling the Trustee or any corporation related to it to enter into business transactions with the Issuer or any of the related corporations of First REIT without accounting to the Noteholders or Couponholders for any profit resulting from such transactions.

16. Notices

In any case where the identities and addresses of all the Noteholders are known to the Issuer, notices to such holders may be given individually by recorded delivery mail to such addresses and will be deemed to have been given when received at such addresses. Notices to the holders of Registered Notes shall be valid if mailed to them at their respective addresses in the Register and deemed to have been given on the fourth weekday (being a day other than a Saturday or Sunday) after the date of mailing. Notwithstanding the foregoing, notices to the holders of Notes will be valid if (a) published in a leading newspaper in the English language of general circulation in Singapore (it is expected that such publication will be made in *The Business Times*) or (b) an announcement is made through the internet-based submission system operated by the SGX-ST (or, if the holders of any Series of Notes can be identified, notices to such holders will also be valid if they are given to each of such holders). Notices will, if published more than once or on different dates, be deemed to have been given on the date of the first publication in such newspaper or the date of the first announcement via the internet-based submission system as provided above, whichever is earlier.

Couponholders shall be deemed for all purposes to have notice of the contents of any notice to the holders of Bearer Notes in accordance with this Condition 16.

So long as the Notes are represented by a Global Security or a Global Certificate and such Global Security or Global Certificate is held in its entirety on behalf of Euroclear, Clearstream, Luxembourg and/or the Depository, there may be substituted for such mailing, publication in such newspapers or announcement through the internet-based submission system operated by the SGX-ST the delivery of the relevant notice to Euroclear, Clearstream, Luxembourg and/or (subject to the agreement of the Depository) the Depository for communication by it to the Noteholders, except that if the Notes are listed on the SGX-ST and the rules of such exchange so require, notice will in any event be published in accordance with the first paragraph. Any such notice shall be deemed to have been given to the Noteholders on the seventh day after the day on which the said notice was given to Euroclear, Clearstream, Luxembourg and/or the Depository.

Notices to be given by any Noteholder pursuant hereto (including to the Issuer) shall be in writing and given by lodging the same, together with the relative Note or Notes, with the Issuing and Paying Agent (in the case of Bearer Notes) or the Registrar (in the case of Certificates). Whilst the Notes are represented by a Global Security or a Global Certificate, such notice may be given by any Noteholder to the Issuing and Paying Agent or, as the case

may be, the Registrar through Euroclear, Clearstream, Luxembourg and/or the Depository in such manner as the Issuing and Paying Agent or, as the case may be, the Registrar and Euroclear, Clearstream, Luxembourg and/or the Depository may approve for this purpose.

17. Contracts (Rights of Third Parties) Act

No person shall have any right to enforce any term or condition of the Notes under the Contracts (Rights of Third Parties) Act, Chapter 53B of Singapore.

18. Acknowledgement

- (a) Notwithstanding any provision to the contrary in the Trust Deed, the Notes and the Coupons, the Trustee, the Noteholders and the Couponholders acknowledge that the First REIT Trustee has entered into the Trust Deed only in its capacity as trustee of First REIT and not in its personal capacity and all references to the “Issuer” in the Trust Deed, the Notes and the Coupons shall be construed accordingly. Accordingly, notwithstanding any provision to the contrary in the Trust Deed, the Notes and the Coupons, the First REIT Trustee has assumed all obligations under the Trust Deed, the Notes and the Coupons only in its capacity as trustee of First REIT and not in its personal capacity. Any liability of or indemnity, covenant, undertaking, representation and/or warranty given by the Issuer under the Trust Deed, the Notes and the Coupons is given by the First REIT Trustee in its capacity as trustee of First REIT and not in its personal capacity and any power or right conferred on any receiver, attorney, agent and/or delegate under the Trust Deed, the Notes and the Coupons shall be limited to the assets of or held on trust for First REIT over which the Issuer has recourse and shall not extend to any personal or other assets of the First REIT Trustee or any assets held by the First REIT Trustee in its capacity as trustee of any trust (other than First REIT). Any obligation, matter, act, action or thing required to be done, performed or undertaken by the Issuer under the Trust Deed, the Notes and the Coupons shall only be in connection with the matters relating to First REIT and shall not extend to the First REIT Trustee’s obligations in respect of any other trust or real estate investment trust of which it is a trustee. The foregoing shall not restrict or prejudice the rights or remedies of the Trustee, the Noteholders and the Couponholders under law or equity whether in connection with any gross negligence, fraud or breach of trust of the Issuer or otherwise.
- (b) Notwithstanding any provision to the contrary in the Trust Deed, the Notes and the Coupons, it is hereby agreed that the Issuer’s obligations under the Trust Deed, the Notes and the Coupons will be solely the corporate obligations of the First REIT Trustee, in its capacity as trustee of First REIT and the Trustee, the Noteholders and the Couponholders shall not have any recourse against the shareholders, directors, officers or employees of the First REIT Trustee for any claims, losses, damages, liabilities or other obligations whatsoever in connection with any of the transactions contemplated by the provisions of the Trust Deed, the Notes and the Coupons. The foregoing shall not restrict or prejudice the rights or remedies of the Trustee, the Noteholders and the Couponholders under law or equity whether in connection with any gross negligence, fraud or breach of trust of the Issuer or otherwise.
- (c) For the avoidance of doubt, any legal action or proceedings commenced against the Issuer whether in Singapore or elsewhere pursuant to the Trust Deed, the Notes and the Coupons shall be brought against the First REIT Trustee in its capacity as trustee of First REIT and not in its personal capacity. The foregoing shall not restrict or prejudice the rights or remedies of the Trustee, the Noteholders and the Couponholders under law or equity whether in connection with any gross negligence, fraud or breach of trust of the Issuer or otherwise.

19. Governing Law and Jurisdiction

- (a) **Governing Law:** The Trust Deed, the Notes, the Coupons and the Talons are governed by, and shall be construed in accordance with, the laws of Singapore.
- (b) **Jurisdiction:** The courts of Singapore are to have jurisdiction to settle any disputes that may arise out of or in connection with the Trust Deed, the Notes, the Coupons or the Talons and accordingly any legal action or proceedings arising out of or in connection with the Trust Deed, the Notes, the Coupons or the Talons (the “**Proceedings**”) may be brought in such courts. The Issuer has in the Trust Deed irrevocably submitted to the jurisdiction of such courts.
- (c) **No Immunity:** The Issuer irrevocably agrees that, should the Trustee take any Proceedings anywhere (whether for an injunction, specific performance, damages or otherwise), no immunity (to the extent that it may at any time exist, whether on the grounds of sovereignty or otherwise) from those Proceedings, from attachment (whether in aid of execution, before judgment or otherwise) of its assets or from execution of judgment shall be claimed by it or on its behalf or with respect to its assets, any such immunity being irrevocably waived. The Issuer irrevocably agrees that the Issuer and its assets are, and shall be, subject to such Proceedings, attachment or execution in respect of its obligations under the Trust Deed, the Notes, the Coupons or the Talons.

TERMS AND CONDITIONS OF THE PERPETUAL SECURITIES

*The following is the text of the terms and conditions which, subject to completion and amendment and as supplemented or varied in accordance with the provisions of the relevant Pricing Supplement, will be endorsed on the Perpetual Securities in definitive form issued in exchange for the Global Security(ies) or the Global Certificate(s) representing each Series. Either (i) the full text of these terms and conditions together with the relevant provisions of the Pricing Supplement or (ii) these terms and conditions as so completed, amended, supplemented or varied (and subject to simplification by the deletion of non-applicable provisions), shall be endorsed on such Perpetual Securities. Unless otherwise stated, all capitalised terms that are not defined in these Conditions will have the meanings given to them in the relevant Pricing Supplement. Those definitions will be endorsed on such Bearer Perpetual Securities or on the Certificates relating to such Registered Perpetual Securities. References in the Conditions to “**Perpetual Securities**” are to the Perpetual Securities of one Series only, not to all Perpetual Securities that may be issued under the Programme, details of the relevant Series being shown on the face of the relevant Perpetual Securities and in the relevant Pricing Supplement.*

The Perpetual Securities are constituted by a trust deed dated 11 April 2013 made between (1) HSBC Institutional Trust Services (Singapore) Limited (“**HSBCIT**”) (in its capacity as trustee of First Real Estate Investment Trust (“**First REIT**”)), as issuer, and (2) The Bank of New York Mellon, Singapore Branch, as trustee for the Perpetual Securityholders (as defined below) (the “**Trustee**”, which expression shall, wherever the context so admits, include such company and all other persons for the time being the trustee or trustees of the Trust Deed) (as amended and restated by an amendment and restatement trust deed dated 16 July 2015 made between the same parties, as novated by a deed of novation dated 1 March 2018 made between (1) HSBCIT (in its capacity as retiring trustee of First REIT), as existing issuer, (2) Perpetual (Asia) Limited (“**Perpetual**”) (in its capacity as new trustee of First REIT), as new issuer, and (3) the Trustee, as trustee, as amended and restated by a second amendment and restatement trust deed dated 1 March 2018 made between (1) Perpetual (in its capacity as trustee of First REIT), as issuer (the “**Issuer**”), and (2) the Trustee, as trustee, and a supplemental trust deed dated 22 March 2019 made between the same parties and as further amended, restated or supplemented from time to time, the “**Trust Deed**”) and (where applicable) the Perpetual Securities are issued with the benefit of a deed of covenant dated 11 April 2013 executed by HSBCIT (in its capacity as trustee of First REIT) by way of a deed poll (as supplemented by a supplemental deed of covenant dated 16 July 2015, as novated by a deed of novation dated 1 March 2018 made between (1) HSBCIT (in its capacity as retiring trustee of First REIT), as existing issuer, and (2) Perpetual (in its capacity as new trustee of First REIT), as new issuer, and as further amended, varied or supplemented from time to time, the “**Deed of Covenant**”) relating to the Perpetual Securities executed by the Issuer. These terms and conditions (the “**Conditions**”) include summaries of, and are subject to, the detailed provisions of the Trust Deed, which includes the form of the Bearer Perpetual Securities, Certificates, Coupons and Talons referred to below. HSBCIT (in its capacity as trustee of First REIT) has entered into an agency agreement dated 11 April 2013 made between (1) HSBCIT (in its capacity as trustee of First REIT), as issuer, (2) The Bank of New York Mellon, Singapore Branch, as issuing and paying agent and agent bank, and (3) the Trustee, as trustee (as amended and restated by an agency amendment and restatement agreement dated 16 July 2015 made between (1) HSBCIT (in its capacity as trustee of First REIT), (2) The Bank of New York Mellon, acting through its Singapore Branch, as issuing and paying agent (in such capacity, the “**Issuing and Paying Agent**”) and transfer agent (in such capacity, the “**CDP Transfer Agent**”) and registrar (in such capacity, the “**CDP Registrar**”) in respect of Perpetual Securities cleared through the CDP System (as defined in the Trust Deed), (3) The Bank of New York Mellon, acting through its London Branch, as paying agent in respect of Non-CDP Perpetual Securities (as defined in the Trust Deed) (in such capacity, the “**Non-CDP Paying Agent**” and, together with the Issuing and Paying Agent and any other paying agents that may be appointed, the “**Paying Agents**”) and agent bank in respect of the Perpetual Securities (in such capacity, the “**Agent Bank**”), (4) The Bank of New York Mellon (Luxembourg) S.A., as transfer agent and registrar in respect of

Non-CDP Perpetual Securities, and (5) the Trustee, as novated by a novation agreement dated 1 March 2018 made between (1) HSBCIT (in its capacity as retiring trustee of First REIT), as existing issuer, (2) Perpetual (in its capacity as new trustee of First REIT), as new issuer, (3) The Bank of New York Mellon, Singapore Branch, as issuing and paying agent, agent bank, transfer agent in respect of Perpetual Securities cleared through the CDP System and registrar in respect of Perpetual Securities cleared through the CDP System, (4) The Bank of New York Mellon, London Branch, as paying agent in respect of Non-CDP Perpetual Securities and agent bank, (5) The Bank of New York Mellon SA/NV, Luxembourg Branch (formerly known as The Bank of New York Mellon (Luxembourg) S.A.), as transfer agent in respect of Non-CDP Perpetual Securities (in such capacity, the “**Non-CDP Transfer Agent**” and, together with the CDP Transfer Agent and any other transfer agents that may be appointed, the “**Transfer Agents**”) and registrar in respect of Non-CDP Perpetual Securities (in such capacity, the “**Non-CDP Registrar**” and, together with the CDP Registrar, the “**Registrars**”), and (6) the Trustee, as trustee, as amended and restated by a second amendment and restatement agency agreement dated 1 March 2018 made between (1) the Issuer, as issuer, (2) The Bank of New York Mellon, Singapore Branch, as issuing and paying agent, transfer agent in respect of Perpetual Securities cleared through the CDP System and registrar in respect of Perpetual Securities cleared through the CDP System, (3) The Bank of New York Mellon, London Branch, as paying agent in respect of Non-CDP Perpetual Securities, (4) The Bank of New York Mellon, London Branch, as agent bank, (5) The Bank of New York Mellon SA/NV, Luxembourg Branch, as transfer agent in respect of Non-CDP Perpetual Securities and registrar in respect of Non-CDP Perpetual Securities, and (6) the Trustee, as trustee, and as further amended, restated or supplemented from time to time, and as further amended, restated or supplemented from time to time, the “**Agency Agreement**”). The Perpetual Securityholders and the holders (the “**Couponholders**”) of the distribution coupons (the “**Coupons**”) appertaining to the Perpetual Securities in bearer form and, where applicable in the case of such Perpetual Securities, talons for further Coupons (the “**Talons**”) are bound by and are deemed to have notice of all of the provisions of the Trust Deed, the Agency Agreement and the Deed of Covenant.

Copies of the Trust Deed, the Agency Agreement and the Deed of Covenant are available for inspection at the principal office of the Trustee for the time being and at the specified office of the Issuing and Paying Agent for the time being. For the purposes of these Conditions, all references to (a) “**Agents**” means the Paying Agents, the Agent Bank, the Registrars and the Transfer Agents and any other agent or agents appointed from time to time with respect to the Perpetual Securities, (b) the “**Issuing and Paying Agent**” shall, with respect to Non-CDP Perpetual Securities be deemed to be a reference to the Non-CDP Paying Agent, (c) the “**Registrar**” shall, in the case of Perpetual Securities to be cleared through the CDP System, be deemed to be a reference to the CDP Registrar and, in the case of Non-CDP Perpetual Securities, be deemed to be a reference to the Non-CDP Registrar, and (d) the “**Transfer Agent**” shall, in the case of Perpetual Securities to be cleared through the CDP System, be deemed to be a reference to the CDP Transfer Agent and, in the case of Non-CDP Perpetual Securities, be deemed to be a reference to the Non-CDP Transfer Agent, and (unless the context otherwise requires) all such references shall be construed accordingly.

1. Form, Denomination and Title

(a) Form and Denomination

- (i) The Perpetual Securities of the Series of which this Perpetual Security forms part (in these Conditions, the “**Perpetual Securities**”) are issued in bearer form (“**Bearer Perpetual Securities**”) or in registered form (“**Registered Perpetual Securities**”) in each case in the Denomination Amount shown hereon.
- (ii) This Perpetual Security is a Fixed Rate Perpetual Security or a Floating Rate Perpetual Security (depending upon the Distribution Basis shown on its face).

- (iii) Bearer Perpetual Securities are serially numbered and issued with Coupons (and, where appropriate, a Talon) attached.
- (iv) Registered Perpetual Securities are represented by registered certificates (“**Certificates**”) and, save as provided in Condition 2(c), each Certificate shall represent the entire holding of Registered Perpetual Securities by the same holder.

(b) Title

- (i) Title to the Bearer Perpetual Securities and the Coupons and Talons appertaining thereto shall pass by delivery. Title to the Registered Perpetual Securities shall pass by registration in the register that the Issuer shall procure to be kept by the Registrar in accordance with the provisions of the Agency Agreement (the “**Register**”).
- (ii) Except as ordered by a court of competent jurisdiction or as required by law, the holder of any Perpetual Security, Coupon or Talon shall be deemed to be and may be treated as the absolute owner of such Perpetual Security, Coupon or Talon, as the case may be, for the purpose of receiving payment thereof or on account thereof and for all other purposes, whether or not such Perpetual Security, Coupon or Talon shall be overdue and notwithstanding any notice of ownership, theft, loss or forgery thereof or any writing thereon made by anyone, and no person shall be liable for so treating such holder.
- (iii) For so long as any of the Perpetual Securities is represented by a Global Security (as defined below) or, as the case may be, a Global Certificate (as defined below) and such Global Security or Global Certificate is held by a common depository for Euroclear Bank SA/NV (“**Euroclear**”) and/or Clearstream Banking, S.A. (“**Clearstream, Luxembourg**”) and/or The Central Depository (Pte) Limited (the “**Depository**”), each person who is for the time being shown in the records of Euroclear, Clearstream, Luxembourg and/or the Depository as the holder of a particular principal amount of such Perpetual Securities (in which regard any certificate or other document issued by Euroclear, Clearstream, Luxembourg and/or the Depository as to the principal amount of such Perpetual Securities standing to the account of any person shall be conclusive and binding for all purposes save in the case of manifest error) shall be treated by the Issuer, the Paying Agents, the Agent Bank, the Registrar, the Transfer Agents, all other agents of the Issuer and the Trustee as the holder of such principal amount of Perpetual Securities other than with respect to the payment of principal, premium, interest, distribution, redemption, purchase and/or any other amounts in respect of the Perpetual Securities, for which purpose the bearer of the Global Security or, as the case may be, the person whose name is shown on the Register shall be treated by the Issuer, the Paying Agents, the Agent Bank, the Registrar, the other Transfer Agents, all other agents of the Issuer and the Trustee as the holder of such Perpetual Securities in accordance with and subject to the terms of the Global Security or, as the case may be, the Global Certificate (and the expressions “**Perpetual Securityholder**” and “**holder of Perpetual Securities**” and related expressions shall be construed accordingly). Perpetual Securities which are represented by a Global Security or, as the case may be, a Global Certificate and held by Euroclear, Clearstream, Luxembourg and/or the Depository will be transferable only in accordance with the rules and procedures for the time being of Euroclear, Clearstream, Luxembourg and/or the Depository.
- (iv) In these Conditions, “**Global Security**” means the relevant Temporary Global Security representing each Series or the relevant Permanent Global Security representing each Series, “**Global Certificate**” means the relevant Global Certificate representing each Series that is registered in the name of, or in the name of a nominee of, (1) a common depository for Euroclear and/or Clearstream, Luxembourg, (2) the Depository and/or (3) any other clearing system, “**Perpetual Securityholder**” means the bearer of any

Bearer Perpetual Security or the person in whose name a Registered Perpetual Security is registered (as the case may be) and “**holder**” (in relation to a Perpetual Security, Coupon or Talon) means the bearer of any Bearer Perpetual Security, Coupon or Talon or the person in whose name a Registered Perpetual Security is registered (as the case may be), “**Series**” means a Tranche, together with any further Tranche or Tranches, which are (a) expressed to be consolidated and forming a single series and (b) identical in all respects (including as to listing) except for their respective issue dates, issue prices and/or dates of the first payment of distribution and “**Tranche**” means Perpetual Securities which are identical in all respects (including as to listing).

- (v) Words and expressions defined in the Trust Deed or used in the applicable Pricing Supplement (as defined in the Trust Deed) shall have the same meanings where used in these Conditions unless the context otherwise requires or unless otherwise stated and provided that, in the event of inconsistency between the Trust Deed and the applicable Pricing Supplement, the applicable Pricing Supplement will prevail.

2. No Exchange of Perpetual Securities and Transfers of Registered Perpetual Securities

- (a) No Exchange of Perpetual Securities:** Registered Perpetual Securities may not be exchanged for Bearer Perpetual Securities. Bearer Perpetual Securities of one Denomination Amount may not be exchanged for Bearer Perpetual Securities of another Denomination Amount. Bearer Perpetual Securities may not be exchanged for Registered Perpetual Securities.
- (b) Transfer of Registered Perpetual Securities:** Subject to Conditions 2(e) and 2(f) below, one or more Registered Perpetual Securities may be transferred upon the surrender (at the specified office of the Registrar or any other Transfer Agent) of the Certificate representing such Registered Perpetual Securities to be transferred, together with the form of transfer endorsed on such Certificate (or another form of transfer substantially in the same form and containing the same representations and certifications (if any), unless otherwise agreed by the Issuer) duly completed and executed and any other evidence as the Registrar or such other Transfer Agent may require to prove the title of the transferor and the authority of the individuals who have executed the form of transfer. In the case of a transfer of part only of a holding of Registered Perpetual Securities represented by one Certificate, a new Certificate shall be issued to the transferee in respect of the part transferred and a further new Certificate in respect of the balance of the holding not transferred shall be issued to the transferor. All transfers of Perpetual Securities and entries on the Register will be made subject to the detailed regulations concerning transfers of Perpetual Securities scheduled to the Agency Agreement. The regulations may be changed by the Issuer, with the prior written approval of the Registrar, the Transfer Agent and the Trustee. A copy of the current regulations will be made available by the Registrar to any Perpetual Securityholder upon request. No transfer of title to a Perpetual Security will be valid unless and until entered on the Register.
- (c) Exercise of Options or Partial Redemption or Purchase in respect of Registered Perpetual Securities:** In the case of an exercise of the Issuer’s option in respect of, or a partial redemption or purchase of, a holding of Registered Perpetual Securities represented by a single Certificate, a new Certificate shall be issued to the holder to reflect the exercise of such option or in respect of the balance of the holding not redeemed or purchased. In the case of a partial exercise of an option resulting in Registered Perpetual Securities of the same holding having different terms, separate Certificates shall be issued in respect of those Perpetual Securities of that holding that have the same terms. New Certificates shall only be issued against surrender of the existing Certificates to the Registrar or any other Transfer Agent. In the case of a transfer of Registered Perpetual Securities to a person who is already

a holder of Registered Perpetual Securities, a new Certificate representing the enlarged holding shall only be issued against surrender of the Certificate representing the existing holding.

- (d) **Delivery of New Certificates:** Each new Certificate to be issued pursuant to Condition 2(b) or 2(c) shall be available for delivery within five business days of receipt of the form of transfer and surrender of the Certificate for exchange. Delivery of the new Certificate(s) shall be made at the specified office of the Registrar or such other Transfer Agent (as the case may be) to whom delivery or surrender of such form of transfer or Certificate shall have been made or, at the option of the holder making such delivery or surrender as aforesaid and as specified in the relevant form of transfer or otherwise in writing, be mailed by uninsured post at the risk of the holder entitled to the new Certificate to such address as may be so specified, unless such holder requests otherwise and pays in advance to the Registrar or the relevant Transfer Agent the costs of such other method of delivery and/or such insurance as it may specify. In this Condition 2(d), “**business day**” means a day (other than a Saturday, Sunday or gazetted public holiday) on which commercial banks are open for business in the place of the specified office of the Registrar or the relevant Transfer Agent (as the case may be).
- (e) **Transfers Free of Charge:** Transfers of Perpetual Securities and Certificates on registration, transfer, exercise of an option or partial redemption shall be effected without charge by or on behalf of the Issuer, the Registrar or any other Transfer Agent, but upon payment of any tax or other governmental charges that may be imposed in relation to it (or the giving of such indemnity and/or security and/or prefunding as the Registrar or the other relevant Transfer Agent may require) in respect of tax or charges.
- (f) **Closed Periods:** No Perpetual Securityholder may require the transfer of a Registered Perpetual Security to be registered (i) during the period of 15 days ending on the due date for redemption of any Perpetual Security (ii) during the period of 15 days prior to any date on which Perpetual Securities may be called for redemption by the Issuer at its option pursuant to Condition 5(b), (iii) after any such Perpetual Security has been called for redemption or (iv) during the period of 15 days ending on (and including) any Record Date (as defined in Condition 6(b)(ii)).

3. Status

- (a) **Status of the Perpetual Securities:** The Perpetual Securities and Coupons relating to them constitute direct, unconditional, subordinated and unsecured obligations of the Issuer and shall at all times rank *pari passu*, without any preference or priority among themselves and *pari passu* with any Parity Obligations of the Issuer. The rights and claims of the Perpetual Securityholders and Couponholders in respect of the Subordinated Perpetual Securities are subordinated as provided in Condition 3(b).

In these Conditions, “**Parity Obligation**” means any instrument or security (including without limitation any preference units in First REIT) issued, entered into or guaranteed by the Issuer (1) which ranks or is expressed to rank, by its terms or by operation of law, *pari passu* with a First REIT Notional Preferred Unit (as defined below), and (2) the terms of which provide that the making of payments thereon or distributions in respect thereof are fully at the discretion of the Issuer and/or, in the case of an instrument or security guaranteed by the Issuer, the issuer thereof.

- (b) **Subordination:** Subject to the insolvency laws of Singapore and other applicable laws, in the event of the Winding-Up (as defined in Condition 9) of First REIT, there shall be payable by the Issuer in respect of each Perpetual Security (in lieu of any other payment by the Issuer), such amount, if any, as would have been payable to such Perpetual Securityholder if, on the day prior to the commencement of the Winding-Up of First REIT, and thereafter, such

Perpetual Securityholder were the holder of one of a class of preferred units in the capital of First REIT (and if more than one class of preferred units is outstanding, the most junior ranking class of such preferred units) (the “**First REIT Notional Preferred Units**”) having an equal right to return of assets in the Winding-Up of First REIT and so ranking *pari passu* with the holders of that class or classes of preferred units (if any) which have a preferential right to return of assets in the Winding-Up of First REIT, and so rank ahead of, the holders of Junior Obligations of the Issuer, but junior to the claims of all other present and future creditors of the Issuer (other than Parity Obligations of the Issuer), on the assumption that the amount that such Perpetual Securityholder was entitled to receive in respect of each First REIT Notional Preferred Unit on a return of assets in such Winding-Up were an amount equal to the principal amount (and any applicable premium outstanding) of the relevant Perpetual Security together with distributions accrued and unpaid since the immediately preceding Distribution Payment Date or the Issue Date (as the case may be) and any unpaid Optional Distributions (as defined in Condition 4(IV)(c)) in respect of which the Issuer has given notice to the Perpetual Securityholders in accordance with these Conditions.

In these Conditions, “**Junior Obligation**” means any class of equity capital in First REIT and any instrument or security issued, entered into or guaranteed by the Issuer, other than any instrument or security (including without limitation any preferred units) ranking in priority in payment and in all other respects to the ordinary units of First REIT.

- (c) **No set-off:** Subject to applicable law, no holder of Perpetual Securities or any Coupons relating to them may exercise, claim or plead any right of set-off, deduction, withholding, counterclaim, compensation or retention in respect of any amount owed to it by the Issuer in respect of, or arising under or in connection with the Perpetual Securities or Coupons relating to them, and each holder of Perpetual Securities or any Coupons relating to them shall, by virtue of his holding of any Perpetual Securities or Coupons relating to them, be deemed to have waived all such rights of set-off, deduction, withholding, counterclaim, compensation or retention against the Issuer. Notwithstanding the preceding sentence, if at any time any Perpetual Securityholder receives payment or benefit of any sum in respect of, or arising under or in connection with the Perpetual Securities (including any benefit received pursuant to any set-off, deduction, withholding, counterclaim, compensation or retention) other than in accordance with the Conditions, the payment of such sum or receipt of such benefit shall, to the fullest extent permitted by law, be deemed void for all purposes and such Perpetual Securityholder shall immediately pay an amount equal to the amount of such discharge to the Issuer (or, in the event of First REIT’s Winding-Up or administration, the liquidator or, as appropriate, administrator of First REIT) and, until such time as payment is made, shall hold such amount in trust for the Issuer (or the liquidator or, as appropriate, administrator of First REIT) and accordingly any such discharge shall be deemed not to have taken place.

4. Distribution and other Calculations

(I) Distribution on Fixed Rate Perpetual Securities

(a) Distribution Rate

Each Fixed Rate Perpetual Security confers a right to receive distribution on its Calculation Amount (as defined in Condition 4(II)(c)) from the Distribution Commencement Date in respect thereof and as shown on the face of such Perpetual Security at the rate per annum (expressed as a percentage) equal to the Distribution Rate shown on the face of such Perpetual Security payable in arrear on each Distribution Payment Date or Distribution Payment Dates shown on the face of such Perpetual Security in each year.

The first payment of distribution will be made on the Distribution Payment Date next following the Distribution Commencement Date (and if the Distribution Commencement Date is not a Distribution Payment Date, will amount to the Initial Broken Amount shown on the face of such Perpetual Security).

Distribution will cease to accrue on each Fixed Rate Perpetual Security from the due date for redemption thereof unless, upon due presentation and subject to the provisions of the Trust Deed, payment of the Redemption Amount shown on the face of the Perpetual Security is improperly withheld or refused, in which event distribution at such rate will continue to accrue (as well after as before judgment) at the rate and in the manner provided in this Condition 4(l) and the Agency Agreement to the Relevant Date (as defined in Condition 7).

(b) Distribution Rate

The Distribution Rate applicable to each Fixed Rate Perpetual Security shall be:

- (i) if no Reset Date is specified in the applicable Pricing Supplement, the rate shown on the face of such Perpetual Security; or
- (ii) if a Reset Date is specified in the applicable Pricing Supplement, (1) for the period from the Distribution Commencement Date to the First Reset Date specified in the applicable Pricing Supplement, the rate shown on the face of such Perpetual Security and (2) for the period from the First Reset Date and each Reset Date (as shown in the applicable Pricing Supplement) falling thereafter to the immediately following Reset Date, the Reset Distribution Rate.

For the purpose of these Conditions:

“Reset Distribution Rate” means the Swap Offer Rate or such other Relevant Rate to be specified in the applicable Pricing Supplement with respect to the relevant Reset Date plus the Initial Spread (as specified in the applicable Pricing Supplement); and

“Swap Offer Rate” means:

- (aa) the rate per annum (expressed as a percentage) notified by the Agent Bank to the Issuer equal to the swap offer rate published by the Association of Banks in Singapore (or such other equivalent body) for a period equal to the duration of the Reset Period specified in the applicable Pricing Supplement on the second business day prior to the relevant Reset Date (the **“Reset Determination Date”**);
- (bb) if on the Reset Determination Date, there is no swap offer rate published by the Association of Banks in Singapore (or such other equivalent body), the Agent Bank will determine the swap offer rate for such Reset Period (determined by the Agent Bank to be the rate per annum equal to the arithmetic mean (rounded up, if necessary, to four decimal places) of the rates (excluding the highest and the lowest rates) which appears on Page TPIS on the monitor of the Bloomberg Agency under the caption “Tullett Prebon – Rates – Interest Rate Swaps – Asia Pac – SGD” and the column headed “Ask” (or if the Agent Bank determines that such page has ceased to be the commonly accepted page for determining the swap offer rate, such other replacement page as may be specified by the Agent Bank after taking into account the industry practice at that relevant time and the recommendations by the Association of Banks in Singapore (or such other equivalent body)) at the close of business on each of the five consecutive business days prior to and ending on the Reset Determination Date);

- (cc) if on the Reset Determination Date, rates are not available on Page TPIS on the monitor of the Bloomberg Agency under the caption “Tullett Prebon – Rates – Interest Rate Swaps – Asia Pac – SGD” and the column headed “Ask” (or if the Agent Bank determines that such page has ceased to be the commonly accepted page for determining the swap offer rate, such other replacement page as may be specified by the Agent Bank after taking into account the industry practice at that relevant time and the recommendations by the Association of Banks in Singapore (or such other equivalent body)) at the close of business on one or more of the said five consecutive business days, the swap offer rate will be the rate per annum notified by the Agent Bank to the Issuer equal to the arithmetic mean (rounded up, if necessary, to four decimal places) of the rates which are available in such five-consecutive-business-day period or, if only one rate is available in such five-consecutive-business-day period, such rate; and
- (dd) if on the Reset Determination Date, no rate is available on Page TPIS on the monitor of the Bloomberg Agency under the caption “Tullett Prebon – Rates – Interest Rate Swaps – Asia Pac – SGD” and the column headed “Ask” (or if the Agent Bank determines that such page has ceased to be the commonly accepted page for determining the swap offer rate, such other replacement page as may be specified by the Agent Bank after taking into account the industry practice at that relevant time and the recommendations by the Association of Banks in Singapore (or such other equivalent body)) at the close of business in such five-consecutive-business-day period, the Agent Bank will request the principal Singapore offices of the Reference Banks to provide the Agent Bank with quotation(s) of their swap offer rates for a period equivalent to the duration of the Reset Period at the close of business on the Reset Determination Date. The swap offer rate for such Reset Period shall be the arithmetic mean (rounded up, if necessary, to four decimal places) of such offered quotations, as determined by the Agent Bank or, if only one of the Reference Banks provides the Agent Bank with such quotation, such rate quoted by that Reference Bank.

(c) Calculation of Reset Distribution Rate

The Agent Bank will, on the second business day prior to each Reset Date, determine the applicable Reset Distribution Rate payable in respect of each Perpetual Security. The Agent Bank will cause the applicable Reset Distribution Rate determined by it to be notified to the Issuing and Paying Agent, the Trustee, the Issuer and the First REIT Manager (as defined below) as soon as practicable after their determination but in no event later than the fourth business day thereafter. All notifications, opinions, determinations, certificates, calculations, quotations and decisions given, expressed, made or obtained for the purposes of this Condition 4 by the Agent Bank will (in the absence of manifest error) be binding on the Issuer, the Paying Agents and the Perpetual Securityholders.

(d) Publication of relevant Reset Distribution Rate

If so required by the Issuer, the Agent Bank shall cause notice of the then applicable Reset Distribution Rate to be notified to the Perpetual Securityholders in accordance with Condition 14 as soon as possible after their determination.

(e) Determination or Calculation by the Trustee

If the Agent Bank does not at any material time for any reason so determine the applicable Reset Distribution Rate, the Trustee shall do so and such determination or calculation shall be deemed to have been made by the Agent Bank. In doing so, the

Trustee shall apply the provisions of this Condition 4(l), with any necessary consequential amendments, to the extent that, in its opinion, it can do so and, in all other respects, it shall do so in such manner as it shall deem fair and reasonable in all the circumstances.

(f) Calculations

In the case of a Fixed Rate Perpetual Security, distribution in respect of a period of less than one year will be calculated on the Day Count Fraction shown on the face of the Perpetual Security. The amount of distribution payable per Calculation Amount for any Fixed Rate Distribution Period in respect of any Fixed Rate Perpetual Security shall be calculated by multiplying the product of the Distribution Rate and the Calculation Amount, by the Day Count Fraction shown on the Perpetual Security and rounding the resultant figure to the nearest sub-unit of the Relevant Currency.

For the purposes of these Conditions, “**Fixed Rate Distribution Period**” means the period beginning on (and including) the Distribution Commencement Date and ending on (but excluding) the first Distribution Payment Date and each successive period beginning on (and including) a Distribution Payment Date and ending on (but excluding) the next succeeding Distribution Payment Date.

(II) Distribution on Floating Rate Perpetual Securities

(a) Distribution Payment Dates

Each Floating Rate Perpetual Security confers a right to receive distribution on its Calculation Amount from the Distribution Commencement Date in respect thereof and as shown on the face of such Perpetual Security, and such distribution will be payable in arrear on each distribution payment date (“**Distribution Payment Date**”). Such Distribution Payment Date(s) is/are either shown hereon as Specified Distribution Payment Date(s) or, if no Specified Distribution Payment Date(s) is/are shown hereon, Distribution Payment Date shall mean each date which (save as mentioned in these Conditions) falls the number of months specified as the Distribution Period (as defined below) on the face of the Perpetual Security (the “**Specified Number of Months**”) after the preceding Distribution Payment Date or, in the case of the first Distribution Payment Date, after the Distribution Commencement Date (and which corresponds numerically with such preceding Distribution Payment Date or the Distribution Commencement Date, as the case may be). If any Distribution Payment Date referred to in these Conditions that is specified to be subject to adjustment in accordance with a Business Day Convention would otherwise fall on a day that is not a business day (as defined below), then if the Business Day Convention specified is (1) the Floating Rate Business Day Convention, such date shall be postponed to the next day which is a business day unless it would thereby fall into the next calendar month, in which event (i) such date shall be brought forward to the immediately preceding business day and (ii) each subsequent such date shall be the last business day of the month in which such date would have fallen had it not been subject to adjustment, (2) the Following Business Day Convention, such date shall be postponed to the next day that is a business day, (3) the Modified Following Business Day Convention, such date shall be postponed to the next day that is a business day unless it would thereby fall into the next calendar month, in which event such date shall be brought forward to the immediately preceding business day or (4) the Preceding Business Day Convention, such date shall be brought forward to the immediately preceding business day.

The period beginning on the Distribution Commencement Date and ending on the first Distribution Payment Date and each successive period beginning on a Distribution Payment Date and ending on the next succeeding Distribution Payment Date is herein called a “**Distribution Period**”.

Distribution will cease to accrue on each Floating Rate Perpetual Security from the due date for redemption thereof unless, upon due presentation and subject to the provisions of the Trust Deed, payment of the Redemption Amount is improperly withheld or refused, in which event distribution will continue to accrue (as well after as before judgment) at the rate and in the manner provided in this Condition 4(II) and the Agency Agreement to the Relevant Date.

(b) Rate of Distribution – Floating Rate Perpetual Securities

- (i) Each Floating Rate Perpetual Security confers a right to receive distribution on its Calculation Amount at a floating rate determined by reference to a Benchmark as stated on the face of such Floating Rate Perpetual Security, being (in the case of Perpetual Securities which are denominated in Singapore dollars) SIBOR (in which case such Perpetual Security will be a SIBOR Perpetual Security) or Swap Rate (in which case such Perpetual Security will be a Swap Rate Perpetual Security) or (in any other case or in the case of Perpetual Securities which are denominated in a currency other than Singapore dollars) such other Benchmark as is set out on the face of such Perpetual Security.

Such floating rate may be adjusted by adding or subtracting the Spread (if any) stated on the face of such Perpetual Security. The “Spread” is the percentage rate per annum specified on the face of such Perpetual Security as being applicable to the rate of distribution for such Perpetual Security. The rate of distribution so calculated shall be subject to Condition 4(III)(a) below.

The rate of distribution payable in respect of a Floating Rate Perpetual Security from time to time is referred to in these Conditions as the “**Rate of Distribution**”.

- (ii) The Rate of Distribution payable from time to time in respect of each Floating Rate Perpetual Security will be determined by the Agent Bank on the basis of the following provisions:
- (1) in the case of Floating Rate Perpetual Securities which are SIBOR Perpetual Securities:
- (A) the Agent Bank will, at or about the Relevant Time on the relevant Distribution Determination Date in respect of each Distribution Period, determine the Rate of Distribution for such Distribution Period which shall be the offered rate for deposits in Singapore dollars for a period equal to the duration of such Distribution Period which appears on the Reuters Screen ABSFIX01 Page under the caption “ABS SIBOR FIX – SIBOR AND SWAP OFFER RATES – RATES AT 11:00 HRS SINGAPORE TIME” and under the column headed “SGD SIBOR” (or such other replacement page thereof for the purpose of displaying SIBOR or such other Screen Page (as defined below) as may be provided hereon) and as adjusted by the Spread (if any);
- (B) if no such rate appears on the Reuters Screen ABSFIX01 Page (or such other replacement page as aforesaid) or if the Reuters Screen ABSFIX01 Page (or such other replacement page as aforesaid) is

unavailable for any reason, the Agent Bank will request the principal Singapore offices of each of the Reference Banks to provide the Agent Bank with the rate at which deposits in Singapore dollars are offered by it at approximately the Relevant Time on the Distribution Determination Date to prime banks in the Singapore interbank market for a period equivalent to the duration of such Distribution Period commencing on such Distribution Payment Date in an amount comparable to the aggregate principal amount of the relevant Floating Rate Perpetual Securities. The Rate of Distribution for such Distribution Period shall be the arithmetic mean (rounded up, if necessary, to four decimal places) of such offered quotations and as adjusted by the Spread (if any), as determined by the Agent Bank;

- (C) if on any Distribution Determination Date two but not all the Reference Banks provide the Agent Bank with such quotations, the Rate of Distribution for the relevant Distribution Period shall be determined in accordance with (B) above on the basis of the quotations of those Reference Banks providing such quotations; and
 - (D) if on any Distribution Determination Date one only or none of the Reference Banks provides the Agent Bank with such quotation, the Rate of Distribution for the relevant Distribution Period shall be the rate per annum which the Agent Bank determines to be the arithmetic mean (rounded up, if necessary, to four decimal places) of the prime lending rates for Singapore dollars quoted by the Reference Banks at or about the Relevant Time on such Distribution Determination Date and as adjusted by the Spread (if any);
- (2) in the case of Floating Rate Perpetual Securities which are Swap Rate Perpetual Securities:
- (A) the Agent Bank will, at or about the Relevant Time on the relevant Distribution Determination Date in respect of each Distribution Period, determine the Rate of Distribution for such Distribution Period as being the rate which appears on the Reuters Screen ABSFIX01 Page under the caption "SGD SOR rates as of 11:00hrs London Time" under the column headed "SGD SOR" (or such replacement page thereof for the purpose of displaying the swap rates of leading reference banks) at or about the Relevant Time on such Distribution Determination Date and for a period equal to the duration of such Distribution Period and as adjusted by the Spread (if any);
 - (B) if on any Distribution Determination Date no such rate is quoted on the Reuters Screen ABSFIX01 Page (or such other replacement page as aforesaid) or the Reuters Screen ABSFIX01 Page (or such other replacement page as aforesaid) is unavailable for any reason, the Agent Bank will determine the Rate of Distribution for such Distribution Period as being the rate (or, if there is more than one rate which is published, the arithmetic mean of those rates (rounded up, if necessary, to four decimal places)) for a period equal to the duration of such Distribution Period published by a recognised industry body where such rate is widely used (after taking into account the industry practice at that time), or by such other relevant authority as may be agreed between the Agent Bank and the Issuer and as adjusted by the Spread (if any); and

- (C) if on any Distribution Determination Date the Agent Bank is unable to determine the Rate of Distribution under paragraph (b)(ii)(2)(B) above or if no agreement on the relevant authority is reached between the Agent Bank and the Issuer under paragraph (b)(ii)(2)(B) above, the Rate of Distribution shall be determined by the Agent Bank to be the rate per annum equal to the arithmetic mean (rounded up, if necessary, to four decimal places) of the rates quoted by the Singapore offices of the Reference Banks or those of them (being at least two in number) to the Agent Bank at or about 11.00 a.m. (Singapore time) on the first business day following such Distribution Determination Date as being their cost (including the cost occasioned by or attributable to complying with reserves, liquidity, deposit or other requirements imposed on them by any relevant authority or authorities) of funding, for the relevant Distribution Period, an amount equal to the aggregate principal amount of the relevant Floating Rate Perpetual Securities for such Distribution Period by whatever means they determine to be most appropriate and as adjusted by the Spread (if any), or if on such day one only or none of the Singapore offices of the Reference Banks provides the Agent Bank with such quotation, the Rate of Distribution for the relevant Distribution Period shall be the rate per annum equal to the arithmetic mean (rounded up, if necessary, to four decimal places) of the prime lending rates for Singapore dollars quoted by the Singapore offices of the Reference Banks at or about 11.00 a.m. (Singapore time) on such Distribution Determination Date and as adjusted by the Spread (if any);
- (3) in the case of Floating Rate Perpetual Securities which are not SIBOR Perpetual Securities or Swap Rate Perpetual Securities or which are denominated in a currency other than Singapore dollars, the Agent Bank will determine the Rate of Distribution in respect of any Distribution Period at or about the Relevant Time on the Distribution Determination Date in respect of such Distribution Period as follows:
- (A) if the Primary Source (as defined below) for the Floating Rate Perpetual Securities is a Screen Page, subject as provided below, the Rate of Distribution in respect of such Distribution Period shall be:
- (aa) the Relevant Rate (as defined below) (where such Relevant Rate on such Screen Page is a composite quotation or is customarily supplied by one entity); or
- (bb) the arithmetic mean of the Relevant Rates of the persons whose Relevant Rates appear on that Screen Page, in each case appearing on such Screen Page at the Relevant Time on the Distribution Determination Date,
- and as adjusted by the Spread (if any);
- (B) if the Primary Source for the Floating Rate Perpetual Securities is Reference Banks or if paragraph (b)(ii)(3)(A)(aa) applies and no Relevant Rate appears on the Screen Page at the Relevant Time on the Distribution Determination Date or if paragraph (b)(ii)(3)(A)(bb) applies and fewer than two Relevant Rates appear on the Screen Page at the Relevant Time on the Distribution Determination Date, subject as provided below, the Rate of Distribution shall be the rate per annum which the Agent Bank determines to be the arithmetic mean (rounded

up, if necessary, to four decimal places) of the Relevant Rates that each of the Reference Banks is quoting to leading banks in the Relevant Financial Centre (as defined below) at the Relevant Time on the Distribution Determination Date and as adjusted by the Spread (if any); and

(C) if paragraph (b)(ii)(3)(B) applies and the Agent Bank determines that fewer than two Reference Banks are so quoting Relevant Rates, the Rate of Distribution shall be the Rate of Distribution determined on the previous Distribution Determination Date.

(iii) On the last day of each Distribution Period, the Issuer will pay distribution on each Floating Rate Perpetual Security to which such Distribution Period relates at the Rate of Distribution for such Distribution Period.

(iv) For the avoidance of doubt, in the event that the Rate of Distribution in relation to any Distribution Period is less than zero, the Rate of Distribution in relation to such Distribution Period shall be equal to zero.

(c) Definitions

As used in these Conditions:

“Benchmark” means the rate specified as such in the applicable Pricing Supplement;

“business day” means, in respect of each Perpetual Security, (i) a day (other than a Saturday, Sunday or gazetted public holiday) on which Euroclear, Clearstream, Luxembourg and the Depository, as applicable, are operating, (ii) a day (other than a Saturday, Sunday or gazetted public holiday) on which banks and foreign exchange markets are open for general business in the country of the Issuing and Paying Agent’s and, in the case of Non-CDP Perpetual Securities, the Non-CDP Paying Agent’s specified office and (iii) (if a payment is to be made on that day) (1) (in the case of Perpetual Securities denominated in Singapore dollars) a day (other than a Saturday, Sunday or gazetted public holiday) on which banks and foreign exchange markets are open for general business in Singapore, (2) (in the case of Perpetual Securities denominated in Euros) a day (other than a Saturday, Sunday or gazetted public holiday) on which the TARGET System is open for settlement in Euros and (3) (in the case of Perpetual Securities denominated in a currency other than Singapore dollars and Euros) a day (other than a Saturday, Sunday or gazetted public holiday) on which banks and foreign exchange markets are open for general business in the principal financial centre for that currency;

“Calculation Amount” means the amount specified as such on the face of any Perpetual Security or, if no such amount is so specified, the Denomination Amount of such Perpetual Security as shown on the face thereof;

“Day Count Fraction” means, in respect of the calculation of an amount of interest in accordance with Condition 4:

(i) if “Actual/Actual” is specified in the applicable Pricing Supplement, the actual number of days in (in the case of Fixed Rate Perpetual Securities) the Fixed Rate Distribution Period or (in the case of Floating Rate Perpetual Securities) the Distribution Period divided by 365 (or, if any portion of that Fixed Rate Distribution Period or, as the case may be, Distribution Period falls in a leap year, the sum of (1) the actual number of days in that portion of the Fixed Rate Distribution Period

or, as the case may be, Distribution Period falling in a leap year divided by 366 and (2) the actual number of days in that portion of the Fixed Rate Distribution Period or, as the case may be, Distribution Period falling in a non-leap year divided by 365);

- (ii) if “Actual/360” is specified in the applicable Pricing Supplement, the actual number of days in (in the case of Fixed Rate Perpetual Securities) the Fixed Rate Distribution Period or (in the case of Floating Rate Perpetual Securities) the Distribution Period in respect of which payment is being made divided by 360; and
- (iii) if “Actual/365 (Fixed)” is specified in the applicable Pricing Supplement, the actual number of days in (in the case of Fixed Rate Perpetual Securities) the Fixed Rate Distribution Period or (in the case of Floating Rate Perpetual Securities) the Distribution Period in respect of which payment is being made divided by 365;

“**Distribution Commencement Date**” means the Issue Date or such other date as may be specified as the Distribution Commencement Date on the face of such Perpetual Security;

“**Distribution Determination Date**” means, in respect of any Distribution Period, that number of business days prior thereto as is set out in the applicable Pricing Supplement or on the face of the relevant Perpetual Security;

“**Euro**” means the currency of the member states of the European Union that adopt the single currency in accordance with the Treaty establishing the European Community, as amended from time to time;

“**Primary Source**” means the (i) Screen Page specified as such in the applicable Pricing Supplement and (in the case of any Screen Page provided by any information service other than the Reuters Monitor Money Rates Service (“**Reuters**”)) agreed to by the Agent Bank or (ii) the Reference Banks, as the case may be;

“**Reference Banks**” means the institutions specified as such in the applicable Pricing Supplement or, if none, three major banks selected by the Agent Bank in the interbank market that is most closely connected with the Benchmark;

“**Relevant Currency**” means the currency in which the Perpetual Securities are denominated;

“**Relevant Financial Centre**” means, in the case of distribution to be determined on a Distribution Determination Date with respect to any Floating Rate Perpetual Security, the financial centre with which the relevant Benchmark is most closely connected or, if none is so connected, Singapore;

“**Relevant Rate**” means the Benchmark for a Calculation Amount of the Relevant Currency for a period (if applicable or appropriate to the Benchmark) equal to the relevant Distribution Period;

“**Relevant Time**” means, with respect to any Distribution Determination Date, the local time in the Relevant Financial Centre at which it is customary to determine bid and offered rates in respect of deposits in the Relevant Currency in the inter-bank market in the Relevant Financial Centre;

“Screen Page” means such page, section, caption, column or other part of a particular information service (including, but not limited to, the Bloomberg agency and Reuters) as may be specified in the applicable Pricing Supplement for the purpose of providing the Benchmark, or such other page, section, caption, column or other part as may replace it on that information service or on such other information service, in each case as may be nominated by the person or organisation providing or sponsoring the information appearing there for the purpose of displaying rates or prices comparable to the Benchmark; and

“TARGET System” means the Trans-European Automated Real-Time Gross Settlement Express Transfer (known as TARGET 2) System which was launched on 19 November 2007 or any successor thereto.

(III) Calculations

(a) Determination of Rate of Distribution and Calculation of Distribution Amounts

The Agent Bank will, as soon as practicable after the Relevant Time on each Distribution Determination Date determine the Rate of Distribution and calculate the amount of distribution payable (the **“Distribution Amounts”**) in respect of each Calculation Amount of the relevant Floating Rate Perpetual Securities for the relevant Distribution Period. The amount of distribution payable per Calculation Amount in respect of any Floating Rate Perpetual Security shall be calculated by multiplying the product of the Rate of Distribution and the Calculation Amount, by the Day Count Fraction shown on the Perpetual Security and rounding the resultant figure to the nearest sub-unit of the Relevant Currency. The determination of any rate or amount, the obtaining of each quotation and the making of each determination or calculation by the Agent Bank shall (in the absence of manifest error) be final and binding upon all parties.

(b) Notification

The Agent Bank will cause the Rate of Distribution and the Distribution Amounts for each Distribution Period and the relevant Distribution Payment Date to be notified to the Issuing and Paying Agent, the Trustee and the Issuer as soon as possible after their determination but in no event later than the fourth business day after the relevant Distribution Determination Date. In the case of Floating Rate Perpetual Securities, the Agent Bank will also cause the Rate of Distribution and the Distribution Amounts for each Distribution Period and the relevant Distribution Payment Date to be notified to Perpetual Securityholders in accordance with Condition 14 as soon as possible after their determination. The Distribution Amounts and the Distribution Payment Date so notified may subsequently be amended (or appropriate alternative arrangements made by way of adjustment) without notice in the event of an extension or shortening of the Distribution Period by reason of any Distribution Payment Date not being a business day. If an Enforcement Event occurs in relation to the Floating Rate Perpetual Securities, the Rate of Distribution and Distribution Amounts payable in respect of the Floating Rate Perpetual Securities shall nevertheless continue to be calculated as previously in accordance with this Condition but no publication of the Rate of Distribution and Distribution Amounts need to be made unless the Trustee requires otherwise.

(c) Determination or Calculation by the Trustee

If the Agent Bank does not at any material time determine or calculate the Rate of Distribution for a Distribution Period or any Distribution Amount, the Trustee shall do so. In doing so, the Trustee shall apply the foregoing provisions of this Condition, with any

necessary consequential amendments, to the extent that, in its opinion, it can do so, and, in all other respects, it shall do so in such manner as it shall deem fair and reasonable in all the circumstances.

(d) Agent Bank and Reference Banks

The Issuer will procure that, so long as any Floating Rate Perpetual Security remains outstanding, there shall at all times be three Reference Banks (or such other number as may be required) and, so long as any Floating Rate Perpetual Security remains outstanding, there shall at all times be an Agent Bank. If any Reference Bank (acting through its relevant office) is unable or unwilling to continue to act as a Reference Bank or the Agent Bank is unable or unwilling to act as such or if the Agent Bank fails duly to establish the Rate of Distribution for any Distribution Period or to calculate the Distribution Amounts, the Issuer will appoint another bank with an office in the Relevant Financial Centre to act as such in its place. The Agent Bank may not resign from its duties without a successor having been appointed as aforesaid.

(IV) Distribution Discretion

(a) Optional Payment

The Issuer may, at its sole discretion, elect not to pay a distribution (or to pay only part of a distribution) which is scheduled to be paid on a Distribution Payment Date by giving notice (an “**Optional Payment Notice**”) to the Trustee, the Issuing and Paying Agent, the Registrar and the Perpetual Securityholders (in accordance with Condition 14) not more than 15 nor less than three business days (or such other notice period as may be specified hereon) prior to a scheduled Distribution Payment Date.

(b) No obligation to pay

Subject to Condition 4(IV)(c) and Condition 4(IV)(d), the Issuer shall have no obligation to pay any distribution on any Distribution Payment Date and any failure to pay a distribution in whole or in part shall not constitute a default of the Issuer in respect of the Perpetual Securities.

(c) Non-Cumulative Deferral

Any distribution deferred pursuant to this Condition 4(IV) is non-cumulative and will not accrue interest. The Issuer is not under any obligation to pay that or any other distributions that have not been paid in whole or in part. The Issuer may, at its sole discretion, and at any time, elect to pay an optional amount up to the amount of distribution which is unpaid (an “**Optional Distribution**”) in whole or in part by complying with the notice requirements in Condition 4(IV)(e). There is no limit on the number of times or the extent of the amount with respect to which the Issuer can elect not to pay distributions pursuant to this Condition 4(IV).

Any partial payment of outstanding Optional Distribution by the Issuer shall be shared by the holders of all outstanding Perpetual Securities and the Coupons related to them on a *pro-rata* basis.

(d) Restrictions in the case of Non-Payment

If, on any Distribution Payment Date, payments of all distribution scheduled to be made on such date are not made in full by reason of this Condition 4(IV), the Issuer shall not and shall procure that none of its subsidiaries shall:

- (i) declare or pay any dividends, distributions or make any other payment on, and will procure that no dividend, distribution or other payment is made on, any of the Junior Obligations of the Issuer or (except on a *pro-rata* basis) any of the Parity Obligations of the Issuer; or
- (ii) redeem, reduce, cancel, buy-back or acquire for any consideration and will procure that no redemption, reduction, cancellation, buy-back or acquisition for any consideration is made in respect of any of the Junior Obligations of the Issuer or (except on a *pro-rata* basis) any of the Parity Obligations of the Issuer,

unless and until (1) a redemption of all the outstanding Perpetual Securities has occurred, (2) the next scheduled distribution has been paid in full, (3) an Optional Distribution equal to the amount of a distribution payable with respect to the most recent Distribution Payment Date that was unpaid in full or in part, has been paid in full or (4) the Issuer is permitted to do so by an Extraordinary Resolution (as defined in the Trust Deed) of the Perpetual Securityholders.

(e) Satisfaction of Optional Distribution

The Issuer may, at its sole discretion, satisfy an Optional Distribution (in whole or in part) at any time by giving notice of such election to the Trustee, the Issuing and Paying Agent and the Perpetual Securityholders (in accordance with Condition 14) not more than 20 nor less than 15 business days (or such other notice period as may be specified hereon) prior to the relevant payment date specified in such notice (which notice is irrevocable and shall oblige the Issuer to pay the relevant Optional Distribution on the payment date specified in such notice.

Any partial payment of an Optional Distribution by the Issuer shall be shared by the Perpetual Securityholders of all outstanding Perpetual Securities on a *pro-rata* basis. An Optional Distribution in respect of a prior distribution may be paid on the same day as a scheduled distribution under Condition 4(I)(a) and/or any distributions or any other payment with respect to the Junior Obligations of the Issuer.

(f) No default

Notwithstanding any other provision in these Conditions, the non-payment of any distribution payment in accordance with this Condition 4(IV) shall not constitute a default for any purpose (including, without limitation, pursuant to Condition 9) on the part of the Issuer under the Perpetual Securities.

5. Redemption and Purchase

(a) No Fixed Redemption Date

The Perpetual Securities are perpetual securities in respect of which there is no fixed redemption date and the Issuer shall (subject to the provisions of Condition 3 and without prejudice to Condition 9), only have the right to redeem or purchase them in accordance with the following provisions of this Condition 5.

(b) Redemption at the Option of the Issuer

If so provided hereon, the Issuer may, on giving irrevocable notice to the Perpetual Securityholders falling within the Issuer's Redemption Option Period shown on the face hereof, redeem all or, if so provided, some of the Perpetual Securities at their Redemption Amount or integral multiples thereof and on the date or dates so provided. Any such redemption of Perpetual Securities shall be at their Redemption Amount, together with distribution accrued to the date fixed for redemption.

All Perpetual Securities in respect of which any such notice is given shall be redeemed on the date specified in such notice in accordance with this Condition.

In the case of a partial redemption of the Perpetual Securities, the notice to Perpetual Securityholders shall also contain the certificate numbers of the Bearer Perpetual Securities or, in the case of Registered Perpetual Securities, shall specify the principal amount of Registered Perpetual Securities drawn and the holder(s) of such Registered Perpetual Securities, to be redeemed, which shall have been drawn by or on behalf of the Issuer in such place and in such manner as may be agreed between the Issuer and the Trustee, subject to compliance with any applicable laws. So long as the Perpetual Securities are listed on any Stock Exchange, the Issuer shall comply with the rules of such Stock Exchange in relation to the publication of any redemption of such Perpetual Securities.

(c) Redemption for Taxation Reasons

If so provided hereon, the Perpetual Securities may be redeemed at the option of the Issuer in whole, but not in part, on any Distribution Payment Date or, if so specified hereon, at any time on giving not less than 30 nor more than 60 days' notice to the Perpetual Securityholders (which notice shall be irrevocable), at their Redemption Amount, (together with distribution accrued to the date fixed for redemption), if:

- (i) the Issuer has or will become obliged to pay additional amounts as provided or referred to in Condition 7, or increase the payment of such additional amounts, as a result of any change in, or amendment to, the laws (or any regulations, rulings or other administrative pronouncements promulgated thereunder) of Singapore or any political subdivision or any authority thereof or therein having power to tax, or any change in the application or official interpretation of such laws, regulations, rulings or other administrative pronouncements, which change or amendment is made public on or after the Issue Date or any other date specified in the Pricing Supplement, and
- (ii) such obligations cannot be avoided by the Issuer taking reasonable measures available to it,

provided that no such notice of redemption shall be given earlier than 90 days prior to the earliest date on which the Issuer would be obliged to pay such additional amounts were a payment in respect of the Perpetual Securities then due.

Prior to the publication of any notice of redemption pursuant to this paragraph, the Issuer shall deliver to the Trustee and the Issuing and Paying Agent:

- (1) a certificate signed by two duly authorised signatories of the Issuer stating that the Issuer is entitled to effect such redemption and setting forth a statement of facts showing that the conditions precedent to the right of the Issuer so to redeem have occurred; and

- (2) an opinion of independent legal, tax or other professional advisers of recognised standing to the effect that the Issuer has or is likely to become obliged to pay such additional amounts as a result of such change or amendment,

and the Trustee and the Issuing and Paying Agent shall be entitled to accept such certificate and opinion as sufficient evidence of the satisfaction of the conditions precedent set out above, in which event it shall be conclusive and binding on the Perpetual Securityholders.

(d) Redemption for Accounting Reasons

If so provided hereon, the Perpetual Securities may be redeemed at the option of the Issuer in whole, but not in part, on any Distribution Payment Date or, if so specified hereon, at any time on giving not less than 30 nor more than 60 days' notice to the Perpetual Securityholders (which notice shall be irrevocable), at their Redemption Amount (together with distribution accrued to the date fixed for redemption) if, on such Distribution Payment Date or any time after that Distribution Payment Date, as a result of any changes or amendments to the Singapore Financial Reporting Standards issued by the Singapore Accounting Standards Council ("**SFRS**") or any other accounting standards that may replace SFRS for the purposes of the consolidated financial statements of First REIT (the "**Relevant Accounting Standard**"), the Perpetual Securities will not or will no longer be recorded as "equity" of First REIT pursuant to the Relevant Accounting Standard.

Prior to the publication of any notice of redemption pursuant to this Condition 5(d), the Issuer shall deliver, or procure to be delivered, to the Trustee and the Issuing and Paying Agent:

- (i) a certificate, signed by two duly authorised signatories of the Issuer, stating that the circumstances referred to above prevail and setting out the details of such circumstances; and
- (ii) an opinion of the Issuer's independent auditors stating that the circumstances referred to above prevail and the date on which the relevant change or amendment to the Relevant Accounting Standard is due to take effect,

and the Trustee and the Issuing and Paying Agent shall be entitled to accept such certificate and opinion as sufficient evidence of the satisfaction of the conditions precedent set out above, in which event it shall be conclusive and binding on the Perpetual Securityholders.

Upon the expiry of any such notice as is referred to in this Condition 5(d), the Issuer shall be bound to redeem the Perpetual Securities in accordance with this Condition 5(d).

(e) Redemption in the case of Minimal Outstanding Amount

If so provided hereon, the Perpetual Securities may be redeemed at the option of the Issuer in whole, but not in part, on any Distribution Payment Date or, if so specified hereon, at any time on giving not less than 30 nor more than 60 days' notice to the Perpetual Securityholders (which notice shall be irrevocable), at their Redemption Amount (together with distribution accrued to the date fixed for redemption) if, immediately before giving such notice, the aggregate principal amount of the Perpetual Securities outstanding is less than 10 per cent. of the aggregate principal amount originally issued.

Upon the expiry of any such notice as is referred to in this Condition 5(e), the Issuer shall be bound to redeem the Perpetual Securities in accordance with this Condition 5(e).

(f) Redemption upon a Regulatory Event

If so provided hereon, the Issuer may, at its option, redeem the Perpetual Securities in whole, but not in part, at any time at their principal amount, together with distributions accrued from the immediately preceding Distribution Payment Date to the date fixed for redemption, on the Issuer giving not less than 30 nor more than 60 days' notice to the Perpetual Securityholders and the Trustee (which notice shall be irrevocable and shall oblige the Issuer to redeem the Perpetual Securities), if the Issuer satisfies the Trustee immediately prior to the giving of such notice that as a result of any change in, or amendment to, the Property Funds Appendix, or any change in the application or official interpretation of the Property Funds Appendix, the Perpetual Securities count or will count towards the Aggregate Leverage under the Property Funds Appendix (a "**Regulatory Event**"), provided that no such notice of redemption shall be given earlier than 90 days prior to the earliest date on which the Perpetual Securities will count towards the Aggregate Leverage.

Prior to the publication of any notice of redemption pursuant to this Condition 5(f), the Issuer shall deliver, or procure that there is delivered to the Trustee and the Issuing and Paying Agent:

- (i) a certificate, signed by two authorised signatories of the Issuer, stating that the circumstances referred to above prevail and setting out the details of such circumstances; and
- (ii) an opinion of the Issuer's independent legal adviser of recognised standing stating that the circumstances referred to above prevail and the date on which the relevant change or amendment to, or change in application or interpretation of, the Property Funds Appendix, took, or is due to take, effect,

and the Trustee and the Issuing and Paying Agent shall be entitled to accept such certificate and opinion as sufficient evidence of the satisfaction of the conditions precedent set out above, in which event it shall be conclusive and binding on the Perpetual Securityholders.

Upon the expiry of any such notice as is referred to in this Condition 5(f), the Issuer shall be bound to redeem the Perpetual Securities in accordance with this Condition 5(f).

For the purposes of this Condition 5(f):

- (1) "**Aggregate Leverage**" means, as defined under the Property Funds Appendix, the total borrowings and deferred payments of a real estate investment trust, or such other definition as may from time to time be provided for under the Property Funds Appendix;
- (2) "**Property Funds Appendix**" means Appendix 6 of the Code on Collective Investment Schemes, issued by the Monetary Authority of Singapore (the "**MAS**");

(g) Purchase

The Issuer or any of the related corporations of First REIT may at any time purchase Perpetual Securities at any price (provided that they are purchased together with all unmaturing Coupons and unexchanged Talons relating to them) in the open market or otherwise, provided that in any such case such purchase or purchases is in compliance with all relevant laws, regulations and directives.

Perpetual Securities purchased by the Issuer or any of the related corporations of First REIT may be surrendered by the purchaser through the Issuer to, in the case of Bearer Perpetual Securities, the Issuing and Paying Agent and, in the case of Registered Perpetual Securities, the Registrar for cancellation or may, at the option of the Issuer or relevant related corporation, be held or resold.

For the purposes of these Conditions, “**directive**” includes any present or future directive, regulation, request, requirement, rule or credit restraint programme of any relevant agency, authority, central bank department, government, legislative, minister, ministry, official public or statutory corporation, self-regulating organisation or stock exchange.

(h) Cancellation

All Perpetual Securities purchased by or on behalf of the Issuer or any of the related corporations of First REIT may be surrendered for cancellation, in the case of Bearer Perpetual Securities, by surrendering each such Perpetual Security together with all unmatured Coupons and all unexchanged Talons to the Issuing and Paying Agent at its specified office and, in the case of Registered Perpetual Securities, by surrendering the Certificate representing such Perpetual Securities to the Registrar and, in each case, if so surrendered, shall, together with all Perpetual Securities redeemed by the Issuer, be cancelled forthwith (together with all unmatured Coupons and unexchanged Talons attached thereto or surrendered therewith). Any Perpetual Securities or Certificates so surrendered for cancellation may not be reissued or resold.

6. Payments

(a) Principal and Distribution in respect of Bearer Perpetual Securities

Payments of principal and distribution in respect of Bearer Perpetual Securities will, subject as mentioned below, be made against presentation and surrender of the relevant Perpetual Securities or Coupons, as the case may be, at the specified office of the Issuing and Paying Agent by a cheque drawn in the currency in which payment is due on, or, at the option of the payee, by transfer to an account maintained by the payee in that currency with, a bank in the principal financial centre for that currency.

(b) Principal and Distribution in respect of Registered Perpetual Securities

- (i) Payments of principal in respect of Registered Perpetual Securities will, subject as mentioned below, be made against presentation and surrender of the relevant Certificates at the specified office of the Registrar or any of the other Transfer Agents and in the manner provided in Condition 6(b)(ii).
- (ii) Distribution on Registered Perpetual Securities shall be paid to the person shown on the Register at the close of business on the fifteenth day before the due date for payment thereof (the “**Record Date**”). Payments of distribution on each Registered Perpetual Security shall be made by a cheque drawn in the currency in which payment is due on and mailed to the holder (or to the first named of joint holders) of such Perpetual Security at its address appearing in the Register. Upon application by the Perpetual Securityholder to the specified office of the Registrar or any other Transfer Agent before the Record Date, such payment of distribution may be made by transfer to an account maintained by the holder in that currency with a bank in the principal financial centre for that currency.

(c) Payments subject to law etc.

All payments are subject in all cases to (i) any applicable fiscal or other laws, regulations and directives, but without prejudice to the provisions of Condition 7 and (ii) any withholding or deduction required pursuant to an agreement described in Section 1471(b) of the U.S. Internal Revenue Code of 1986 (the “**Code**”) or otherwise imposed pursuant to Sections 1471 through 1474 of the Code, any regulations or agreements thereunder, any official interpretations thereof, or (without prejudice to the provisions of Condition 7) any law implementing an intergovernmental approach thereto. No commission or expenses shall be charged to the Perpetual Securityholders or Couponholders in respect of such payments.

(d) Appointment of Agents

The Paying Agents, the Agent Bank, the Transfer Agents and the Registrars and their specified offices are listed below. The Issuer reserves the right at any time to vary or terminate the appointment of the Paying Agents, the Agent Bank, any Transfer Agent and the Registrars and to appoint additional or other Paying Agents, Agent Banks, Transfer Agents and Registrars, provided that it will at all times maintain (i) an Issuing and Paying Agent, a CDP Transfer Agent and a CDP Registrar having a specified office in Singapore and (ii) an Agent Bank where the Conditions so require.

Notice of any such change or any change of any specified office will promptly be given to the Perpetual Securityholders in accordance with Condition 14.

The Agency Agreement may be amended by the Issuer, the Issuing and Paying Agent, the Agent Bank, the Transfer Agent, the Registrar and the Trustee, without the consent of the holder of any Perpetual Security or Coupon, for the purpose of curing any ambiguity or of curing, correcting or supplementing any defective provision contained therein or in any manner which the Issuer, the Issuing and Paying Agent, the Agent Bank, the Transfer Agent, the Registrar and the Trustee may mutually deem necessary or desirable and which does not, in the reasonable opinion of the Issuer, the Issuing and Paying Agent, the Agent Bank, the Transfer Agent, the Registrar and the Trustee, materially and adversely affect the interests of the holders of the Perpetual Securities or the Coupons.

(e) Unmatured Coupons and unexchanged Talons

- (i) Bearer Perpetual Securities which comprise Fixed Rate Perpetual Securities should be surrendered for payment together with all unmatured Coupons (if any) relating to such Perpetual Securities, failing which an amount equal to the face value of each missing unmatured Coupon (or, in the case of payment not being made in full, that proportion of the amount of such missing unmatured Coupon which the sum of principal so paid bears to the total principal due) will be deducted from the Redemption Amount due for payment. Any amount so deducted will be paid in the manner mentioned above against surrender of such missing Coupon within a period of five years from the Relevant Date for the payment of such principal (whether or not such Coupon has become void pursuant to Condition 8).
- (ii) Subject to the provisions of the relevant Pricing Supplement upon the due date for redemption of any Bearer Perpetual Security comprising a Floating Rate Perpetual Security, unmatured Coupons relating to such Perpetual Security (whether or not attached) shall become void and no payment shall be made in respect of them.
- (iii) Upon the due date for redemption of any Bearer Perpetual Security, any unexchanged Talon relating to such Perpetual Security (whether or not attached) shall become void and no Coupon shall be delivered in respect of such Talon.

- (iv) Where any Bearer Perpetual Security comprising a Floating Rate Perpetual Security is presented for redemption without all unmatured Coupons relating to it, and where any Bearer Perpetual Security is presented for redemption without any unexchanged Talon relating to it, redemption shall be made only against the provision of such indemnity as the Issuer may require.
- (v) If the due date for redemption or repayment of any Perpetual Security is not a due date for payment of distribution, distribution accrued from the preceding due date for payment of distribution or the Distribution Commencement Date, as the case may be, shall only be payable against presentation (and surrender if appropriate) of the relevant Bearer Perpetual Security or Certificate.

(f) Talons

On or after the Distribution Payment Date for the final Coupon forming part of a Coupon sheet issued in respect of any Bearer Perpetual Security, the Talon forming part of such Coupon sheet may be surrendered at the specified office of the Issuing and Paying Agent on any business day in exchange for a further Coupon sheet (and if necessary another Talon for a further Coupon sheet) (but excluding any Coupons that may have become void pursuant to Condition 8).

(g) Non-business days

Subject as provided in the relevant Pricing Supplement or subject as otherwise provided in these Conditions, if any date for the payment in respect of any Perpetual Security or Coupon is not a business day, the Perpetual Securityholder shall not be entitled to payment until the next following business day and shall not be entitled to any further distribution or other payment in respect of any such delay.

7. Taxation

Where the Perpetual Securities are recognised as debt securities for Singapore income tax purposes, all payments in respect of the Perpetual Securities and the Coupons by or on behalf of the Issuer shall be made free and clear of, and without deduction or withholding for or on account of, any present or future taxes, duties, assessments or governmental charges of whatever nature imposed, levied, collected, withheld or assessed by or within Singapore or any authority thereof or therein having power to tax, unless such withholding or deduction is required by law. In such event, the Issuer shall pay such additional amounts ("**Additional Amounts**") as will result in the receipt by the Perpetual Securityholders and the Couponholders of such amounts as would have been received by them had no such deduction or withholding been required, except that no such additional amounts shall be payable in respect of any Perpetual Security or Coupon presented (or in respect of which the Certificate representing it is presented) for payment:

- (a) by or on behalf of a holder who is subject to such taxes, duties, assessments or governmental charges by reason of his being connected with Singapore otherwise than by reason only of the holding of such Perpetual Security or Coupon or the receipt of any sums due in respect of such Perpetual Security or Coupon (including, without limitation, the holder being a resident of, or a permanent establishment in, Singapore);
- (b) more than 30 days after the Relevant Date except to the extent that the holder thereof would have been entitled to such additional amounts on presenting the same for payment on the last day of such period of 30 days; or

- (c) by, or on behalf of, a holder who would be able to lawfully avoid (but has not so avoided) such deduction or withholding by making a declaration or any other statement including, but not limited to, a declaration of residence or non-residence, but fails to do so.

Where the Perpetual Securities are not recognised as debt securities for Singapore income tax purposes, all payments in respect of the Perpetual Securities and the Coupons by or on behalf of the Issuer may be subject to any present or future taxes, duties, assessments or governmental charges of whatever nature imposed, levied, collected, withheld or assessed by within Singapore or any authority thereof or therein having power to tax in the same manner as distributions on ordinary units of First REIT, and First REIT may be obliged (in certain circumstances) to withhold or deduct tax at the rate of 10% or 17% under Section 45G of the Income Tax Act, Chapter 134 of Singapore. In that event, the Issuer will not pay any Additional Amounts in respect of any such withholding or deduction from payments in respect of the Perpetual Securities and the Coupons for or on account of any such taxes or duties.

Notwithstanding any other provision of these Conditions, if the Issuer, or any other person through whom payments on the Perpetual Securities or Coupons are made, is required to make any withholding or deduction required pursuant to an agreement described in Section 1471(b) of the Code or otherwise imposed pursuant to Sections 1471 through 1474 of the Code, any regulations or agreements thereunder, any official interpretations thereof, or any law implementing an intergovernmental approach thereto, the Issuer or that other person shall be permitted to make such withholding or deduction, and Perpetual Securityholders and/or Couponholders and beneficial owners of Perpetual Securities and/or Coupons will not be entitled to receive any gross up, additional amount or other amount for such withholding or deduction.

As used in these Conditions, “**Relevant Date**” in respect of any Perpetual Security or Coupon means the date on which payment in respect thereof first becomes due or (if any amount of the money payable is improperly withheld or refused) the date on which payment in full of the amount outstanding is made or (if earlier) the date falling seven days after that on which notice is duly given to the Perpetual Securityholders in accordance with Condition 14 that, upon further presentation of the Perpetual Security (or relative Certificate) or Coupon being made in accordance with the Conditions, such payment will be made, provided that payment is in fact made upon presentation, and references to “**principal**” shall be deemed to include any premium payable in respect of the Perpetual Securities, all Redemption Amounts and all other amounts in the nature of principal payable pursuant to Condition 5, “**distribution**” shall be deemed to include all Distribution Amounts and all other amounts payable pursuant to Condition 4 and any reference to “**principal**” and/or “**premium**” and/or “**Redemption Amounts**” and/or “**distribution**” shall be deemed to include any additional amounts, principal, premium, Redemption Amount or distribution (as the case may be) which may be payable under these Conditions.

8. Prescription

Claims against the Issuer for payment in respect of the Perpetual Securities and Coupons (which, for this purpose, shall not include Talons) shall be prescribed and become void unless made within five years from the appropriate Relevant Date for payment.

9. Non-payment

(a) Non-payment when due

Notwithstanding any of the provisions below in this Condition 9, the right to institute proceedings for the bankruptcy, termination, winding-up, liquidation, receivership, administration or similar proceedings in respect of First REIT (the “**Winding-Up**”) is limited

to circumstances where payment has become due. In the case of any distribution, such distribution will not be due if the Issuer has elected not to pay that distribution in accordance with Condition 4(IV). In addition, nothing in this Condition 9, including any restriction on commencing proceedings, shall in any way restrict or limit the rights of the Trustee or any of its directors, officers, employees or agents to claim from or to otherwise take any action against the Issuer in respect of any costs, charges, fees, expenses or liabilities incurred by such party pursuant to or in connection with the Perpetual Securities or the Trust Deed.

(b) Proceedings for Winding-Up

If (i) an order is made or an effective resolution is passed for the Winding-Up of First REIT or (ii) the Issuer fails to make payment in respect of the Perpetual Securities when due and such failure continues for a period of three business days after the due date (together, the “**Enforcement Events**”), the Issuer shall be deemed to be in default under the Trust Deed and the Perpetual Securities and the Trustee may, subject to the provisions of Condition 9(d), institute proceedings for the Winding-Up of First REIT and/or prove in the Winding-Up of First REIT and/or claim in the liquidation of First REIT for such payment.

(c) Enforcement

Without prejudice to Condition 9(b) but subject to the provisions of Condition 9(d), the Trustee may, at its discretion and without further notice, institute such proceedings against the Issuer as it may think fit to enforce any term or condition binding on the Issuer under the Perpetual Securities or the Trust Deed, as the case may be, (other than any payment obligation of the Issuer under or arising from the Perpetual Securities, including, without limitation, payment of any principal or premium or satisfaction of any distributions (including any damages awarded for breach of any obligations)) and in no event shall the Issuer, by virtue of the institution of any such proceedings, be obliged to pay any sum or sums, in cash or otherwise, sooner than the same would otherwise have been payable by it.

(d) Entitlement of Trustee

The Trustee shall not and shall not be obliged to take any of the actions referred to in Condition 9(b) or Condition 9(c) against the Issuer to enforce the terms of the Trust Deed or the Perpetual Securities unless (i) it shall have been so directed by an Extraordinary Resolution of the Perpetual Securityholders or so requested in writing by Perpetual Securityholders holding not less than 25 per cent. in principal amount of the Perpetual Securities outstanding and (ii) it shall have been indemnified and/or secured and/or pre-funded by the Perpetual Securityholders to its satisfaction.

(e) Rights of Perpetual Securityholders or Couponholders

No Perpetual Securityholder or Couponholder shall be entitled to proceed directly against the Issuer or to institute proceedings for the Winding-Up or claim in the liquidation of First REIT or to prove in such Winding-Up unless the Trustee, having become so bound to proceed or being able to prove in such Winding-Up or claim in such liquidation, fails or neglects to do so within a reasonable period and such failure or neglect shall be continuing, in which case the Perpetual Securityholder or Couponholder shall have only such rights against the Issuer as those which the Trustee is entitled to exercise as set out in this Condition 9.

(f) Extent of Perpetual Securityholders' remedy

No remedy against the Issuer, other than as referred to in this Condition 9, shall be available to the Trustee or the Perpetual Securityholders or Couponholders, whether for the recovery of amounts owing in respect of the Trust Deed or the Perpetual Securities or in respect of any breach by the Issuer of any of its other obligations under or in respect of the Trust Deed or the Perpetual Securities (as applicable).

(g) Damages subject to Subordination

If any court awards money, damages or other restitution for any default with respect to the performance by the Issuer of its obligation contained in the Trust Deed and the Perpetual Securities, the payment of such money, damages or other restitution shall be subject to the subordination provisions set out in these Conditions and in Clause 8.3 of the Trust Deed.

10. Meetings of Perpetual Securityholders and Modifications

The Trust Deed contains provisions for convening meetings of Perpetual Securityholders of a Series to consider any matter affecting their interests, including modification by Extraordinary Resolution of the Perpetual Securities of such Series (including these Conditions insofar as the same may apply to such Perpetual Securities) or any of the provisions of the Trust Deed.

The Trustee or the Issuer at any time may, and the Trustee upon the request in writing by Perpetual Securityholders holding not less than 10 per cent. of the principal amount of the Perpetual Securities of any Series for the time being outstanding shall, convene a meeting of the Perpetual Securityholders of that Series. An Extraordinary Resolution duly passed at any such meeting shall be binding on all the Perpetual Securityholders of the relevant Series, whether present or not and on all relevant Couponholders, except that any Extraordinary Resolution proposed, *inter alia*, (a) to amend the dates of redemption of the Perpetual Securities or any date for payment of distribution or Distribution Amounts on the Perpetual Securities, (b) to reduce or cancel the principal amount of, or any premium payable on redemption of, the Perpetual Securities, (c) to reduce the rate or rates of distribution in respect of the Perpetual Securities or to vary the method or basis of calculating the rate or rates of distribution or the basis for calculating any Distribution Amount in respect of the Perpetual Securities, (d) to vary any method of, or basis for, calculating the Redemption Amount, (e) to vary the currency or currencies of payment or denomination of the Perpetual Securities, (f) to amend the subordination provisions of the Perpetual Securities, (g) to take any steps that as specified hereon may only be taken following approval by an Extraordinary Resolution to which the special quorum provisions apply or (h) to modify the provisions concerning the quorum required at any meeting of Perpetual Securityholders or the majority required to pass the Extraordinary Resolution, will only be binding if passed at a meeting of the Perpetual Securityholders of the relevant Series (or at any adjournment thereof) at which a special quorum (provided for in the Trust Deed) is present.

The Trustee may agree, without the consent of the Perpetual Securityholders or Couponholders, to (i) any modification of any of the provisions of the Trust Deed or these Conditions which in the opinion of the Trustee is of a formal, minor or technical nature or is made to correct a manifest error or to comply with mandatory provisions of Singapore law or is required by Euroclear, Clearstream, Luxembourg, the Depository and/or any other clearing system in which the Perpetual Securities may be held and (ii) any other modification (except as mentioned in the Trust Deed), and any waiver or authorisation of any breach or proposed breach, of any of the provisions of the Trust Deed or these Conditions which is in the opinion of the Trustee not materially prejudicial to the interests of the Perpetual Securityholders. Any such modification, authorisation or waiver shall be binding on the Perpetual Securityholders and the Couponholders and, if the Trustee so requires, such modification, authorisation or waiver shall be notified to the Perpetual Securityholders as soon as practicable.

The Trust Deed provides that the Issuer may substitute in place of the First REIT Trustee (or of any previous substitute) as the principal debtor under the Trust Deed, the Perpetual Securities, the Coupons and the Talons, another entity being appointed as the replacement or substitute trustee of First REIT in accordance with the terms of the First REIT Trust Deed, provided that such entity is approved by MAS (or such other relevant authority) to act as a trustee of collective investment schemes in Singapore and provided further that the conditions specified in the Trust Deed are met.

In connection with the exercise of its functions (including but not limited to those in relation to any proposed modification, waiver, authorisation or substitution) the Trustee shall have regard to the interests of the Perpetual Securityholders as a class and shall not have regard to the consequences of such exercise for individual Perpetual Securityholders or Couponholders.

These Conditions may be amended, modified, or varied in relation to any Series of Perpetual Securities by the terms of the relevant Pricing Supplement in relation to such Series.

11. Replacement of Perpetual Securities, Certificates, Coupons and Talons

If any Perpetual Security, Certificate, Coupon or Talon is lost, stolen, mutilated, defaced or destroyed, it may be replaced, subject to applicable laws, regulations and stock exchange or other relevant authority regulations, at the specified office of the Issuing and Paying Agent (in the case of Bearer Perpetual Securities, Coupons or Talons) and of the Registrar (in the case of Certificates), or at the specified office of such other Paying Agent or Transfer Agent, as the case may be, as may from time to time be designated by the Issuer for the purpose and notice of whose designation is given to the Perpetual Securityholders in accordance with Condition 14, on payment by the claimant of the fees and costs incurred in connection with the replacement and on such terms as to evidence, undertaking, security and indemnity (which may provide, *inter alia*, that if the allegedly lost, stolen or destroyed Perpetual Security, Certificate, Coupon or Talon is subsequently presented for payment, there will be paid to the Issuer on demand the amount payable by the Issuer in respect of such Perpetual Security, Certificate, Coupon or Talon) or otherwise as the Issuer, the Issuing and Paying Agent, the Registrar and any other Transfer Agent may require. Mutilated or defaced Perpetual Securities, Certificates, Coupons or Talons must be surrendered before replacements will be issued.

12. Further Issues

The Issuer may from time to time without the consent of the Perpetual Securityholders or Couponholders create and issue further perpetual securities having the same terms and conditions as the Perpetual Securities of any Series and so that the same shall be consolidated and form a single Series with such Perpetual Securities, and references in these Conditions to “**Perpetual Securities**” shall be construed accordingly.

13. Indemnification of the Trustee

The Trust Deed contains provisions for the indemnification of the Trustee and for its relief from responsibility, including provisions relieving it from taking proceedings to enforce repayment unless indemnified and/or secured to its satisfaction. The Trust Deed also contains a provision entitling the Trustee or any corporation related to it to enter into business transactions with the Issuer or any of the related corporations of First REIT without accounting to the Perpetual Securityholders or Couponholders for any profit resulting from such transactions.

14. Notices

In any case where the identities and addresses of all the Perpetual Securityholders are known to the Issuer, notices to such holders may be given individually by recorded delivery mail to such addresses and will be deemed to have been given when received at such addresses. Notices to the holders of Registered Perpetual Securities shall be valid if mailed to them at their respective addresses in the Register and deemed to have been given on the fourth weekday (being a day other than a Saturday or Sunday) after the date of mailing. Notwithstanding the foregoing, notices to the holders of Perpetual Securities will be valid if (a) published in a leading newspaper in the English language of general circulation in Singapore (it is expected that such publication will be made in *The Business Times*) or (b) an announcement is made through the internet-based submission system operated by the SGX-ST (or, if the holders of any Series of Perpetual Securities can be identified, notices to such holders will also be valid if they are given to each of such holders). Notices will, if published more than once or on different dates, be deemed to have been given on the date of the first publication in such newspaper or the date of the first announcement via the internet-based submission system as provided above, whichever is earlier.

Couponholders shall be deemed for all purposes to have notice of the contents of any notice to the holders of Bearer Perpetual Securities in accordance with this Condition 14.

So long as the Perpetual Securities are represented by a Global Security or a Global Certificate and such Global Security or Global Certificate is held in its entirety on behalf of Euroclear, Clearstream, Luxembourg and/or the Depository, there may be substituted for such mailing, publication in such newspapers or announcement through the internet-based submission system operated by the SGX-ST the delivery of the relevant notice to Euroclear, Clearstream, Luxembourg and/or (subject to the agreement of the Depository) the Depository for communication by it to the Perpetual Securityholders, except that if the Perpetual Securities are listed on the SGX-ST and the rules of such exchange so require, notice will in any event be published in accordance with the first paragraph. Any such notice shall be deemed to have been given to the Perpetual Securityholders on the seventh day after the day on which the said notice was given to Euroclear, Clearstream, Luxembourg and/or the Depository.

Notices to be given by any Perpetual Securityholder pursuant hereto (including to the Issuer) shall be in writing and given by lodging the same, together with the relative Perpetual Security or Perpetual Securities, with the Issuing and Paying Agent (in the case of Bearer Perpetual Securities) or the Registrar (in the case of Certificates). Whilst the Perpetual Securities are represented by a Global Security or a Global Certificate, such notice may be given by any Perpetual Securityholder to the Issuing and Paying Agent or, as the case may be, the Registrar through Euroclear, Clearstream, Luxembourg and/or the Depository in such manner as the Issuing and Paying Agent or, as the case may be, the Registrar and Euroclear, Clearstream, Luxembourg and/or the Depository may approve for this purpose.

15. Contracts (Rights of Third Parties) Act

No person shall have any right to enforce any term or condition of the Perpetual Securities under the Contracts (Rights of Third Parties) Act, Chapter 53B of Singapore.

16. Acknowledgement

- (a) Notwithstanding any provision to the contrary in the Trust Deed, the Perpetual Securities and the Coupons, the Trustee, the Perpetual Securityholders and the Couponholders acknowledge that the First REIT Trustee has entered into the Trust Deed only in its capacity as trustee of First REIT and not in its personal capacity and

all references to the “Issuer” in the Trust Deed, the Perpetual Securities and the Coupons shall be construed accordingly. Accordingly, notwithstanding any provision to the contrary in the Trust Deed, the Perpetual Securities and the Coupons, the First REIT Trustee has assumed all obligations under the Trust Deed, the Perpetual Securities and the Coupons only in its capacity as trustee of First REIT and not in its personal capacity. Any liability of or indemnity, covenant, undertaking, representation and/or warranty given by the Issuer under the Trust Deed, the Perpetual Securities and the Coupons is given by the First REIT Trustee in its capacity as trustee of First REIT and not in its personal capacity and any power or right conferred on any receiver, attorney, agent and/or delegate under the Trust Deed, the Perpetual Securities and the Coupons shall be limited to the assets of or held on trust for First REIT over which the Issuer has recourse and shall not extend to any personal or other assets of the First REIT Trustee or any assets held by the First REIT Trustee in its capacity as trustee of any trust (other than First REIT). Any obligation, matter, act, action or thing required to be done, performed or undertaken by the Issuer under the Trust Deed, the Perpetual Securities and the Coupons shall only be in connection with the matters relating to First REIT and shall not extend to the First REIT Trustee’s obligations in respect of any other trust or real estate investment trust of which it is a trustee. The foregoing shall not restrict or prejudice the rights or remedies of the Trustee, the Perpetual Securityholders and the Couponholders under law or equity whether in connection with any gross negligence, fraud or breach of trust of the Issuer or otherwise.

- (b) Notwithstanding any provision to the contrary in the Trust Deed, the Perpetual Securities and the Coupons, it is hereby agreed that the Issuer’s obligations under the Trust Deed, the Perpetual Securities and the Coupons will be solely the corporate obligations of the First REIT Trustee, in its capacity as trustee of First REIT and the Trustee, the Perpetual Securityholders and the Couponholders shall not have any recourse against the shareholders, directors, officers or employees of the First REIT Trustee for any claims, losses, damages, liabilities or other obligations whatsoever in connection with any of the transactions contemplated by the provisions of the Trust Deed, the Perpetual Securities and the Coupons. The foregoing shall not restrict or prejudice the rights or remedies of the Trustee, the Perpetual Securityholders and the Couponholders under law or equity whether in connection with any gross negligence, fraud or breach of trust of the Issuer or otherwise.
- (c) For the avoidance of doubt, any legal action or proceedings commenced against the Issuer whether in Singapore or elsewhere pursuant to the Trust Deed, the Perpetual Securities and the Coupons shall be brought against the First REIT Trustee in its capacity as trustee of First REIT and not in its personal capacity. The foregoing shall not restrict or prejudice the rights or remedies of the Trustee, the Perpetual Securityholders and the Couponholders under law or equity whether in connection with any gross negligence, fraud or breach of trust of the Issuer or otherwise.

17. Governing Law and Jurisdiction

- (a) **Governing Law:** The Trust Deed, the Perpetual Securities, the Coupons and the Talons are governed by, and shall be construed in accordance with, the laws of Singapore.
- (b) **Jurisdiction:** The courts of Singapore are to have jurisdiction to settle any disputes that may arise out of or in connection with the Trust Deed, the Perpetual Securities, the Coupons or the Talons and accordingly any legal action or proceedings arising out of or in connection with the Trust Deed, the Perpetual Securities, the Coupons or the Talons (the “**Proceedings**”) may be brought in such courts. The Issuer has in the Trust Deed irrevocably submitted to the jurisdiction of such courts.

- (c) **No Immunity:** The Issuer irrevocably agrees that, should the Trustee take any Proceedings anywhere (whether for an injunction, specific performance, damages or otherwise), no immunity (to the extent that it may at any time exist, whether on the grounds of sovereignty or otherwise) from those Proceedings, from attachment (whether in aid of execution, before judgment or otherwise) of its assets or from execution of judgment shall be claimed by it or on its behalf or with respect to its assets, any such immunity being irrevocably waived. The Issuer irrevocably agrees that the Issuer and its assets are, and shall be, subject to such Proceedings, attachment or execution in respect of its obligations under the Trust Deed, the Perpetual Securities, the Coupons or the Talons.

INVESTMENT CONSIDERATIONS

Prior to making an investment or divestment decision, prospective investors in or existing holders of the Securities should carefully consider all the information set forth in this Information Memorandum including the investment considerations set out below. The investment considerations set out below do not purport to be complete or comprehensive of all the risks that may be involved in the businesses of the Issuer, First REIT or the Group or any of their respective properties or any decision to purchase, own or dispose of the Securities. Additional risks which the Issuer or First REIT is currently unaware of may also impair the businesses, financial condition, performance or prospects. If any of the following investment considerations develop into actual events, the business, assets, financial condition, performance or prospects of the Issuer, First REIT or the Group could be materially and adversely affected. In such cases, the ability of the Issuer to comply with its obligations under the Trust Deed and the Securities may be adversely affected.

Limitations of this Information Memorandum

This Information Memorandum does not purport to nor does it contain all information that a prospective investor in or existing holder of the Securities may require in investigating the Issuer, the First REIT Manager, First REIT or the Group, prior to making an investment or divestment decision in relation to the Securities issued under the Programme

Neither this Information Memorandum nor any other document or information (or any part thereof) delivered or supplied under or in relation to the Programme or the Securities (or any part thereof) is intended to provide the basis of any credit or other evaluation, or should be considered as a recommendation by the Issuer, the First REIT Manager, Arrangers, any of the Dealers or the Trustee that any recipient of this Information Memorandum or any such other document or information (or such part thereof) should subscribe for or purchase or sell any of the Securities. This Information Memorandum is not, and does not purport to be, investment advice. A prospective investor should make an investment in the Securities only after it has determined that such investment is suitable for its investment objectives. Determining whether an investment in the Securities is suitable is a prospective investor's responsibility, even if the investor has received information to assist it in making such a determination. Each person receiving this Information Memorandum acknowledges that such person has not relied on the Issuer, the First REIT Manager, First REIT, the subsidiaries (if any) or associated companies (if any) of First REIT, either of the Arrangers, any of the Dealers, the Trustee or any person affiliated with each of them in connection with its investigation of the accuracy or completeness of the information contained herein or of any additional information considered by it to be necessary in connection with its investment or divestment decision. Any recipient of this Information Memorandum contemplating subscribing for or purchasing or selling any of the Securities should determine for itself the relevance of the information contained in this Information Memorandum and any such other document or information (or any part thereof) and its investment or divestment should be, and shall be deemed to be, based solely upon its own independent investigation of the financial condition and affairs, and its own appraisal of the creditworthiness, of the Issuer, the First REIT Manager, First REIT, the subsidiaries (if any) and associated companies (if any) of First REIT, the terms and conditions of the Securities and any other factors relevant to its decision, including the merits and risks involved. A prospective investor should consult with its legal, tax and financial advisers prior to deciding to make an investment in the Securities.

Investment considerations associated with investment in the Securities

There may be limited liquidity of the Securities issued under the Programme

There can be no assurance regarding the future development of the market for the Securities issued under the Programme or the ability of the Securityholders, or the price at which the Securityholders may be able, to sell their Securities. The Securities may have no established trading market when issued, and one may never develop. Even if a market for the Securities does develop, it may not be very liquid. Therefore, investors may not be able to sell their Securities easily or at prices that will provide them with a yield comparable to similar investments that have a developed secondary market. This may particularly be the case for Securities that are especially sensitive to interest rate, currency or market risks, are designed for specific investment objectives or strategies or have been structured to meet the investment requirements of limited categories of investors. These types of Securities generally may have a more limited secondary market and more price volatility than conventional debt securities.

Liquidity may have an adverse effect on the market value of the Securities. Although the issue of additional Securities may increase the liquidity of the Securities, there can be no assurance that the price of such Securities will not be adversely affected by the issuance of such additional Securities.

The market value of the Securities issued under the Programme may fluctuate

Trading prices of the Securities may be influenced by numerous factors, including the operating results and/or financial condition of the Issuer, First REIT and/or the subsidiaries (if any) and/or associated companies (if any) of First REIT, political, economic, financial and any other factors that can affect the capital markets, the industry, the Issuer, First REIT, the subsidiaries (if any) and/or associated companies (if any) of First REIT generally. Adverse economic developments, in Singapore as well as countries in which the Issuer, First REIT, the subsidiaries (if any) and/or associated companies (if any) of First REIT operate or have business dealings, could have a material adverse effect on the Singapore economy and the operating results and/or the financial condition of the Issuer, First REIT, the subsidiaries (if any) and/or associated companies (if any) of First REIT.

The Securities are subject to interest rate risk

Securityholders may suffer unforeseen losses due to fluctuations in interest rates. Generally, a rise in interest rates may cause a fall in debt security prices, which may result in a capital loss for Securityholders. However, Securityholders may reinvest the interest or distribution payments at higher prevailing interest rates. Conversely, when interest rates fall, debt security prices may rise. Securityholders may enjoy capital gains but interest or distribution payments received may be reinvested at lower prevailing interest rates.

The Securities are subject to inflation risk

Securityholders may suffer erosion on the return of their investments due to inflation. Should Securityholders have an anticipated rate of return based on expected inflation rates on the purchase of the Securities, an unexpected increase in inflation could reduce the actual returns.

The Securities may not be a suitable investment for all investors

Each potential investor in the Securities must determine the suitability of that investment in light of its own circumstances. In particular, each potential investor should:

- (i) have sufficient knowledge and experience to make a meaningful evaluation of the Securities, the merits and risks of investing in the Securities and the information contained or incorporated by reference in this Information Memorandum or any applicable supplement or amendment to this Information Memorandum;
- (ii) have access to, and knowledge of, appropriate analytical tools to evaluate, in the context of its particular financial situation, an investment in the Securities and the impact such investment will have on its overall investment portfolio;
- (iii) have sufficient financial resources and liquidity to bear all of the risks of an investment in the Securities, including Securities with principal, distribution or interest payable in one or more currencies, or where the currency for principal, distribution or interest payments is different from the potential investor's currency;
- (iv) understand thoroughly the terms of the Securities and be familiar with the behaviour of any relevant indices and financial markets; and
- (v) be able to evaluate (either alone or with the help of a financial adviser) possible scenarios for economic, interest rate and other factors that may affect its investment and its ability to bear the applicable risks.

Some Securities are complex financial instruments. Sophisticated investors generally do not purchase complex financial instruments as standalone investments. They purchase complex financial instruments as a way to reduce risk or enhance yield with an understood, measured, appropriate addition of risk to their overall portfolios. A potential investor should not invest in the Securities which are complex financial instruments unless it has the expertise (either alone or with a financial adviser) to evaluate how the Securities will perform under changing conditions, the resulting effects on the value of the Securities and the impact this investment will have on the potential investor's overall investment portfolio.

Legal risk factors may restrict certain investments

The investment activities of certain investors may be subject to legal investment laws and regulations, or review or regulation by certain authorities. Each potential investor should consult its legal advisers to determine whether and to what extent (i) the Securities are legal investments for it, (ii) the Securities can be used as collateral for various types of borrowing and (iii) other restrictions apply to its purchase or pledge of any of the Securities. Financial institutions should consult their legal advisors or the appropriate regulators to determine the appropriate treatment of the Securities under any applicable risk-based capital or similar rules.

The Securities are not secured

The Securities and Coupons of all Series constitute unsecured obligations of the Issuer.

Accordingly, on a winding-up or termination of First REIT at any time prior to maturity of any Securities, the Securityholders will not have recourse to any specific assets of First REIT or its subsidiaries and/or associated companies (if any) as security for outstanding payment or other obligations under the Securities and/or Coupons owed to the Securityholders and there can be no assurance that there would be sufficient value in the assets of First REIT, after meeting all claims ranking ahead of the Securities, to discharge all outstanding payment and other obligations under the Securities and/or Coupons owed to the Securityholders.

Enforcement of the Securities is subject to the Issuer's right of indemnity out of the assets of First REIT

Securityholders should note that the Securities are issued by the Issuer and not First REIT, since First REIT is not a legal entity. Securityholders should note that under the terms of the Securities, Securityholders shall only have recourse in respect of the Securities to the assets of or held on trust for First REIT over which the Issuer has recourse and shall not extend to any personal or other assets of Perpetual or any assets held by Perpetual in its capacity as trustee of any trust (other than First REIT). Further, Securityholders do not have direct access to the assets of First REIT and can only gain access to such trust assets through the Issuer and if necessary seek to subrogate to the Issuer's right of indemnity out of the assets of First REIT. Accordingly, any claim of Securityholders to the assets of First REIT is derivative in nature. A Securityholder's right of subrogation could be limited by the First REIT Trustee's right of indemnity under the First REIT Trust Deed. Securityholders should also note that such right of indemnity of the First REIT Trustee may be limited or lost through fraud, gross negligence, wilful default, breach of trust or breach of the First REIT Trust Deed by the First REIT Trustee.

Performance of contractual obligations by the Issuer is dependent on other parties

The ability of the Issuer to make payments in respect of the Securities may depend upon the due performance by the other parties to the documents relating to the Programme or an issue of Securities of their obligations thereunder including the performance by the First REIT Manager, the Trustee, the Issuing and Paying Agent, the Non-CDP Paying Agent, the Agent Bank, the Registrars and/or the Transfer Agents of their respective obligations. Whilst the non-performance of any relevant parties will not relieve the Issuer of its obligations to make payments in respect of the Securities, the Issuer may not, in such circumstances, be able to fulfill its obligations to the Securityholders and the Couponholders.

The Securities may be subject to optional redemption by the Issuer

An optional redemption feature is likely to limit the market value of the Securities. During any period when the Issuer may elect to redeem Securities, the market value of such Securities generally will not rise substantially above the price at which they can be redeemed. This also may be true prior to any redemption period. The Issuer may be expected to redeem the Securities when its cost of borrowing is lower than the interest rate of the Securities. At such times, an investor generally would not be able to reinvest the redemption proceeds at an effective interest rate as high as the interest rate on the Securities being redeemed and may only be able to do so at a significantly lower rate. Potential investors should consider reinvestment risk in light of other investments available at that time.

The Securities may be issued at a substantial discount or premium

The market value of securities issued at a substantial discount or premium from their principal amount tend to fluctuate more in relation to general changes in interest rates than do prices for conventional interest-bearing securities. Generally, the longer the remaining term of the securities, the greater the price volatility as compared to conventional interest-bearing securities with comparable maturities.

Exchange rate risks and exchange controls may result in Securityholders receiving less principal, interest or distribution than expected

The Issuer will pay principal, interest and distribution on the Securities in the currency specified. This presents certain risks relating to currency conversions if Securityholders' financial activities are denominated principally in a currency or currency unit (the "Investor's Currency") other than the currency in which the Securities are denominated. These include the risk that exchange rates

may significantly change (including changes due to devaluation of the currency in which the Securities are denominated or revaluation of the Investor's Currency) and the risk that authorities with jurisdiction over the Investor's Currency may impose or modify exchange controls. An appreciation in the value of the Investor's Currency relative to the currency in which the Securities are denominated would decrease (i) the Investor's Currency equivalent yield on the Securities, (ii) the Investor's Currency equivalent value of the principal payable on the Securities and (iii) the Investor's Currency equivalent market value of the Securities.

Meetings of Securityholders and modifications

The Conditions of the Notes and the Conditions of the Perpetual Securities contain provisions for calling meetings of Noteholders or, as the case may be, Perpetual Securityholders to consider matters affecting their interests generally. These provisions permit defined majorities to bind all Noteholders or, as the case may be, Perpetual Securityholders including Noteholders or, as the case may be, Perpetual Securityholders who did not attend and vote at the relevant meeting and Noteholders or, as the case may be, Perpetual Securityholders who voted in a manner contrary to the majority.

The Conditions of the Notes and the Conditions of the Perpetual Securities also provide that the Trustee may, without the consent of Securityholders, agree to (i) any modification of any of the provisions of the Trust Deed which is in the opinion of the Trustee is of a formal, minor or technical nature or is made to correct a manifest error or to comply with mandatory provisions of Singapore law or is required by Euroclear, Clearstream, Luxembourg, the Depository and/or any other clearing system in which the Securities may be held and (ii) any other modification (except as mentioned in the Trust Deed), and any waiver or authorisation of any breach or proposed breach, of any of the provisions of the Trust Deed which is in the opinion of the Trustee not materially prejudicial to the interests of Securityholders.

A change in Singapore law which governs the Securities may adversely affect Securityholders

The Securities are governed by Singapore law in effect as at the date of issue of the Securities. No assurance can be given as to the impact of any possible judicial decision or change to Singapore law or administrative practice after the date of issue of the Securities.

The Securities may be represented by Global Securities or Global Certificates and holders of a beneficial interest in a Global Security or Global Certificate must rely on the procedures of the relevant Clearing System (as defined below)

Securities issued under the Programme may be represented by one or more Global Securities or Global Certificates. Such Global Securities or Global Certificates will be deposited with or registered in the name of, or in the name of a nominee of, Common Depository, or lodged with CDP (each of Euroclear, Clearstream, Luxembourg and CDP, a "**Clearing System**"). Except in the circumstances described in the relevant Global Security or Global Certificate, investors will not be entitled to receive Definitive Securities or Certificates. The relevant Clearing System will maintain records of their accountholders in relation to the Global Securities and Global Certificates. While the Securities are represented by one or more Global Securities or Global Certificates, investors will be able to trade their beneficial interests only through the relevant Clearing System.

While the Securities are represented by one or more Global Securities or Global Certificates, the Issuer will discharge its payment obligations under the Securities by making payments to the Common Depository or, as the case may be, to CDP, for distribution to their accountholders or, as the case may be, to the Issuing and Paying Agent for distribution to the holders as appearing in the records of the relevant Clearing System. A holder of a beneficial interest in a Global Security or Global Certificate must rely on the procedures of the relevant Clearing System to receive

payments under the relevant Securities. The Issuer bears no responsibility or liability for the records relating to, or payments made in respect of, beneficial interests in the Global Securities or Global Certificates.

Holders of beneficial interests in the Global Securities and Global Certificates will not have a direct right to vote in respect of the relevant Securities. Instead, such holders will be permitted to act only to the extent that they are enabled by the relevant Clearing System to appoint appropriate proxies.

The Trustee may request Securityholders to provide an indemnity, security and/or pre-funding to its satisfaction

In certain circumstances (pursuant to Condition 10 of the Notes or Condition 9 of the Perpetual Securities), the Trustee may (at its sole discretion) request Securityholders to provide an indemnity, security and/or pre-funding to its satisfaction before it takes action on behalf of Securityholders. The Trustee shall not be obliged to take any such action if not indemnified, secured and/or pre-funded to its satisfaction. Negotiating and agreeing to an indemnity, security and/or pre-funding can be a lengthy process and may impact on when such actions can be taken. The Trustee may not be able to take action, notwithstanding the provision of an indemnity or security or pre-funding to it, in breach of the terms of the Trust Deed and in circumstances where there is uncertainty or dispute as to the applicable laws or regulations and, to the extent permitted by the agreements and the applicable law, it will be for the Securityholders to take such action directly.

The Trustee has a limited ability to monitor the books of accounts of the Issuer

Pursuant to Clause 16.2 of the Trust Deed, the Issuer has undertaken to keep proper books of accounts. The Trustee's right to access such books of accounts is limited to circumstances where the Trustee has reasonable grounds to believe that an Event of Default or Potential Event of Default (in the case of Notes) or an Enforcement Event (in the case of Perpetual Securities) has occurred or is likely to occur. The Trustee may therefore not be in a position to access such information, which may affect its ability to take certain actions under the Trust Deed, including coming to a determination as to whether or not any of the circumstances set out in Condition 10 of the Notes and/or Condition 9 of the Perpetual Securities have occurred.

FATCA (as defined below) is particularly complex and its application is uncertain

While the Securities are in global form and held within the clearing systems, in all but the most remote circumstances, it is not expected that the reporting regime and potential withholding tax imposed by Sections 1471 through 1474 of the U.S. Internal Revenue Code of 1986 ("**FATCA**") will affect the amount of any payment received by the clearing systems. Please refer to the section on "*Taxation – 6. Foreign Account Tax Compliance Act*" herein. However, FATCA may affect payments made to custodians or intermediaries in the payment chain leading to the ultimate investor if any such custodian or intermediary generally is unable to receive payments free of FATCA withholding. FATCA also may affect payments to any ultimate investor that is a financial institution that is not entitled to receive payments free of withholding under FATCA, or an ultimate investor that fails to provide its broker (or other custodian or intermediary from which it receives payment) with any information, forms, other documentation or consents that may be necessary for the payments to be made free of FATCA withholding. Investors should choose the custodians or intermediaries with care (to ensure each is compliant with FATCA or other laws or agreements related to FATCA, including any legislation implementing intergovernmental agreements relating to FATCA, if applicable), and provide each custodian or intermediary with any information, forms, other documentation or consents that may be necessary for such custodian or intermediary to make a payment free of FATCA withholding. Investors should consult their own tax advisers to obtain a more detailed explanation of FATCA and how FATCA may affect them. The Issuer's obligations under the Securities are discharged once it has paid the clearing systems or the

common depository for the clearing systems (as bearer or registered holder of the Securities) and the Issuer therefore has no responsibility for any amount thereafter transmitted through the clearing systems and custodians or intermediaries.

FATCA IS PARTICULARLY COMPLEX AND ITS APPLICATION TO THE ISSUER, THE SECURITIES AND THE SECURITYHOLDERS IS UNCERTAIN AT THIS TIME. EACH SECURITYHOLDER SHOULD CONSULT ITS OWN TAX ADVISERS TO OBTAIN A MORE DETAILED EXPLANATION OF FATCA AND TO LEARN HOW FATCA MIGHT AFFECT EACH SECURITYHOLDER IN ITS PARTICULAR CIRCUMSTANCE.

Investment considerations relating to the Notes

Variable Rate Notes may have a multiplier or other leverage factor

Notes with variable interest rates can be volatile investments. If they are structured to include multipliers or other leverage factors, or caps or floors, or any combination of those features or other similar related features, their market values may be even more volatile than those for securities that do not include those features.

Singapore tax risk

The Notes to be issued from time to time under the Programme during the period from the date of this Information Memorandum to 31 December 2023 are intended to be “qualifying debt securities” for the purpose of the ITA subject to the fulfilment of certain conditions more particularly described in the section on “Taxation” herein.

However, there is no assurance that such Notes will continue to enjoy the tax concessions should the relevant tax laws be amended or revoked at any time.

The Notes are subject to mandatory redemption in the event of termination of First REIT

In the event that First REIT is terminated in accordance with the provisions of the First REIT Trust Deed, the Issuer shall redeem all (and not some only) of the Notes at their Redemption Amount together with interest accrued to the date fixed for redemption. In that event, an investor may not be able to reinvest the redemption proceeds at an effective interest rate as high as the interest rate on the Notes being redeemed and may only be able to do so at a significantly lower rate.

The Notes are subject to a put option in the event of delisting of the Units

Should the Units cease to be traded on the SGX-ST or trading in the Units is suspended for more than seven consecutive days on which normal trading of securities is carried out, the Issuer shall, at the option of the Noteholders, redeem such Notes at their Redemption Amount together with interest accrued to the date fixed for redemption. In that event, an investor may not be able to reinvest the redemption proceeds at an effective interest rate as high as the interest rate on the Notes being redeemed and may only be able to do so at a significantly lower rate.

Failure by an investor to pay a subsequent instalment of partly-paid Notes may result in an investor losing all of its investment

The Issuer may issue Notes where the issue price is payable in more than one instalment. Failure to pay any subsequent instalments could result in an investor losing all of its investment.

Investment considerations relating to the Perpetual Securities

Perpetual Securities may be issued for which investors have no right to require redemption

The Perpetual Securities are perpetual and have no fixed final maturity date. Perpetual Securityholders have no right to require the Issuer to redeem Perpetual Securities at any time, and an investor who acquires Perpetual Securities may only dispose of such Perpetual Securities by sale. Perpetual Securityholders who wish to sell their Perpetual Securities may be unable to do so at a price at or above the amount they have paid for them, or at all. Therefore, holders of Perpetual Securities should be aware that they may be required to bear the financial risks of an investment in Perpetual Securities for an indefinite period of time.

The Issuer's obligations under the Perpetual Securities are subordinated

The Perpetual Securities constitute direct, unconditional, subordinated and unsecured obligations of the Issuer which rank *pari passu* and without any preference among themselves and with any Parity Obligations of the Issuer. Subject to the insolvency laws of Singapore and other applicable laws, in the event of the Winding-Up of First REIT, there shall be payable by the Issuer in respect of each Perpetual Security (in lieu of any other payment by the Issuer), such amount, if any, as would have been payable to such Perpetual Securityholder if, on the day prior to the commencement of the Winding-Up of First REIT, and thereafter, such Perpetual Securityholder was the holder of one First REIT Notional Preferred Unit, having an equal right to return of assets in the Winding-Up of First REIT and so ranking *pari passu* with the holders of that class or classes of preferred units (if any) which have a preferential right to return of assets in the Winding-Up of First REIT, and so rank ahead of, the holders of Junior Obligations of the Issuer, but junior to the claims of all other present and future creditors of the Issuer (other than Parity Obligations of the Issuer), on the assumption that the amount that such Perpetual Securityholder was entitled to receive in respect of each First REIT Notional Preferred Unit on a return of assets in such Winding-Up were an amount equal to the principal amount (and any applicable premium outstanding) of the relevant Perpetual Security together with distributions accrued and unpaid since the immediately preceding Distribution Payment Date or the Issue Date (as the case may be) and any unpaid Optional Distributions in respect of which the Issuer has given notice to the Perpetual Securityholders in accordance with the Conditions of the Perpetual Securities. In the event of a shortfall of funds on the Winding-Up of First REIT, there is a real risk that an investor in the Perpetual Securities will lose all or some of its investment and will not receive a full return of the principal amount or any unpaid amounts due under the Perpetual Securities.

In addition, subject to the limit on the aggregate principal amount of Securities that can be issued under the Programme (which can be amended from time to time by the Issuer without the consent of the Securityholders), there is no restriction on the amount of unsubordinated securities or other liabilities which the Issuer may issue or incur and which rank senior to, or *pari passu* with, the Perpetual Securities. The issue of any such securities or the incurrence of any such other liabilities may reduce the amount (if any) recoverable by holders of Perpetual Securities on a Winding-Up of First REIT and/or may increase the likelihood of a non-payment of distribution under the Perpetual Securities. Please refer to "*Investment Considerations – Investment considerations relating to the Perpetual Securities – The Issuer may raise or redeem other capital which affects the price of the Perpetual Securities*".

Distributions are discretionary and non-cumulative. Perpetual Securityholders may not receive distribution payments if the Issuer elects to not pay all or a part of a distribution under the Conditions of the Perpetual Securities

The Issuer may, at its sole discretion, elect not to pay any scheduled distribution on the Perpetual Securities in whole or in part for any period of time. The Issuer is subject to certain restrictions in relation to the declaration or payment of distributions on its Junior Obligations and (except on a

pro rata basis) its Parity Obligations and the redemption and repurchase of its Junior Obligations or (except on a *pro rata* basis) its Parity Obligations in the event that it does not pay a distribution in whole or in part as provided for in Condition 4(IV)(d) of the Perpetual Securities. The Issuer is not subject to any limit as to the number of times or the amount with respect to which the Issuer can elect not to pay distributions under the Perpetual Securities.

Distributions are non-cumulative. While the Issuer may, at its sole discretion, and at any time, elect to pay an Optional Distribution, being an optional amount equal to the amount of distribution which is unpaid in whole or in part, there is no assurance that the Issuer will do so, and distributions which are not paid in whole or in part may remain unpaid for an indefinite period of time. Any non-payment of a distribution in whole or in part shall not constitute a default for any purpose. Any election by the Issuer not to pay a distribution in whole or in part will likely have an adverse effect on the market price of the Perpetual Securities. In addition, as a result of the non-cumulative distribution feature of the Perpetual Securities and the Issuer's ability to elect not to pay a distribution in whole or in part, the market price of the Perpetual Securities may be more volatile than the market prices of other debt securities on which original issue discount or interest accrues that are not subject to such election not to pay and may be more sensitive generally to adverse changes in the Issuer's and/or the Group's financial condition.

If so specified in the relevant Pricing Supplement, the Perpetual Securities may be redeemed at the Issuer's option at date(s) specified in the relevant Pricing Supplement or on the occurrence of certain other events

The Perpetual Securities are perpetual securities and have no fixed final redemption date. If specified in the relevant Pricing Supplement, the Perpetual Securities may be redeemed at the option of the Issuer on certain date(s) specified in the relevant Pricing Supplement at their principal amount (or such other redemption amount stated in the relevant Pricing Supplement) together with all outstanding distribution accrued to the date fixed for redemption. In addition, if specified on the relevant Pricing Supplement, the Issuer may, at its option, redeem the Perpetual Securities in whole, but not in part, on any Distribution Payment Date, or any time after such Distribution Payment Date, upon the occurrence of certain other events. Please refer to the section on "*Terms and Conditions of the Perpetual Securities – 5. Redemption and Purchase*" herein.

The date on which the Issuer elects to redeem the Perpetual Securities may not accord with the preference of individual Perpetual Securityholders. This may be disadvantageous to Perpetual Securityholders in light of market conditions or the individual circumstances of the Perpetual Securityholders. In addition, an investor may not be able to reinvest the redemption proceeds in comparable securities at an effective distribution rate at the same level as that of the Perpetual Securities.

There are limited remedies for non-payment under the Perpetual Securities

Any scheduled distribution will not be due if the Issuer elects not to pay all or a part of that distribution pursuant to the Conditions of the Perpetual Securities. Notwithstanding any of the provisions relating to non-payment defaults, the right to institute proceedings for the Winding-Up of First REIT is limited to circumstances where payment has become due and the Issuer fails to make the payment when due and such failure continues for a period of three business days after the due date. Although the distribution on the Perpetual Securities would have to be made to Perpetual Securityholders before distributions are made to the holders of ordinary Units, there is no guarantee that the Issuer would have sufficient funds to make the payments on the Perpetual Securities when due. The only remedy against the Issuer available to any Perpetual Securityholder for recovery of amounts in respect of the Perpetual Securities following the occurrence of a payment default after any sum becomes due in respect of the Perpetual Securities will be instituting proceedings for the Winding-Up of First REIT and/or proving in such Winding-Up

and/or claiming in the liquidation of the First REIT in respect of any payment obligations of the Issuer arising from the Perpetual Securities. As First REIT is an authorised collective investment scheme, the enforcement of any remedy will be subject to prevailing laws and legislation applicable to collective investment schemes in Singapore.

The Issuer may raise or redeem other capital which affects the price of the Perpetual Securities

The Issuer may raise additional capital through the issue of other securities or other means. There is no restriction, contractual or otherwise, on the amount of securities or other liabilities which the Issuer may issue or incur and which rank senior to, or *pari passu* with, the Perpetual Securities. Similarly, subject to compliance with the Conditions of the Perpetual Securities, the Issuer may redeem securities that rank junior to, *pari passu* with, or senior to the Perpetual Securities. The issue of any such securities or the incurrence of any such other liabilities or the redemption of any such securities may reduce the amount (if any) recoverable by holders of Perpetual Securities on a Winding-Up of First REIT, and may increase the likelihood of a deferral of distribution under the Perpetual Securities. The issue of any such securities or the incurrence of any such other liabilities or the redemption of any such securities might also have an adverse impact on the trading price of the Perpetual Securities and/or the ability of holders of Perpetual Securities to sell their Perpetual Securities.

Tax treatment of the Perpetual Securities is unclear

The ITA currently does not contain specific provisions on how financial instruments that exhibit both debt-like and equity-like features, i.e. hybrid instruments, should be treated for income tax purposes.

In the event that the IRAS regards any tranche of the Perpetual Securities (the “**Relevant Tranche of Perpetual Securities**”) to be equity securities for Singapore income tax purposes, all payments, or part thereof, of distributions (including any Optional Distributions) in respect of the Relevant Tranche of Perpetual Securities may be subject to Singapore income tax in the same manner as distributions on Units, and First REIT may be obliged (in certain circumstances) to withhold tax at the rate of 10.0% or 17.0% under Section 45G of the ITA on such distributions. In that event, the Issuer shall not be under any obligation to pay any Additional Amounts in respect of any such withholding or deduction from payments in respect of the Relevant Tranche of Perpetual Securities for or on account of any such taxes pursuant to Condition 7 (Taxation) of the Perpetual Securities. Perpetual Securityholders are thus advised to consult their own professional advisers regarding the tax treatment of distributions under the Relevant Tranche of Perpetual Securities received by them, including the risk of such distributions being subject to Singapore withholding tax.

In the event that the IRAS regards the Relevant Tranche of Perpetual Securities to be debt securities for Singapore income tax purposes, such Relevant Tranche of Perpetual Securities is intended to be “qualifying debt securities” for the purposes of the ITA, subject to the fulfilment of certain conditions. However, there is no assurance that the Relevant Tranche of Perpetual Securities will continue to enjoy the tax concessions in connection therewith should the relevant tax laws be amended or revoked at any time, or should the required conditions cease to be fulfilled.

For further details of the tax treatment of the Perpetual Securities, please see the section on “Taxation” herein.

A change in the law governing the subordination provisions of the Perpetual Securities may adversely affect Securityholders

The provisions of the Conditions of the Perpetual Securities that relate to subordination are governed by Singapore law. No assurance can be given as to the impact of any possible judicial decision or change to such law or administrative practice after the date of issue of the relevant Perpetual Securities.

Investment considerations relating to Indonesia

Political and social instability may adversely affect the operations of the First REIT's properties in Indonesia

As at 31 December 2018, 16 out of 20 properties in First REIT's portfolio are located in Indonesia. The First REIT Manager's asset acquisition strategy also contemplates future acquisitions of properties located in, amongst other countries, Indonesia. There is no assurance that Indonesia's political landscape will not change and give rise to political instability, social and civil unrest, and disruption of businesses and the economy. Any such political or social instability could adversely impact the ability of the tenants of First REIT's properties in Indonesia to make rental payments to First REIT, which in turn may materially and adversely affect First REIT's financial condition and results of operations as well as its ability to fulfil its payment obligations under the Securities.

There is no assurance that the HGB titles of the land parcels (on which the Indonesia properties of First REIT's portfolio are sited) can be renewed

As at 31 December 2018, save for Siloam Hospitals Buton & Lippo Plaza Buton, Siloam Hospitals Kupang & Lippo Plaza Kupang, and Siloam Sriwijaya, all of the Indonesia Properties are held via HGB titles.

In Indonesia, a HGB title is the closest form of land title to the internationally recognised concept of "leasehold" title. A holder of the HGB title has the right to erect, occupy and use buildings on the parcel of land and sell or assign such HGB title. A HGB title is granted for a maximum initial term of 30 years. By application to the relevant local land office two years prior to the expiration of this initial term, a HGB title may be extended for an additional term not exceeding 20 years. Upon the expiration of the extension, the land owner may apply for a renewal and a new HGB title may be granted on the same land to the same owner for a maximum period of 30 years by fulfilling certain requirements. The application for the new HGB title should be made no later than two years prior to the expiration of the extension.

The National Land Agency of Indonesia (*Badan Pertanahan Nasional*) ("**BPN**") tends to grant an extension or renewal of HGB title certificates, subject to there being no changes in zoning policies by the government, abandonment of the land, destruction of land, egregious breaches of the conditions of the current HGB title by the owners of the land, and revocation of the HGB title due to public interest considerations. Although Indonesian land law does not currently provide for any limitation on the number of extensions and/or renewal cycles for HGB titles, there is no assurance that approval for such renewal and/or extension will be granted in the future. If the extension and/or renewal of the HGB title is not granted, the land must be returned to the holder of the underlying land title (such as the owner of the land with the right to own, the holder of the HGB title with the right to manage, or the government if the HGB title is granted in respect of government/state-owned land). The non-renewal or non-extension of these titles could adversely affect the operations of First REIT's properties in Indonesia, which in turn may materially and adversely affect First REIT's financial condition and results of operations and its ability to fulfil its payment obligations under the Securities.

If the ownership of the Built Operate and Transfer (“BOT”) land is transferred, there is no assurance that the transferee of the land will recognise the right of the BOT Grantee

As at 31 December 2018, some of the Properties are held via BOT schemes. Pursuant to BOT schemes, the owner of the land on which the relevant property is situated or the party that is appointed by the land owner (“**BOT Grantor**”) has granted the relevant Indonesia SPC (“**BOT Grantee**”), a right to build and operate a property for a particular period of time as stipulated in the contract between the parties (“**BOT Agreement**”). Based on the BOT Agreement, the BOT Grantor is obliged to provide the relevant land (“**BOT Land**”) and the BOT Grantee is obliged to build and operate the building over the BOT Land and to pay a certain amount as compensation to the BOT Grantor. Therefore, if the BOT Grantor transfers the BOT Land to another party during the term of the BOT Agreement, the BOT Grantee can make a claim against the BOT Grantor based on a breach of contract if such transfer is restricted under the BOT Agreement.

Should the BOT Grantor be wound up, any claims by the BOT Grantee may not be satisfied in part or at all by the BOT Grantor. In addition, there is no assurance that the transferee of the BOT Land will recognise the right of the BOT Grantee to build and operate a property on the BOT Land. Under such circumstances, the BOT Grantee may be required to surrender the ownership of the property to the transferee of the BOT Land before the expiry date of the relevant BOT Agreement and this may result in an adverse effect on First REIT’s business, financial condition, results of operations and its level of distributable income.

The termination or the non-renewal of the BOT Agreement, or the failure of the BOT Grantee to meet its obligations under the BOT Agreement could adversely affect First REIT’s business, financial condition and results of operations

In general, under Indonesian law, the maximum term of each BOT Agreement is 30 years and such term may not be extended or renewed. As a BOT Agreement is a contractual arrangement, the term of the respective BOT Agreement may be extended if agreed upon between the BOT Grantor and the BOT Grantee, provided that such extension does not exceed the maximum period permitted under applicable laws and regulations. There is no assurance that the respective BOT Grantor will agree to extend the term of any of the BOT Agreements. If a BOT Grantor for whatever reason does not agree to extend the term of a BOT Agreement, the relevant Indonesia SPC as BOT Grantee will have to deliver the property situated on the BOT Land without any compensation from the BOT Grantor. The BOT Grantor may also terminate the BOT Agreement unilaterally if the BOT Grantee fails to meet its obligation under the BOT Agreement. The termination or the non-renewal of the BOT Agreement, or the failure of the BOT Grantee to meet its obligations under the BOT Agreement could adversely affect First REIT’s business, financial condition and results of operations.

First REIT is dependent on the quality of the titles to its properties in Indonesia

Due to the lack of a uniform title system in Indonesia, there is potential for disputes over the quality of title acquired from previous landowners. In addition, prolonged or unsuccessful negotiations with the previous land owners may result in acquisitions of property (and thereby the obtaining of title to the relevant land) being delayed or suspended. Such delays in acquiring properties required for development activities could have an adverse effect on First REIT’s business, financial condition and results of operations as well as its ability to fulfil its payment obligations under the Securities.

Terrorist attacks in Indonesia could destabilise the country

In recent years, there have been various bombing incidents in Indonesia directed towards the Indonesian and foreign governments, and public and commercial buildings frequented by foreigners. Terrorist acts could destabilise Indonesia and increase internal divisions within the

Indonesian government as it evaluates responses to such instability and unrest. While the Indonesia government has institutionalised certain security measures and undertaken certain legal reforms to better implement anti-terrorism measures, and some key terrorist figures have been arrested and tried, there can be no assurance that further terrorist acts will not occur in the future. Violent acts arising from, and leading to, instability and unrest have in the past had, and may continue to have, a material adverse effect on investment and confidence in, and the performance of, the Indonesian economy, and may have a material adverse effect on the business, financial condition, results of operations and prospects of the tenants of First REIT's properties in Indonesia. This could adversely impact the ability of the tenants of First REIT's properties in Indonesia to make rental payments to First REIT and therefore materially and adversely affect First REIT's financial condition and results of operations as well as its ability to fulfil its payment obligations under the Securities.

Indonesia's legal system is subject to considerable discretion and uncertainty

Indonesia's legal system is a civil law system based on written statutes, and in which judicial and administrative decisions do not constitute binding precedents and are not systematically published. Indonesia's commercial and civil laws are historically based on Dutch law as in effect prior to Indonesia's independence in 1945, and some of these laws have not been revised to reflect the complexities of modern financial transactions and instruments. Indonesian courts may be unfamiliar with sophisticated commercial or financial transactions, leading to uncertainty in the interpretation and application of legal principles in Indonesia. The application of legal principles in Indonesia depends upon subjective criteria such as the good faith of the parties to the transaction and principles of public policy, the practical effect of which is difficult or impossible to predict. Indonesian judges have very broad fact-finding powers and a high level of discretion in relation to the manner in which those powers are exercised. As a result, the administration and enforcement of laws and regulations by Indonesian courts and Indonesian governmental agencies may be subject to considerable discretion and uncertainty. Furthermore, corruption in the court in Indonesia has been widely reported in publicly available sources. In addition, Indonesian legal principles relating to the rights of debtors and creditors, or their practical implementation by Indonesian courts, may differ materially from those that would apply in other jurisdictions. As a result, it may be more difficult for First REIT to pursue a claim in Indonesia against the tenants of its properties in Indonesia than it would be in other jurisdictions. This may adversely affect or eliminate entirely First REIT's ability to obtain and/or enforce a judgment in Indonesia against the tenants of its properties in Indonesia. This may in turn materially and adversely affect First REIT's financial condition and results of operations as well as its ability to fulfil its payment obligations under the Securities.

The interpretation and implementation of legislation on regional governance in Indonesia is uncertain and may adversely affect First REIT's properties and operations in Indonesia

Indonesia is a large and diverse nation, covering a multitude of ethnicities, religions, languages, traditions and customs. In 1999, the Indonesian Parliament passed Law No. 22 of 1999 on Regional Government, which was later replaced by Law No. 23 of 2014 on the same subject matter (as amended Law No. 9 of 2015 on the Second Amendment of Law No. 23 of 2014 and partially revoked by Decision of Constitutional Court No. 7/PUU-XII/2015) and Law No. 25 of 1999 on Financial Balances Between the Central and Regional Governments, which was later replaced by Law No. 33 of 2004 on the same subject matter. Under these laws, regional autonomy was expected to give Indonesian regional governments greater powers and responsibilities over the use of national assets and to create a balanced and equitable financial relationship between the central and regional governments.

This regional autonomy laws and regulations have changed the regulatory environment for companies in Indonesia by decentralising certain regulatory, taxing and other powers from the Indonesian government to the regional governments, and this may create uncertainty. These

uncertainties include a lack of regulations on regional autonomy and a lack of government personnel with relevant sector experience at the regional government level. Moreover, there may be limited precedents or other guidance in relation to the interpretation and implementation of the regional autonomy laws and regulations.

In addition, pursuant to the regional autonomy laws, regional governments are given the authority to adopt their own regulations. Certain regional governments have put in place various restrictions, taxes and levies (which may differ from restrictions, taxes and levies put in place by other regional governments and/or are in addition to restrictions, taxes and levies stipulated by the central government). First REIT's properties and operation in Indonesia may be adversely affected by conflicting or additional restrictions, taxes and levies that may be imposed by the relevant regional authorities.

Indonesia is located in an earthquake zone and is subject to significant geological risk

Located in the convergence zone of three major lithospheric plates, the Indonesian archipelago is one of the most volcanically active regions in the world. It is subject to significant seismic activity that can lead to destructive earthquakes and tsunamis.

There can be no assurance that future geological occurrences will not significantly impact the operations of First REIT's properties in Indonesia. A significant earthquake or other geological disturbance in any of Indonesia's more populated cities and financial centres could severely disrupt the Indonesian economy and the operations of First REIT's properties in Indonesia and its tenants, thereby materially and adversely affecting First REIT's financial condition and results of operations as well as its ability to fulfil its payment obligations under the Securities.

Labour activism and unrest may materially and adversely affect First REIT's properties in Indonesia

Laws and regulations permitting the formation of labour unions, combined with weak economic conditions, have resulted, and may continue to result, in labour unrest and activism in Indonesia. In March 2003, the Indonesian government enacted Law No. 13/2003 (the "**Labour Law**") that requires further implementation of regulations that may substantively affect labour relations in Indonesia.

The Labour Law requires the establishment of bipartite forums by each employer who employs 50 or more employees with participation from employers and employees and/or labour union which has been registered with the Minister of Manpower and Transmigration. Pursuant to the Minister of Manpower and Transmigration Regulation No. PER.32/MEN/XII/2008 TAHUN 2008 concerning Procedures of the Establishment and Membership of Bipartite Cooperation Agency, the membership of bipartite forums are made up of employers and employees and/or labour union. The bipartite forum can be established in each branch office of a company, and is a forum for collective labour agreements and industrial relationships to be negotiated in order to increase work productivity and welfare for employees that secures the continuance of business and creates tranquillity in the workplace. In addition, the Labour Law creates procedures that are more permissive to the staging of strikes. Under the Labour Law, employees have the right to terminate their employment if there is a change of status, change of ownership or merger or consolidation of their employer, and have the right to receive severance pay, tenure appreciation pay and other compensation which are calculated based on their basic salary and fixed allowances, as well as their length of employment with their employer. Following the enactment of the Labour Law, several labour unions urged the Indonesian Constitutional Court to declare certain provisions of the Labour Law unconstitutional and ordered the Indonesian government to revoke those provisions. The Indonesian Constitutional Court declared the Labour Law valid except for certain

provisions, including relating to the right of an employer to terminate its employee who committed a serious mistake and criminal sanctions against an employee who instigates or participates in an illegal labour strike.

Labour unrest and activism in Indonesia could disrupt the operations of First REIT's properties in Indonesia and the businesses of its tenants, and thus could materially and adversely affect First REIT's financial condition and results of operations as well as its ability to fulfil its payment obligations under the Securities.

The Labour Law also provides that an employer is not allowed to pay an employee a wage below the minimum wage stipulated annually by the provincial or regional/city government. The minimum wage is set in accordance with the need for a decent standard of living, taking into consideration the productivity and growth of the economy. However, as there are no specific provisions on how to determine the amount of minimum wage increase, minimum wage increases can be unpredictable. Any increase in minimum wage in Indonesia could have a material adverse effect on the business, cash flows, financial condition and prospects of the operations of First REIT's properties in Indonesia and its tenants, and may adversely affect First REIT's financial condition, results of operations and its ability to fulfil its payment obligations under the Securities.

Indonesian currency law may expose First REIT to risks associated with exchange rate fluctuations between the Rupiah and the Singapore dollar

On 28 June 2011, the Indonesian government issued Law No. 7 of 2011 on Currency (*Undang Undang Mata Uang*) ("**Law No. 7/2011**"). Further, on 31 March 2015, Bank Indonesia issued regulation No. 17/3/PBI/2015 on Mandatory Use of Rupiah within the Territory of Republic of Indonesia ("**PBI No. 17/3/2015**") as the implementing regulation to the Law No. 7/2011 and enacted Bank Indonesia Circular Letter No. 17/11/DKSP of 2015 ("**CL No. 17/11/2015**") on 1 July 2015 as the implementation guideline. Article 21 of the Law No. 7/2011 and Article 2 of PBI No. 17/3/2015 require the use of Rupiah in payment transactions, monetary settlement of obligations and other financial transactions within Indonesia. PBI No. 17/3/2015 further clarifies that this regulation applies to both cash and non-cash transactions (for non-cash transactions, the regulation became effective starting 1 July 2015).

However, there are a number of exceptions to this rule, including: (i) transactions related to the implementation of the state budget; (ii) receipt or grant of offshore grants; (iii) international trade transactions (such as export-import of goods and services); (iv) bank deposits in foreign currency; (v) international financing transactions; and (vi) transactions denominated in foreign currency conducted based on prevailing laws and regulations (such as any business denominated in foreign currency conducted by banks and transactions in the primary and secondary market on securities issued by the government denominated in foreign currency).

The Law No. 7/2011 and PBI No. 17/3/2015 prohibit the rejection of Rupiah offered as a means of payment, or to settle obligations and/or in other financial transaction within Indonesia, unless there is uncertainty regarding the authenticity of the Rupiah bills offered, or the transactions in which the payment or settlement of obligations in a foreign currency has been agreed to in writing. Article 10 of PBI No. 17/3/2015 further explains that the exemption due to written agreements is only applicable to an agreement made for the above exempted transactions or transactions related to strategic infrastructure projects which have been approved by Bank Indonesia. However, Frequently Asked Question to PBI No. 17/3/2015 issued by Bank Indonesia further clarifies that any written agreements covering other transactions that were executed prior to 1 July 2015 will continue to be valid until their expiry date, provided that such agreements cover the non-cash payment and any amendment and/or extension to such agreements must comply with PBI No. 17/3/2015.

According to CL No. 17/11/2015, a business operator in Indonesia must quote the price of goods and/or services in Rupiah and is prohibited from conducting dual quotations where the price of goods and/or services is listed both in Rupiah and a foreign currency, anywhere including on electronic media. The restriction applies to, among others, (i) price tags, (ii) service fees, such as agent fees in the sale and purchase of property, tourism services fee or consultancy services fee, (iii) leasing fees, such as apartment rent, housing rent, office rent, land lease, warehouse lease or car lease, (iv) tariffs, such as loading/unloading tariff for cargo at the seaport or airplane ticket tariff, (v) price lists, such as a restaurant menu price list, (vi) contracts, such as clauses for pricing or fees, (vii) documents of offer, order, invoice, such as the price clause in an invoice, purchase order or delivery order, and/or (viii) payment evidence, such as the price listed in a receipt.

Further, CL No. 17/11/2015 stipulates that conditional exemptions may apply to certain infrastructure projects, among others, (i) transportation infrastructure, including airport services, seaport procurement and/or services, railways services and facilities, (ii) road infrastructure, including toll roads and toll bridges, (iii) watering infrastructure, including standard water bearer channel, (iv) drinking water infrastructure, including standard water bearer building, transmission channels, distribution channels, drinking water treatment installation, (v) sanitation infrastructure, including waste water treatment installation, collector channel and main channel, and waste facility which includes transporter and waste storage, (vi) informatics and technology infrastructure, including telecommunication network and e-government infrastructure, (vii) electricity infrastructure, including power plant, which includes power development sourcing from geothermal, transmission or distribution of electricity, and (viii) natural oil and gas infrastructure, including transmission and/or distribution of natural oil and gas. These exemptions apply if (a) the project has been declared by the central or regional government as a strategic infrastructure project, as evidenced by a formal confirmation letter from the relevant ministry/institution with regards to the project owner; and (b) an exemption approval has been obtained from Bank Indonesia.

Any non-compliance with regards to cash transactions is punishable by up to one year of confinement or a fine of up to Rp 200 million and any non-compliance for the non-cash transactions will be subject to administrative sanctions in the form of a written warning, a fine of up to Rp 1 billion and/or restrictions on financing. Non-compliance with Law No. 7/2011 is a violation/misdemeanor and is punishable by up to one year of confinement and a fine of up to Rp 200 million.

Further, to transfer payment to other party outside Indonesia, there are certain regulations that should be complied with including Bank Indonesia Regulation No. 18/19/PBI/2016 on Foreign Exchange Transaction to Rupiah between Banks and Foreign Parties (“**PBI No. 18/19/2016**”) and its implementing regulations. In general, pursuant to PBI No. 18/19/2016, foreign exchange transactions against Rupiah which exceeds the following thresholds: (i) for spot transactions, a purchase of foreign exchange against the Rupiah equivalent of US\$25,000 per month per foreign party, or its equivalent; and (ii) for derivative transactions, the sale and purchase of foreign exchange against the Rupiah equivalent of US\$1 million per transaction per foreign party or per outstanding amount of each derivative transaction per bank, or its equivalent, can be carried out based on an underlying transaction, including, among others (a) domestic and international trade of goods and services; and/or (b) an investment in the form of direct investment, portfolio investment, loans, capital and other investment inside and outside Indonesia. The following transactions are not considered as underlying transactions: (a) the usage of Bank Indonesia Certificates for derivative transactions, (b) a placement of funds in banks (vostro account) in the form of a saving account, demand deposit account, time deposit, or NCD, (c) the granting of a facility which has not been withdrawn such as a standby loan and undisbursed loan, and (d) the usage of Bank Indonesia securities in foreign currencies.

In order to implement PBI No. 18/19/2016 and to further provide detailed underlying transaction requirements and its examples, Bank Indonesia also issued the Board of Governor No. 20/17/PADG/2018 of 2018 on Foreign Exchange Transaction to Rupiah between Banks and Foreign Parties which provides that the relevant underlying transaction documents must be accompanied by a written authenticated statement letter certifying that the relevant purchase of foreign currency does not exceed the relevant monthly threshold. This statement may be in the form of an official e-mail, a SWIFT message, a negative confirmation or a business internet banking system. All underlying transaction documents must be submitted to the relevant bank within the prescribed timeline in accordance with the type of transaction: (i) at least on value date, for spot transaction; (ii) at least 5 business days after transaction date, for plain vanilla derivative transaction; and (iii) at the latest on maturity date, if the derivative transaction will due less than 5 business days after transaction date.

If the funds or amount that will be transferred to is in Rupiah currency, please note that Indonesian banks cannot transfer Rupiah to persons outside of Indonesia. However, from time to time, Bank Indonesia has intervened in the currency exchange markets in furtherance of its policies, either by selling Rupiah or by using its foreign currency reserves to purchase Rupiah. There is no assurance that the Rupiah will not be subject to depreciation and continued volatility, that the current floating exchange rate policy of Bank Indonesia will not be modified, that additional depreciation of the Rupiah against other currencies, including the U.S. dollar, will not occur, or that the Indonesian government will take additional action to stabilise, maintain or increase the value of the Rupiah, or that any of these actions, if taken, will be successful.

If First REIT is required to receive income from its properties in Indonesia in Rupiah, its revenue may be affected by fluctuations in the exchange rates of the Rupiah. The impact of future exchange rate fluctuations on First REIT's liabilities and property expenses cannot be accurately predicted and the Rupiah may not be readily convertible or exchangeable or may be subject to exchange controls. There is also the risk that movements in the Rupiah/Singapore dollar exchange rate may adversely affect repayments or repatriation of funds from Indonesia to Singapore. These factors may adversely affect First REIT's financial condition, results of operations and its ability to fulfil its payment obligations under the Securities.

Downgrades of credit ratings of the Indonesian government could adversely affect First REIT's business

Certain recognised statistical rating organisations, including Moody's Investors Service Inc. ("**Moody's**") and Fitch Ratings ("**Fitch**"), have previously downgraded Indonesia's sovereign rating and the credit ratings of various credit instruments of the Indonesian government and a large number of Indonesian banks and other companies. As at 31 December 2018, Indonesia's sovereign foreign currency long-term debt is rated as investment grade by Moody's, Fitch and Standard & Poor's but there is no assurance as to future performance and ratings. Any future ratings downgrade could have an adverse impact on liquidity in the Indonesian financial markets, the ability of the Indonesian government and Indonesian companies to raise additional financing and the interest rates and other commercial terms at which such additional financing is available. Interest rates on any floating rate Rupiah-denominated debt that First REIT may have in the future could also increase. Such events could have a material adverse effect on First REIT's financial condition, results of operations and its ability to fulfil its payment obligations under the Securities.

Investment considerations relating to First REIT's operations

There are potential conflicts of interest amongst First REIT, the First REIT Manager and OUE or, as the case may be, OUELH, and potential competition may arise between First REIT and OUELH

The First REIT Manager, Bowsprit Capital Corporation Limited, is 60.00%-owned by OUE and 40.00%-owned by OUELH.

OUE is a Singapore-based diversified real estate owner, developer and operator with a real estate portfolio located across Asia and the United States. OUELH is the healthcare platform of the OUE group, focused primarily on the Pan-Asian healthcare market. OUELH's businesses currently include the provision of high-quality and sustainable healthcare solutions through the acquisition, development, management, and operation of healthcare facilities in Asia.

As a result, the strategy and activities of First REIT may be influenced by the overall interests of OUE and OUELH. Moreover, OUE and OUELH may in the future, sponsor, manage or invest in other REITs or other vehicles which may compete directly or indirectly with First REIT. There can be no assurance that conflicts of interest will not arise between them in the future, or that First REIT's interests will not be subordinated to those of OUE, or as the case may be, OUELH whether in relation to the future acquisition of properties or property-related investments or in relation to competition for tenants regionally.

While OUELH has granted the OUELH ROFR (as defined below) to First REIT, potential competition may arise between First REIT and OUELH in relation to any future acquisition of additional properties or property-related investments. Any such competition may have a material adverse effect on First REIT's financial condition, results of operations and its ability to fulfil its payment obligations under the Securities.

Potential competition may arise in the future between First REIT and Lippo Karawaci

Lippo Karawaci, its subsidiaries and its associates are engaged in, and/or may engage in, among others, portfolio management, and investment in, and the development, management and operation of, hospitals and hotels in Indonesia and elsewhere in the region.

While Lippo Karawaci has granted the Lippo Karawaci ROFR (as defined below) to First REIT, potential competition may arise between First REIT and Lippo Karawaci in relation to any future acquisition of additional properties or property-related investments. Any such competition may have a material adverse effect on First REIT's financial condition, results of operations and its ability to fulfil its payment obligations under the Securities.

Notwithstanding that Lippo Karawaci has provided the Non-Compete Undertaking (as defined below) to First REIT, Lippo Karawaci may in certain circumstances, sponsor, manage or invest in other REITs or other vehicles which may compete directly or indirectly with First REIT in the future. There can be no assurance that competition will not arise between them in the future, or that First REIT's interests will not be subordinated to those of Lippo Karawaci whether in relation to the future acquisition of properties or property-related investments or in relation to competition for tenants within the Indonesia market or regionally.

Furthermore, Lippo Karawaci and/or its subsidiaries is/are the master lessees of most of the Indonesia Properties as at 31 December 2018. There can be no assurance that Lippo Karawaci or its subsidiaries, acting in its role as master lessee, will not favour properties that it has retained in its own property portfolio or which it manages or operates, over those owned by First REIT. This could lead to lower occupancy rates and/or lower rental income for the relevant Indonesia Properties which may have a material adverse effect on First REIT's gross revenue and its ability to fulfil its payment obligations under the Securities.

The OUELH ROFR and the Lippo Karawaci ROFR are subject to certain conditions

The OUELH ROFR and the Lippo Karawaci ROFR are subject to certain conditions, and this may adversely affect First REIT's pipeline of future acquisitions. For instance, the OUELH ROFR and the Lippo Karawaci ROFR have been granted to First REIT for so long as the First REIT Manager remains the manager of First REIT, and OUE and/or OUELH hold(s), directly or indirectly, whether singly or in the aggregate, the single largest interest in the First REIT Manager. If the above condition is not met, First REIT may not be able to benefit from the OUELH ROFR and/or the Lippo Karawaci ROFR and this may have a material adverse effect on First REIT's financial condition, results of operations and its ability to fulfil its payment obligations under the Securities.

First REIT operates substantially through the Singapore SPCs and the Indonesia SPCs and its ability to fulfil its payment obligations under the Securities is dependent on the financial position of the Singapore SPCs and the Indonesia SPCs

First REIT operates substantially through the Singapore SPCs and the Indonesia SPCs and relies on payments and other distributions from the Singapore SPCs and the Indonesia SPCs for its income and cash flows. The ability of the Singapore and Indonesia SPCs to make such payments and distributions may be restricted by, among other things, the Singapore SPCs' and the Indonesia SPCs' respective business and financial positions, the availability of distributable profits, applicable laws and regulations or the terms of agreements to which they are, or may become, a party.

There can be no assurance that the Singapore SPCs and the Indonesia SPCs will have sufficient distributable or realised profits or surplus in any future period to make dividend payments or advances to First REIT. The level of profit or surplus of each of the Singapore SPCs and the Indonesia SPCs available for distribution by way of dividends to First REIT may be affected by a number of factors including:

- (i) operating losses incurred by the Singapore SPCs and the Indonesia SPCs in any financial year;
- (ii) losses arising from a revaluation of any of First REIT's properties following any diminution in value of any of the relevant properties. Such losses would adversely affect the level of profits from which the relevant Singapore SPC and the Indonesia SPC may distribute dividends;
- (iii) accounting standards that require profits generated from investment properties to be net of depreciation charges before such profits are distributed to First REIT;
- (iv) changes in accounting standards, taxation regulations, corporation laws and regulations relating thereto; and
- (v) insufficient cash flows received by the Singapore SPCs from the Indonesia SPCs.

The occurrence of these or other factors that affect the ability of the Singapore SPCs and the Indonesia SPCs to pay dividends or other distributions to First REIT may adversely affect the liquidity and financial position of First REIT and this may affect First REIT's ability to fulfil its payment obligations under the Securities.

First REIT may not be able to fulfil its payment obligations under the Securities

The net operating profit earned from real estate investments depends on, among other factors, the amount of rental income received, and the level of property, operating and other expenses incurred. If the properties which are directly or indirectly held by First REIT do not generate sufficient net operating profit, First REIT's income, cash flow and ability to fulfil its payment

obligations under the Securities may be adversely affected. In addition, if the Singapore SPCs have insufficient cash flows or distributable profits or surplus, or the Singapore SPCs do not make the expected level of distributions in any financial year, this may adversely affect First REIT's income, cash flow and ability to fulfil its payment obligations under the Securities.

No assurance can be given as to First REIT's ability to fulfil its payment obligations under the Securities. Nor is there any assurance that there will be contractual increases in rent under the leases of the Properties or that the receipt of rental income in connection with expansion of the properties or future acquisitions of properties will increase First REIT's cash flow available for fulfilling its payment obligations under the Securities.

First REIT's strategy of investing primarily in healthcare assets may entail a higher level of risk compared to other types of unit trusts that have a more diverse range of investments

First REIT's principal strategy is primarily focused on investing 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.

As such, First REIT may be subject to risks inherent in concentrating on investments in a single industry. The level of risk could be higher compared to other types of unit trusts that have a more diverse range of investments.

A concentration of investments in a portfolio of such specific real estate assets in Indonesia and elsewhere regionally exposes First REIT to a downturn in both the real estate market as well as the healthcare industry in Indonesia and those in the relevant regions elsewhere. Such downturns may lead to a decline in (i) occupancy for, *inter alia*, hospitals and nursing homes including those in First REIT's portfolio thereby affecting First REIT's rental income from the tenants of the properties in its portfolio, and/or (ii) the capital value of First REIT's portfolio. These may have an adverse impact on the results of operations and the financial condition of First REIT as well as its ability to fulfil its payment obligations under the Securities.

Future acquisitions may not yield the returns expected, and may lead to disruptions to First REIT's business and diversion of management resources

First REIT's external growth strategy and its market selection process may not be successful and may not provide positive returns. Future acquisitions made by First REIT will be required to be integrated with its existing portfolio. The acquired properties may not generate the intended return and may cause disruptions to First REIT's operations and divert the First REIT Manager's attention away from day-to-day operations, any or all of which may have an adverse effect on the operations and financial condition of First REIT.

First REIT depends on certain key personnel, and the loss of any key personnel may adversely affect its financial condition and results of operations

First REIT's performance depends, in part, upon the continued service and performance of key staff members of the First REIT Manager. These key personnel may leave the First REIT Manager in the future and may potentially compete with the First REIT Manager and First REIT. The loss of any of these individuals, without suitable and timely replacement, could have a material adverse effect on First REIT's financial condition and results of operations.

First REIT may suffer material losses in excess of insurance proceeds

First REIT's properties face the risks of suffering physical damage caused by fire or natural disasters or other causes, as well as potential malpractice or public liability claims (including claims arising from the operations of First REIT's properties), all of which may result in losses

(including loss of rent) that may not be fully compensated by insurance proceeds. First REIT may remain liable for any debt or other financial obligation relating to any of its properties if there are material losses in excess of insurance proceeds. There is no assurance that material losses in excess of insurance proceeds will not occur in the future.

In addition, certain types of risks (such as war risk and losses caused by the outbreak of contagious diseases and contamination or other environmental breaches) may be uninsurable or the cost of insurance may be prohibitive when compared to the risk. As at the Latest Practicable Date, First REIT's insurance policies for the Properties do not cover acts of war, outbreaks of contagious diseases or contamination or other environmental breaches.

Should an uninsured loss or a loss in excess of insured limits occur, First REIT could be required to pay compensation and/or lose capital which it had invested in the affected property as well as anticipated future revenue from the relevant property. First REIT may also remain liable for any debt or other financial obligation relating to the relevant property. There is no assurance that material losses in excess of insurance proceeds will not occur in the future.

The First REIT Manager may change First REIT's investment strategy

First REIT's policies with respect to certain activities, including investments and acquisitions, will be determined by the First REIT Manager, subject to applicable laws and regulations. The First REIT Manager has stated its intention to restrict investments to income-producing real estate and/or real estate-related assets in Asia that are primarily used for healthcare and/or healthcare-related purposes. Notwithstanding this, the First REIT Trust Deed grants the First REIT Manager wide powers to invest in other types of assets, including any real estate, real estate-related assets as well as listed and unlisted securities in Singapore and other jurisdictions. There is no guarantee of success in the event that the First REIT Manager diversifies into other types of real estate or asset classes. The inability to diversify successfully may adversely affect First REIT's financial condition and results of operations as well as its ability to fulfil its payment obligations under the Securities.

The First REIT Manager may not be able to implement its investment strategy for First REIT

First REIT's investment policy is 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.

There can be no assurance that the First REIT Manager will be able to implement its investment strategy successfully or that it will be able to expand First REIT's portfolio at all, or at any specified rate or to any specified size. The First REIT Manager may not be able to make acquisitions or investments on favourable terms or within a desired time frame. First REIT may face active competition in acquiring suitable properties, especially in a low interest rate environment where other investment vehicles are highly leveraged. As such, First REIT's ability to make new property acquisitions under its acquisition growth strategy may be adversely affected.

First REIT may rely on external sources of funding to expand its asset portfolio, which may not be available on favourable terms, or at all. Even if First REIT were able to successfully make additional property acquisitions or investments, there can be no assurance that First REIT will achieve its intended return on such acquisitions or investments. Since the amount of borrowings that First REIT can incur to finance acquisitions is limited by the Property Funds Appendix, such acquisitions are likely to be largely dependent on First REIT's ability to raise equity capital. Potential vendors may take a negative view towards the prolonged time frame and lack of certainty generally associated with the raising of equity capital to fund any such purchase and may prefer other potential purchasers.

The failure to consummate investment or acquisition opportunities may slow First REIT's growth and negatively affect its results of operations and its ability to fulfil its payment obligations under the Securities.

Occurrence of any acts of God, war and terrorist attacks may materially and adversely affect the business, financial condition and results of operations of First REIT

Acts of God, such as natural disasters, are beyond the control of First REIT or the First REIT Manager. These may materially and adversely affect the economy, infrastructure and livelihood of the local population of the countries in which First REIT operates, which could in turn, have an adverse effect on its business, financial condition and results of operations of First REIT. There is no assurance that any war, terrorist attack or other hostilities in any part of the world, potential, threatened or otherwise, will not, directly or indirectly, have an adverse effect on the operations, revenues and profitability of First REIT. The consequences of any of these acts of God, terrorist attacks or armed conflicts are unpredictable, and First REIT may not be able to foresee events that could have an adverse effect on its business, financial condition and results of operations.

First REIT's properties may be affected or damaged by acts of terrorism. Such damage, where not fully compensated by insurance proceeds, could result in expenses to repair the damage caused. Where such damage occurs, this may lead to a significant disruption to the business or operation of the relevant properties in its portfolio and result in an adverse impact on the financial condition and results of operations of First REIT as well as its ability to fulfil its payment obligations under the Securities.

First REIT may be involved in legal and other proceedings from time to time

First REIT may be involved from time to time in disputes with various parties such as contractors, sub-contractors, consultants, suppliers, construction companies, purchasers and other partners involved in, *inter alia*, the asset enhancement, operation and purchase of properties. These disputes may lead to legal and other proceedings, and may cause First REIT to suffer additional costs and delays to the construction or completion of its projects. In addition, First REIT may have disagreements with regulatory bodies in the course of its operations, which may subject it to administrative proceedings and unfavourable orders, directives or decrees that result in financial losses and delay the construction or completion of its projects and this may indirectly affect First REIT's ability to fulfil its payment obligations under the Securities.

Uncertainties and instability in global market conditions could adversely affect First REIT's business, financial condition and results of operations

First REIT's business is subject to fluctuations in economic conditions as well as regulatory controls regionally and globally. First REIT may expand its businesses to other countries and the risk profile of First REIT will therefore encompass the risks involved in each of the countries that First REIT and/or its subsidiaries and/or its associated companies operate in or may operate in the future. The business, financial condition and performance of First REIT may be adversely affected by any of such risks. Adverse economic and/or regulatory controls developments locally and/or globally may also have a material adverse effect on the business, financial condition, operations, performance or prospects of First REIT.

The amount First REIT may borrow is limited, which may affect the operations of First REIT and the borrowing limit may be exceeded if there is a downward revaluation of assets

Under the Property Funds Appendix, First REIT is permitted to borrow only up to 45.0 per cent of the value of its Deposited Property at the time the borrowing is incurred. A decline in the value of First REIT's Deposited Property may affect First REIT's ability to make further borrowings.

First REIT may face adverse business consequences as a result of this limitation on borrowings, and these may include:

- (i) an inability to fund capital expenditure requirements in relation to First REIT's properties;
- (ii) an inability to fund acquisitions of properties; and
- (iii) cash flow shortages which may have an adverse impact on First REIT's ability to make distributions.

A downward revaluation of any of First REIT's properties or investments may result in a breach of the borrowing limit under the Property Funds Appendix. In the event of such a breach, First REIT would not be able to incur further indebtedness. In such circumstances, while First REIT may not be required to dispose of its assets to reduce its indebtedness, the inability to incur further indebtedness may constrain its operational flexibility.

First REIT may be exposed to risks associated with exchange rate fluctuations

First REIT's future foreign investments may be denominated in foreign currencies. However, First REIT will maintain its financial statements in Singapore dollars. A substantial proportion of its expenses and liabilities will also be denominated in Singapore dollars. First REIT may therefore be exposed to risks associated with exchange rate fluctuations between the Singapore dollar and the local currency of any other foreign countries in which First REIT invests, in particular the Rupiah. For instance, as First REIT's financial statements are presented in Singapore dollars, exchange rate gains or losses will arise when the assets and liabilities in foreign currencies are translated or exchanged into Singapore dollars for financial reporting. If the foreign currencies depreciate against the Singapore dollar, this may materially and adversely affect First REIT's financial results.

There is no assurance that First REIT will be able to leverage on the OUE LH ROFR and/or the Lippo Karawaci ROFR or on OUE LH's or, as the case may be, Lippo Karawaci's experience in the operation of healthcare assets

In the event that Bowsprit Capital Corporation Limited ceases to be the manager of First REIT, and OUE and/or OUE LH ceases to hold(s) directly or indirectly, whether singly or in the aggregate, the single largest interest in Bowsprit Capital Corporation Limited, First REIT may no longer be able to leverage on the OUE LH ROFR and/or the Lippo Karawaci ROFR or on OUE LH's or, as the case may be, Lippo Karawaci's (i) experience in the ownership and operation of healthcare assets, (ii) financial strength, (iii) market reach and (iv) network of contacts in the healthcare industry, to further its growth. In addition, First REIT may not be able to benefit from the range of corporate services which is available to owners of properties managed by OUE LH or, as the case may be, Lippo Karawaci. This may have a material and adverse impact on First REIT's results of operations and financial condition and its ability to fulfil its payment obligations under the Securities.

First REIT may not be able to control or exercise any influence over entities in which it has minority interests

First REIT may, in the course of future acquisitions, acquire minority interests in investment entities. There can be no assurance that First REIT will be able to control such entities or exercise any influence over the assets of such entities or their distributions to First REIT. Such entities may develop objectives which are different from those of First REIT. The management of such entities may also make decisions which could adversely affect the operations of First REIT and this may indirectly affect First REIT's ability to fulfil its payment obligations under the Securities.

First REIT may engage in hedging transactions, which can limit gains and increase exposure to losses

First REIT may enter into hedging transactions to mitigate the effects of interest rate and currency exchange fluctuations on floating rate debt and also to protect its portfolio from interest rate and prepayment fluctuations. Hedging transactions may include entering into interest rate hedging instruments, purchasing or selling futures contracts, purchasing put and call options or entering into forward agreements. Hedging activities may not have the desired beneficial impact on the results of operations or financial condition of First REIT and may not completely insulate First REIT from the risks associated with changes in interest rates and exchange rates. Moreover, interest rate hedging could fail to protect First REIT or even affect it adversely because, among other factors:

- (i) available interest rate hedging may not completely address the interest rate risks which First REIT is exposed to;
- (ii) the hedge counterparty may default on its obligation to pay;
- (iii) the credit quality of the hedge counterparty may be downgraded to such an extent that the value of the hedge is adversely affected, impairing First REIT's ability to sell or assign its side of the hedging transaction, requiring First REIT to enter into additional hedging transactions at additional costs; and
- (iv) the value of the derivatives used for hedging may be adjusted from time to time in accordance with accounting rules to reflect changes in fair value. Downward adjustments would reduce the net asset value of First REIT.

Hedging involves risks and typically involves costs, including transaction costs, which may reduce overall returns. These costs increase as the period covered by the hedging increases and during periods of rising and volatile interest rates. These costs could adversely affect the financial condition of First REIT. The First REIT Manager will regularly monitor the feasibility and value of engaging in hedging transactions, taking into account the costs involved.

First REIT may have a higher level of gearing than certain other types of unit trusts and may experience limited availability of funds and face risks associated with debt financing and refinancing

First REIT may, from time to time, require additional debt financing to fund working capital requirements, to support the future growth of its business and/or to refinance existing debt obligations. In addition, First REIT's indebtedness means that a material portion of its expected cash flow may be required to be dedicated to the payment of interest on its indebtedness, thereby reducing the funds available to First REIT for use in its general business operations. First REIT's indebtedness may also restrict its ability to obtain additional financing for capital expenditure, acquisitions or general corporate purposes and may cause it to be particularly vulnerable in the event of a general economic downturn. The willingness of financial institutions to make capital commitments by way of investing in debt or equity instruments may for an indeterminate period be adversely affected by any financial crisis. First REIT's level of borrowings may represent a higher level of gearing as compared to certain other types of unit trust, such as non-specialised collective investment schemes which invest in equities and/or fixed income instruments.

First REIT may also be subject to the risk that it may not be able to refinance its existing and/or future borrowings or that the terms of such refinancing may not be as favourable as the terms of its existing borrowings, particularly if there is uncertainty and instability in the global market conditions. In addition, First REIT may be subject to certain covenants in connection with any future borrowings that may limit or otherwise adversely affect its operations. Such covenants may

also restrict First REIT's ability to acquire properties or undertake other capital expenditure or may require it to set aside funds for maintenance or repayment of security deposits. Furthermore, if prevailing interest rates or other factors at the time of refinancing (such as the possible reluctance of lenders to make real estate loans) result in higher interest rates upon refinancing, the interest expense relating to such refinanced indebtedness would increase. These could in turn adversely affect First REIT's cash flow and results of operations and its ability to fulfil its payment obligations under the Securities.

The First REIT Manager's planned asset enhancement initiatives may not materialise

The First REIT Manager may from time to time plan asset enhancement initiatives on some of First REIT's properties. However, there is no assurance that such proposed plans for asset enhancement will materialise, or in the event that they materialise, that the proposed plans will achieve their desired results or will not incur significant costs unnecessarily.

Investment considerations relating to First REIT's portfolio

First REIT is exposed to economic and real estate market conditions and changes in fiscal policies in the countries in which its properties are situated

A majority of the properties in its portfolio are situated in Indonesia and Singapore. As a result, First REIT's gross revenue and results of operations depend to a large extent on the performance of the Indonesia and Singapore economies. An economic decline in Indonesia and Singapore could adversely affect First REIT's results of operations and financial growth. Political upheavals, natural disasters, insurgency movements, riots and governmental policies all play a pivotal role in the performance of First REIT's properties.

First REIT's investment policy is 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. Investment in properties in other countries in Asia may also expose First REIT to local real estate market conditions in these countries. An economic decline in any one or more of the countries in which the properties of First REIT are located could adversely affect First REIT's operations and future growth. Other local real estate market conditions which may adversely affect First REIT's performance include the attractiveness of competing healthcare properties, the supply of healthcare properties and demand from tenants.

Further, First REIT may be subject to real estate laws, securities laws, tax laws, any applicable laws relating to foreign exchange and related policies of the jurisdiction in which its properties are situated, and any unexpected changes to the same. There might be a negative impact on First REIT's properties as a result of measures and policies adopted by the relevant governments and authorities at the local and/or national levels, including the imposition of foreign exchange restrictions.

In relation to First REIT's properties located outside Singapore, there is the risk that First REIT may not be able to repatriate the income and gains derived from investment in real estate and other assets in these foreign countries. It may also be difficult to obtain legal protection and recourse in some countries. In addition, the income and gains derived from investment in properties in foreign countries may be subject to various types of taxes in Singapore and in such countries, including income tax, withholding tax, capital gains tax and such other taxes which may be imposed specifically for ownership of real estate. All these taxes, which are subject to changes in laws and regulations (including the interpretation and/or implementation thereof) that may lead to an increase in tax rates, or the introduction of new taxes, could adversely affect and erode the returns from these properties. There is also no assurance that First REIT will be able to repatriate to Singapore the income and gains derived from its investment in properties outside Singapore on a timely and regular basis.

All of these factors could have an adverse effect on the business, financial condition and results of operations of First REIT as well as its ability to fulfil its payment obligations under the Securities.

First REIT is largely dependent on Lippo Karawaci for rental payments

First REIT is dependent on rental payments from the tenants of its properties, as First REIT does not directly operate the properties in its portfolio. As at 31 December 2018, Lippo Karawaci and/or its subsidiaries is/are the master lessees of most of the Indonesia Properties. For FY 2018, the Indonesia Properties contributed to approximately 96.0% of First REIT's rental income. Therefore, First REIT's revenue and cash flow depend largely upon the ability of Lippo Karawaci to make rental payments. As such, the business prospects of Lippo Karawaci (aside from those relating to First REIT), could impact on Lippo Karawaci's ability to make rental payments to First REIT.

A downturn in the business of Lippo Karawaci may weaken its financial condition and result in Lippo Karawaci's failure to make timely rental payments or default under the Master Lease Agreements to which it is a party. If Lippo Karawaci fails to make timely rental payments or defaults under the Master Lease Agreements to which it is a party, First REIT's financial condition, revenue and cash flow, and its ability to fulfil its payment obligations under the Securities, may be materially and adversely affected.

Lippo Karawaci's business is directly affected by the state of the Indonesian economy. Economic growth in Indonesia is a result of a combination of consumer spending, government spending, export growth as well as the level of investments. Weaknesses in any of these drivers may cause economic growth to weaken, resulting in higher unemployment, currency depreciation, volatility in interest rates, and potential social and political unrest. These factors may adversely affect Indonesian businesses. In particular, the business, financial condition and prospects of Lippo Karawaci are potentially influenced by these factors, and any weakness in these conditions could affect Lippo Karawaci's ability, as Master Lessee, to pay rent to First REIT. This, in turn, may affect First REIT's revenue and its ability to fulfil its payment obligations under the Securities. There can be no assurance that Lippo Karawaci will have sufficient assets, income and access to financing in order to enable it to satisfy its obligations under the Master Lease to which it is a party.

In addition, any downgrade in the credit rating of Lippo Karawaci could have an adverse impact on its ability to raise additional financing, and the interest rates and other commercial terms at which such additional financing is available. Such events could have a material adverse effect on the financial condition of Lippo Karawaci and may result in Lippo Karawaci's failure to make timely rental payments or default under the Master Lease Agreements to which it is a party. This could in turn have a material adverse effect on First REIT's financial condition, results of operations and its ability to fulfil its payment obligations under the Securities.

First REIT is dependent on the tenants of its properties for rental payments

First REIT is dependent on rental payments from the tenants of its properties, as First REIT does not directly operate the properties in its portfolio. Therefore, First REIT's revenue depends to a large extent upon the ability of the tenants of the properties in its portfolio to make rental payments. As such, the business prospects of the tenants of First REIT's properties (aside from those relating to First REIT), could impact on the ability of the tenants of First REIT's properties to make rental payments to First REIT.

Factors that affect the volume of patients, guests and visitors at First REIT's properties and, thereby, the ability of the tenants of First REIT's properties to meet their obligations include, but are not limited to:

- (i) unemployment levels;
- (ii) the business environment of local communities;
- (iii) the number of uninsured and underinsured individuals in local communities;
- (iv) seasonal cycles of illnesses;
- (v) recruitment, retention and attrition of medical professionals such as doctors and nurses;
- (vi) local healthcare competitors and competition in the healthcare industry;
- (vii) unfavourable publicity that impacts relationships between physicians and patients;
- (viii) the level of demand for hospitals and hotels and the related services of First REIT's properties in its portfolio;
- (ix) the performance of the First REIT Manager;
- (x) material losses in excess of insurance proceeds; and
- (xi) a possibility of union activities disrupting the operations of the properties in its portfolio, severely impacting on its reputation and ability to function normally.

There can be no assurance that the tenants of First REIT's properties will have sufficient assets, income and access to financing in order to enable them to satisfy their obligations under their respective lease agreements. This may in turn affect the operations and financial condition of First REIT and its ability to fulfil its payment obligations under the Securities.

The tenants of First REIT's properties may not renew their respective leases

There is no assurance that the tenants of First REIT's properties (including but not limited to Lippo Karawaci and/or its subsidiaries) will exercise any option to renew their respective leases upon expiry. In such a situation, First REIT may not be able to locate a suitable purchaser for its properties, or a suitable replacement master lessee, as a result of which First REIT may lose a significant source of revenue. In addition, replacement of the tenants of First REIT's properties on satisfactory terms may not be possible in a timely manner. The amount of rent and the terms on which lease renewals and new leases are agreed may also be less favourable than current leases.

The failure on the part of the tenants of First REIT's properties to renew their leases upon expiry, or the termination of any of the lease agreements with the tenants of First REIT's properties, may have a material adverse effect on First REIT's gross revenue and its ability to fulfil its payment obligations under the Securities.

First REIT's properties and future properties to be acquired by First REIT may require significant capital expenditure periodically and First REIT may not be able to secure funding

First REIT's properties and future properties to be acquired by First REIT may require periodic capital expenditures, refurbishments, renovations and improvements in order to remain competitive. Acquisitions of new properties or enhancements of existing properties by First REIT

may require significant capital expenditure. First REIT may not be able to fund future acquisitions, capital improvements or expenditures solely from cash provided from its operating activities, and First REIT may not be able to obtain additional equity or debt financing or be able to obtain such financing on favourable terms or at all. This may indirectly affect First REIT's ability to fulfil its payment obligations under the Securities.

First REIT's properties may be revalued downwards

There can be no assurance that First REIT will not be required to make downward revaluation of its properties in the future. Any fall in the gross revenue or net property income earned from First REIT's properties may result in downward revaluation of the properties held by First REIT and this may indirectly affect First REIT's ability to fulfil its payment obligations under the Securities.

In addition, First REIT is required to measure investment properties at fair value at each year end date and any change in the fair value of the investment properties is recognised in the statements of total return. The changes in fair value may have an adverse effect on First REIT's financial results in the financial years where there is a significant decrease in the valuation of First REIT's investment properties. This may in turn result in revaluation losses that will be charged to its statements of total return.

First REIT is exposed to general risks associated with relying on third-party contractors to provide various services

Under the terms of the Master Lease Agreements in respect of the properties in First REIT's portfolio, the Master Lessee may rely on third-party contractors to provide various services. However, where First REIT engages third-party contractors to provide various services in connection with matters which are not the responsibilities of the Master Lessee under the terms of the Master Lease Agreements, First REIT is exposed to the risk that a third-party contractor may incur costs in excess of project estimates, which may have to be borne by First REIT in order to complete the project.

Furthermore, major third-party contractors may experience financial or other difficulties which may affect their ability to carry out construction or other works, thus delaying the completion of development projects or resulting in additional costs to First REIT. There can also be no assurance that the services rendered by the third-party contractors will always be satisfactory or match First REIT's targeted quality levels.

All of these factors could have an adverse effect on the business, financial condition and results of operations of First REIT.

First REIT's properties may be affected by contamination and other environmental issues

First REIT's properties may from time to time be affected by contamination or other environmental issues which may not previously have been identified and/or rectified. This gives rise to a number of risks including:

- (i) the risk of prosecution by relevant authorities;
- (ii) the requirement for unbudgeted additional expenditure to remedy such issues; and
- (iii) the adverse impact on the financial position of tenants arising from the above, affecting their ability to trade and meet their tenancy obligations.

All of these factors could have an adverse effect on the business, financial condition and results of operations of First REIT as well as its ability to fulfil its payment obligations under the Securities.

Renovation works or physical damage to First REIT's properties may result in an adverse impact on First REIT's financial condition, results of operations

First REIT's properties may need to undergo renovation works from time to time and may also require unforeseen ad hoc maintenance or repairs in respect of faults or problems that may develop over structural defects or other parts of the buildings or because of new planning laws or regulations. The costs of maintaining a property and the risk of unforeseen maintenance or repair requirements tend to increase over time as the building ages.

Furthermore, the operations of First REIT's properties may suffer some disruption and it may not be possible to collect the full rate of, or, as the case may be, any rental income on space affected by such renovation works. If any leases are due for renewal at that time, the existing tenants may either choose not to renew the leases upon its expiry or negotiate for lower rentals and this may adversely affect the revenue of the affected property.

In addition, physical damage to First REIT's properties resulting from fire or other causes may lead to a significant disruption to the operations of such property. Generally, under the Master Lease Agreements, if any of the Properties is damaged or destroyed such that the relevant Property cannot be used or becomes inaccessible, the relevant landlord has the option to reinstate or replace the relevant Property (or the affected part, as the case may be) using insurance proceeds received under the insurance policies. If the relevant landlord opts to reinstate or replace the relevant Property, the relevant lessee will not be liable to pay rent in respect of the period when the relevant Property cannot be used or is inaccessible. If the relevant landlord opts not to reinstate or replace the relevant Property, the relevant lessee may, *inter alia*, terminate the relevant Master Lease Agreement. If the relevant Property is only partly usable as a result of the damage, the relevant lessee's liability for the rent will be reduced in proportion to the reduction in the usability caused by the damage with effect from the date of the damage or destruction. The non-payment of rent or reduction of rent payable, and the termination of the relevant Master Lease Agreement, by the relevant lessee may have a material adverse effect on First REIT's gross revenue and its ability to fulfil its payment obligations under the Securities.

Renovation works or physical damage to First REIT's properties may result in an adverse impact on First REIT's financial condition, results of operations and its ability to fulfil its payment obligations under the Securities.

Losses or liabilities from latent building or equipment defects may adversely affect earnings and cash flow

Design, construction or other latent property or equipment defects in First REIT's properties may require additional capital expenditure, special repair or maintenance expenses or the payment of damages or other obligations to third parties.

Costs or liabilities arising from such property or equipment defects may involve significant and potentially unpredictable patterns and levels of expenditure which may have a material adverse effect on First REIT's earnings and cash flows.

Statutory or contractual representations, warranties and indemnities given by any seller of real estate are unlikely to afford satisfactory protection from costs or liabilities arising from such property or equipment defects. All of these factors could have an adverse effect on First REIT's business, financial condition, results of operations and its ability to fulfil its payment obligations under the Securities.

Investment considerations relating to investing in real estate

First REIT's properties may be subject to increases in operating and other expenses

First REIT's financial condition and results of operations could be adversely affected if operating and other expenses increase without a corresponding increase in revenues or tenant reimbursements of operating and other costs.

Factors which could lead to an increase in operating and other costs include:

- (i) increases in property taxes and other statutory charges in relation to The Lantor Residence, for which First REIT is required to pay property taxes⁵;
- (ii) changes in statutory laws, regulations or government policies which increase the cost of compliance with such laws, regulations or policies;
- (iii) change in direct or indirect tax policies; and
- (iv) defects affecting or environmental pollution in connection with, the properties which need to be rectified.

All of these factors could have an adverse effect on the business, financial condition and results of operations of First REIT as well as its ability to fulfil its payment obligations under the Securities.

First REIT may be adversely affected by the illiquidity of real estate investments

First REIT invests primarily in healthcare and healthcare-related assets. This involves a higher level of risk as compared to a portfolio which has a diverse range of investments. Real estate investments, particularly investments in high value properties such as those in which First REIT has invested or intends to invest in, are relatively illiquid. Such illiquidity may affect First REIT's ability to vary its investment portfolio or liquidate part of its assets in response to changes in economic, real estate market or other conditions. For instance, First REIT may be unable to sell its assets on short notice or may be forced to give a substantial reduction in the price that may otherwise be sought for such assets in order to ensure a quick sale. Moreover, First REIT may face difficulties in securing timely and commercially favourable financing in asset-based lending transactions secured by real estate due to the illiquid nature of real estate assets. These factors could have an adverse effect on First REIT's financial condition and results of operations as well as its ability to fulfil its payment obligations under the Securities.

First REIT's properties and/or future acquisitions, or a part of them, may be acquired compulsorily

In Indonesia, pursuant to Law No. 2 of 2012 concerning Land Procurement for Development for Public Interest (*Pengadaan Tanah Bagi Pembangunan Untuk Kepentingan Umum*) and its implementing regulations (the "**Land Procurement Law**"), the Indonesian government and/or the regional government shall ensure the availability of land required for the development activities for Public Interest⁶.

⁵ Save for The Lantor Residence, property taxes in respect of the Properties are payable by the respective Master Lessee.

⁶ "**Public Interest**" is defined and described under the Land Procurement Law as the interest of nation, state, and society which shall be implemented by the Indonesian government and as far as possible for the welfare of Indonesian people such as for the developments, pursuant to Article 4 and Article 10 of the Land Procurement Law (which includes, among others for the purpose of public roads, national security and defense, infrastructure, certain telecommunication networks, hospitals, ports, and terminals).

The Land Procurement Law also clearly stipulates that for Public Interest, any party who owns or otherwise controls Land Procurement Objects⁷ (the “**Entitled Party**”) shall be obliged to release his/her/its rights upon such Land Procurement Objects after a Compensation⁸ for its/his/her Land Procurement Objects is given to him/her/it of fair and reasonable compensation or a legally binding court decision.

In accordance with the Land Procurement Law, the Indonesian government has the right to acquire the Land Procurement Objects if it can demonstrate that such Land Procurement Objects are needed for Public Interest. The Land Procurement Objects which shall be released by the Entitled Party shall become the property of the Indonesian government, the regional government or a state-owned enterprise, as the case may be.

Therefore, there is no assurance that the Indonesian government will not acquire the lands on which the properties in First REIT’s portfolio are situated. Pursuant to the Land Procurement Law, the Compensation payable to the Entitled Party may be made in the form of money, replacement land, resettlement, shares ownership, or any other form agreed upon by and between BPN and the Entitled Party. Such Compensation will be made based on a valuation report provided by an independent public appraiser appointed by BPN, and the valuation will include the valuation on land, the space under and above the land, buildings, plants, any object related to land and/or any other losses which can be valued.

In Singapore, the Land Acquisition Act, Chapter 152 of Singapore, gives the Singapore government the power to, among other things, acquire any land in Singapore:

- (i) for any public purpose;
- (ii) where the acquisition is of public benefit or of public utility or in the public interest; or
- (iii) for any residential, commercial or industrial purpose.

The compensation to be awarded pursuant to any such compulsory acquisition would be based on, among other factors:

- (a) the market value of the property as at the date of the publication in the Government Gazette of the notification of the likely acquisition of the land (provided that within six months from the date of publication of such notification, a declaration of intention to acquire is made by publication in the Government Gazette); or
- (b) the market value of the property as at the date of publication in the Government Gazette of the declaration of intention to acquire, where such declaration is made after six months of the notification.

Accordingly, if the market value of a property (or part thereof) which is acquired is greater than the applicable market value referred to above, the compensation paid in respect of the acquired property may be less than its market value and this may have an adverse effect on the assets of First REIT and its ability to fulfil its payment obligations under the Securities.

⁷ “**Land Procurement Objects**” are defined under the Land Procurement Law as land, space under and above the land, buildings, plants, any object related to the land or other matters which can be valued.

⁸ “**Compensation**” is defined under the Land Procurement Law as fair and reasonable compensation to the Entitled Party in the process of land procurement.

Investment considerations specific to hospitals

Hospitals are subject to unique risks

Generally, hospitals and their medical and surgical services are subject to governmental regulation, a factor which could have a significant and unfavourable effect on the price and availability of such services. Furthermore, hospitals face the risk of increasing competition from new products or services and the risk that technological advances may render their medical and surgical services obsolete. The rising cost of healthcare technology may adversely impact the revenue of First REIT's hospitals. Hospitals may also have persistent losses when adopting a new medical or surgical service, and revenue patterns may be erratic as a result. In addition, hospitals may be affected by events and conditions including, among other things, demand for services, physicians' confidence in the facility, management capabilities, competition with other hospitals, efforts by insurers to limit charges and expenses, government regulation, and the cost and possible unavailability of malpractice insurance.

If the gross revenues of First REIT's hospitals are adversely affected because of these risks, there may consequently be an impact on the ability of the tenants of First REIT's hospitals to make rental payments to First REIT. This may in turn materially and adversely affect First REIT's financial condition and results of operations as well as its ability to fulfil its payment obligations under the Securities.

The outbreak of communicable diseases or other potentially life-threatening illnesses or contamination may affect First REIT's hospitals

The outbreak of various communicable diseases such as Middle East respiratory syndrome, the Avian influenza and the H1N1 influenza or other potentially life-threatening infectious illnesses or contamination may lead the government to impose regulations on hospitals, affecting their normal routine of operations and possibly leading to lower numbers of patients who are willing to visit First REIT's hospitals.

In addition, should patients infected with such illnesses be housed in any of First REIT's hospitals, this could result in a lower number of people who are willing to visit such hospital for other kinds of medical or surgical treatment. This may have a consequent adverse effect on the ability of the tenants of First REIT's hospitals to make rental payments to First REIT which may materially and adversely affect First REIT's financial condition and results of operations as well as its ability to fulfil its payment obligations under the Securities.

The operations of First REIT's hospitals are dependent upon such hospital's ability to attract and retain doctors and other healthcare professionals

The operations of First REIT's hospitals depend on the efforts, abilities and experience of its doctors and medical staff. First REIT's hospitals compete with other healthcare providers, including the providers located in the region, in recruiting and retaining qualified doctors and other healthcare professionals. Under Indonesian laws and regulations, hospitals are not permitted to employ foreign doctors without obtaining prior recommendation from the Minister of Health of Indonesia, the approval from the Minister of Manpower and Transmigration of Indonesia, and practice license from Minister of Health of Indonesia. Notwithstanding this, Indonesian doctors and nursing staff are regularly recruited by competitors outside Indonesia. The loss of some of these medical personnel, or the inability to attract or retain sufficient numbers of qualified doctors and other healthcare professionals, could have a material and adverse effect on the healthcare business, financial position and results of the operations, and consequently on the ability of the tenants of First REIT's hospitals to make rental payments to First REIT. This could in turn materially and adversely affect First REIT's financial condition and results of operations as well as its ability to fulfil its payment obligations under the Securities.

First REIT's hospitals may be subject to potential malpractice, negligence and other legal lawsuits

First REIT's hospitals run the risk of medical and legal claims and/or regulatory actions arising from the provision of healthcare services. Such claims may tarnish the reputation of First REIT's hospitals and/or their doctors. If such claims succeed, First REIT's hospitals may be liable for fines or even closure. In addition, there may be difficulty obtaining and maintaining adequate liability and other insurance. These may adversely affect the financial conditions and operating results of the tenants of First REIT's hospitals, which could consequently impede their ability to make rental payments to First REIT which may materially and adversely affect First REIT's financial condition and results of operations as well as its ability to fulfil its payment obligations under the Securities.

Changes in or non-adherence to government healthcare regulations could impact First REIT indirectly

Healthcare is an area that is subject to extensive government regulation and dynamic regulatory changes. First REIT's hospitals are continuously subject to laws and regulations, including, but not limited to, licensing, facility inspections, reimbursement policies and control over certain expenditures. There may be periodic inspections by governmental and other authorities to ensure continued compliance with such laws and regulations. Failure to maintain required regulatory approvals or licences or to comply with the obligations under its licences may result in revocation of the relevant licence. This could materially and adversely affect the business and financial condition of the tenants of First REIT's hospitals. Such issues may increase operating expenses, which could diminish the ability of the tenants of First REIT's hospitals to make rental payments to First REIT.

In addition, there is no assurance that there will not be changes in such laws and regulations, or new interpretations of such laws and regulations which may adversely affect the operations of First REIT's hospitals. This could have a negative impact on the ability of the tenants of First REIT's hospitals to make rental payments to First REIT which may materially and adversely affect First REIT's financial condition and results of operations as well as its ability to fulfil its payment obligations under the Securities.

The operations of First REIT's hospitals are subject to environmental risks as well as environmental and occupational health, safety and other related governmental regulations

First REIT's hospitals may contain, or their operations may utilise, certain materials, processes or installations which are regulated pursuant to environmental laws and regulations, or may require environmental permits from regulatory authorities. These include, but are not limited to, medical or infectious waste, incinerators, and small amounts of friable asbestos-containing materials. In addition to imposing liability on the owner of hospitals, these environmental laws and regulations may also impose liability on the tenants of hospitals for removal or remediation of hazardous or toxic substances or other regulated materials on or in hospitals. As a result, the tenants of First REIT's hospitals may be required to obtain the relevant licence or permit and may also be liable for government fines and damages for injuries to persons, natural resources and adjacent property. The operating expenses of the tenants of First REIT's hospitals could be higher than anticipated due to the cost of complying with existing and future environmental and occupational health, safety and other related laws and regulations. Such cost of complying with environmental laws could materially affect the ability of the tenants of First REIT's hospitals to make rental payments to First REIT which may materially and adversely affect First REIT's financial condition and results of operations as well as its ability to fulfil its payment obligations under the Securities.

Although First REIT's hospitals will take all steps to comply with the laws and regulations in connection with such materials, processes or installations, there is no assurance that First REIT's hospitals will in the future maintain its environmental compliances and environmental liabilities will not exist in the future, or that any of such environmental liabilities will not be material to First REIT's hospitals and/or First REIT.

First REIT's hospitals are specialised medical facilities and have limited uses

As First REIT's hospitals may only be used for a specific purpose, if First REIT or the Master Lessee terminates the Master Lease Agreements (or any of them), First REIT may not be able to find a replacement tenant to lease First REIT's hospitals in a timely manner, or on terms acceptable to First REIT or at all. In the event that First REIT is not able to find a tenant to lease its hospitals for medical and healthcare purposes, First REIT may need to change the use of its hospitals, in order to be able to lease its hospitals and to generate income. There is no assurance that First REIT will be able to obtain the requisite approvals to change the zoning of the sites on which its hospitals are located, and even if such approvals are obtained, First REIT may be required to incur significant time and expenditure to alter its hospitals to make them suitable for other uses. If any of the above events were to occur, First REIT's financial condition and results of operations may be materially and adversely affected, and this may affect First REIT's ability to fulfil its payment obligations under the Securities.

First REIT may be affected by competition from existing healthcare service providers as well as new entrants to the market

The healthcare services industry in the region (including Indonesia and Singapore) is very competitive, with many healthcare service providers, both private and public. A healthcare service provider in the region (including Indonesia and Singapore) faces competition from existing healthcare service providers as well as new entrants in the future. Some of these competing facilities are or may be owned and supported by governmental agencies or by endowments and charitable contributions. These types of support are not available to the lessees of the healthcare and/or healthcare-related assets owned or to be owned by First REIT.

The success of the operations of a healthcare and/or healthcare-related asset in the region (including Indonesia and Singapore) depends on the ability of the operator of these assets to compete effectively against its competitors. There can be no assurance that the lessees of the healthcare and/or healthcare-related assets owned or to be owned by First REIT will be able to compete successfully in the future.

With the potential influx of new competitors, the ability of the lessees of the healthcare and/or healthcare-related assets owned or to be owned by First REIT to retain patients and to attract new patients is important to the continued success of First REIT. There is no assurance that the patient loads of the healthcare and/or healthcare-related assets owned or to be owned by First REIT will not be affected with the entry of new competitors, which may adversely affect the operations and financial performance of these lessees and, indirectly, First REIT. In the event that any of these lessees are not able to compete effectively against their competitors, their operating results may be adversely affected and this could adversely impact such lessee's ability to make rental payments to First REIT. As a result, First REIT's financial condition and results of operations may be materially and adversely affected and this may affect First REIT's ability to fulfil its payment obligations under the Securities.

Investment Considerations specific to Imperial Aryaduta Hotel and Country Club and Hotel Aryaduta Manado

Seasonality of business at Imperial Aryaduta Hotel and Country Club and Hotel Aryaduta Manado may adversely affect results of operations

Imperial Aryaduta Hotel and Country Club and Hotel Aryaduta Manado are popular choices with out-of-town inpatients, outpatients and day-surgery patients, as well as their families. Fluctuations in the number of patients at Siloam Hospitals Lippo Village and Siloam Hospitals Manado, may therefore indirectly impact on the occupancy rates of Imperial Aryaduta Hotel and Country Club and Hotel Aryaduta Manado. There is no assurance of long-term occupancy for the hotel rooms. This may affect First REIT's financial condition and results of operations and its ability to fulfil its payment obligations under the Securities.

In addition, the number of hotel guests may fluctuate due to other factors, including, but not limited to:

- (i) factors affecting tourism in Indonesia in general;
- (ii) the general economic situation of the region;
- (iii) the threat of terrorism in Indonesia; and
- (iv) any conventions or conferences held in Jakarta.

FIRST REAL ESTATE INVESTMENT TRUST

1. HISTORY AND BACKGROUND

First REIT is a real estate investment trust constituted by the First REIT Trust Deed and was listed on the Main Board of the SGX-ST on 11 December 2006.

First REIT is Singapore's first healthcare real estate investment trust. First REIT's investment policy is 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, including, but not limited to, hospitals, nursing homes, medical clinics, pharmacies, laboratories, diagnostic/imaging facilities and real estate and/or real estate-related assets used in connection with healthcare research, education, lifestyle and wellness management, manufacture, distribution or storage of pharmaceuticals, drugs, medicine and other healthcare goods and devices and such other ancillary activities relating to the primary objective, whether wholly or partially owned, and whether directly or indirectly held through the ownership of special purpose vehicles whose primary purpose is to hold or own real estate.

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.

The First REIT Manager aims to produce attractive total returns for its Unitholders through, amongst other things:

- (i) a well-defined acquisition strategy of acquiring yield-accretive properties in the healthcare and healthcare-related industry which fulfils its investment criteria;
- (ii) the active management of First REIT's property portfolio to maximise returns, including the divestment of any property that is identified by the First REIT Manager at any time, to have limited scope for growth; and
- (iii) the employment of an optimum capital structure.

As at 31 December 2018, First REIT's portfolio consists of 20 properties located in Indonesia, Singapore and South Korea:

Portfolio	Property
Indonesia Properties	Siloam Hospitals Lippo Village
	Siloam Hospitals Kebon Jeruk
	Siloam Hospitals Surabaya
	Imperial Aryaduta Hotel & Country Club
	Mochtar Riady Comprehensive Cancer Centre
	Siloam Hospitals Lippo Cikarang
	Siloam Hospitals Manado & Hotel Aryaduta Manado
	Siloam Hospitals Makassar
	Siloam Hospitals Bali

Portfolio	Property
	Siloam Hospitals TB Simatupang
	Siloam Hospitals Purwakarta
	Siloam Sriwijaya
	Siloam Hospitals Kupang & Lippo Plaza Kupang
	Siloam Hospitals Labuan Bajo
	Siloam Hospitals Buton & Lippo Plaza Buton
	Siloam Hospitals Yogyakarta
Singapore Properties	Pacific Healthcare Nursing Home @ Bukit Merah
	Pacific Healthcare Nursing Home II @ Bukit Panjang
	The Lentor Residence
South Korea Property	Sarang Hospital

As at 31 December 2018, these 20 properties collectively have an asset value of approximately S\$1.35 billion, with a total GFA of approximately 350,850 sq m.

Pursuant to separate Master Lease Agreements, the Properties are leased to the following master lessees:

Master Lessee(s)	Property
PT MPU (a limited liability company incorporated in Indonesia and a party independent from First REIT)	(a) Siloam Sriwijaya;
	(b) Siloam Hospitals Purwakarta; and
	(c) Siloam Hospitals Kupang ⁹
PT Bumi Sarana Sejahtera (a subsidiary of PT MPU)	Lippo Plaza Kupang ¹⁰
Lippo Karawaci and/or its subsidiaries	The rest of the Indonesia Properties are leased to Lippo Karawaci, and in respect of: (a) Siloam Hospitals Lippo Cikarang, Lippo Karawaci's wholly-owned subsidiary, PT East Jakarta Medika; (b) Siloam Hospitals Labuan Bajo, Lippo Karawaci and PT Lintas Buana Jaya, a wholly-owned subsidiary of PT Siloam; (c) Siloam Hospitals Buton ¹¹ , Lippo Karawaci and PT Bina Bahtera Sejati, a wholly-owned subsidiary of PT Siloam;

⁹ Siloam Hospitals Kupang is part of an integrated development comprising Siloam Hospitals Kupang & Lippo Plaza Kupang.

¹⁰ Lippo Plaza Kupang is part of an integrated development comprising Siloam Hospitals Kupang & Lippo Plaza Kupang.

¹¹ Siloam Hospitals Buton is part of an integrated development comprising Siloam Hospitals Buton & Lippo Plaza Buton.

Master Lessee(s)	Property
	(d) Lippo Plaza Buton ¹² , Lippo Karawaci's indirect wholly-owned subsidiary, PT Andromeda Sakti; and (e) Siloam Hospitals Yogyakarta, Lippo Karawaci and PT Taruna Perkasa Megah, a wholly-owned subsidiary of PT Siloam.
Pacific Healthcare Nursing Home Pte. Ltd.	Pacific Healthcare Nursing Home @ Bukit Merah
Pacific Eldercare and Nursing Pte. Ltd.	Pacific Healthcare Nursing Home II @ Bukit Panjang
The Lentor Residence Pte Ltd	The Lentor Residence
Dr Park Ki Ju	Sarang Hospital

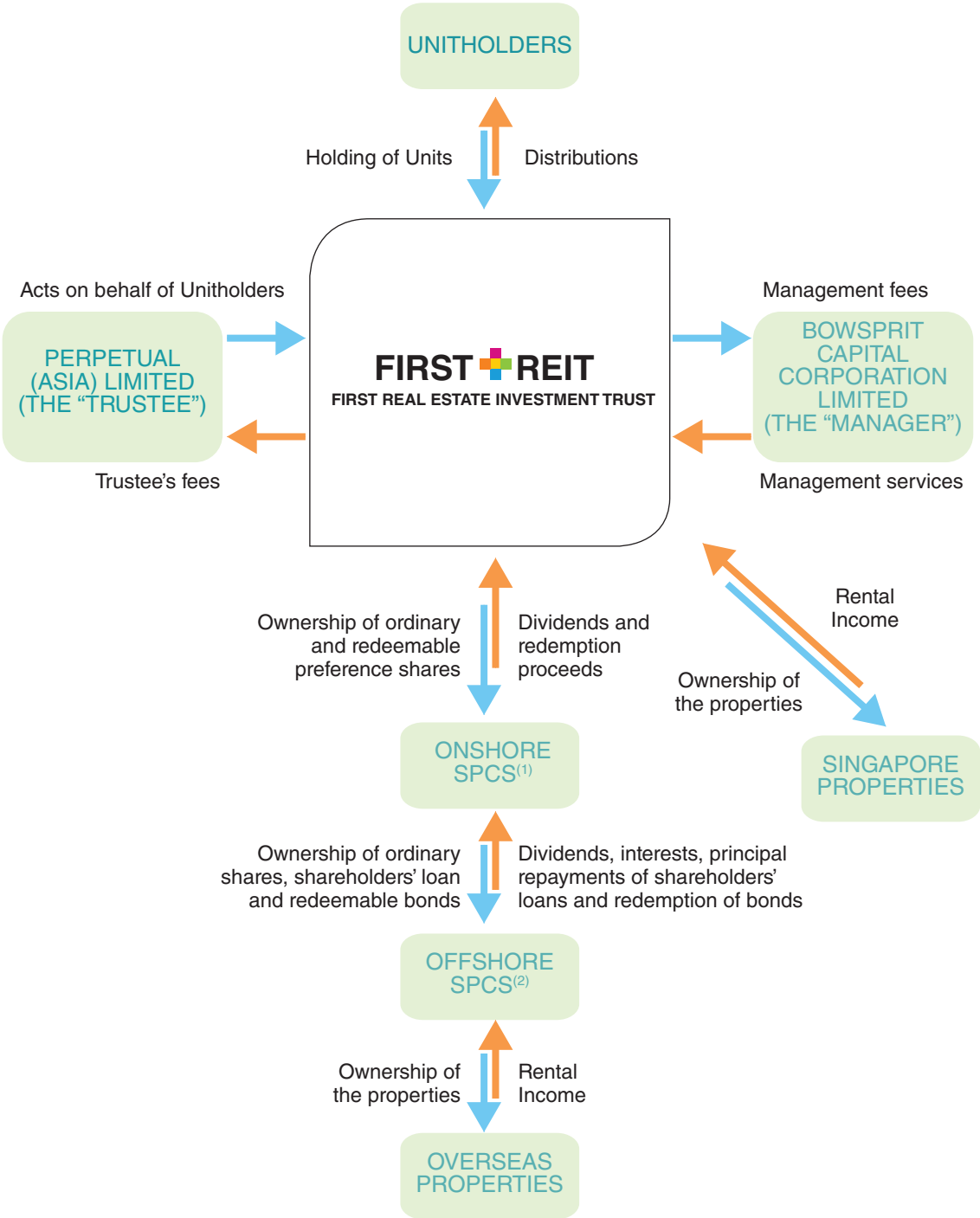
Under the Master Lease Agreements, based on the triple-net lease concept, the Master Lessees will bear the costs of maintenance and operating expenses relating to the Properties, including but not limited to maintenance, certain taxes and insurance during the term of each of the Master Lease Agreements. Neither First REIT nor the First REIT Manager is involved in the management or operation of any Property.

First REIT's hospital assets in Indonesia are operated by the Siloam Hospitals Group (a division of Lippo Karawaci), which is a strong brand name in the Indonesian healthcare industry supported by a team of international healthcare professionals. Imperial Aryaduta Hotel & Country Club and Hotel Aryaduta Manado are operated by The Aryaduta Hotel and Resort Group, whereas Lippo Plaza Kupang and Lippo Plaza Buton are managed by PT Lippo Malls Indonesia. In Singapore, the nursing homes at Bukit Merah and Bukit Panjang are operated by Pacific Healthcare Nursing Home Pte. Ltd. and Pacific Eldercare and Nursing Pte. Ltd. respectively. The Lentor Residence is operated by The Lentor Residence Pte Ltd. In South Korea, Sarang Hospital is operated by a private doctor.

¹² Lippo Plaza Buton is part of an integrated development comprising Siloam Hospitals Buton & Lippo Plaza Buton.

2. STRUCTURE OF FIRST REIT

The following diagram sets out the structure of First REIT:



Notes:

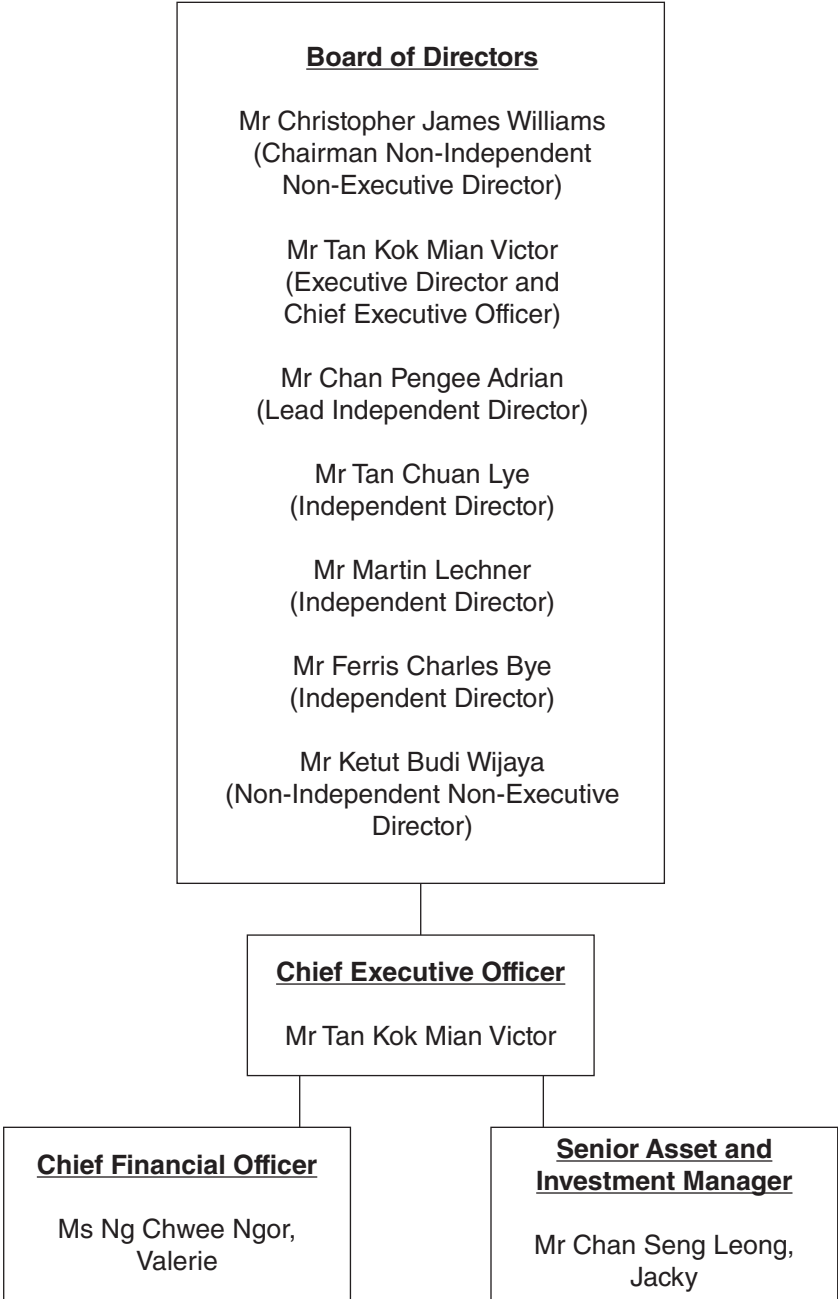
- (1) Onshore SPCs refer to Singapore Special Purpose Companies.
- (2) Offshore SPCs refer to Overseas Special Purpose Companies.

3. THE MANAGER OF FIRST REIT – BOWSPRIT CAPITAL CORPORATION LIMITED

The First REIT Manager, Bowsprit Capital Corporation Limited, is 60.00%-owned by OUE and 40.00%-owned by OUE LH.

The First REIT Manager was incorporated in Singapore under the Companies Act on 17 May 2006. It has a paid-up capital of S\$1.0 million and its registered office is located at 50 Collyer Quay, #06-01 OUE Bayfront, Singapore 049321.

A. Organisation Structure of the First REIT Manager



B. Roles and Responsibilities of the First REIT Manager

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

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

Other functions and responsibilities of the First REIT Manager include:

- (i) using its best endeavours to carry on and conduct its business in a proper and efficient manner and to conduct all transactions with, or on behalf of, First REIT at arm's length and on normal commercial terms;
- (ii) preparing property plans on a regular basis which may contain proposals and forecasts on net income, capital expenditure, sales and valuations, explanation of major variances to approved budgets, written commentary on key issues and any other relevant assumptions. The purpose of these plans is to explain the performance of First REIT's properties;
- (iii) ensuring compliance with the applicable provisions of the SFA and all other relevant legislations, the Listing Manual, the CIS Code including the Property Funds Appendix, the First REIT Manager's obligations under the First REIT Trust Deed, the Singapore Financial Reporting Standards ("**SFRS**") issued by the Singapore Accounting Standards Council, Statement of Recommended Reporting Practice 7 issued by the Institute of Singapore Chartered Accountants, any tax ruling and all relevant contracts; and
- (iv) attending to all regular communications with the Unitholders.

The First REIT Manager may require the First REIT Trustee to borrow on behalf of First REIT (upon such terms and conditions as the First REIT Manager deems fit, including the charging or mortgaging of all or any part of the Deposited Property) whenever the First REIT Manager considers, among other things, that such borrowings are necessary or desirable in order to enable First REIT to meet any liabilities or to finance the acquisition of any property. However, the First REIT Manager must not direct the First REIT Trustee to incur a borrowing if doing so would result in First REIT's total borrowings and deferred payments exceeding the aggregate leverage limit set out in the Property Funds Appendix at the time the borrowing is incurred, taking into account deferred payments (including deferred payments for assets whether to be settled in cash or in Units). Under the Property Funds Appendix, First REIT is permitted to borrow up to 45.0% of the value of the Deposited Property.

In the absence of fraud, gross negligence, wilful default or breach of the First REIT Trust Deed by the First REIT Manager, the First REIT Manager shall not incur any liability by reason of any error of law or any matter or thing done or suffered to be done or omitted to be done by it in good faith under the First REIT Trust Deed. In addition, the First REIT Manager shall be entitled, for the purpose of indemnity against any actions, costs, claims, damages, expenses or demands to which it may be put as the First REIT Manager, to have recourse to the Deposited Property or any part thereof, save where such action, cost, claim, damage, expense or demand is occasioned by the fraud, gross negligence, wilful default or breach of the First REIT Trust Deed by the First REIT Manager. The First REIT Manager may, in managing First REIT and in carrying out and performing its duties and obligations under

the First REIT Trust Deed, with the written consent of the First REIT Trustee, appoint such person to exercise any or all of its powers and discretions and to perform all or any of its obligations under the First REIT Trust Deed, provided always that the First REIT Manager shall be liable for all acts and omissions of such persons as if such acts and omissions were its own.

C. Management of the First REIT Manager

(i) Board of Directors (the “Board”) of the First REIT Manager

The Board presently consists of seven Directors, namely Mr Christopher James Williams, Mr Tan Kok Mian Victor, Mr Chan Pengee Adrian, Mr Tan Chuan Lye, Mr Martin Lechner, Mr Ferris Charles Bye and Mr Ketut Budi Wijaya. Messrs Chan Pengee Adrian, Tan Chuan Lye, Martin Lechner and Ferris Charles Bye are Independent Directors.

Information on the business and working experience of the Directors is set out below:

Mr Christopher James Williams

Chairman and Non-Independent Non-Executive Director

Mr Christopher James Williams is the Chairman and Non-Independent Non-Executive Director of the Board of the First REIT Manager.

Mr Williams is a Founding Partner of Howse Williams, Hong Kong, which he co-founded in 2012 as an independent Hong Kong law firm. Mr Williams was responsible in particular for establishing the non-contentious area of the practice. Howse Williams has subsequently grown to become one of the leading independent law firms in Hong Kong.

Prior to co-founding Howse Williams, Mr Williams was from 1994 a Partner in Richards Butler, an international law firm which merged with U.S. law firm Reed Smith in 2008 and was throughout this period based in Hong Kong.

Mr Williams is presently the Deputy Chairman of OUE Limited, and the Non-Independent Non-Executive Director of OUE Hospitality REIT Management Pte. Ltd. (“**OUEHRM**”) and OUE Hospitality Trust Management Pte. Ltd. (“**OUEHTM**”). He was also the Chairman of the board of directors of OUEHRM and OUEHTM from April 2013 to November 2017.

Mr Williams has also been the Chairman and the Non-Independent Non-Executive Director of OUE Commercial REIT Management Pte. Ltd. since October 2013 and a director of OUB Centre Limited since January 2014.

Mr Williams specialises in corporate finance, mergers and acquisitions, direct investment and corporate restructurings and reorganisations. He also advises on corporate governance and compliance. His practice encompasses Hong Kong and the Asia Pacific region, particularly Indonesia and Singapore. He has been named in the “Guide to the World’s Leading Mergers and Acquisitions Lawyers”, published by Euromoney Publications PLC, and the “International Who’s Who of Merger and Acquisition Lawyers”, published by Law Business Research, as one of the world’s top mergers and acquisitions lawyers.

Mr Williams qualified as a solicitor in England and Wales in 1986 and was admitted as a solicitor in Hong Kong in 1991. He holds a Bachelor of Arts (Honours) in International Relations and Economics from the University of Reading, United Kingdom.

Mr Tan Kok Mian Victor

Executive Director and Chief Executive Officer

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

Mr Tan joined the First REIT Manager as Senior Finance Manager in April 2008 and was responsible for its financial operations. He was appointed as Chief Financial Officer of the First REIT Manager in July 2008.

Prior to joining the First REIT Manager, Mr Tan was with Parkway Holdings Limited ("**Parkway**") as an Accountant in 1997 and was promoted to the position of Group Accountant and subsequently to Financial Controller. His scope of work in Parkway included supervising the preparation of the financial accounts and handling of accounting matters for the holding company as well as some of the subsidiary companies within the Parkway group. During his tenure, he also assisted the Chief Financial Officer of Parkway in the preparation of the consolidated accounts for the Parkway group.

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

Mr Chan Pengee Adrian

Lead Independent Director

Mr Chan Pengee Adrian is the Lead Independent Director of the First REIT Manager. He serves as the Chairman of the Nominating and Remuneration Committee, and a member of the Audit Committee, of the First REIT Manager.

Mr Chan is Head of the Corporate Department and a Senior Partner at the law firm of Lee & Lee. He is on the board of the Accounting and Corporate Regulatory Authority of Singapore ("**ACRA**"), Vice Chairman of the Singapore Institute of Directors and a member of the Legal Service Commission and the Council of the Law Society of Singapore.

He is an Independent Director on the boards of Yoma Strategic Holdings Ltd., Global Investments Limited, Ascendas Funds Management (S) Limited, Hong Fok Corporation Limited, AEM Holdings Ltd. and Best World International Limited, all of which are listed on the SGX-ST. He also serves on the Catalyst Advisory Panel of the SGX-ST. He is the Chairman of both the Corporate Practice Committee of the Law Society of Singapore and the Panel of the Institute of Corporate Law at ACRA. He sits on the Corporate Governance and Regulations Committee of the Singapore International Chamber of Commerce and the board of Shared Services for Charities Limited, which is a registered charity and an Institution of a Public Character. He currently lectures on Corporate Governance for the Singapore Institute of Legal Education and the Bar Admissions and Examinations.

Mr Chan has previously held directorships in Biosensors International Group, Ltd and Nobel Design Holdings Ltd (now known as Nobel Design Holdings Pte. Ltd.).

Mr Chan holds a Bachelor of Laws (Honours) from the National University of Singapore.

Mr Tan Chuan Lye

Independent Director

Mr Tan Chuan Lye is the Independent Director of the First REIT Manager. He serves as a member of the Audit Committee, the Nominating Committee and the Remuneration Committee of the First REIT Manager.

Mr Tan is an Adjunct Associate Professor with the NUS Business School, National University of Singapore. He is the Chairman of the Audit & Risk Committee of the Asia Advisory Board of EFG Bank AG, an Independent Director and member of both the Audit & Risk Committee, and the Nominating and Remuneration Committee of Isetan (Singapore) Limited, an Independent Director and the Chairman of the Audit Committee of Sompo Insurance Singapore Pte. Ltd., and a member of the Audit Committee of A*Star. Mr Tan also sits on the board of several charities in Singapore.

Mr Tan retired as a Partner with Risk Consulting in KPMG Advisory LLP (“KPMG”) where his areas of focus included corporate governance, enterprise risk management, and internal audit. Prior to KPMG, he spent more than 20 years with various international banks where he held senior management positions in internal audit and operational risk management including as a regional head.

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

Mr Martin Lechner

Independent Director

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

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

Mr Lechner is a Non-Executive Director of Corecam Holding AG and Hydroinformatics Institute Pte. Ltd., and holds the position of Executive Director in Corecam Pte. Ltd., Corecam Capital Partners Pte. Ltd. and Corecam Digital Pte. Ltd.

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

Mr Ferris Charles Bye

Independent Director

Mr Ferris Charles Bye is the Independent Director of the First REIT Manager and serves as Chairman of the Audit Committee of the First REIT Manager.

Mr Bye currently advises a number of investment holding companies. Prior to this, he was Managing Director of a private equity investment company for a period of 14 years.

Before his private equity experience, Mr Bye served as director in international stockbroker companies for a period of 12 years. The stock markets covered by the companies included Hong Kong, Shanghai, Shenzhen, Singapore, Malaysia, Thailand and Indonesia.

He was, until recently, a member of the General Committee of Hong Kong Country Club for eight years. This included one year as Chair of the committee.

Mr Bye qualified as a Chartered Accountant in 1978.

Mr Ketut Budi Wijaya

Non-Independent Non-Executive Director

Mr Ketut Budi Wijaya is the Non-Independent Non-Executive Director of the First REIT Manager. He serves as a member of the Nominating and Remuneration Committee of the First REIT Manager.

During his career, Mr Wijaya held various executive and supervisory positions within the Lippo group, including PT Matahari Putra Prima Tbk, PT Multipolar Tbk and PT Bank Lippo Tbk. He had also previously worked for Darmawan & Co. Public Accountants and PT Bridgestone Tire Indonesia. He brings with him more than 30 years of in-depth expertise in accounting and corporate finance.

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

Mr Wijaya was the President Commissioner of PT Lippo Cikarang Tbk, the Commissioner of PT Jababeka Tbk, the Commissioner of PT Multifiling Mitra Indonesia Tbk and held other positions within the Lippo group.

Mr Wijaya graduated from Sekolah Tinggi Ekonomi Indonesia with an Accounting Major in 1992.

(ii) The Key Roles of the Board

The Board is entrusted with the responsibility of overall management of the First REIT Manager. The Board is responsible for the overall corporate governance of the First REIT Manager, including establishing goals for management and monitoring the achievement of these goals. The First REIT Manager is responsible for the strategic business direction and risk management of First REIT.

The Board meets to review the First REIT Manager's key activities. Board meetings are held quarterly (or more often if necessary) to discuss and review the strategies and policies of First REIT, including any significant acquisitions and disposals, the annual budget, the financial performance of First REIT against the previously approved budget, and to approve the release of the quarterly and full year results. The Board also reviews the risks to the assets of First REIT and acts judiciously upon any comments from the auditors of First REIT.

Management provides the Board with complete and adequate information in a timely manner, including board papers, budget, forecasts and management accounts. The Board reviews management reports and feasibility studies on individual development projects prior to approving major transactions. When necessary, additional Board meetings are held to address significant transactions or issues.

The Board has adopted a set of internal controls, which sets out approval limits on capital expenditure, investments, divestments and bank borrowings.

Changes to regulations, policies and accounting standards are monitored closely. Where the changes affect First REIT's business or have an important bearing on the First REIT Manager's or Directors' disclosure obligations, the Directors will be briefed either during Board meetings or at specially convened sessions involving relevant professionals. New and existing directors receive regular trainings, particularly on relevant new laws, regulations and changing commercial risks including trainings sponsored by SGX-ST, ACRA, Singapore Institute of Directors, Singapore Business Federation and by audit firms. Directors are also encouraged to participate in industry conferences, seminars and training programmes and have access to professionals for consultation as and when they deem necessary, funded by the First REIT Manager. Site visits to properties located overseas are organised to familiarise Directors with First REIT's properties and to facilitate better understanding of the Group's operations. Newly appointed Directors are briefed by management on the industry, business activities and strategic directions of First REIT and all relevant provisions that they need to comply with. Induction, orientation and training as well as site visits are given and/or given to new directors to ensure they are familiar with the First REIT Manager's business and governance practices.

The positions of Chairman of the Board and Chief Executive Officer are held by separate individuals in order to maintain effective segregation of duties. There is a clear separation of roles and duties between the Chairman and Chief Executive Officer. The Chairman is the Non-Independent Non-Executive Director, while the Chief Executive Officer is an Executive Director. The Chairman and Chief Executive Officer are not related to each other. The Chairman is also not part of the management team.

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

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

The Board has separate and independent access to the First REIT Manager's management at all times. The Directors also have separate and independent access to the Company Secretary. The Company Secretary (or his nominees) attends all Board and Board Committee meetings and is responsible for ensuring that established procedures and all relevant statutes and regulations that are applicable to the First REIT Manager are complied with. Should Directors, whether as a group or individually, need independent professional

advice to fulfil their duties, such advice may be obtained from a professional firm, the cost of which will be borne by the First REIT Manager.

(iii) Key Executive Officers of the First REIT Manager

The executive officers of the First REIT Manager are entrusted with the responsibility for the daily operations of the First REIT Manager. The following sets forth information regarding the key executive officers of the First REIT Manager:

Mr Tan Kok Mian Victor

Chief Executive Officer

Mr Tan Kok Mian Victor is the Chief Executive Officer of the First REIT Manager. Details of his working experience have been set out in the sub-section above entitled “Board of Directors (the “**Board**”) of the First REIT Manager”.

Ms Ng Chwee Ngor, Valerie

Chief Financial Officer

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

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

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

Mr Chan Seng Leong, Jacky

Senior Asset and Investment Manager

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

From 1993 to 1998, his work responsibilities involved, among others, property valuations, property sales and marketing, property consulting, real estate research and feasibility studies. In 1998, he joined Chesterton International Property Consultants Pte Ltd as Assistant Manager (Valuations) and was subsequently promoted in rank and file to Executive Director (Valuations & Investment Advisory) where he performed valuations totalling more

than S\$1 billion worth of real estate in Singapore and regionally, and advised in real estate transactions worth more than S\$600 million in total. His scope of responsibilities then included managing and advising real estate transactions, providing real estate market advisory and real estate financial advice, as well as managing key clients' accounts for strategic real estate services. Prior to joining the First REIT Manager, Mr Chan was with Ascendas-MGM Funds Management Ltd since early 2005 as the Investment Manager for Ascendas Real Estate Investment Trust. As the Investment Manager, he was involved in spearheading multimillion dollar real estate acquisitions, structuring property investment and development deals (such as sale and leaseback, built-to-suit and partial headlease), conducting property due diligence, as well as planning and implementing leasing and asset enhancement strategies to improve efficiency.

(iv) Roles of the Key Executive Officers of the First REIT Manager

(a) Chief Executive Officer

The Chief Executive Officer has full executive responsibilities over the business directions and operational decisions concerning the management of First REIT. He works with the Board to determine the strategy and to implement the policies set by the Board to realise the First REIT Manager's vision for First REIT. He also works with the other members of the First REIT Manager's management team, such as the investment, asset management and financial personnel, in meeting the stated strategic, investment and operational objectives of First REIT.

(b) Chief Financial Officer

The Chief Financial Officer of the First REIT Manager works with the Chief Executive Officer and other members of the First REIT Manager's management team to formulate strategic plans for First REIT in accordance with the First REIT Manager's stated investment strategy. The Chief Financial Officer is responsible for applying the appropriate capital management strategy, overseeing implementation of First REIT's short-and medium-term business plans and financial condition, as well as coordinating fund management activities.

(c) Senior Asset and Investment Manager

The Senior Asset and Investment Manager is responsible for identifying, researching and evaluating potential acquisitions and related investments with a view to enhancing First REIT's portfolio or divestments where a property is no longer strategic or fails to enhance the value of First REIT's portfolio. The Senior Asset and Investment Manager focuses on properties, future acquisitions and investments on a regional scope. The Senior Asset and Investment Manager also recommends and analyses potential asset enhancement initiatives for the Properties. In order to support these various initiatives, the team develops financial models to test the financial impact of different courses of action. These findings are research-driven to help develop and implement the proposed initiatives in Indonesia, Singapore, Korea and the rest of Asia. The Senior Asset and Investment Manager is also responsible for formulating business plans in relation to the Properties with short-, medium-and long-term objectives, and with a view to maximising the rental income of First REIT via active asset management. The Senior Asset and Investment Manager seeks to ensure that the Properties maximise their income generation potential and minimise their expense base without compromising their marketability. In addition, the Senior Asset and Investment Manager also focuses on the operations of the Properties and the implementation of First REIT's objectives and strategies.

4. THE FIRST REIT TRUSTEE – PERPETUAL (ASIA) LIMITED

The trustee of First REIT is Perpetual (Asia) Limited. It is a company incorporated in Singapore on 30 December 2005. It is an indirect wholly-owned subsidiary of The Trust Company Limited, which is ultimately owned by Perpetual Limited, one of the largest trustees in Australia and is listed on the Australian Securities Exchange.

Perpetual (Asia) Limited is licensed as a trust company under the Trust Companies Act, Chapter 336 of Singapore. It is approved to act as a trustee for authorised collective investment schemes under Section 289(1) of the SFA and is regulated by MAS. It also holds a capital markets services licence for the provision of custodial services for securities. As at the Latest Practicable Date, Perpetual (Asia) Limited has a paid-up capital of S\$9,024,811 and its registered address is located in Singapore at 8 Marina Boulevard, #05-02 Marina Bay Financial Centre, Singapore 018981.

A. Powers, Duties and Obligations of the First REIT Trustee

The First REIT Trustee's powers, duties and obligations are set out in the First REIT Trust Deed. The powers and duties of the First REIT Trustee include: (i) acting as trustee of First REIT, (ii) holding the assets of First REIT on trust for the benefit of the Unitholders in accordance with the First REIT Trust Deed, and (iii) exercising all of the powers of a trustee and the powers that are incidental to the ownership of the assets of First REIT.

The First REIT Trustee has covenanted in the First REIT Trust Deed that it will exercise all due care, diligence and vigilance in carrying out its functions and duties, and in safeguarding the rights and interests of the Unitholders.

In the exercise of its powers, the First REIT Trustee may, on the recommendation of the First REIT Manager and subject to the provisions of the First REIT Trust Deed, acquire or dispose of any real or personal property and borrow and encumber any asset.

The First REIT Trustee may, subject to the provisions of the First REIT Trust Deed, appoint and engage, *inter alia*:

- (a) any person or entity to exercise any of its powers or perform its obligations; and
- (b) any real estate agent or manager, including any related party of the First REIT Manager, in relation to the management, development, leasing, purchase or sale of any real estate asset or real estate-related asset.

The First REIT Trustee must carry out its functions and duties and comply with all of the obligations imposed on it and set out in the First REIT Trust Deed, the Listing Manual, the SFA, the CIS Code (including the Property Funds Appendix), any tax ruling and all other relevant laws. It must retain First REIT's assets, or cause First REIT's assets to be retained, in safe custody and cause First REIT's accounts to be audited. It can appoint valuers to value the real estate assets and real estate-related assets of First REIT.

The First REIT Trustee is not personally liable to any Unitholder in connection with the office of the First REIT Trustee except in respect of its own fraud, gross negligence, wilful default, breach of the First REIT Trust Deed or breach of trust. Any liability incurred and any indemnity to be given by the First REIT Trustee shall be limited to the assets of First REIT over which the First REIT Trustee has recourse, provided that the First REIT Trustee has acted without fraud, gross negligence, wilful default, breach of trust or breach of the First REIT Trust Deed. The First REIT Trust Deed contains certain indemnities in favour of the

First REIT Trustee under which it will be indemnified out of the assets of First REIT for liability arising in connection with certain acts or omissions. These indemnities are subject to any applicable laws.

B. Retirement and Removal of the First REIT Trustee

The First REIT Trustee may retire or be removed under the following circumstances:

- (i) The First REIT Trustee shall not be entitled to retire voluntarily except upon the appointment of a new trustee (such appointment to be made in accordance with the provisions of the First REIT Trust Deed).
- (ii) The First REIT Trustee may be removed by notice in writing by the First REIT Manager:
 - (a) if the First REIT Trustee goes into liquidation (except a voluntary liquidation for the purpose of reconstruction or amalgamation upon terms previously approved in writing by the First REIT Manager) or if a receiver is appointed over any of its assets or if a judicial manager is appointed in respect of the First REIT Trustee;
 - (b) if the First REIT Trustee ceases to carry on business;
 - (c) if the First REIT Trustee fails or neglects after reasonable notice from the First REIT Manager to carry out or satisfy any material obligation imposed on the First REIT Trustee by the First REIT Trust Deed;
 - (d) if the Unitholders by Ordinary Resolution (as defined in the First REIT Trust Deed) duly passed at a Unitholders' meeting held in accordance with the provisions of the First REIT Trust Deed, and of which not less than 21 days' notice has been given to the First REIT Trustee and the First REIT Manager, shall so decide; or
 - (e) if MAS directs that the First REIT Trustee be removed.

5. OUE LIPPO HEALTHCARE LIMITED AND PT LIPPO KARAWACI TBK – RIGHT OF FIRST REFUSAL AND/OR NON-COMPETE

On 18 September 2018, OUE and OUELH entered into a conditional share purchase agreement with LK REIT Management Pte. Ltd., an indirect wholly-owned subsidiary of Lippo Karawaci, in relation to the acquisition of Lippo Karawaci's 100.00% shareholding in Bowsprit Capital Corporation Limited; additionally, OLH Healthcare Investments Pte. Ltd., an indirect wholly-owned subsidiary of OUELH, entered into a conditional unit purchase agreement with Bridgewater International Limited, an indirect wholly-owned subsidiary of Lippo Karawaci, to acquire 83,593,683 units in First REIT (together, the "**Transactions**").

Upon completion of the Transactions on 26 October 2018, OUE owns 60.00% and OUELH owns 40.00% of Bowsprit Capital Corporation Limited, and OUELH and Lippo Karawaci each hold approximately 10.60%¹³ of the unitholding in First REIT.

Pursuant to the Transactions, First REIT continues to have the right of first refusal to Lippo Karawaci's pipeline of healthcare properties in Indonesia and Singapore. First REIT also has the right of first refusal from OUELH, and will have opportunities to tap on OUELH's growing healthcare network across Pan-Asia. The details of the right of first refusal granted by both OUELH and Lippo Karawaci pursuant to the Transactions are set out in the following section.

¹³ Calculated based on 788,479,925 units, being the total number of issued units of First REIT outstanding as at 26 October 2018.

A. OUELH – Right of First Refusal

(i) OUELH

OUELH is a subsidiary company of OUE and is listed on the Catalist Board of the SGX-ST.

OUE is a Singapore-based diversified real estate owner, developer and operator with a real estate portfolio located across Asia and the United States. OUE consistently grows its business by leveraging its brands and expertise in developing and managing assets across the commercial, hospitality, retail, residential and healthcare sectors.

OUELH is the healthcare platform of the OUE group, focused primarily on the Pan-Asian healthcare market. OUELH's businesses currently include the provision of high-quality and sustainable healthcare solutions through the acquisition, development, management and operation of healthcare facilities in Asia. OUELH is also focused on expanding its Pan-Asian portfolio, including through acquisitions and strategic partnerships.

As at 31 December 2018, OUELH is also 25.3%-owned by ITOCHU Corporation, which is listed on the Tokyo Stock Exchange and one of the largest and most diversified trading companies in the world.

OUELH has a market capitalisation of approximately S\$289 million as at 31 December 2018.

(ii) Right of First Refusal from OUELH

OUELH has granted the First REIT Trustee a right of first refusal (the "**OUELH ROFR**") over any proposed offer by a Relevant Entity to dispose of any interest in any Relevant Asset which is owned by the Relevant Entity, for the period commencing from 26 October 2018 and for so long as Bowsprit Capital Corporation Limited remains the manager of First REIT, and OUE and/or OUELH hold(s), directly or indirectly, whether singly or in the aggregate, the single largest interest in Bowsprit Capital Corporation Limited.

For the purposes of the OUELH ROFR:

"**Grantor Group**" means OUELH and its subsidiaries, save for any subsidiary of OUELH which is listed on a securities exchange ("**Listed Subsidiary**") and the subsidiaries of such Listed Subsidiary;

"**Relevant Asset**" means a property in Indonesia or Singapore which is primarily used for healthcare purposes and, if applicable, the shares or equity interests in one or more single purpose companies or entities which holds such property, where "**healthcare**" shall mean hospitals, nursing homes, medical clinics and pharmacies;

"**Relevant Entity**" means a member of the Grantor Group; and

"**subsidiary**" has the meaning ascribed to it in the Companies Act.

B. Lippo Karawaci – Right of First Refusal and Non-Compete

(i) Lippo Karawaci

As at 31 December 2018, Lippo Karawaci is Indonesia's largest listed property company by total assets and revenue, anchored by a large land bank and stable recurring income base. Lippo Karawaci's businesses comprise residential/townships, retail malls, hospitals, hotels and asset management. Lippo Karawaci develops residential, light industrial, commercial,

retail properties throughout Indonesia. Lippo Karawaci, through its subsidiaries, manages and operates hospitals, malls and hotels in major cities in Indonesia and also provides a broad range of infrastructure services to the residents of its developments, and other property management and REIT management services.

Through Lippo Karawaci's two main public-listed subsidiaries, PT Lippo Cikarang Tbk and PT Gowa Makassar Tourism Development Tbk, of which Lippo Karawaci owns approximately 54.37% and 62.69% respectively as at 31 December 2018, Lippo Karawaci develops and operates urban developments at Lippo Cikarang in Bekasi and at Tanjung Bunga in Makassar. In addition, as at 31 December 2018, Lippo Karawaci owns approximately 51.05% of PT Siloam, the largest private hospital network in Indonesia. As at 31 December 2018, PT Siloam manages and operates 35 state-of-the-art-hospitals in 25 cities throughout the country, comprising 12 hospitals in Greater Jakarta and 23 hospitals across Java, Sumatra, Kalimantan, Sulawesi, Bali and Nusa Tenggara, supported by more than 2,900 specialists and general practitioners as well as over 10,000 nurses and support staff.

Additionally, Lippo Karawaci established and sponsored two public-listed REITs in Singapore, namely First REIT and LMIRT.

Lippo Karawaci is listed on the Indonesian Stock Exchange with market capitalisation of approximately Rp5.8 trillion as at 31 December 2018.

(ii) Right of First Refusal from Lippo Karawaci

Lippo Karawaci has granted the First REIT Trustee a right of first refusal (the "**Lippo Karawaci ROFR**") over any proposed offer by a Relevant Entity to dispose of any interest in any Relevant Asset which is owned by the Relevant Entity, for the period commencing from 26 October 2018 and for so long as Bowsprit Capital Corporation Limited remains the manager of First REIT, and OUE and/or OUE LH hold(s) directly or indirectly, whether singly or in the aggregate, the single largest interest in Bowsprit Capital Corporation Limited.

For the purposes of the Lippo Karawaci ROFR:

"**Grantor Group**" means Lippo Karawaci and its subsidiaries, save for any subsidiary of Lippo Karawaci which is listed on an Indonesia stock exchange ("**Listed Subsidiary**") and the subsidiaries of such Listed Subsidiary;

"**Relevant Asset**" means a property in Indonesia or Singapore which is primarily used for healthcare purposes and, if applicable, the shares or equity interests in one or more single purpose companies or entities which holds such property, where "**healthcare**" shall mean hospitals, nursing homes, medical clinics and pharmacies;

"**Relevant Entity**" means a member of the Grantor Group; and

"**subsidiary**" has the meaning ascribed to it in the Companies Act.

(iii) Non-Compete Undertaking by Lippo Karawaci

Lippo Karawaci has undertaken to the First REIT Trustee that, for the period commencing from 26 October 2018 and for so long as Bowsprit Capital Corporation Limited remains the manager of First REIT, and OUE and/or OUE LH hold(s), directly or indirectly, whether singly or in the aggregate, the single largest interest in Bowsprit Capital Corporation Limited, the Grantor Group shall not set up, establish, constitute, manage and/or invest in any fund or

other entity, whether listed or unlisted, which invests principally, whether directly or indirectly, in Relevant Assets without the prior written consent of the First REIT Trustee (the “**Non-Compete Undertaking**”).

Nothing in the foregoing shall:

- (a) restrict the continued holding or control of holding of an interest in First REIT, whether directly or indirectly, by the Grantor Group;
- (b) prevent the Grantor Group from undertaking any part of the operation, management and development of any Relevant Assets;
- (c) restrict the continued holding, operation, management, development or sale of any Relevant Asset which is not acquired by First REIT pursuant to the Lippo Karawaci ROFR; or
- (d) prevent the Grantor Group from holding any indirect interest in any company or fund, which may compete with the Relevant Asset or any part thereof in Singapore and Indonesia, provided that no member of the Grantor Group shall be a controlling shareholder of such company or fund or have the right to appoint any board representative in such company or fund.

For the purposes of the Non-Compete Undertaking:

“**control**” means the capacity to dominate decision-making, directly or indirectly, in relation to the financial and operating policies of a company;

“**controlling shareholder**” means a person who:

- (I) holds directly or indirectly more than 50.0% of the shares in issue or other equity interest of a company; or
- (II) has the power to direct the management or policies of a company, whether through the ownership of more than 50.0% of the voting power of such company or otherwise;

“**Grantor Group**” means Lippo Karawaci and its subsidiaries save for any subsidiary of Lippo Karawaci which is listed on an Indonesia stock exchange (“**Listed Subsidiary**”) and the subsidiaries of such Listed Subsidiary; and

“**Relevant Asset**” means a property in Indonesia or Singapore which is primarily used for healthcare purposes and, if applicable, the shares or equity interests in one or more single purpose companies or entities which holds such property, where “**healthcare**” shall mean hospitals, nursing homes, medical clinics and pharmacies.

6. GROWTH STRATEGY

The principal investment strategy of the First REIT Manager is 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, including, but not limited to, hospitals, nursing homes, medical clinics, pharmacies, laboratories, diagnostic/imaging facilities and real estate and/or real estate-related assets used in connection with healthcare research, education, lifestyle and wellness management, manufacture, distribution or storage of pharmaceuticals, drugs, medicine and other healthcare goods and devices and such other ancillary activities relating to the primary objective, whether wholly or partially owned, and whether directly or indirectly held through the ownership of special purpose vehicles whose primary purpose is to hold or own real estate.

First REIT seeks to promote healthcare and healthcare-related properties that are positioned to capitalise on the growth of healthcare in Asia. The First REIT Manager's key objectives are to deliver regular and stable distributions to Unitholders and to achieve long-term growth in the net asset value per Unit in order to provide Unitholders with capital appreciation on their investments.

The First REIT Manager plans to achieve these objectives through the following strategies:

- acquisition growth strategy;
- capital and risk management strategy; and
- active asset enhancement and management strategy.

A. Acquisition Growth Strategy

First REIT's acquisition growth strategy envisages investments in healthcare and/or healthcare-related assets in Asia that are in the interests of Unitholders. The First REIT Manager consistently identifies and evaluates assets for future acquisition by First REIT. Potential acquisition targets include assets in regional healthcare and/or healthcare-related markets with high growth potential such as Indonesia, Singapore, China, Malaysia, Japan, Thailand, Hong Kong and Australia.

The First REIT Manager will pursue opportunities for asset acquisitions that will provide attractive cash flows and returns relative to First REIT's cost of capital, and opportunities for future income and capital growth. In evaluating future acquisition opportunities, the First REIT Manager will seek acquisitions that may enhance the diversification of the portfolio by geography and asset profile, and optimise risk-adjusted returns to the Unitholders. The First REIT Manager believes it is well qualified to pursue its acquisition strategy. The management of the First REIT Manager has extensive experience and a strong track record in sourcing, acquiring and financing healthcare and/or healthcare-related assets regionally. The management's industry knowledge, relationships and access to market information provide a competitive advantage with respect to identifying, evaluating and acquiring healthcare and/or healthcare-related assets.

The First REIT Manager's acquisition growth strategy is underpinned by:

(i) First REIT's Relationship with OUELH and Lippo Karawaci

First REIT is able to leverage on OUELH's and Lippo Karawaci's experience, market reach and network of contacts for its acquisition strategy to evaluate and execute appropriate acquisitions that are in the interests of Unitholders and provide potential for income and capital growth. OUELH and Lippo Karawaci will support the portfolio growth of First REIT in the following ways:

- (a) allowing the First REIT Manager to leverage on the established network of relationships that OUELH and Lippo Karawaci have developed over the years to pursue the growth strategy of First REIT;
- (b) lending their extensive experience and expertise in the healthcare and property industry to the First REIT Manager in assessing potential acquisition opportunities; and
- (c) subject to certain circumstances, granting of the right of first refusal to First REIT by OUELH and Lippo Karawaci, providing a pipeline of healthcare assets available for acquisition by First REIT.

(ii) Key Opportunities Arising from Trends in the Healthcare Industry

The First REIT Manager believes that healthcare service providers are increasingly looking to free up capital for business expansion, which may increase the availability of assets for acquisition. In addition, First REIT can seek partnership and co-operation opportunities with OUE LH and Lippo Karawaci as it looks beyond Indonesia, Singapore and South Korea to other Asian countries with growing healthcare needs such as Japan, China and Malaysia.

The aging population in Asia has continued to drive demand for healthcare needs, in particular, Indonesia, Southeast Asia's largest economy, where First REIT has a strong foothold of 15 hospitals as at 31 December 2018.

The First REIT Manager has a positive business outlook of the Indonesia healthcare sector, the growth of which is supported by, *inter alia*, the ongoing national health insurance scheme, *Jaminan Kesehatan Nasional* (which seeks to provide universal healthcare coverage to all Indonesians) and the introduction of the coordination of benefit scheme (which allows more affluent Indonesian patients to supplement coverage under the *Jaminan Kesehatan Nasional* with private health insurance), lending further weight to the role private healthcare spending plays within the growing healthcare sector.

In addition, Singapore's ageing population coupled with the shortage of beds in hospitals and nursing homes will continue to spell opportunities for First REIT. The Singapore government's commitment to improve palliative, tertiary and long-term care, nursing homes will further strengthen demand for nursing homes in Singapore.

(iii) First REIT's Regional Investment Strategy

First REIT's regional investment strategy enables it to potentially gain access to more acquisition opportunities in Asia. In evaluating asset acquisition opportunities, the First REIT Manager will take into consideration the following criteria:

- (a) Impact on income distributions: The First REIT Manager will continue to seek to acquire healthcare and healthcare-related assets that provide returns above First REIT's cost of capital, and are thereby expected to maintain or enhance First REIT's distributions per Unit as well as provide future long-term growth prospects which are consistent with First REIT's pre-acquisition portfolio.
- (b) Opportunities for creating value: The First REIT Manager will continue to seek healthcare and healthcare-related assets which provide opportunities for creating value such as hospitals which have been under-managed or under-capitalised, or which offer expansion or renovation opportunities.
- (c) Location: The First REIT Manager will continue to acquire healthcare and healthcare-related assets in markets with high growth potential. Within these markets, the First REIT Manager will seek to acquire assets in strategic or prime locations.

- (d) Geographical diversification: The First REIT Manager will continue to acquire properties that improve the geographical diversification of First REIT's portfolio by, *inter alia*, leveraging on the established networks of OUELH and Lippo Karawaci across Pan-Asia to venture into countries such as Japan, China and/or Malaysia.
- (e) Management quality: The quality and experience of management and the creditworthiness of the operator of the healthcare and/or healthcare-related property.
- (f) Financial soundness: The healthcare and/or healthcare-related assets' historical and forecasted cash flows, its ability to meet operational needs, its capital expenditure requirements, its lease or debt service obligations as well as its ability to provide a competitive return on investment to First REIT.
- (g) Regulatory and tax implication: The tax growth and regulatory environment of the jurisdiction in which the healthcare and/or healthcare-related assets are located.
- (h) Operational profile: The occupancy of and demand for similar healthcare and/or healthcare-related assets in the same or nearby communities.
- (i) Patients' profiles: The profiles of patients who frequent, are attracted to, or will be attracted to, the healthcare and/or healthcare-related assets.
- (j) Building and facility specifications: The First REIT Manager will examine specifications such as construction quality, condition and design, as well as the size and age of the buildings. The potential to add value through selective renovation or other enhancements will also be assessed.
- (k) Engineering, environmental and land survey reports: The First REIT Manager will rely on reports submitted by a range of experts that cover matters such as: (1) building deterioration, (2) maintenance, repairs and capital expenditure requirements, (3) environmental matters, and (4) compliance with building regulations. These reports will be used to assess building conditions and expected levels of capital expenditure in the short-to medium-term.

B. Capital and Risk Management Strategy

The First REIT Manager employs a mix of debt and equity in any financing including that of future acquisitions, and utilises currency and interest rate hedging strategies, where appropriate, to optimise risk-adjusted returns to the Unitholders.

The objectives of the First REIT Manager in relation to capital management are to:

- maintain a strong balance sheet by adopting and maintaining a target gearing ratio;
- secure diversified funding sources from financial institutions and capital markets as First REIT continually assesses regional expansion and acquisition opportunities;
- adopt a proactive interest rate management strategy to manage risks related to interest rate fluctuations; and
- manage the foreign exchange exposure through hedging, where appropriate.

By doing so, the First REIT Manager believes that First REIT will optimise Unitholders' returns while maintaining operating flexibility when considering capital expenditure requirements.

The First REIT Manager periodically reviews First REIT's capital management policy with respect to its aggregate leverage and modifies the policy as its management deems prudent in light of prevailing market conditions. The First REIT Manager's strategy will generally be to match the maturity of its indebtedness with the maturity of its investment assets, and to employ long-term, fixed-rate debt to the extent practicable in view of market conditions in existence from time to time.

The key aspects of the First REIT Manager's capital and risk management strategy are as follows:

(i) Maintaining a Target Gearing Ratio

The First REIT Manager aims to maintain gearing within borrowing limits allowable under the Property Funds Appendix. Furthermore, by achieving the right ratio of debt and equity, the First REIT Manager will be able to minimise cost of capital and maximise returns to Unitholders.

(ii) Securing Diversified Funding Sources from Financial Institutions and Capital Markets as First REIT Continually Assesses Regional Expansion and Acquisition Opportunities

In order to finance future acquisitions and refurbishment of properties, in addition to any bank borrowings, the First REIT Manager will consider accessing the debt capital markets through the issuance of bonds and/or notes to diversify its sources of funding. In addition to its debt strategy, the First REIT Manager will continue to capitalise on opportunities, where available, to raise additional equity capital for First REIT through the issuance of additional Units and/or perpetual securities, if First REIT has an appropriate use for such proceeds. First REIT's distribution reinvestment plan, which was launched in 2014, continues to provide a cost-effective way to raise additional funds for repayment of existing loans and for general working capital purposes, at the option of the First REIT Manager.

(iii) A Proactive Interest Rate Management Strategy

The First REIT Manager will adopt a proactive interest rate management policy to manage the risk associated with changes in interest rates on any loan facilities while also seeking to ensure that First REIT's ongoing cost of debt capital remains competitive.

(iv) Managing Foreign Exchange Exposure through Hedging, where Appropriate

In order to manage the currency risks associated with the capital values of the overseas assets, the First REIT Manager will, to the extent possible, adopt a natural hedging strategy by borrowing in the same currency as the underlying asset. First REIT's strategy will generally match the currency denomination of its debt with the currency denomination of its investment assets.

C. Active Asset Enhancement and Management Strategy

The First REIT Manager intends to implement pro-active measures to enhance the returns from the existing and future properties in First REIT's portfolio. Such measures may include:

- (i) engaging in addition and alteration works, including work carried out for the purpose of expanding size and capacity;
- (ii) leveraging and enhancing the properties' competitive strengths to optimise rentals and enhancement projects to maintain the competitive positioning of such properties;
- (iii) promoting a niche position for the Properties and/or raising the profile of the Properties;
- (iv) (in relation to future properties to be acquired by First REIT) obtaining contractual rent escalations under long-term, non-cancellable, triple-net leases, backed by security deposits consisting of guarantees, irrevocable letters of credit or cash, most of which cover six months of initial monthly minimum rents. Additional security will be provided typically by covenants regarding minimum working capital and net worth, liens on accounts receivable and other operating assets, and various provisions for cross-default, and cross-collateralisation, as appropriate; and
- (v) divesting its existing properties or assets as and when the opportunities arise in order to realise capital gains and re-deploy capital for new properties or assets which have better upside potential in terms of yield and capital appreciation.

7. COMPETITIVE STRENGTHS

First REIT has the following competitive strengths:

A. Strategic and Prime Locations

All of First REIT's properties in Indonesia, Singapore and South Korea are strategically located in areas with a large catchment area of potential patients or, as the case may be, hotel guests.

(i) Indonesia

Sumatra

Siloam Sriwijaya is located in Palembang, which is the capital city of the South Sumatra, the second largest city in Sumatra and the seventh largest city in Indonesia.

Java

Siloam Hospitals Lippo Village is conveniently located in the first private sector township of Lippo Village, with a sizeable potential patient base of a population of over 3.2 million in Tangerang Regency (Lippo Village township included).

Also situated in the heart of Lippo Village's business and commercial district, and right next to Siloam Hospitals Lippo Village, Imperial Aryaduta Hotel & Country Club provides convenient accommodation for out-of-town inpatients, outpatients and day-surgery patients as well as their families. Additionally, its location near the business and industrial areas of Cilegon enables it to attract business travellers.

With its location approximately 6.0 km west of the central of Jakarta, Siloam Hospitals Kebon Jeruk serves a large catchment of middle to upper income residents in the west of Jakarta.

Siloam Hospitals Lippo Cikarang is situated in the growing residential and industrial areas of east of Jakarta whereas Mochtar Riady Comprehensive Cancer Centre is conveniently located near Plaza Semanggi, Aryaduta Semanggi and other international five-star hotels in the central business district of Jakarta.

Siloam Hospitals TB Simatupang is located close to the Fatmawati toll gate on Jakarta Outer Ring Road which connects the inner-city toll road with Bintaro and Serpong areas, is near the middle-to upper-class residential areas of Pondok Indah and Cinere, and is highly accessible via public and private transportation.

Siloam Hospitals Purwakarta is located in the fast growing city of Purwakarta in West Java which is located in between Jakarta and Bandung.

Siloam Hospitals Surabaya is located in the central area of Surabaya, the second largest city in Indonesia. The catchment area of potential patients for this hospital is large, given the relatively low number of similar high-quality hospitals in the region.

Centrally located in Yogyakarta, Siloam Hospitals Yogyakarta is highly accessible and situated approximately five kilometres from the Adisucipto International Airport.

Bali

Siloam Hospitals Bali is located on Jalan Sunset Road which connects to the Kuta area and Denpasar City, one of the fastest growing areas in Bali.

Sulawesi

Siloam Hospitals Manado & Hotel Aryaduta Manado is located on the primary roads of Manado City, and is surrounded by notable developments such as the IT Center and Mega Mall Manado.

Siloam Hospitals Makassar is located on the west side of Jalan Metro Tanjung Bunga in Tanjung Bunga (an integrated township development consisting of residential and commercial projects) and is well-positioned in a growing residential and commercial area in Makassar City.

Siloam Hospitals Buton & Lippo Plaza Buton is located in Bau Bau city, the capital city of Buton Island. Siloam Hospitals Buton is one of the newest and most advanced hospital facility on Buton Island while Lippo Plaza Buton is the only modern mall within Bau Bau city.

East Nusa Tenggara

Siloam Hospitals Kupang & Lippo Plaza Kupang is located in located in Kupang, the capital city of East Nusa Tenggara.

Siloam Hospitals Labuan Bajo is located in the growing tourism centre of Labuan Bajo, a gateway to the Komodo National Park and popular for snorkelling and diving activities. It is one of the newest and most advanced hospital facility in Labuan Bajo and the West Manggarai Regency.

(ii) Singapore

Pacific Healthcare Nursing Home @ Bukit Merah is located on the southern flank of Lengkok Bahru, a short distance away from its junction with Hoy Fatt Road and within the Housing Development Board (“HDB”) Bukit Merah Estate. It is approximately 6 km from the city centre.

Accessibility to other parts of the island is enhanced by its close proximity to the Central and Ayer Rajah Expressways, while the nearest MRT station is Redhill MRT station.

Pacific Healthcare Nursing Home II @ Bukit Panjang is located on the western flank of Senja Road, before the section of the road bend, and within the HDB Bukit Panjang New Town. It is approximately 15 km from the city centre.

Accessibility to other parts of Singapore is enhanced by its close proximity to the Bukit Timah and the Kranji Expressways and the nearest LRT and MRT stations are Senja LRT station and Bukit Panjang MRT station respectively.

The Lentor Residence is located on the south-western flank of Lentor Avenue which connects Yio Chu Kang Road to Yishun Avenue 2. It is approximately 14 km from the city centre.

Accessibility to other parts of the island is enhanced by its close proximity to the Seletar and Tampines Expressways, while the nearest MRT station is Yio Chu Kang station. The proposed Lentor MRT Station serving the Thomson-East Coast Line is approximately 800 m due south of The Lentor Residence.

(iii) South Korea

Sarang Hospital is one of the largest rehabilitative and nursing facilities in Yeosu City, South Korea. It is centrally located in the beach resort city of Yeosu with a population of approximately 300,000.

B. Benefits from the Property Management and Operating Expertise as well as the Expertise in Managing Healthcare Businesses and Properties of OUELH and Lippo Karawaci

(i) OUELH

OUELH is a subsidiary company of OUE and is listed on the Catalist Board of the SGX-ST.

OUE is a Singapore-based diversified real estate owner, developer and operator with a real estate portfolio located across Asia and the United States. OUE consistently grows its business by leveraging its brands and expertise in developing and managing assets across the commercial, hospitality, retail, residential and healthcare sectors.

OUELH is the healthcare platform of the OUE group, focused primarily on the Pan-Asian healthcare market. OUELH’s businesses currently include the provision of high-quality and sustainable healthcare solutions through the acquisition, development, management and operation of healthcare facilities in Asia. OUELH is also focused on expanding its Pan-Asian portfolio, including through acquisitions and strategic partnerships.

As at 31 December 2018, OUELH is also 25.3%-owned by ITOCHU Corporation, which is listed on the Tokyo Stock Exchange and one of the largest and most diversified trading companies in the world.

The First REIT Manager believes that First REIT can tap on OUEH's expertise and experience in managing healthcare properties and have access to OUEH's growing healthcare network across Pan-Asia.

(ii) Lippo Karawaci

As at 31 December 2018, Lippo Karawaci is Indonesia's largest listed property company by total assets and revenue, anchored by a large land bank and stable recurring income base. Lippo Karawaci's businesses comprise residential/townships, retail malls, hospitals, hotels and asset management. Lippo Karawaci develops residential, light industrial, commercial, retail properties throughout Indonesia. Lippo Karawaci, through its subsidiaries, manages and operates hospitals, malls and hotels in major cities in Indonesia and also provides a broad range of infrastructure services to the residents of its developments, and other property management and REIT management services.

Through Lippo Karawaci's two main public-listed subsidiaries, PT Lippo Cikarang Tbk and PT Gowa Makassar Tourism Development Tbk, of which Lippo Karawaci owns approximately 54.37% and 62.69% respectively as at 31 December 2018, Lippo Karawaci develops and operates urban developments at Lippo Cikarang in Bekasi and at Tanjung Bunga in Makassar. Additionally, Lippo Karawaci established and sponsored two public-listed REITs in Singapore, namely First REIT and LMIRT.

Lippo Karawaci is also the leading provider of private sector medical services in Indonesia under its "Siloam Hospitals" brand. Lippo Karawaci had received, among other awards, the Frost & Sullivan Award for "2017 Indonesia Hospitals of the Year", being the sixth time it has been recognised as the best healthcare services provider in Indonesia by Frost and Sullivan. Lippo Karawaci's presence in the healthcare business dates back to 1995, when it established and developed Siloam Hospitals Lippo Karawaci in the same year and Siloam Hospitals Lippo Cikarang in 2002. It also acquired and integrated Siloam Hospitals Surabaya in 1996 and 2002 respectively, as well as Siloam Hospitals West Jakarta (currently known as Siloam Hospitals Kebon Jeruk) in 1997 and 1998 respectively. In 2011, Lippo Karawaci opened the Mochtar Riady Comprehensive Cancer Centre, the first specialised hospital for cancer in Indonesia.

As at 31 December 2018, PT Siloam manages and operates 35 state-of-the-art-hospitals in 25 cities throughout the country, comprising 12 hospitals in Greater Jakarta and 23 hospitals across Java, Sumatra, Kalimantan, Sulawesi, Bali and Nusa Tenggara, supported by more than 2,900 specialists and general practitioners as well as over 10,000 nurses and support staff.

The First REIT Manager believes that First REIT can draw from Lippo Karawaci's portfolio expertise and experience in the healthcare industry to provide First REIT with access to healthcare and/or healthcare related assets across Asia. The First REIT Manager also believes that Lippo Karawaci had provided favourable terms to First REIT for the asset enhancement initiative.

C. Centre(s) of Excellence at Each of the Hospitals in Indonesia

Each of the First REIT's hospitals in Indonesia has its own Centre(s) of Excellence. The term "Centre of Excellence" is used by Lippo Karawaci to describe a particular area of medical specialisation, proficiency and excellence, with the relevant specialist doctors, nursing staff and state-of-the-art medical equipment and facilities at a hospital.

The Centre(s) of Excellence of each First REIT's hospitals are set out in the table below:

Hospital	Centre(s) of Excellence
Siloam Hospitals Lippo Village	Cardiology, Emergency & Trauma, Neuroscience and Orthopaedics
Siloam Hospitals Kebon Jeruk	Cardiology, Emergency & Trauma, Orthopaedics and Urology
Siloam Hospitals Surabaya	Cardiology and Emergency & Trauma
Mochtar Riady Comprehensive Cancer Centre	Emergency & Trauma, Gastroenterology and Oncology
Siloam Hospitals Lippo Cikarang	Emergency & Trauma, Internal Medicine and Urology
Siloam Hospitals Manado	Emergency & Trauma
Siloam Hospitals Makassar	Cardiology, Emergency & Trauma and Endocrinology
Siloam Hospitals Bali	Cardiology, Emergency & Trauma and Orthopaedics
Siloam Hospitals TB Simatupang	Cardiology, Emergency & Trauma, Neuroscience and Oncology
Siloam Hospitals Purwakarta	Emergency & Trauma
Siloam Sriwijaya	Emergency & Trauma and Gastroenterology
Siloam Hospitals Kupang	Emergency & Trauma, Obstetrics, Gynaecology and Paediatrics
Siloam Hospitals Labuan Bajo	Emergency Medicine, Internal Medicine and Neuroscience
Siloam Hospitals Buton	Emergency & Trauma
Siloam Hospitals Yogyakarta	Cardiology and Neuroscience

D. Sustainable Growth Supported by Long-Term Lease Structures

The Properties are under long-term master leases of 10 to 15 years with the option to extend for another 10 to 15 years. As at 31 December 2018, its portfolio of quality assets has a weight average lease expiry of 8.5 years with 100% committed occupancy. The long term leases enhance portfolio resilience, which strengthens the stability of rental income.

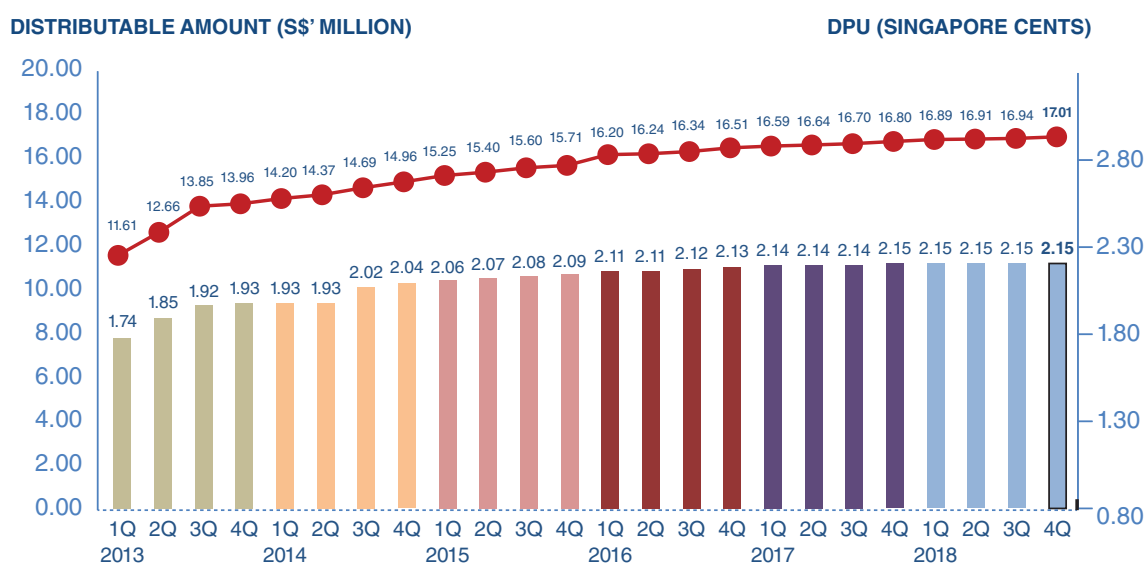
First REIT's long term leases have stepped-up rental increases which provide stable growth for the portfolio, where annual rent escalation for its properties are set to increase by two times the percentage increase of Singapore's CPI, subject to a cap of 2%. In the case where CPI percentage variation is a negative value, such rental increase shall be deemed to be zero. This favourable lease structure offers simultaneous safeguards against deflationary pressures and flexibility to capture revenue growth for First REIT.

Furthermore, the Indonesia Properties have an additional variable rental component which is a function of total gross revenue of the Indonesia Properties.

These long term committed leases have minimal exposure to increases in operating expenses because the Master Lessee the costs of maintenance and operating expenses relating to the Properties, including but not limited to maintenance, certain taxes and insurance during the term of each of the Master Lease Agreements.

E. Stable and Strong Distribution Model

First REIT continues to maintain a payout policy of 100% of taxable income since its listing in December 2006 and its distributable income is on a consistent uptrend (as illustrated by the diagram below).



F. Strong Financial Position with Efficient Capital Management

As at 31 December 2018, First REIT has a portfolio of 20 properties across Asia and assets-under-management of approximately S\$1.35 billion. It continues to maintain an optimal capital management strategy and prudent debt structure to provide capital and earning stability. As at 31 December 2018, its gearing ratio was 35.0% which is below the regulatory limit of 45.0%.

G. Established Management with Strong Track Record

The First REIT Manager is 60.00%-owned by OUE and 40.00%-owned by OUELH. It is made up of individuals with a broad range of commercial skills and experiences in real estate, finance, legal, asset management and healthcare. The First REIT Manager is committed to build a portfolio of assets that will provide consistent and sustainable returns to the Unitholders.

H. Diverse Portfolio of Healthcare-Related Properties Across Asia

First REIT has a well-diversified portfolio of high quality healthcare and healthcare-related hospital assets located in Indonesia, Singapore and South Korea where there are growing demands for quality healthcare facilities.

I. Opportunities for Acquisition Growth

First REIT has access to a pool of assets via the right of first refusal granted by both OUELH and Lippo Karawaci under the Transactions (the details of which are set out under the section entitled “5. OUE Lippo Healthcare Limited and PT Lippo Karawaci Tbk – right of first refusal and/or non-compete”).

Following the completion of the Transactions on 26 October 2018, First REIT has the right of first refusal from OUEHL, and will have opportunities to tap on OUEHL's growing healthcare network across Pan-Asia. With OUEHL as a new substantial unitholder, First REIT also has access to new growing healthcare networks which allows it to explore expansion opportunities into new territories. Additionally, First REIT continues to benefit from Lippo Karawaci's pipeline of healthcare properties through the right of first refusal and the non-compete undertaking granted by Lippo Karawaci. Lippo Karawaci has been expanding its Siloam Hospitals footprint across Indonesia and has a pipeline of hospitals, to which First REIT has the right of first refusal. This effectively expands First REIT's geographical catchment within Asia, allowing First REIT to potentially pursue more yield-accretive acquisitions. First REIT is also constantly on the lookout for yield-accretive quality healthcare assets in other parts of Asia to acquire.

As a testament to its acquisition growth trajectory, First REIT had completed three new acquisitions in the recent years (which are, Siloam Hospitals Yogyakarta on 22 December 2017, Siloam Hospitals Buton & Lippo Plaza Buton on 10 October 2017 and Siloam Hospitals Labuan Bajo on 30 December 2016).

8. THE PROPERTIES

A. Lease Expiry Profile and Rental Income Profile

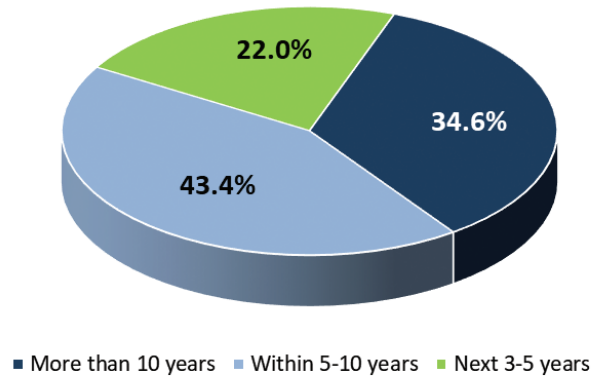
The lease expiry profile of the Properties and the rental income profile of the Master Leases are set out below.

(i) **Lease Expiry Profile of the Properties**

The table and diagram below illustrate the lease expiry profile of the Properties as at 31 December 2018. The earliest rental renewal will occur in 2021.

Master Lease	Expiry
Sarang Hospital	August 2021
Siloam Hospitals Lippo Village	December 2021
Siloam Hospitals Kebon Jeruk	December 2021
Siloam Hospitals Surabaya	December 2021
Imperial Aryaduta Hotel & Country Club	December 2021
Mochtar Riady Comprehensive Cancer Centre	December 2025
Siloam Hospitals Lippo Cikarang	December 2025
Pacific Healthcare Nursing Home @ Bukit Merah	April 2027
Pacific Healthcare Nursing Home II @ Bukit Panjang	April 2027
The Lentor Residence	June 2027
Siloam Hospitals Manado & Hotel Aryaduta Manado	November 2027
Siloam Hospitals Makassar	November 2027
Siloam Hospitals Bali	May 2028
Siloam Hospitals TB Simatupang	May 2028
Siloam Hospitals Purwakarta	May 2029
Siloam Sriwijaya	December 2029
Siloam Hospitals Kupang & Lippo Plaza Kupang	December 2030
Siloam Hospitals Labuan Bajo	December 2031
Siloam Hospitals Buton & Lippo Plaza Buton	December 2032
Siloam Hospitals Yogyakarta	December 2032

Lease expiry profile as % of GFA
(as at 31 December 2018)



(ii) Rental Income Profile of Master Leases

The table below illustrates the rental income profile of the respective master leases as at 31 December 2018.

Tenant	%
Lippo Karawaci and subsidiaries ⁽¹⁾	82.21
PT MPU and subsidiary ⁽²⁾	12.44
Subsidiaries of PT Siloam ⁽³⁾	1.38
The Lantor Residence Pte Ltd	1.43
Pacific Healthcare Nursing Home Pte. Ltd.	0.98
Pacific Eldercare and Nursing Pte. Ltd.	0.96
Dr Park Ki Ju	0.60

Notes:

- (1) The subsidiaries of Lippo Karawaci include PT East Jakarta Medika (a wholly-owned subsidiary of Lippo Karawaci) and PT Andromeda Sakti (an indirect wholly-owned subsidiary of Lippo Karawaci).
- (2) The subsidiary of PT MPU is PT Bumi Sarana Sejahtera (a wholly-owned subsidiary of PT MPU).
- (3) The subsidiaries of PT Siloam are PT Bina Bahtera Sejati, PT Lintas Buana Jaya and PT Taruna Perkasa Megah, all of which are wholly-owned subsidiaries of PT Siloam.

B. Indonesia Portfolio

Siloam Hospitals Lippo Village

Jalan Siloam No. 6 Lippo Karawaci 1600, Tangerang 15811, Banten, Indonesia



Siloam Hospitals Lippo Village offers a comprehensive range of cardiology services from preventive measures to complicated open-heart surgery. It has Centres of Excellence for Cardiology, Emergency & Trauma, Neuroscience and Orthopaedics. Conveniently located in the first private sector township of Lippo Village, Siloam Hospitals Lippo Village is situated approximately 25 km from Jakarta's Soekarno-Hatta International Airport. The hospital is close to the west of the Karawaci Toll Gate on the Jakarta-Merak toll road, which connects Jakarta (the capital and business centre of Indonesia) to the industrial city of Merak.

With a population of over 3.2 million in Tangerang Regency, Siloam Hospitals Lippo Village has a sizeable potential patient base. In November 2007, Siloam Hospitals Lippo Village became the first hospital in Indonesia to attain the United States-based Joint Commission International accreditation (the world's leading internationally recognised hospital accreditation award), putting it in the same league as other leading hospitals in the region. The hospital occupies a land area of 17,442 sq m and has a GFA of 27,284 sq m.

Key Statistics as at 31 December 2018

Type	Hospital
Centres of Excellence	Cardiology, Emergency & Trauma, Neuroscience and Orthopaedics
Land Area (sq m)	17,442
GFA (sq m)	27,284
Purchase Price (S\$)	94.3 million
Appraised Value¹⁴ (S\$)	162.3 million
Max No. of Beds	274 beds
Year of Building Completion	1995
Lease Terms	15 years with option to renew for 15 years with effect from 11 December 2006
Land Tenure¹⁵	<ul style="list-style-type: none"> (1) HGB No. 9687/Bencongan; expires on 25 Dec 2031 (2) HGB No. 01261/Bencongan Indah; expires on 26 Jul 2032 (3) HGB No. 01260/Bencongan Indah; expires on 26 Jul 2032 (4) HGB No. 6938/Bencongan; expires on 26 Oct 2035 (5) HGB No. 3867/Bencongan; expires on 25 Dec 2019 (6) HGB No. 10186/Bencongan; expires on 24 Sep 2022 (7) HGB No. 10187/Bencongan; expires on 24 Sep 2022

¹⁴ Appraised by KJPP Rengganis, Hamid & Rekan in strategic alliance with CBRE Pte. Ltd.

¹⁵ In Indonesia, a HGB title is the closest form of land title to the internationally recognised concept of “leasehold” title.

Siloam Hospitals Kebon Jeruk

Jalan Raya Perjuangan Kav. 8, Kebon Jeruk, Jakarta 11530, Indonesia



Siloam Hospitals Kebon Jeruk has Centres of Excellence for Cardiology, Emergency & Trauma, Orthopaedics and Urology, and is known for its authority in the diagnosis and treatment of disorders of the urinary tract or urogenital system. The hospital also offers prevention, medical treatment and rehabilitation services for musculoskeletal system diseases including bone, hinge, muscle, nerve or tendon, ligament and backup net or structure.

With its location approximately 6.0 km west of the central of Jakarta, Siloam Hospitals Kebon Jeruk serves a large catchment of middle to upper income residents in the west of Jakarta. The hospital received Indonesian Hospital Accreditation from the Ministry of Health in 2002. The hospital occupies a land area of 11,420 sq m and has a GFA of 18,316 sq m. The hospital was accredited with the prestigious United States-based Joint Commission International accreditation since August 2016.

Key Statistics as at 31 December 2018

Type	Hospital
Centres of Excellence	Cardiology, Emergency & Trauma, Orthopaedics and Urology
Land Area (sq m)	11,420
GFA (sq m)	18,316
Purchase Price (S\$)	50.6 million
Appraised Value¹⁶ (S\$)	96.2 million
Max No. of Beds	215 beds
Year of Building Completion	1991
Lease Terms	15 years with option to renew for 15 years with effect from 11 December 2006
Land Tenure¹⁷	HGB No. 1313/Kebon Jeruk; expires on 10 August 2037

¹⁶ Appraised by KJPP Rengganis, Hamid & Rekan in strategic alliance with CBRE Pte. Ltd.

¹⁷ In Indonesia, a HGB title is the closest form of land title to the internationally recognised concept of "leasehold" title.

Siloam Hospitals Surabaya

Jalan Raya Gubeng No. 70, Surabaya 60281, Indonesia



Located in the central area of Indonesia's second largest city, Surabaya, Siloam Hospitals Surabaya enjoys a large catchment area of potential patients, given the relatively low number of higher quality hospitals in the region. Siloam Hospitals Surabaya has Centres of Excellence for Cardiology and Emergency & Trauma, with a maximum bed capacity of 160 beds.

Surabaya is expected to witness increasing demand for healthcare-related services as a result of strong per capita income growth. The hospital occupies a land area of 4,306 sq m and has a GFA of 9,227 sq m.

At present, Siloam Hospitals Surabaya is undergoing an asset enhancement initiative, where a new Siloam Hospitals Surabaya (as part of a mixed development) will replace the existing Siloam Hospitals Surabaya in an asset swap. At an extraordinary general meeting held on 29 December 2015, Unitholders gave the approval for the initiative, pursuant to which, among others, development works will be undertaken by Lippo Karawaci to construct and develop the new Siloam Hospitals Surabaya, which will be adjacent to the existing Siloam Hospitals Surabaya. Lippo Karawaci intends to build a mixed development comprising the new Siloam Hospitals Surabaya, a private school, an ancillary mall, a hotel and apartment, as well as adequate car park spaces. During the course of the development, First REIT will continue to receive rental income from the existing Siloam Hospitals Surabaya. Upon completion of the new Siloam Hospitals Surabaya, expected to be in 2Q 2019, First REIT will acquire the new Siloam Hospitals Surabaya and divest the existing Siloam Hospitals Surabaya.

The new Siloam Hospitals Surabaya will comprise a 12-storey hospital building with two podium floors and one lower ground floor. It is expected to have a capacity of approximately 488 beds and is expected to be equipped by Lippo Karawaci with state-of-the-art medical equipment. The new Siloam Hospitals Surabaya will have Centres of Excellence for Fertility and Stroke. Upon PT Tata Prima Indah (a wholly-owned subsidiary of First REIT) taking possession of the new Siloam Hospitals Surabaya, the new Siloam Hospitals Surabaya will commence operations under the

“Siloam Hospitals” brand and Lippo Karawaci will be the lessee of the new Siloam Hospitals Surabaya. The new Siloam Hospitals Surabaya is expected to have a total GFA of approximately 24,245.90 sq m. As at 31 December 2018, PT Tata Prima Indah has made the first and second progress payments to PT Saputra Karya, the developer of the new Siloam Hospitals Surabaya, on 11 March 2016 and 18 August 2017 respectively.

Key Statistics as at 31 December 2018

Type	Hospital
Centres of Excellence	Cardiology and Emergency & Trauma
Land Area (sq m)	4,306
GFA (sq m)	9,227
Purchase Price (S\$)	16.8 million
Appraised Value¹⁸ (S\$)	28.1 million
Max No. of Beds	160 beds
Year of Building Completion	1977
Lease Terms	15 years with option to renew for 15 years with effect from 11 December 2006
Land Tenure¹⁹	(1) HGB No. 340/Gubeng; expires on 8 May 2034 (2) HGB No. 343/Gubeng; expires on 8 May 2034 (3) HGB No. 408/Gubeng; expires on 24 Sep 2026 (4) HGB No. 476/Gubeng; expires on 26 Nov 2021 (5) HGB No. 494/Gubeng; expires on 7 Sep 2023

¹⁸ Appraised by KJPP Rengganis, Hamid & Rekan in strategic alliance with CBRE Pte. Ltd.

¹⁹ In Indonesia, a HGB title is the closest form of land title to the internationally recognised concept of “leasehold” title.

Imperial Aryaduta Hotel & Country Club

Boulevard Jenderal Sudirman, Lippo Village 1300, Tangerang 15811, Banten, Indonesia



One of the very few hotels with linked country clubs in Jakarta, the 190-room five-star Imperial Aryaduta Hotel & Country Club comes complete with a wide range of sports, recreational, convention, and food and beverage services.

Located next to Siloam Hospitals Lippo Village, Imperial Aryaduta Hotel & Country Club provides convenient accommodation for out-of-town inpatients, outpatients and day-surgery patients as well as their families. The hotel also attracts business travellers as it is located near the business and industrial areas of Cilegon. The property occupies a land area of 54,410 sq m and has a GFA of 17,427 sq m.

Key Statistics as at 31 December 2018

Type	Hotel and Country Club
Land Area (sq m)	54,410
GFA (sq m)	17,427
Purchase Price (S\$)	21.2 million
Appraised Value ²⁰ (S\$)	40.6 million
Max No. of Saleable Rooms	190 rooms
Year of Building Completion	1994
Lease Terms	15 years with option to renew for 15 years with effect from 11 December 2006
Land Tenure ²¹	<p>(1) HGB No. 01332/Bencongan Indah; expires on 26 Jul 2032</p> <p>(2) HGB No. 01333/Bencongan Indah; expires on 26 Jul 2032</p> <p>(3) HGB No. 01334/Bencongan Indah; expires on 26 Jul 2032</p> <p>(4) HGB No. 01335/Bencongan Indah; expires on 26 Jul 2032</p> <p>(5) HGB No. 9678/Bencongan; expires on 26 Oct 2035</p> <p>(6) HGB No. 9679/Bencongan; expires on 26 Oct 2035</p> <p>(7) HGB No. 9680/Bencongan; expires on 26 Oct 2035</p> <p>(8) HGB No. 9681/Bencongan; expires on 26 Oct 2035</p> <p>(9) HGB No. 9682/Bencongan; expires on 26 Oct 2035</p> <p>(10) HGB No. 9683/Bencongan; expires on 26 Oct 2035</p> <p>(11) HGB No. 10856/Bencongan; expires on 26 Oct 2035</p> <p>(12) HGB No. 10857/Bencongan; expires on 26 Oct 2035</p> <p>(13) HGB No. 00061/Bencongan Indah; expires on 12 May 2026</p> <p>(14) HGB No. 00062/Bencongan Indah; expires on 12 May 2026</p> <p>(15) HGB No. 00063/Bencongan Indah; expires on 28 Mar 2036</p>

²⁰ Appraised by KJPP Rengganis, Hamid & Rekan in strategic alliance with CBRE Pte. Ltd.

²¹ In Indonesia, a HGB title is the closest form of land title to the internationally recognised concept of “leasehold” title.

Mochtar Riady Comprehensive Cancer Centre

Jalan Garnisun Dalam No. 2-3, Semanggi, Jakarta 12930, Indonesia



Mochtar Riady Comprehensive Cancer Centre is Indonesia's first private comprehensive cancer treatment centre with state-of-the-art equipment. Mochtar Riady Comprehensive Cancer Centre has a total GFA of 37,933 sq m. Located near Plaza Semanggi, Aryaduta Semanggi and other international five-star hotels in the central business district of Jakarta. The 29-storey, 334-bed hospital serves the needs of international and Indonesian patients. It has Centres of Excellence for emergency and trauma, gastroenterology and oncology.

Mochtar Riady Comprehensive Cancer Centre not only adopts a preventative focus through health screening, but is also the first facility in Indonesia to offer breakthrough technologies that are at the forefront of cancer treatment and cancer diagnostics globally. Among the other firsts for Mochtar Riady Comprehensive Cancer Centre are a palliative care and oncology wellness centre, high dose brachytherapy, radio-immunotherapy (RIT), radiopeptide therapy, molecular imaging with PET/Computed Tomography (PET/CT), and Single Photon Emission Computed Tomography/CT (SPECT/CT) scanning.

It also provides chemotherapy, complementary therapy, Linear Accelerator treatment, Multi Slice CT, High field strength MRI, angiography, in-house clinical trials and integrated IT and PACS/RIS. Mochtar Riady Comprehensive Cancer Centre also aims to develop training in medical oncology, radiation therapy, cancer imaging and surgical oncology.

Key Statistics as at 31 December 2018

Type	Hospital
Centres of Excellence	Emergency & Trauma, Gastroenterology and Oncology
Land Area (sq m)	4,145
GFA (sq m)	37,933
Purchase Price (S\$)	170.5 million
Appraised Value²² (S\$)	267.3 million
Max No. of Beds	334 beds
Year of Building Completion	2010
Lease Terms	15 years with option to renew for 15 years with effect from 30 December 2010
Land Tenure²³	HGB No. 277/Karet Semanggi; expires on 26 August 2035

²² Appraised by KJPP Willson & Rekan in association with Knight Frank.

²³ In Indonesia, a HGB title is the closest form of land title to the internationally recognised concept of “leasehold” title.

Siloam Hospitals Lippo Cikarang

Jalan Mohammad Husni Thamrin Kav.105, Lippo Cikarang, Bekasi 17550, Indonesia



Siloam Hospitals Lippo Cikarang commenced operations in 2002 and has quickly built its reputation for providing international standards in medical care in the growing residential and industrial areas east of Jakarta. Siloam Hospitals Lippo Cikarang has a total GFA of 13,256 sq m. Siloam Hospitals Lippo Cikarang has a maximum capacity of 114 beds. It is supported by specialist doctors and qualified nurses offering a broad range of general and specialist services, including an A&E department. Siloam Hospitals Lippo Cikarang has Centres of Excellence for emergency and trauma, internal medicine and urology.

In late 2007, an extracorporeal shock wave lithotripsy (ESWL) unit was commissioned to treat patients with kidney stones. It also is well respected for its Paediatric Neonatal Intensive Care Unit, which treats premature babies and sick babies. The Jakarta-Cikampek toll road and Cikarang industrial areas have made Siloam Hospitals Lippo Cikarang an ideal hospital in providing trauma services. Siloam Hospitals Lippo Cikarang is supported by a 24-hour A&E department and ambulance services with medical evacuation facilities, which includes daytime helicopter evacuation. Siloam Hospitals Lippo Cikarang also provides general surgery, orthopaedic surgery, neurology surgery, plastic surgery, urology surgery, thorax and cardiovascular surgery.

Specialist doctors were appointed since 2005 to perform digestive surgery using laparoscopy, a technique that minimises surgical trauma and accelerates recovery. Siloam Hospitals Lippo Cikarang caters to both inpatient and outpatient needs, and its Charter of Patients' Rights is actively promoted by its experienced team of medical professionals, whose training and expertise equips them to provide international standards in patient care.

Key Statistics as at 31 December 2018

Type	Hospital
Centres of Excellence	Emergency & Trauma, Internal Medicine and Urology
Land Area (sq m)	9,900
GFA (sq m)	13,256 ²⁴
Purchase Price (S\$)	35.0 million
Appraised Value²⁵ (S\$)	54.0 million
Max No. of Beds	114 beds
Year of Building Completion	2002
Lease Terms	15 years with option to renew for 15 years with effect from 31 December 2010
Land Tenure²⁶	HGB No. 623/Cibatu; expires on 5 May 2023

²⁴ The asset enhancement initiative has since completed. Following the completion of an asset enhancement initiative done at the tenant's expense in 3Q 2017, the GFA of the hospital has increased from 11,125 sq m to 13,256 sq m.

²⁵ Appraised by Colliers International Consultancy & Valuation (Singapore) Pte Ltd in alliance with KJPP Rinaldi, Alberth, Baroto & Rekan in Indonesia.

²⁶ In Indonesia, a HGB title is the closest form of land title to the internationally recognised concept of "leasehold" title.

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 95111, Republic of Indonesia



Siloam Hospitals Manado & Hotel Aryaduta Manado is an 11-storey mixed-use development with a basement level, comprising Siloam Hospitals Manado and Hotel Aryaduta Manado which are located on common land titles and share a common lobby (with separate entrances). Siloam Hospitals Manado is a four-storey hospital which commenced operations on 1 June 2012 with a maximum operational capacity of 238 beds. Hotel Aryaduta Manado is a nine-storey, five-star hotel with 200 guest rooms, which commenced operations on 1 January 2011.

Siloam Hospitals Manado & Hotel Aryaduta Manado is situated on the west side of Jalan Sam Ratulangi and on the east side of Jalan Piere Tendean respectively, both of which are primary roads in the city centre that are lined with office buildings, shopping centres, shop houses and hotels. Notable developments in the vicinity of Siloam Hospitals Manado & Hotel Aryaduta Manado include IT Center and Mega Mall Manado.

It covers a total GFA of 36,051 sq m, of which 11,476 sq m is occupied by Siloam Hospitals Manado and 23,430 sq m is occupied by Hotel Aryaduta Manado and 1,145 sq m of shared machinery and equipment space. Siloam Hospitals Manado is equipped with the latest medical equipment and facilities (including CT, MRI, Ultrasound and cardiac catheterisation lab), 50 specialist clinic suites and three operating theatres.

Siloam Hospitals Manado is a tourist-friendly hospital that caters to multiple classes of patients, comprising corporate patients, tourists, and local residents from all socio-economic classes. In order to enhance Siloam Hospitals Manado's image as a modern international hospital, Hotel Aryaduta Manado provides a full range of food and beverages catering to the patients and accommodation for family members as well as to tourists visiting Manado.

Siloam Hospitals Manado is a Centre of Excellence for Emergency & Trauma. Apart from therapeutic services, the hospital also provides an extensive range of diagnostic and preventive healthcare services.

Emergency and medical evacuation to and from the hospitals are available via designated ambulances. The state-of-the-art A&E department hosts a two-bedded resuscitation unit and three procedural units for patients requiring minor surgical or anaesthetic procedures. Through the telemedicine system and helicopter ambulance services, Siloam Hospitals Manado also provides remote patient care or consultation for the workers at several mining sites in North Sulawesi.

Through the implementation of clinical capabilities that are currently scarcely available in the region, such as 24-hour general practitioner clinics, ambulance call centre, clinical pathways for acute coronary syndrome and stroke patient management, fully rapid response land and air ambulances, Siloam Hospitals Manado is the regional Centre of Excellence in Emergency & Trauma, and many clinical services.

Hotel Aryaduta Manado is integrated with Siloam Hospitals Manado and is well-positioned to benefit from shared services and healthcare tourism, given its location. It provides convenient accommodation for out-of-town inpatients, outpatients and day-surgery patients, as well as their families.

Key Statistics as at 31 December 2018

Type	Integrated Hospital and Hotel
Centre of Excellence	Emergency & Trauma
Land Area (sq m)	5,518
GFA (sq m)	36,051
Purchase Price (S\$)	83.6 million
Appraised Value²⁷ (S\$)	104.5 million
Max No. of Beds/Saleable Rooms	Hospital: 238 beds Hotel: 200 rooms
Year of Building Completion	2011
Lease Terms	15 years with option to renew for 15 years with effect from 30 November 2012
Land Tenure²⁸	(1) HGB No. 55/Wenang Utara; expires on 18 May 2032 (2) HGB No. 56/Wenang Utara; expires on 18 May 2032 (3) HGB No. 57/Wenang Utara; expires on 18 May 2032 (4) HGB No. 58/Wenang Utara; expires on 18 May 2032 (5) HGB No. 74/Wenang Utara; expires on 18 May 2032 (6) HGB No. 75/Wenang Utara; expires on 18 May 2032

²⁷ Appraised by KJPP Willson & Rekan in association with Knight Frank.

²⁸ In Indonesia, a HGB title is the closest form of land title to the internationally recognised concept of "leasehold" title.

Siloam Hospitals Makassar

Jalan Metro Tanjung Bunga Kav 3 – 5, Makassar City, South Sulawesi Province, Republic of Indonesia



Siloam Hospitals Makassar, a seven-storey hospital, commenced operations on 9 September 2012 with a maximum operational capacity of 360 beds. Siloam Hospitals Makassar has a total GFA of 14,307 sq m. Siloam Hospitals Makassar is located on the west side of Jalan Metro Tanjung Bunga in Tanjung Bunga, an integrated township development consisting of residential and commercial projects.

Notable developments in the vicinity of Siloam Hospitals Makassar include Hotel Aryaduta Makassar, Tanjung Bunga Marketing Office, Celebes Convention Center, Trans Makassar Mall and Losari Beach.

Siloam Hospitals Makassar is equipped with state-of-the-art medical facilities (including CT, MRI, Ultrasound, Mammography and cardiac catheterization system), 58 specialist outpatient clinic suites and three operating theatres.

Siloam Hospitals Makassar has Centres of Excellence for cardiology, emergency and trauma, and endocrinology. Its A&E department provides additional support to the acute care needs of the local population residing in the urban or rural areas through its emergency care facilities backed by helicopter evacuation, well-equipped Emergency & Trauma department with resuscitation units, and fully-equipped ambulances. These capabilities were the first-of-its-kind in South Sulawesi.

Key Statistics as at 31 December 2018

Type	Hospital
Centres of Excellence	Cardiology, Emergency & Trauma and Endocrinology
Land Area (sq m)	3,963
GFA (sq m)	14,307
Purchase Price (S\$)	59.3 million
Appraised Value²⁹ (S\$)	72.9 million
Max No. of Beds	360 beds
Year of Building Completion	2012
Lease Terms	15 years with option to renew for 15 years with effect from 30 November 2012
Land Tenure³⁰	HGB No. 20007; expires on 22 December 2031

²⁹ Appraised by KJPP Willson & Rekan in association with Knight Frank.

³⁰ In Indonesia, a HGB title is the closest form of land title to the internationally recognised concept of “leasehold” title.

Siloam Hospitals Bali

Jalan Sunset Road No. 818, Kuta, Badung, Bali 80361, Republic of Indonesia.



Siloam Hospitals Bali has a maximum capacity of 281 beds, with integrated shops for related use. Siloam Hospitals Bali is located on Jalan Sunset Road which connects to the Kuta Area and Denpasar City, one of the fastest growing areas in Bali. Notable developments in the vicinity of Siloam Hospitals Bali include Carrefour, Bali Galeria Shopping Mall and Ngurah Rai International Airport. Siloam Hospitals Bali has Centres of Excellence for Cardiology, Emergency & Trauma, and Orthopaedics. Siloam Hospitals Bali has a total GFA of 20,958 sq m.

Key Statistics as at 31 December 2018

Type	Hospital
Centres of Excellence	Cardiology, Emergency & Trauma and Orthopaedics
Land Area (sq m)	9,025
GFA (sq m)	20,958
Purchase Price (S\$)	97.3 million
Appraised Value³¹ (S\$)	123.8 million
Max No. of Beds	281 beds
Year of Building Completion	2012
Lease Terms	15 years with option to renew for 15 years with effect from 13 May 2013
Land Tenure³²	<ul style="list-style-type: none"> (1) HGB no. 911/Kuta; expires on 26 March 2038 (2) HGB no. 912/Kuta; expires on 26 March 2038 (3) HGB no. 913/Kuta; expires on 26 March 2038 (4) HGB no. 914/Kuta; expires on 26 March 2038 (5) HGB no. 915/Kuta; expires on 26 March 2038 (6) HGB no. 916/Kuta; expires on 26 March 2038 (7) HGB no. 917/Kuta; expires on 26 March 2038

³¹ Appraised by KJPP Willson & Rekan in association with Knight Frank.

³² In Indonesia, a HGB title is the closest form of land title to the internationally recognised concept of “leasehold” title.

Siloam Hospitals TB Simatupang

Jalan Letjend. TB Simatupang/Jalan R.A. Kartini No. 8, RT 010/RW 04, Cilandak, Jakarta Selatan, Republic of Indonesia



Siloam Hospitals TB Simatupang, a 16-storey hospital with two basement levels, commenced operations on 15 April 2013. Siloam Hospitals TB Simatupang has a total GFA of 18,605 sq m. Siloam Hospitals TB Simatupang has a maximum capacity of 269 beds. Siloam Hospitals TB Simatupang is located close to the Fatmawati toll gate on Jakarta Outer Ring Road which connects the inner-city toll road with Bintaro and Serpong areas, is near the middle-to upper-class residential areas of Pondok Indah and Cinere, and is highly accessible via public and private transportation.

Notable developments in the vicinity of Siloam Hospitals TB Simatupang include Metropolitan Tower Office Building, POINS Square and South Quarter (a mixed-use development comprising integrated office towers, apartment and retail facilities). Siloam Hospitals TB Simatupang has Centres of Excellence for Cardiology, Emergency & Trauma, Neuroscience and Oncology.

Key Statistics as at 31 December 2018

Type	Hospital
Centres of Excellence	Cardiology, Emergency & Trauma, Neuroscience and Oncology
Land Area (sq m)	2,489
GFA (sq m)	18,605
Purchase Price (S\$)	93.1 million
Appraised Value³³ (S\$)	119.4 million
Max No. of Beds	269 beds
Year of Building Completion	2013
Lease Terms	15 years with option to renew for 15 years with effect from 22 May 2013
Land Tenure³⁴	HGB No. 2577/Cilandak; expiring on 28 September 2028

³³ Appraised by KJPP Willson & Rekan in association with Knight Frank.

³⁴ In Indonesia, a HGB title is the closest form of land title to the internationally recognised concept of “leasehold” title.

Siloam Hospitals Purwakarta

Jalan Bungursari No. 1, Sub-district Cibening, District Campaka, Purwakarta, West Java, Republic of Indonesia.



Siloam Hospitals Purwakarta comprises a three-storey hospital building and a five-storey hospital building adjoining each other, with a maximum capacity of 202 beds. The three-storey and five-storey hospital buildings were completed in 2005 and 2008 respectively, and underwent major refurbishment works which completed in September 2014. Siloam Hospitals Purwakarta has a total GFA of 8,254 sq m. It is equipped with state-of-the-art medical equipment and has approximately 250 vehicle parking spaces. Siloam Hospitals Purwakarta is a Centre of Excellence for Emergency & Trauma, and is registered to treat patients under the Health Ministry's Social Security Management Agency (Badan Penyelenggara Jaminan Sosial/BPJS) Program.

Key Statistics as at 31 December 2018

Type	Hospital
Centre of Excellence	Emergency & Trauma
Land Area (sq m)	7,990
GFA (sq m)	8,254
Purchase Price (S\$)	31.0 million
Appraised Value ³⁵ (S\$)	40.4 million
Max No. of Beds	202 beds
Year of Building Completion	2005 (for the three-storey building) and 2008 (for the five-storey building)
Lease Terms	15 years with option to renew for 15 years with effect from 28 May 2014
Land Tenure ³⁶	The SHGB title certificates below are expiring on 14 November 2043: (1) HGB No. 01666/Cibening (2) HGB No. 01667/Cibening (3) HGB No. 01668/Cibening (4) HGB No. 02189/Cibening (5) HGB No. 01670/Cibening; (6) The remaining SHGB title, SHGB No. 01050/Cibening, is expiring on 27 November 2043.

³⁵ Appraised by KJPP Rengganis, Hamid & Rekan in strategic alliance with CBRE Pte. Ltd.

³⁶ In Indonesia, a HGB title is the closest form of land title to the internationally recognised concept of “leasehold” title.

Siloam Sriwijaya

Jalan POM IX, Komplek Palembang Square, Palembang, Indonesia.



Siloam Sriwijaya is a strata-titled seven-storey hospital building which was completed in 2012 and has a maximum capacity of 357 beds. Siloam Sriwijaya is part of the Palembang Square Extension, which is an integrated development which comprises a shopping mall, a hospital and approximately 800 vehicle parking lots.

Siloam Sriwijaya is currently operating under the “Siloam Hospitals” brand. Siloam Sriwijaya has a GFA of 15,709 sq m. The hospital is equipped with state-of-the-art medical equipment. Siloam Sriwijaya also has Centres of Excellence for Emergency & Trauma and Gastroenterology.

Key Statistics as at 31 December 2018

Type	Hospital
Centres of Excellence	Emergency & Trauma and Gastroenterology
Strata Floor Area (sq m)	15,709
Purchase Price (S\$)	39.2 million
Appraised Value³⁷ (S\$)	41.6 million
Max No. of Beds	357 beds
Year of Building Completion	2012
Lease Terms	15 years with option to renew for 15 years with effect from 29 December 2014
Strata Tenure	The strata title certificates below are expiring on 3 February 2044: (1) HMSRS No. 6982/RM/RS/01 (2) HMSRS No. 6983/03/RS/01 (3) HMSRS No. 6985/05/RS/01 (4) HMSRS No. 6986/02/RS/01 (5) HMSRS No. 6987/GF/RS/01 (6) HMSRS No. 6993/06/RS/01 (7) HMSRS No. 6994/01/RS/01 (8) HMSRS No. 6995/UG/RS/01
Land Tenure	BOT agreement expiring on 24 January 2041

³⁷ Appraised by Colliers International Consultancy & Valuation (Singapore) Pte Ltd in alliance with KJPP Rinaldi, Alberth, Baroto & Rekan in Indonesia.

Siloam Hospitals Kupang & Lippo Plaza Kupang

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



Siloam Hospitals Kupang has a GFA of 21,593 sq m, and comprises a four-storey hospital building with a basement level. It has a maximum capacity of 416 beds and 133 vehicle parking spaces. Siloam Hospitals Kupang was completed in November 2014 and commenced operations under the “Siloam Hospitals” brand on 20 December 2014. It has Centres of Excellence for Emergency & Trauma, Obstetrics, Gynaecology and Paediatrics, while the various specialties offered include internal medicine, anaesthesiology, cardiology, obstetrics and gynaecology, neurology and general surgery.

It includes, among others, an open vehicle parking area, driveways, drop-off areas, pavements, loading dock areas and a lawn.

Lippo Plaza Kupang is a three-storey shopping mall with a rooftop cinema and car park, and a GFA of 33,775 sq m. It was completed in December 2014 and commenced operations in March 2015.

Key Statistics as at 31 December 2018

Type	Integrated Hospital and Mall
Centres of Excellence	Emergency & Trauma, Obstetrics, Gynaecology and Paediatrics
Land Area (sq m)	66,060
GFA (sq m)	55,368
Purchase Price (S\$)	75.0 million
Appraised Value³⁸ (S\$)	74.1 million ³⁹
Max No. of Beds	416 beds
Year of Building Completion	2014
Lease Terms	15 years with option to renew for 15 years with effect from 14 Dec 2015
Land Tenure	BOT agreement expiring on 12 May 2041

³⁸ Appraised by Cushman & Wakefield VHS Pte. Ltd. in collaboration with KJPP Firman, Suryantoro, Sugeng, Suzy, Hartomo & Rekan in Indonesia.

³⁹ Siloam Hospitals Kupang & Lippo Plaza Kupang's valuation is based on an extended term of the BOT agreement from 25 years previously to 30 years up to 12 May 2041.

Siloam Hospitals Labuan Bajo

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



Siloam Hospitals Labuan Bajo comprises a three-storey hospital with a maximum capacity of 153 beds that commenced operations in mid-January 2016. Siloam Hospitals Labuan Bajo has a total GFA of 7,604 sq m. It has Centres of Excellence for emergency medicine, internal medicine and neuroscience. Some of the medical facilities available at Siloam Hospitals Labuan Bajo include emergency rooms, operating theatres, delivery rooms, outpatient clinics, in-patient services, isolation rooms, intensive care unit, neonatal intensive care unit, X-ray machines, ultrasonography and 3-dimension echocardiography.

Key Statistics as at 31 December 2018

Type	Hospital
Centres of Excellence	Emergency Medicine, Internal Medicine and Neuroscience
Land Area (sq m)	2,837
GFA (sq m)	7,604
Purchase Price (S\$)	20.0 million
Appraised Value⁴⁰ (S\$)	20.6 million
Max No. of Beds	153 beds
Year of Building Completion	2015
Lease Terms	15 years with option to renew for 15 years with effect from 30 December 2016
Land Tenure⁴¹	HGB No. 00029/Gorontalo; expires on 11 May 2046

⁴⁰ Appraised by Cushman & Wakefield VHS Pte. Ltd. in collaboration with KJPP Firman, Suryantoro, Sugeng, Suzy, Hartomo & Rekan in Indonesia.

⁴¹ In Indonesia, a HGB title is the closest form of land title to the internationally recognised concept of "leasehold" title.

Siloam Hospitals Buton & Lippo Plaza Buton

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



Siloam Hospitals Buton comprises a three-storey hospital with a maximum capacity of 160 beds and ancillary healthcare-related space. Siloam Hospitals Buton commenced operations in April 2016. It has a total GFA of 10,796 sq m and is a Centre of Excellence for Emergency & Trauma. Siloam Hospitals Buton has medical facilities including operating theatres, fast response ambulance services, delivery rooms, outpatient clinics, inpatient services, intensive care unit (“**ICU**”), neonatal ICU, X-ray machine, 16-slice CT scanner, haemodialysis, and ultrasonography amongst others. Various medical services offered include neurology, general surgery, internal medicine, paediatrics, obstetrics and gynaecology, radiology, ENT specialities and ophthalmology amongst others.

Lippo Plaza Buton is a standalone single-storey retail mall which commenced operations in December 2015. Lippo Plaza Buton has a total GFA of 11,138 sq m. It is directly linked to and integrated with Siloam Hospitals Buton, and provides complementary amenities to patients and visitors of the hospital. The major tenants of Lippo Plaza Buton include Matahari Department Store and Hypermart.

Key Statistics as at 31 December 2018

Type	Integrated Hospital and Mall
Centre of Excellence	Emergency & Trauma
Land Area (sq m)	21,874
GFA (sq m)	21,934
Purchase Price (S\$)	28.5 million
Appraised Value⁴² (S\$)	28.8 million
Max No. of Beds	160 beds
Year of Building Completion	2016
Lease Terms	15 years with option to renew for 15 years with effect from 10 October 2017
Land Tenure	BOT Agreement expiring on 15 June 2044

⁴² Appraised by Colliers International Consultancy & Valuation (Singapore) Pte Ltd in alliance with KJPP Rinaldi, Alberth, Baroto & Rekan in Indonesia.

Siloam Hospitals Yogyakarta

Jalan Laksda Adi Sucipto No. 32-34, Yogyakarta, Republic of Indonesia



Siloam Hospitals Yogyakarta is part of a 10-storey integrated development in Yogyakarta which includes Lippo Plaza Jogja. The integrated development is part of a joint acquisition with LMIRT, where First REIT acquired Siloam Hospitals Yogyakarta and LMIRT acquired Lippo Plaza Jogja. Siloam Hospitals Yogyakarta has a GFA of 12,474 sq m with a maximum capacity of 220 beds and commenced operations under the “Siloam Hospitals” brand in July 2017 with Centres of Excellence for Neuroscience and Cardiology. Physical construction and redevelopment works for SHYG were completed in 2015.

Commencing operations in July 2017, the hospital is one of the most advanced and well-equipped healthcare facilities in Yogyakarta City, one of the most densely populated cities in Java and a cultural centre of Indonesia. It shares a multi-storey vehicle parking area with Lippo Plaza Jogja on the upper levels totalling approximately 752 car lots and 875 motorcycle lots. It is newly furnished and fitted with state-of-the-art medical facilities and technology, and is the only hospital in Yogyakarta with a Rapid Response System. Centrally located in Yogyakarta, it is highly accessible and situated approximately five kilometres from the Adisucipto International Airport.

Key Statistics as at 31 December 2018

Type	Hospital
Centres of Excellence	Cardiology and Neuroscience
Land Area (sq m)	13,715
GFA (sq m)	12,474
Purchase Price (S\$)	27.0 million
Appraised Value⁴³ (S\$)	27.2 million
Max No. of Beds	220 beds
Year of Building Completion	2015
Lease Terms	15 years with option to renew for 15 years with effect from 22 December 2017
Land Tenure⁴⁴	HGB No. 00131/Kelurahan Demangan; expires on 27 December 2043 ⁴⁵

⁴³ Appraised by Colliers International Consultancy & Valuation (Singapore) Pte Ltd in alliance with KJPP Rinaldi, Alberth, Baroto & Rekan in Indonesia.

⁴⁴ In Indonesia, a HGB title is the closest form of land title to the internationally recognised concept of “leasehold” title.

⁴⁵ As current regulations do not allow the subdivision and issuing of separate strata titles, First REIT and LMIRT therefore decided to jointly acquire the asset.

C. Singapore Portfolio

Pacific Healthcare Nursing Home @ Bukit Merah

6 Lengkok Bahru, Singapore 159051



Pacific Healthcare Nursing Home @ Bukit Merah, located close to Bukit Merah New Town and Redhill MRT station as well as the city centre, is a four-storey custom-built nursing home with a maximum capacity of 259 beds, a basement car park and a roof terrace. Managed by Pacific Healthcare Nursing Home Pte. Ltd., Pacific Healthcare Nursing Home @ Bukit Merah has a land area of 1,984 sq m and has a GFA of 3,593 sq m. Lease tenure for the land is for a period of 30 years with effect from 22 April 2002.

Key Statistics as at 31 December 2018

Type	Nursing Home
Land Area (sq m)	1,984
GFA (sq m)	3,593
Purchase Price (S\$)	11.8 million
Appraised Value⁴⁶ (S\$)	9.5 million
Max No. of Beds	259 beds
Year of Building Completion	2004
Lease Terms	10 years with option to renew for 10 years with effect from 11 April 2007 (tenant has exercised the option)
Land Tenure	30 years with effect from 22 April 2002

⁴⁶ Appraised by Cushman & Wakefield VHS Pte. Ltd.

Pacific Healthcare Nursing Home II @ Bukit Panjang
 21 Senja Road, Singapore 677736



Pacific Healthcare Nursing Home II @ Bukit Panjang is a five-storey custom-built nursing home with a maximum capacity of 265 beds and approximately 33 car park lots. It is situated close to Bukit Panjang Town Centre, Bukit Panjang MRT station and Senja LRT station, and is approximately 15 km away from the city centre. Managed by Pacific Eldercare and Nursing Pte. Ltd., it has a land area of 2,000 sq m and a GFA of 3,563 sq m. Lease tenure for the land is for a period of 30 years with effect from 14 May 2003.

Key Statistics as at 31 December 2018

Type	Nursing Home
Land Area (sq m)	2,000
GFA (sq m)	3,563
Purchase Price (S\$)	11.5 million
Appraised Value ⁴⁷ (S\$)	9.7 million
Max No. of Beds	265 beds
Year of Building Completion	2006
Lease Terms	10 years with option to renew for 10 years with effect from 11 April 2007 (tenant has exercised the option)
Land Tenure	30 years with effect from 14 May 2003

⁴⁷ Appraised by Cushman & Wakefield VHS Pte. Ltd.

The Lentor Residence

51 Lentor Avenue, Singapore 786876



The Lentor Residence is a five-storey custom-built nursing home situated at Lentor Avenue, and is managed by The Lentor Residence Pte Ltd. Included as part of the health and medical care of the Master Plan Zoning (2014 Edition), the 208-bed nursing home occupies a land area of 2,486 sq m and has a GFA of 4,005 sq m.

The asset enhancement initiative of constructing an additional storey and a five-storey extension building was completed in February 2013. Lease tenure for the land is for a period of 99 years with effect from 20 August 1938.

Key Statistics as at 31 December 2018

Type	Nursing Home
Land Area (sq m)	2,486
GFA (sq m)	4,005
Purchase Price (S\$)	12.8 million
Appraised Value⁴⁸ (S\$)	15.7 million
Max No. of Beds	208 beds
Year of Building Completion	1999 for original building; 2013 for extension building
Lease Terms	10 years with option to renew for 10 years with effect from 8 June 2007 (tenant has exercised the option)
Land Tenure	99 years with effect from 20 August 1938

⁴⁸ Appraised by Cushman & Wakefield VHS Pte. Ltd.

D. South Korea Portfolio

Sarang Hospital

267 – 9, 267 – 36 and 267 – 40 Bongsan-Dong, Yeosu City, Jeollanam – Do, South Korea



Sarang Hospital comprises a six-storey hospital with one basement level. It has a total GFA of 4,982 sq m and is located in Yeosu City, South Korea. It is equipped with rehabilitation facilities and has a maximum capacity of 217 beds.

Key Statistics as at 31 December 2018

Type	Hospital
Land Area (sq m)	2,142
GFA (sq m)	4,982
Purchase Price (US\$)	13.0 million
Appraised Value ⁴⁹ (S\$)	8.6 million ⁵⁰
Max No. of Beds	217 beds
Year of Building Completion	2010
Lease Terms	10 years with option to renew for 10 years with effect from 5 August 2011
Land Tenure	Freehold

⁴⁹ Appraised by Cushman & Wakefield VHS Pte. Ltd.

⁵⁰ Sarang Hospital's valuation is based on a value of US\$6.3 million at the exchange rate of US\$1 = S\$1.3643 as at 31 December 2018.

9. DESCRIPTION OF THE MASTER LEASE AGREEMENTS

The Indonesia Properties and South Korea Property are leased by the respective special purpose companies holding the Properties to the Master Lessee while the Singapore Properties are leased to the Master Lessee by the First REIT Trustee, pursuant to the Master Lease Agreements.

Under each Master Lease Agreement, the landlord leases to the Master Lessee the relevant property together with the mechanical and electrical equipment.

A. Principal Terms of the Master Lease Agreements

The term of each Master Lease Agreement is for 10 to 15 years with an option for the Master Lessee to obtain an additional lease for a further term of 10 to 15 years on terms and conditions to be discussed and agreed. The rent for the further term shall be at the then prevailing market rent, as may be agreed by the relevant landlord and the Master Lessee. For the Indonesia Properties, if there is no agreement by the relevant landlord and the Master Lessee on such prevailing market rent, the rent for the further term will be based on the rent applicable to the 15th year of the term adjusted upwards taking into account the aggregated percentage increase of the CPI of Singapore for the 12 months comprised in the 15th year of the term.

The Master Lessee is required to pay rent on a monthly basis or quarterly basis in advance, which rent shall comprise base rent and variable rent (if any). A summary of the aggregate annual rent payable for each of the Properties is as follows:

Property	Total Annual Rent (FY 2018)	Percentage of Total Annual Rental (FY 2018)
	S\$m	%
Siloam Hospitals Lippo Village	14.7	12.7
Siloam Hospitals Kebon Jeruk	8.3	7.1
Siloam Hospitals Surabaya	3.3	2.8
Imperial Aryaduta Hotel & Country Club	4.0	3.4
Pacific Healthcare Nursing Home @ Bukit Merah	1.1	1.0
Pacific Healthcare Nursing Home II @ Bukit Panjang	1.1	1.0
The Lentor Residence	1.7	1.5
Mochtar Riady Comprehensive Cancer Centre	21.4	18.4
Siloam Hospitals Lippo Cikarang	4.3	3.7
Sarang Hospital	0.7	0.6
Siloam Hospitals Manado & Hotel Aryaduta Manado	8.7	7.5
Siloam Hospitals Makassar	6.0	5.2
Siloam Hospitals Bali	9.9	8.5
Siloam Hospitals TB Simatupang	9.4	8.1
Siloam Hospitals Purwakarta	3.5	3.0
Siloam Sriwijaya	4.0	3.4
Siloam Hospitals Kupang & Lippo Plaza Kupang	7.0	6.0
Siloam Hospitals Labuan Bajo	1.9	1.6
Siloam Hospitals Buton & Lippo Plaza Buton	2.8	2.4
Siloam Hospitals Yogyakarta	2.4	2.1

B. Rationale for Structure of Rent

Under the Master Lease Agreements of the Indonesia Properties, the Master Lessee is required to pay rent comprising base rent and variable rent for the entire lease term. The Singapore Properties and the South Korea Property do not have any variable rent component.

The base rent also includes a step-up mechanism, with a floor of 0.0% and a cap of 2.0%. The rationale for the step-up mechanism is to enable First REIT to benefit from the growth inherent in the underlying assets and at the same time protect Unitholders from any downside. The step-up is based on percentage increases in CPI which is commonly used by healthcare REITs in the U.S. In the Master Lease Agreements, the CPI of Singapore is used instead of the CPI of Indonesia due to, amongst other things, the rent being denominated in Singapore dollars.

In respect of the Indonesia Properties, the variable rent mechanism is formulated to enable First REIT to benefit from the growth of the Indonesian healthcare sector. The variable rent mechanism would provide the Unitholders with the opportunity to participate in the growing Indonesian healthcare sector while providing a downside protection mechanism.

C. Other Material Terms

The Master Lessee will provide a security deposit of between three to 10 months' rent, in the form of a bank guarantee or cash, under the Master Lease Agreements as security for the compliance of the Master Lessee of the terms of the Master Lease Agreements as well as against any loss or damage resulting from the Master Lessee's default and against any claim by the relevant landlord against the Master Lessee.

The Master Lessee shall be responsible for the land and building tax, except for The Lantor Residence, (including all increases thereof) and all outgoings and expenses to be incurred in respect of the relevant Property. Such expenses would include expenses for property repairs, maintenance and management, all operating expenses and utilities, fire tests as required by the relevant fire safety authority, landscaping, security services, and maintenance of common areas and lifts.

For the Indonesia Properties, each relevant landlord shall, after the first two years of the lease term, be responsible for any repair and replacement works in relation to the structural parts of the properties and the mechanical and electrical equipment which are of a capital nature. Any repair and replacement works which are of an expense nature (as defined in the SFRS, as may be amended from time to time) shall be borne by the Master Lessee. During the first two years of the lease term, the Master Lessee shall be responsible for all repair and replacement works, whether or not of a capital nature and irrespective of the cost of such works.

For the Singapore Properties and the South Korea Property, each relevant landlord shall be responsible for any repair and replacement works in relation to the structural parts of the properties which are capital in nature only.

The Master Lessee is not permitted to assign any of the Master Lease Agreements except where such assignment is to its wholly-owned subsidiary and the performance of the assignee's obligations under the relevant Master Lease Agreement is guaranteed by the Master Lessee.

The Master Lessee may sub-let any part of the properties to only sub-lessees of good repute and sound financial standing.

All necessary regulatory approvals required by law for the operation of its business or the business of any permitted occupier in the properties must be obtained by the Master Lessee at its own cost.

The Master Lessee must at its own cost take out and maintain, amongst other things, all risks and public liability insurance policies covering the properties and the mechanical and electrical equipment.

If any of the properties is damaged or destroyed, the relevant landlord has the option to reinstate or replace such property (or the affected part, as the case may be) using insurance proceeds received under the insurance policies. If the relevant landlord opts to reinstate or replace the property, the rent payable by the Master Lessee will be abated in respect of the period during which the property cannot be used or is inaccessible. If the relevant landlord opts not to reinstate or replace the property, the Master Lessee may either terminate the relevant Master Lease Agreement or opt to reinstate or replace the property using insurance proceeds received under the insurance policies. If the property is only partly usable as a result of the damage, the Master Lessee's liability for the rent will be reduced in proportion to the reduction in the usability caused by the damage with effect from the date of the damage or destruction.

For the Indonesia Properties, if any change in or amendment to the relevant laws or treaties increases the taxes payable by the relevant landlord, the increased tax shall be borne by the Master Lessee provided that if the taxes are increased to a material extent, the increased tax, to the extent of such increase, shall be borne equally by the relevant landlord and the Master Lessee. The taxes payable by the relevant landlord will be deemed to be increased to a material extent if the taxes payable after such increase takes effect will exceed the taxes payable before such increase by at least 50.0%. The relevant landlord and the Master Lessee shall in good faith endeavour to take or implement such steps or measures with the intention of reducing the amount of taxes payable by the relevant landlord.

SELECTED FINANCIAL INFORMATION

The following sets out selected financial information of First REIT as at 31 December 2016, 31 December 2017 and 31 December 2018 and for the financial years ended 31 December 2016, 31 December 2017 and 31 December 2018.

Statements of Total Return

	FY 2018 S\$'000	Audited FY 2017 S\$'000	FY 2016 S\$'000
Rental and other income	116,198	110,993	107,017
Property operating expenses	(1,807)	(1,517)	(1,182)
Net Property and other income	114,391	109,476	105,835
Interest income	1,690	1,429	1,131
Manager's management fees	(11,435)	(10,877)	(10,584)
Trustee fees	(427)	(405)	(398)
Finance costs	(21,614)	(17,818)	(17,768)
Other expenses	(2,298)	(1,056)	(3,318)
Non-property expenses	(35,774)	(30,156)	(32,068)
Net income before the undernoted	80,307	80,749	74,898
Net fair value (losses)/gains of investment properties	(5,358)	13,367	(8,915)
Gains on divestment of investment property	–	–	512
Net fair value losses of derivative financial instruments	(174)	(558)	(2,249)
Total return for the year before income tax	74,775	93,558	64,246
Income tax benefit/(expense)	1,100	(20,120)	(23,905)
Total return for the year after income tax	75,875	73,438	40,341
Exchange differences on translating foreign operations, net of tax	370	(649)	143
Total comprehensive return for the year	76,245	72,789	40,484
Total return for the year after income tax	75,875	73,438	40,341
Manager's management fees settled in units	9,459	8,892	7,148
Change in fair value of investment properties, net of deferred tax	(14,343)	(11,062)	15,444
Net fair value losses of derivative financial instruments	174	558	2,249
Gains on divestment of investment property, net of tax	–	–	(122)
Amount reserved for distribution to perpetual securities holders	(3,408)	(3,408)	(1,653)
Foreign exchange adjustment losses/(gains)	380	(1,526)	461
Others	(456)	(165)	1,380
Amount available for distribution to the Unitholders	67,681	66,727	65,248
Distribution per Unit (cents)	8.60	8.57	8.47
Earnings per Unit (cents)			
Basic and diluted	9.23	9.02	5.04

1. FY 2018 VERSUS FY 2017

Gross revenue for FY 2018 increased by 4.7% to S\$116.2 million compared to FY 2017, mainly due to the contributions from Siloam Hospitals Buton & Lippo Plaza Buton and Siloam Hospitals Yogyakarta as well as from existing properties.

Property operating expenses for FY 2018 increased by 19.1% to S\$1.8 million compared to FY 2017, mainly due to higher property expenses incurred for Sarang Hospital and the Indonesia Properties.

Interest income for FY 2018 increased to S\$1.7 million compared to FY 2017, mainly due to the returns from the progress payments for the development of the new Siloam Hospitals Surabaya.

The First REIT Manager's management fees for FY 2018 increased by 5.1% to S\$11.4 million compared to FY 2017, mainly due to higher net property income and total assets.

The First REIT Trustee's fees for FY 2018 increased by 5.4% to S\$427,000 compared to FY 2017, mainly due to higher total assets.

Finance costs for FY 2018 increased to S\$21.6 million compared to FY 2017 mainly due to higher interest rates on loans, higher loan amounts drawn down to finance the acquisition of Siloam Hospitals Buton & Lippo Plaza Buton and Siloam Hospitals Yogyakarta in 4Q 2017 and the second progress payment for development of the new Siloam Hospitals Surabaya in 3Q 2017 as well as the write-off of unamortised loan related costs due to refinancing of bank loans.

Other expenses for FY 2018 increased to S\$2.3 million compared to FY 2017 mainly due to unrealised exchange losses on the USD-denominated loan.

Net fair value losses on investment properties for FY 2018 of S\$5.4 million compared to net fair value gains on investment properties for FY 2017 was mainly due to losses on revaluation of investment properties.

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

Income tax benefit for FY 2018 of S\$1.1 million compared to income tax expense for FY 2017 mainly due to the write-back of provision for deferred taxation on fair value losses on investment properties resulting from a reduction in tax rates, partly offset by higher current tax expenses.

Total return after tax for FY 2018 decreased as compared to FY 2017, mainly due to fair value losses on revaluation of investment properties offset by write-back of provision for deferred taxation on fair value of investment properties.

2. FY 2017 VERSUS FY 2016

Gross revenue for FY 2017 increased by 3.7% to S\$111.0 million compared to FY 2016, mainly due to the contributions from Siloam Hospitals Labuan Bajo, Siloam Hospitals Buton & Lippo Plaza Buton, and Siloam Hospitals Yogyakarta, as well as from existing properties.

Property operating expenses for FY 2017 increased by 28.3% to S\$1.5 million compared to FY 2016, mainly due to higher property expenses incurred for Sarang Hospital and the Indonesia Properties.

Interest income for FY 2017 increased to S\$1.4 million compared to FY 2016, mainly due to the returns from the progress payments for the development of the new Siloam Hospitals Surabaya.

The First REIT Manager's management fees for FY 2017 increased by 2.8% to S\$10.9 million compared to FY 2016, mainly due to higher net property income and total assets.

Other expenses for FY 2017 decreased by 68.2% to S\$1.1 million compared to FY 2016, mainly due to absence of costs in relation to the Siloam Hospitals Surabaya transaction incurred in 1Q 2016 and higher unrealised exchange gain from the USD-denominated loan.

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

Income tax expenses for FY 2017 decreased to S\$20.1 million compared to FY 2016, mainly due to the lower provision for deferred taxation on the fair value on investment properties, partly offset by higher current tax expenses.

Total return after tax for FY 2017 increased by 82.0% to S\$73.4 million compared to FY 2016, mainly due to the fair value gain on revaluation of investment properties, as well as lower net losses in fair value of derivative financial instruments.

Statements of Financial Position

	As at 31 December 2018 S\$'000	Audited As at 31 December 2017 S\$'000	As at 31 December 2016 S\$'000
Non-current assets			
Plant and equipment	68	–	–
Investment properties	1,345,295	1,349,303	1,273,159
Deferred tax assets	1,368	1,213	971
Other receivables, non-current	27,035	27,035	18,035
	1,373,766	1,377,551	1,292,165
Current assets			
Trade and other receivables, current	32,391	25,982	11,754
Other financial assets, current	26	–	–
Other assets, current	4,833	4,573	3,680
Cash and cash equivalents	27,758	15,741	33,576
	65,008	46,296	49,010
Total assets	1,438,774	1,423,847	1,341,175
Non-current liabilities			
Deferred tax liabilities	31,850	51,396	48,849
Other financial liabilities, non-current	386,761	278,125	271,642
Derivative financial instruments	250	512	118
	418,861	330,033	320,609
Current liabilities			
Income tax payable	1,989	2,000	1,194
Trade and other payables, current	16,135	18,216	16,879
Other financial liabilities, current	109,658	198,324	141,967
Other liabilities, current	22,793	22,795	21,947
Derivative financial instruments	185	164	–
	150,760	241,499	181,987
Total liabilities	569,621	571,532	502,596
Net assets	869,153	852,315	838,579
Represented by:			
Net assets attributable to unitholders	808,275	791,437	777,701
Perpetual securities holders	60,878	60,878	60,878
Net assets attributable to perpetual securities holders	60,878	60,878	60,878
Net assets value	869,153	852,315	838,579
Net assets value per unit (cents)	102.51	101.47	100.79

1. FY 2018 VERSUS FY 2017

Investment properties decreased from S\$1,349.3 million to S\$1,345.3 million mainly due to fair value losses on revaluation of investment properties.

Trade and other receivables, current increased from S\$26.0 million to S\$32.4 million mainly due to the advance rental receivables from tenants. On 15 January 2019, First REIT received rental payments amounting to \$8.0 million from tenants.

Deferred tax liabilities decreased from S\$51.4 million to S\$31.9 million mainly due to write back of provision for deferred taxation on fair value loss on investment properties resulting from a reduction in tax rates.

Other financial liabilities, non-current and current increased from S\$476.4 million to S\$496.4 million mainly due to higher loan amounts for working capital and capital expenditure requirements.

2. FY 2017 VERSUS FY 2016

Investment properties increased from S\$1,273.2 million to S\$1,349.3 million mainly due to acquisition of Siloam Hospitals Buton & Lippo Plaza Buton in October 2017 and Siloam Hospitals Yogyakarta in December 2017 and fair value gains of S\$13.4 million.

Other receivables, non-current increased from S\$18.0 million to S\$27.0 million mainly due to the second progress payment made for development of the new Siloam Hospitals Surabaya in August 2017.

Trade and other receivables, current increased from S\$11.8 million to S\$26.0 million mainly due to the advance rental receivables from tenants.

Other financial liabilities, non-current and current increased from S\$413.6 million to S\$476.4 million mainly due to higher loan amounts to finance the second progress payment for development of the new Siloam Hospitals Surabaya, and the acquisition of Siloam Hospitals Buton & Lippo Plaza Buton and Siloam Hospitals Yogyakarta.

USE OF PROCEEDS

The net proceeds arising from the issue of the Securities under the Programme (after deducting issue expenses) will be used for (a) the purpose of (1) refinancing the existing borrowings of the Group, (2) financing or refinancing the acquisitions and/or investments of First REIT and any development and asset enhancement works initiated by First REIT, (3) financing general working capital purposes and capital expenditure requirements of the Group or (b) such other purpose as may be specified in the relevant Pricing Supplement.

CLEARING AND SETTLEMENT

Clearance and Settlement under the Depository System

In respect of Securities which are accepted for clearance by CDP in Singapore, clearance will be effected through an electronic book-entry clearance and settlement system for the trading of debt securities (“**Depository System**”) maintained by CDP. Securities that are to be listed on the SGX-ST may be cleared through CDP. CDP, a wholly-owned subsidiary of Singapore Exchange Limited, is incorporated under the laws of Singapore and acts as a depository and clearing organisation. CDP holds securities for its accountholders and facilitates the clearance and settlement of securities transactions between accountholders through electronic book-entry changes in the securities accounts maintained by such accountholders with CDP.

In respect of Securities which are accepted for clearance by CDP, the entire issue of the Securities is to be held by CDP in the form of a Global Security or Global Certificate for persons holding the Securities in securities accounts with CDP (“**Depositors**”). Delivery and transfer of Securities between Depositors is by electronic book-entries in the records of CDP only, as reflected in the securities accounts of Depositors. Settlement of over-the-counter trades in the Securities through the Depository System may be effected through securities sub-accounts held with corporate depositors (“**Depository Agents**”). Depositors holding the Securities in direct securities accounts with CDP, and who wish to trade Securities through the Depository System, must transfer the Securities to a securities sub-account with a Depository Agent for trade settlement.

CDP is not involved in money settlement between the Depository Agents (or any other persons) as CDP is not a counterparty in the settlement of trades of debt securities. However, CDP will make payment of interest and repayment of principal on behalf of issuers of debt securities. Although CDP has established procedures to facilitate transfer of interests in the Securities in global form among Depositors, it is under no obligation to perform or continue to perform such procedures, and such procedures may be discontinued at any time. None of the Issuer, the Issuing and Paying Agent or any other agent will have the responsibility for the performance by CDP of its obligations under the rules and procedures governing its operations.

Clearance and Settlement under Euroclear and/or Clearstream, Luxembourg

Euroclear and Clearstream, Luxembourg each holds securities for participating organisations and facilitates the clearance and settlement of securities transactions between their respective participants through electronic book-entry changes in the accounts of such participants, thereby eliminating the need for physical movements of certificates and any risks from lack of simultaneous transfer. Euroclear and Clearstream, Luxembourg provide to their respective participants, among other things, services for safekeeping, administration, clearance and settlement of internationally-traded securities and securities lending and borrowing. Euroclear and Clearstream, Luxembourg each also deals with domestic securities markets in several countries through established depository and custodial relationships. Euroclear and Clearstream, Luxembourg have established an electronic bridge between their two systems which enables their respective participants to settle trades with one another. Euroclear and Clearstream, Luxembourg participants are financial institutions throughout the world, including underwriters, securities brokers and dealers, banks, trust companies, clearing corporations and certain other organisations. Indirect access to Euroclear or Clearstream, Luxembourg is also available to others, such as banks, brokers, dealers and trust companies which clear through, or maintain a custodial relationship with, a Euroclear or Clearstream, Luxembourg participant, either directly or indirectly.

A participant’s overall contractual relations with either Euroclear or Clearstream, Luxembourg are governed by the respective rules and operating procedures of Euroclear or Clearstream, Luxembourg and any applicable laws. Both Euroclear and Clearstream, Luxembourg act under those rules and operating procedures only on behalf of their respective participants, and have no record of, or relationship with, persons holding any interests through their respective participants.

Distributions of principal with respect to book-entry interests in the Securities held through Euroclear or Clearstream, Luxembourg will be credited, to the extent received by the relevant Paying Agent, to the cash accounts of the relevant Euroclear or Clearstream, Luxembourg participants in accordance with the relevant system's rules and procedures.

TAXATION

The statements below are general in nature and are based on certain aspects of current income tax laws in Singapore and administrative guidelines and circulars issued by the IRAS and the MAS in force as at the date of this Information Memorandum and are subject to any changes in such laws, administrative guidelines or circulars, or the interpretation of those laws, guidelines or circulars, occurring after such date, which changes could be made on a retroactive basis. These laws, guidelines and circulars are also subject to various interpretations and no assurance can be given that the relevant tax authorities or the courts will agree with the explanations or conclusions set out below. The statements are also based on certain measures announced in the 2019 Singapore Budget which have yet to be enacted as laws and is thus subject to the precise wordings of the relevant provisions when enacted. Neither these statements nor any other statements in this Information Memorandum are intended or are to be regarded as advice on the tax position of any Securityholders or of any person acquiring, selling or otherwise dealing with the Securities or on any tax implications arising from the acquisition, sale or other dealings in respect of the Securities. The statements made herein do not purport to be a comprehensive or exhaustive description of all the tax considerations that may be relevant to a decision to subscribe for, purchase, own or dispose of the Securities and do not purport to deal with the tax consequences applicable to all categories of investors, some of which (such as dealers in securities or financial institutions in Singapore which have been granted the relevant Financial Sector Incentive(s)) may be subject to special rules or tax rates. The statements should not be regarded as advice on the tax position of any person and should be treated with appropriate caution. Prospective Securityholders are advised to consult their own professional tax advisers as to the Singapore or other tax consequences of the subscription for, purchase, ownership or disposal of the Securities, including, in particular, the effect of any foreign, state or local tax laws to which they are subject. It is emphasised that none of the Issuer, the First REIT Manager, the Arrangers, the Dealers, the Trustee or any other persons involved in the Programme accepts responsibility for any tax effects or liabilities resulting from the subscription for, purchase, ownership or disposal of the Securities.

1. Taxation relating to payments on the Notes

Interest and Other Payments

Subject to the following paragraphs, under Section 12(6) of the ITA, the following payments are deemed to be derived from Singapore:

- (a) any interest, commission, fee or any other payment in connection with any loan or indebtedness or with any arrangement, management, guarantee, or service relating to any loan or indebtedness which is (i) borne, directly or indirectly, by a person resident in Singapore or a permanent establishment in Singapore (except in respect of any business carried on outside Singapore through a permanent establishment outside Singapore or any immovable property situated outside Singapore); or (ii) deductible against any income accruing in or derived from Singapore; or
- (b) any income derived from loans where the funds provided by such loans are brought into or used in Singapore.

Such payments, where made to a person not known to the paying party to be a resident in Singapore for tax purposes, are generally subject to withholding tax in Singapore. The rate at which tax is to be withheld for such payments (other than those subject to the 15.0% final withholding tax described below) to non-resident persons (other than non-resident individuals) is the prevailing corporate tax rate, currently 17.0%. The applicable rate for non-resident individuals is 22.0%. However, if the payment is derived by a person not resident in Singapore otherwise than from any trade, business, profession or vocation carried on or exercised by such person in Singapore and is not effectively connected with any permanent establishment in Singapore of that person, the payment is subject to a final withholding tax of 15.0%. The rate of 15.0% may be reduced by applicable tax treaties.

However, certain Singapore-sourced investment income derived by individuals from financial instruments is exempt from tax, including:

- (a) interest from debt securities derived on or after 1 January 2004;
- (b) discount income (not including discount income arising from secondary trading) from debt securities derived on or after 17 February 2006; and
- (c) prepayment fee, redemption premium and break cost from debt securities derived on or after 15 February 2007,

except where such income is derived through a partnership in Singapore or is derived from the carrying on of a trade, business or profession.

The terms “**prepayment fee**”, “**redemption premium**” and “**break cost**” are defined in the ITA as follows:

- “prepayment fee”, in relation to debt securities, qualifying debt securities and qualifying project debt securities, means any fee payable by the issuer of the securities on the early redemption of the securities, the amount of which is determined by the terms of the issuance of the securities;
- “redemption premium”, in relation to debt securities, qualifying debt securities and qualifying project debt securities, means any premium payable by the issuer of the securities on the redemption of the securities upon their maturity; and
- “break cost”, in relation to debt securities, qualifying debt securities and qualifying project debt securities, means any fee payable by the issuer of the securities on the early redemption of the securities, the amount of which is determined by any loss or liability incurred by the holder of the securities in connection with such redemption.

Any references to “prepayment fee”, “redemption premium” and “break cost” in this Singapore taxation disclosure shall have the same meaning as defined in the ITA.

In addition, as the Programme as a whole was arranged by The Hongkong and Shanghai Banking Corporation Limited, Singapore Branch and Oversea-Chinese Banking Corporation Limited, each of which was a Financial Sector Incentive (Bond Market) Company (as defined in the ITA) at that time, any tranche of the Notes issued under the Programme during the period from the date of this Information Memorandum to 31 December 2023 (“**Relevant Notes**”) would be, pursuant to the ITA and the Income Tax (Qualifying Debt Securities) Regulations (the “**QDS Regulations**”), “qualifying debt securities” (“**QDS**”) for the purposes of the ITA, to which the following treatment shall apply:

- (i) subject to certain prescribed conditions having been fulfilled (including the furnishing to the MAS by the Issuer or such other person as the MAS may direct, of a return on debt securities for the Relevant Notes within such period as the MAS may specify and such other particulars in connection with the Relevant Notes as the MAS may require and the inclusion by the Issuer in all offering documents relating to the Relevant Notes of a statement to the effect that where interest, discount income, prepayment fee, redemption premium or break cost from the Relevant Notes is derived by a person who is not resident in Singapore and who carries on any operation in Singapore through a permanent establishment in Singapore, the tax exemption for QDS shall not apply if the non-resident person acquires the Relevant Notes using funds of such person’s operations through the Singapore permanent establishment), interest, discount income (not including discount income arising from secondary trading), prepayment fee, redemption premium and break cost (collectively, the “**Qualifying Income**”) from the Relevant Notes, paid by the Issuer and derived by a holder who is not resident in

Singapore and who (aa) does not have any permanent establishment in Singapore or (bb) carries on any operation in Singapore through a permanent establishment in Singapore but the funds used by that person to acquire the Relevant Notes are not obtained from such person's operation through a permanent establishment in Singapore, are exempt from Singapore tax;

- (ii) subject to certain conditions having been fulfilled (including the furnishing to the MAS by the Issuer, or such other person as the MAS may direct, of a return on debt securities for the Relevant Notes within such period as the MAS may specify and such other particulars in connection with the Relevant Notes as the MAS may require), Qualifying Income from the Relevant Notes paid by the Issuer and derived by any company or body of persons (as defined in the ITA) in Singapore, other than any non-resident who qualifies for the tax exemption as described in paragraph (i) above, is subject to income tax at a concessionary rate of 10.0% (except for holders who have been granted the relevant Financial Sector Incentive(s) who may be taxed at different rates); and
- (iii) subject to:
 - (aa) the Issuer including in all offering documents relating to the Relevant Notes a statement to the effect that any person whose interest, discount income, prepayment fee, redemption premium or break cost (i.e. the Qualifying Income) derived from the Relevant Notes is not exempt from tax shall include such income in a return of income made under the ITA; and
 - (bb) the furnishing by the Issuer, or such person as the MAS may direct, to the MAS of a return on debt securities for the Relevant Notes within such period as the MAS may specify and such other particulars in connection with the Relevant Notes as the MAS may require,

Qualifying Income derived from the Relevant Notes is not subject to withholding of tax by the Issuer.

Notwithstanding the foregoing:

- (A) if during the primary launch of any tranche of the Relevant Notes, such tranche of the Relevant Notes is issued to fewer than four persons and 50.0% or more of the issue of such tranche of Relevant Notes is beneficially held or funded, directly or indirectly, by related parties of the Issuer or the First REIT Manager, such tranche of the Relevant Notes would not qualify as QDS; and
- (B) even though a particular tranche of the Relevant Notes is QDS, if, at any time during the tenure of such tranche of the Relevant Notes, 50.0% or more of the issue of such Relevant Notes which is outstanding at any time during the life of its issue is beneficially held or funded, directly or indirectly, by related parties of the Issuer or the First REIT Manager, Qualifying Income derived from such Relevant Notes by:
 - (I) any related party of the Issuer or the First REIT Manager; or
 - (II) any person where the funds used by such person to acquire such Relevant Notes are obtained, directly or indirectly, from any related party of the Issuer or the First REIT Manager,

shall not be eligible for the tax exemption or concessionary rate of tax of 10.0% as described above.

The term “**related party**”, in relation to a person, means any other person who, directly or indirectly, controls that person, or is controlled, directly or indirectly, by that person, or where he and that other person, directly or indirectly, are under the control of a common person.

Where interest, discount income, prepayment fee, redemption premium or break cost is derived from the Relevant Notes by any person who is not tax resident in Singapore and who carries on any operations in Singapore through a permanent establishment in Singapore, the tax exemption available for QDS under the ITA (as described above) shall not apply if such person acquires such Relevant Notes using the funds of such person’s operations through a permanent establishment in Singapore.

Notwithstanding that the Issuer is permitted to make payments of interest, discount income (not including discount income arising from secondary trading), prepayment fee, redemption premium and break cost (i.e. the Qualifying Income) in respect of the Relevant Notes without deduction or withholding of tax under Section 45 and Section 45A of the ITA, any person whose Qualifying Income derived from such Relevant Notes is not exempt from tax is required to include such income in a return of income made under the ITA.

The Qualifying Debt Securities Plus Scheme (“**QDS Plus Scheme**”), an enhancement to the QDS Scheme, has lapsed and does not apply to debt securities issued after 31 December 2018, but debt securities with tenures of at least 10 years which are issued on or before 31 December 2018 can continue to enjoy the tax exemption under the QDS Plus Scheme if the conditions of such scheme as set out below are satisfied.

Under the QDS Plus Scheme, subject to certain conditions having been fulfilled (including the furnishing by the Issuer, or such other person as the MAS may direct, to the MAS of a return on debt securities in respect of the QDS within such period as the MAS may specify and such other particulars in connection with the QDS as the MAS may require), income tax exemption is granted on Qualifying Income derived by any investor from QDS (excluding Singapore Government Securities) which:

- (a) are issued during the period from 16 February 2008 to 31 December 2018;
- (b) have an original maturity of not less than 10 years;
- (c) cannot have their tenure shortened to less than 10 years from the date of their issue, except where:
 - (i) the shortening of the tenure is a result of any early termination pursuant to certain specified early termination clauses which the Issuer included in any offering document for such QDS and which falls within the types of early termination clause prescribed in the QDS Regulations; and
 - (ii) the QDS do not contain any call, put, conversion, exchange or similar option that can be triggered at specified dates or at specified prices which have been priced into the value of the QDS at the time of their issue; and
- (d) cannot be re-opened with a resulting tenure of less than 10 years to the original maturity date.

Where the shortening of the tenure of the QDS to less than 10 years occurs under the circumstances prescribed by the QDS Regulations, the tax exemption under the QDS Plus Scheme shall not apply to Qualifying Income derived on or after the date on which the tenure of any portion of the QDS is shortened to less than 10 years from the date of its issue. Holders of any outstanding QDS may still enjoy the tax benefits under the QDS scheme, i.e. tax exemption or concessionary rate of tax as applicable, if the QDS conditions continue to be met.

In determining an investor's income that is to be exempted from tax under the QDS Plus Scheme, prescribed conditions apply in relation to how the investor's losses, expenses and capital allowances which are attributable to exempt income are to be treated. However, even if a particular tranche of the Relevant Notes is QDS which qualify under the QDS Plus Scheme, if, at any time during the tenure of such tranche of the Relevant Notes, 50.0% or more of the issue of such Relevant Notes which is outstanding at any time during the life of its issue is beneficially held or funded, directly or indirectly, by any related parties of the Issuer or the First REIT Manager, Qualifying Income from such Relevant Notes derived by:

- (i) any related party of the Issuer or the First REIT Manager; or
- (ii) any person where the funds used by such person to acquire the Relevant Notes are obtained, directly or indirectly, from any related party of the Issuer or the First REIT Manager,

shall not be eligible for the tax exemption under the QDS Plus Scheme as described above.

2. Taxation relating to payments on the Perpetual Securities

Singapore tax classification of hybrid instruments

The ITA currently does not contain specific provisions on how financial instruments that exhibit both debt-like and equity-like features, i.e. hybrid instruments, should be treated for income tax purposes. However, the IRAS has published an e-Tax Guide: Income Tax Treatment of Hybrid Instruments on 19 May 2014 (the "**Hybrid Instruments e-Tax Guide**") which sets out the income tax treatment of hybrid instruments, including the factors that the IRAS will generally use to determine whether such instruments are debt or equity instruments for income tax purposes.

Among others, the IRAS has stated in the Hybrid Instruments e-Tax Guide that:

- (a) whether or not a hybrid instrument will be treated as debt or equity security for income tax purposes will firstly depend on its legal form, to be determined based on an examination of the legal rights and obligations attached to the instrument;
- (b) a hybrid instrument is generally characterised as equity if the legal terms of the instrument indicate ownership interests in the issuer. If the legal form of a hybrid instrument is not indicative of or does not reflect the legal rights and obligations, the facts and circumstances surrounding the instrument and a combination of factors, not limited to the following, would have to be examined to ascertain the nature of the instrument for income tax purposes.

These factors include (but are not limited to):

- (i) nature of interest acquired;
- (ii) investor's right to participate in issuer's business;
- (iii) voting rights conferred by the instrument;
- (iv) obligation to repay the principal amount;
- (v) payout;
- (vi) investor's right to enforce payment;

- (vii) classification by other regulatory authority; and
- (viii) ranking for repayment in the event of liquidation or dissolution;
- (c) if a hybrid instrument is characterised as a debt instrument for income tax purposes, distributions from the issuer to the investors are regarded as interest;
- (d) if a hybrid instrument issued by a company or a REIT (as defined in the ITA) is characterised as an equity instrument for income tax purposes, distributions from the issuer to the investors are regarded as either dividends or REIT distributions; and
- (e) in respect of REIT distributions, the tax treatment depends on the underlying receipts from which such distributions are made and the profile of the investors.

Tax treatment if the Perpetual Securities are characterised as debt instruments

In the event that any tranche of the Perpetual Securities (the “**Relevant Tranche of Perpetual Securities**”) is characterised as debt instruments for Singapore income tax purposes, payment of distributions (including Optional Distributions) in respect of the Relevant Tranche of Perpetual Securities should be regarded as interest payments and the disclosure above under “Taxation relating to payments on the Notes” summarises the income tax treatment that may be applicable on the distributions (including Optional Distributions). For the purposes of such application, all references to “Notes” and “Relevant Notes” in the disclosure under “Taxation relating to payments on the Notes” shall be construed as references to “Perpetual Securities” and “Relevant Tranche of Perpetual Securities” and all references to “Qualifying Income” in the aforesaid disclosure shall include distributions (including Optional Distributions).

Tax treatment if the Perpetual Securities are characterised as equity instruments

In the event that the Relevant Tranche of Perpetual Securities issued by First REIT Trustee is characterised as equity instruments for Singapore income tax purposes and the distributions (including Optional Distributions) are to be treated as capital distributions in the hands of Perpetual Securityholders, the payment of distributions (including Optional Distributions) will not be subject to withholding of tax, irrespective of the profile of Perpetual Securityholders. The amount of such distributions (including Optional Distributions) will be treated as a return of capital in the hands of Perpetual Securityholders and will be applied to reduce the cost of their investment in the Perpetual Securities for Singapore income tax purposes. Where Perpetual Securityholders, based on their own circumstances, are subject to Singapore income tax on gains from the disposal of the Perpetual Securities, the reduced cost of their investments will be used for the purposes of computing such gains. If the amount of distributions (including Optional Distributions) exceeds the cost (or reduced cost, as the case may be) of their investment in the Perpetual Securities, the excess will be subject to tax and the sale proceeds from the subsequent sale of the Perpetual Securities will be fully taxable.

In the event that the Relevant Tranche of Perpetual Securities is characterised as equity instruments for Singapore income tax purposes but the distributions (including Optional Distributions) are to be treated in the same manner as distributions on Units, Perpetual Securityholders may be subject to income tax on such distributions, in whole or in part, currently at the rate of 17.0% or 10.0%. The First REIT Manager and the First REIT Trustee may also be obliged to withhold or deduct tax from the payment of such distributions (including Optional Distributions), in whole or part, at the rate of 17.0% or 10.0%, to certain Perpetual Securityholders and for this purpose, Perpetual Securityholders may, as in the case of Unitholders, be required to declare certain information relating to their status to the First REIT Manager and the First REIT Trustee prior to the making of each distribution (including any Optional Distribution). The disclosure below under “Taxation of distributions

on Units”, which summarises the income tax treatment currently applicable to distributions made on Units of First REIT, will be applicable to the distributions (including Optional Distributions) on the Relevant Tranche of Perpetual Securities if the payment of such distributions (including Optional Distributions) is to be treated in the same manner as distributions on Units.

Taxation of distributions on Units

Distributions on Units may comprise all, or a combination, of the following types of distributions:

- (a) taxable income distribution;
- (b) tax-exempt income distribution;
- (c) capital distribution; and
- (d) other gains distribution.

The tax treatment of each type of distribution differs and may depend on the profile of the beneficial owner of the distributions. Prospective holders of the Relevant Tranche of Perpetual Securities are advised to consult their own professional tax advisers as to the tax consequences that they may be subject to, in particular on the distributions (including Optional Distributions) on the Relevant Tranche of Perpetual Securities, where such distributions (including Optional Distributions) are treated in the same manner as distributions on Units. The statements below provide a summary of the tax treatment of distributions on Units.

Taxable income distribution

Withholding tax

The First REIT Trustee and the First REIT Manager are required to withhold or deduct tax from taxable income distributions unless such distributions are made to an individual or a “**Qualifying Unitholder**” who submits a declaration in a prescribed form within a stipulated time limit.

A “Qualifying Unitholder” is a Unitholder who is:

- a company incorporated and resident in Singapore;
- a Singapore branch of a company incorporated outside Singapore;
- a body of persons incorporated or registered in Singapore, including a charity registered under the Charities Act (Chapter 37 of Singapore) or established by any written law, a town council, a statutory board, a co-operative society registered under the Co-operative Societies Act (Chapter 62 of Singapore) or a trade union registered under the Trade Unions Act (Chapter 333 of Singapore);
- an international organisation that is exempt from tax on such distributions by reason of an order made under the International Organisations (Immunities and Privileges) Act (Chapter 145 of Singapore); or
- a real estate investment trust exchange-traded fund which has been accorded the tax transparency treatment.

In all other cases, the First REIT Trustee and the First REIT Manager will withhold or deduct tax, currently at the rate of 17.0%, from taxable income distributions. This rate is reduced to 10.0% for distributions made on or before 31 March 2020 to a foreign non-individual. It was announced in the 2019 Singapore Budget that the said tax concession (i.e. concessionary income tax rate of 10.0%) will be extended to 31 December 2025. A foreign non-individual is a person (other than an individual) who is not a resident of Singapore for income tax purposes and:

- (a) who does not have any permanent establishment in Singapore; or
- (b) who carries on any operation in Singapore through a permanent establishment in Singapore, where the funds used by that person to acquire the Units are not obtained from that operation.

Where the Units are held in the name of a nominee, the First REIT Trustee and the First REIT Manager will withhold or deduct tax, currently at the rate of 17.0%, unless the beneficial owner of the Units is an individual or a Qualifying Unitholder and provided that the nominee submits a declaration (containing certain particulars of the beneficial owner) in a prescribed form within a stipulated time limit to the First REIT Trustee and the First REIT Manager. Where the beneficial owner is a foreign non-individual as described above and provided the aforesaid declaration is submitted by the nominee, tax will be withheld or deducted at the rate of 10.0% for distributions made on or before 31 December 2025.

Tax deducted at source on taxable income distributions

The tax deducted at the prevailing tax rate, currently at the rate of 17.0%, by the First REIT Trustee and the First REIT Manager is not a final tax. A Unitholder can use this tax deducted as a set-off against its Singapore income tax liability, including the tax liability on the gross amount of taxable income distributions.

The tax deducted at the reduced rate of 10.0% on taxable income distributions made on or before 31 December 2025 to foreign non-individuals is a final tax imposed on the gross amount of distributions.

Taxation in the hands of Unitholders

Unless otherwise exempt, Unitholders are liable to Singapore income tax on the gross amount of taxable income distributions (i.e. the amount of distribution before tax deduction at source, if any).

As announced in the 2019 Singapore Budget, the sunset clause (previously scheduled to lapse after 31 March 2020) for the tax exemption on distributions made to individuals will be removed. As such, taxable income distributions made to individuals, irrespective of their nationality or tax residence status, are exempt from tax unless such distributions are derived by the individual through a partnership in Singapore or from the carrying on of a trade, business or profession. Individuals who do not qualify for this tax exemption are subject to Singapore income tax on the gross amount of taxable income distributions at their own applicable tax rates, i.e. even if they have received the distributions without tax deduction at source.

Unless exempt from income tax because of their own specific circumstances, Qualifying Unitholders are subject to Singapore income tax on the gross amount of taxable income distributions, i.e. even if they have received the distributions without tax deduction at source.

Other non-individual Unitholders are subject to Singapore income tax on the gross amount of taxable income distributions at their own applicable tax rates. Where the Unitholder is a foreign non-individual, tax at a reduced rate of 10.0% will be imposed on taxable income distributions made on or before 31 December 2025.

Tax-exempt income distribution

Tax-exempt income distributions are exempt from tax in the hands of all Unitholders. Tax is not withheld or deducted from such distributions.

Capital distribution

Capital distributions are returns of capital to Unitholders and are therefore not income subject to tax or withholding of tax. The amount received as capital distributions will be applied to reduce the cost of Unitholder's investment in Units for income tax purposes. Where Unitholders, based on their own circumstances, are subject to Singapore income tax on gains from the disposal of Units, the reduced cost of their investments will be used for the purposes of computing such gains. If the amount of capital distributions exceeds the cost (or reduced cost, as the case may be) of their investment in the Units, the excess will be subject to tax and the sale proceeds from the subsequent sale of those Units will be fully taxable.

Other gains distribution

Other gains distributions are not taxable in the hands of Unitholders and are not subject to withholding of tax.

Application for tax ruling

The Issuer may apply to the IRAS for an advance tax ruling to confirm the classification of the Relevant Tranche of Perpetual Securities for Singapore income tax purposes and the Singapore tax treatment of the payment of the distributions (including Optional Distributions).

If such an application is made and a tax ruling is obtained, the Issuer will provide relevant details of the tax ruling issued by the IRAS on its website www.first-reit.com or via an announcement shortly after the receipt of the tax ruling.

3. Gains on disposal of the Securities

Singapore does not impose tax on capital gains. Any gains considered to be in the nature of capital arising from the sale of the Securities will not be taxable in Singapore. However, any gains derived by any person from the sale of the Securities which are gains from any trade, business, profession or vocation carried on by that person, if accruing in or derived from Singapore, may be taxable as such gains are considered revenue in nature.

There are no specific laws or regulations which deal with the characterisation of capital gains. The characterisation of the gains arising from the sale of the Securities will depend on the facts and circumstances of each holder of the Securities. Holders of the Securities who have adopted or are adopting the Singapore Financial Reporting Standard 39-Financial Instruments: Recognition and Measurement ("**FRS 39**"), Financial Reporting Standard 109-Financial Instruments ("**FRS 109**") or Singapore Financial Reporting Standard (International) 9 ("**SFRS(I) 9**") (as the case may be) may, for Singapore income tax purposes be required to recognise gains or losses (not being gains or losses in the nature of capital) on the Securities, irrespective of disposal, in accordance with FRS 39, FRS 109 or SFRS(I) 9 (as the case may be). Please see the section below on "Adoption of FRS 39, FRS 109 or SFRS(I) 9 for Singapore Income Tax Purposes".

4. Adoption of FRS 39, FRS 109 or SFRS(I) 9 for Singapore Income Tax Purposes

Section 34A of the ITA provides for the tax treatment for financial instruments in accordance with FRS 39 (subject to certain exceptions and “opt-out” provisions) to taxpayers who are required to comply with FRS 39 for financial reporting purposes. The IRAS has also issued a circular entitled “Income Tax Implications Arising from the Adoption of FRS 39 – Financial Instruments: Recognition & Measurement”.

FRS 109 or SFRS(I) 9 (as the case may be) is mandatorily effective for annual periods beginning on or after 1 January 2018, replacing FRS 39. Section 34AA of the ITA requires taxpayers who comply or who are required to comply with FRS 109 or SFRS(I) 9 for financial reporting purposes to calculate their profit, loss or expense for Singapore income tax purposes in respect of financial instruments in accordance with FRS 109 or SFRS(I) 9 (as the case may be), subject to certain exceptions. The IRAS has also issued a circular entitled “Income Tax: Income Tax Treatment Arising from Adoption of FRS 109 – Financial Instruments”.

Holders of the Securities who may be subject to the tax treatment under Sections 34A or 34AA of the ITA should consult their own accounting and tax advisers regarding the Singapore income tax consequences of their acquisition, holding or disposal of the Securities.

5. Estate Duty

Singapore estate duty has been abolished for deaths occurring on or after 15 February 2008.

6. Foreign Account Tax Compliance Act

Pursuant to certain provisions of the U.S. Internal Revenue Code of 1986, commonly known as FATCA, a foreign financial institution (as defined by FATCA) may be required to withhold on certain payments it makes (foreign passthru payments) to persons that fail to meet certain certification, reporting or related requirements. The Issuer may be a foreign financial institution for these purposes. A number of jurisdictions (including Singapore) have entered into, or have agreed in substance to, intergovernmental agreements with the United States to implement FATCA (IGAs), which modify the way in which FATCA applies in their jurisdictions. Under the provisions of IGAs as currently in effect, a foreign financial institution in an IGA jurisdiction would generally not be required to withhold under FATCA or an IGA from payments that it makes. Certain aspects of the application of the FATCA provisions and IGAs to instruments such as Notes and Perpetual Securities, including whether withholding would ever be required pursuant to FATCA or an IGA with respect to payments on instruments such as Notes and Perpetual Securities, are uncertain and may be subject to change. Even if withholding would be required pursuant to FATCA or an IGA with respect to payments on instruments such as Notes and Perpetual Securities, such withholding would not apply prior to 1 January 2019 and Notes and Perpetual Securities characterised as debt (or which are not otherwise characterised as equity and have a fixed term) for U.S. federal tax purposes that are issued on or prior to the date that is six months after the date on which final regulations defining foreign passthru payments are filed with the U.S. Federal Register generally would be grandfathered for purposes of FATCA withholding unless materially modified after such date (including by reason of a substitution of the Issuer). However, if additional Notes or Perpetual Securities (as described under “*Terms and Conditions of the Notes – 14. Further Issues*” and “*Terms and Conditions of the Perpetual Securities – 12. Further Issues*”, as the case may be) that are not distinguishable from previously issued Notes or Perpetual Securities (as the case may be) are issued after the expiration of the grandfathering period and are subject to withholding under FATCA, then withholding agents may treat all Notes or Perpetual Securities (as the case may be), including the Notes or Perpetual Securities offered prior to the expiration of the grandfathering period, as subject to withholding under FATCA. Holders should consult their own tax advisers regarding how these rules may apply to their investment in Notes or Perpetual Securities.

SUBSCRIPTION, PURCHASE AND DISTRIBUTION

The Programme Agreement provides for Securities to be offered from time to time through one or more Dealers. The price at which a Series or Tranche will be issued will be determined prior to its issue between the Issuer and the relevant Dealer(s). The obligations of the Dealers under the Programme Agreement will be subject to certain conditions set out in the Programme Agreement. Each Dealer (acting as principal) will subscribe for or procure subscribers for Securities from the Issuer pursuant to the Programme Agreement.

The Arrangers, the Dealers or any of their respective affiliates may have performed certain banking and advisory services for the Issuer and/or its affiliates from time to time for which they have received customary fees and expenses and may, from time to time, engage in transactions with and perform services for the Issuer and/or its affiliates in the ordinary course of the Issuer's or their business. The Issuer may from time to time agree with the relevant Dealer(s) that the Issuer may pay certain third party commissions (including, without limitation, rebates to private banks as may be specified in the applicable Pricing Supplement).

In connection with each Tranche of Securities issued under the Programme, the Arrangers, the Dealers or certain of their affiliates may purchase Securities and be allocated Securities for asset management and/or proprietary purposes but not with a view to distribution. Further, the Dealers and/or their affiliates may place orders, receive allocations and purchase Securities for their own account (without a view to distributing such Securities) and such orders and/or allocations of the Securities may be material. Such entities may hold or sell such Securities or purchase further Securities for their own account in the secondary market or deal in any other securities of the Issuer, and therefore, they may offer or sell the Securities or other securities otherwise than in connection with the offering. Accordingly, references herein to the Securities being "offered" should be read as including any offering of the Securities to the Arrangers, the Dealers and/or their respective affiliates for their own account. Such entities are not expected to disclose such transactions or the extent of any such investment, otherwise than in accordance with any legal or regulatory obligation to do so.

United States

The Securities have not been and will not be registered under the Securities Act, and the Securities may not be offered or sold within the United States or to, or for the account or benefit of, U.S. persons except in transactions not subject to the registration requirements of Regulation S of the Securities Act ("**Regulation S**"). Terms used in this paragraph have the meaning given to them by Regulation S.

Bearer Securities are subject to U.S. tax law requirements and may not be offered, sold or delivered within the United States or its possessions or to a United States person, except in certain transactions permitted by U.S. tax regulations. Terms used in this paragraph have the meanings given to them by the U.S. Internal Revenue Code of 1986, as amended, and regulations thereunder.

Each Dealer has agreed that, and each further Dealer appointed under the Programme will be required to agree that, except as permitted by the Programme Agreement, it will not offer, sell or, in the case of Bearer Securities, deliver Securities, (i) as part of their distribution at any time or (ii) otherwise until 40 days after the completion of the distribution of an identifiable tranche of which such Securities are a part, as determined and certified to the Issuing and Paying Agent by such Dealer (or, in the case of an identifiable tranche of Securities sold to or through more than one Dealer, by each of such Dealers with respect to Securities of an identifiable tranche purchased by or through it, in which case the Issuing and Paying Agent shall notify such Dealer when all such Dealers have so certified), within the United States or to, or for the account or benefit of, U.S. persons, and it will have sent to each Dealer to which it sells Securities during the

distribution compliance period a confirmation or other notice setting out the restrictions on offers and sales of the Securities within the United States or to, or for the account or benefit of, U.S. persons. Terms used in the preceding sentence have the meanings given to them by Regulation S.

The Securities are being offered and sold outside the United States to non-U.S. persons in reliance on Regulation S.

In addition, until 40 days after the commencement of the offering, an offer or sale of any identifiable tranche of Securities within the United States by any dealer that is not participating in the offering of such tranche of Securities may violate the registration requirements of the Securities Act.

This Information Memorandum has been prepared by the Issuer for use in connection with the offer and sale of the Securities outside the United States. The Issuer and the Dealers reserve the right to reject any offer to purchase the Securities, in whole or in part, for any reason. This Information Memorandum does not constitute an offer to any person in the United States. Distribution of this Information Memorandum by any non-U.S. person outside the United States to any U.S. person or to any other person within the United States, is unauthorised and any disclosure without the prior written consent of the Issuer of any of its contents to any such U.S. person or other person within the United States, is prohibited.

Hong Kong

Each Dealer has represented, warranted and agreed, and each further Dealer appointed under the Programme will be required to represent, warrant and agree, that:

- (i) it has not offered or sold and will not offer or sell in Hong Kong, by means of any document, any Securities other than (a) to “professional investors” as defined in the Securities and Futures Ordinance (Cap. 571) of Hong Kong and any rules made under that Ordinance; or (b) in other circumstances which do not result in the document being a “prospectus” as defined in the Companies (Winding Up and Miscellaneous Provisions) Ordinance (Cap. 32) of Hong Kong or which do not constitute an offer to the public within the meaning of that Ordinance; and
- (ii) it has not issued or had in its possession for the purposes of issue, and will not issue or have in its possession for the purposes of issue, whether in Hong Kong or elsewhere, any advertisement, invitation or document relating to the Securities, which is directed at, or the contents of which are likely to be accessed or read by, the public of Hong Kong (except if permitted to do so under the securities laws of Hong Kong) other than with respect to Securities which are or are intended to be disposed of only to persons outside Hong Kong or only to “professional investors” as defined in the Securities and Futures Ordinance (Cap. 571) of Hong Kong and any rules made under that Ordinance.

Singapore

Each Dealer acknowledges that this Information Memorandum has not been registered as a prospectus with the MAS. Accordingly, each Dealer has represented and agreed that it has not offered or sold any Securities or caused the Securities to be made the subject of an invitation for subscription or purchase and will not offer or sell any Securities or cause the Securities to be made the subject of an invitation for subscription or purchase, and has not circulated or distributed, nor will it circulate or distribute, this Information Memorandum or any other document or material in connection with the offer or sale, or invitation for subscription or purchase, of the Securities, whether directly or indirectly, to any person in Singapore other than (i) to an institutional investor (as defined in the SFA) under Section 274 of the SFA, (ii) to a relevant person (as defined in Section 275(2) of the SFA) pursuant to Section 275(1) of the SFA or to any person

pursuant to Section 275(1A) of the SFA and in accordance with the conditions specified in Section 275 of the SFA, or (iii) otherwise pursuant to, and in accordance with the conditions of, any other applicable provision of the SFA.

Any reference to the SFA is a reference to the Securities and Futures Act, Chapter 289 of Singapore and a reference to any term as defined in the SFA or any provision in the SFA is a reference to that term or provision as modified or amended from time to time including by such of its subsidiary legislation as may be applicable at the relevant time.

General

Each Dealer understands that no action has been taken in any jurisdiction that would permit a public offering of any of the Securities, or possession or distribution of this Information Memorandum or any other document or any Pricing Supplement, in any country or jurisdiction (other than Singapore) where action for that purpose is required.

Each Dealer has agreed that it will comply with all applicable securities laws, regulations and directives in each jurisdiction in which it subscribes for, purchases, offers, sells or delivers Securities or any interest therein or rights in respect thereof or has in its possession or distributes, the Information Memorandum, any other document or any Pricing Supplement.

Any person who may be in doubt as to the restrictions set out in the SFA or the laws, regulations and directives in each jurisdiction in which it subscribes for, purchases, offers, sells or delivers the Securities or any interest therein or rights in respect thereof and the consequences arising from a contravention thereof should consult his own professional adviser(s) and should make his own inquiries as to the laws, regulations and directives in force or applicable in any particular jurisdiction at any relevant time.

GENERAL AND OTHER INFORMATION

INFORMATION ON DIRECTORS

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

Name	Position
Mr Christopher James Williams	Chairman and Non-Independent Non-Executive Director
Mr Tan Kok Mian Victor	Executive Director and Chief Executive Officer
Mr Chan Pengee Adrian	Lead Independent Director
Mr Tan Chuan Lye	Independent Director
Mr Martin Lechner	Independent Director
Mr Ferris Charles Bye	Independent Director
Mr Ketut Budi Wijaya	Non-Independent Non-Executive 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. As at the Latest Practicable Date, there are 790,313,307 Units of First REIT issued and outstanding.

BORROWINGS

7. Save as disclosed in Appendix III to this Information Memorandum, as at 31 December 2018, 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

8. 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

9. 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 2018.

LITIGATION

10. 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

11. There has been no material adverse change in the financial condition or business of the Issuer, First REIT or the Group since 31 December 2018.

CONSENT

12. RSM Chio Lim LLP have 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

13. 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 (provided that prior appointment has been made with the First REIT Manager) during normal business hours for a period of six months from the date of this Information Memorandum:
 - (a) the Constitution of the First REIT Manager;
 - (b) the Trust Deed;
 - (c) the First REIT Trust Deed;
 - (d) the letter of consent referred to in paragraph 12 above; and
 - (e) the audited financial statements of First REIT and its subsidiaries for the financial years ended 31 December 2017 and 31 December 2018.

FUNCTIONS, RIGHTS AND OBLIGATIONS OF THE TRUSTEE

14. 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 2017**

The information in this Appendix II has been extracted and reproduced from the annual report of First REIT for the financial year ended 31 December 2017 and has not been specifically prepared for inclusion in this Information Memorandum. Investors should read the consolidated financial data in conjunction with the related notes.

STATEMENT OF THE TRUSTEE

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

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

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

.....
Ms Sin Li Choo
Managing Director

Singapore
15 March 2018

STATEMENT OF THE **MANAGER**

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

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

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

Singapore
15 March 2018

INDEPENDENT AUDITOR'S REPORT

TO THE UNITHOLDERS OF FIRST REAL ESTATE INVESTMENT TRUST

Report on the audit of the financial statements

Opinion

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

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

Basis for opinion

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

Key audit matters

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

Valuation of investment properties

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

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

INDEPENDENT AUDITOR'S REPORT

TO THE UNITHOLDERS OF FIRST REAL ESTATE INVESTMENT TRUST

Valuation of investment properties (continued)

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

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

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

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

Other information

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

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

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

Responsibilities of the Manager for the financial statements

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

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

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

INDEPENDENT AUDITOR'S REPORT

TO THE UNITHOLDERS OF FIRST REAL ESTATE INVESTMENT TRUST

Auditor's responsibilities for the audit of the financial statements

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

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

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

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

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

INDEPENDENT AUDITOR'S REPORT

TO THE UNITHOLDERS OF FIRST REAL ESTATE INVESTMENT TRUST

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

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

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

RSM Chio Lim LLP
Public Accountants and
Chartered Accountants
Singapore

15 March 2018

Engagement partner - effective from year ended 31 December 2014

STATEMENTS OF TOTAL RETURN

YEAR ENDED 31 DECEMBER 2017

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

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

STATEMENTS OF DISTRIBUTION

YEAR ENDED 31 DECEMBER 2017

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

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

STATEMENTS OF FINANCIAL POSITION

YEAR ENDED 31 DECEMBER 2017

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

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

STATEMENTS OF MOVEMENTS IN UNITHOLDERS' FUNDS

YEAR ENDED 31 DECEMBER 2017

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

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

STATEMENTS OF CASH FLOWS

YEAR ENDED 31 DECEMBER 2017

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

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

STATEMENTS OF PORTFOLIO

AS AT 31 DECEMBER 2017

	Carrying value as at 31.12.2017 S\$'000	Percentage of net assets attributable to unitholders as at 31.12.2017 %	Carrying value as at 31.12.2016 S\$'000	Percentage of net assets attributable to unitholders as at 31.12.2016 %
Group:				
Investment properties in Indonesia	1,305,380	164.94	1,227,100	157.79
Investment properties in Singapore	35,500	4.49	36,800	4.73
Investment property in South Korea	8,423	1.06	9,259	1.19
Portfolio of investment properties at valuation – total	1,349,303	170.49	1,273,159	163.71
Other net liabilities	(496,988)	(62.80)	(434,580)	(55.88)
Net assets	852,315	107.69	838,579	107.83
Perpetual securities	(60,878)	(7.69)	(60,878)	(7.83)
Net assets attributable to unitholders	791,437	100.00	777,701	100.00

	Carrying value as at 31.12.2017 S\$'000	Percentage of net assets attributable to unitholders as at 31.12.2017 %	Carrying value as at 31.12.2016 S\$'000	Percentage of net assets attributable to unitholders as at 31.12.2016 %
Trust:				
Investment properties in Singapore	35,500	10.22	36,800	9.83
Portfolio of investment properties at valuation – total	35,500	10.22	36,800	9.83
Investments in subsidiaries	804,472	231.66	756,461	202.13
Other net liabilities	(431,833)	(124.35)	(358,147)	(95.70)
Net assets	408,139	117.53	435,114	116.26
Perpetual securities	(60,878)	(17.53)	(60,878)	(16.26)
Net assets attributable to unitholders	347,261	100.00	374,236	100.00

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

STATEMENTS OF PORTFOLIO

AS AT 31 DECEMBER 2017

By Geographical Area

Description of Property/ Location/ Acquisition Date/ Type of Property/ Land Title Type/ Term of Lease ^(a) / Remaining Term of Lease ^(b)	Gross floor area in square metres	Carrying value as at 31.12.2017 S\$'000	Percentage of net assets attributable to unitholders as at 31.12.2017 %	Carrying value as at 31.12.2016 S\$'000	Percentage of net assets attributable to unitholders as at 31.12.2016 %
Singapore					
Pacific Healthcare Nursing Home @ Bukit Merah 6 Lengkok Bahru, Singapore 159051 11 April 2007, Nursing Home 30 years leasehold from 2002 10+10 years/ 10 years	3,593	9,800	1.24	10,000	1.29
Pacific Healthcare Nursing Home II @ Bukit Panjang 21 Senja Road, Singapore 677736 11 April 2007, Nursing Home 30 years leasehold from 2003 10+10 years/ 10 years	3,563	9,900	1.25	10,000	1.29
The Lentor Residence 51 Lentor Avenue, Singapore 786876 8 June 2007, Nursing Home 99 years leasehold from 1938 10+10 years/ 20 years	4,005	15,800	2.00	16,800	2.15
Portfolio of Investment Properties held under the Trust at Valuation - Sub-total		35,500	4.49	36,800	4.73
Indonesia					
Siloam Hospitals Lippo Village Jalan Siloam No. 6 Lippo Karawaci 1600 Tangerang 15811, Banten, Indonesia 11 December 2006, Hospital Hak Guna Bangunan ("HGB") 15+15 years/ 19 years	27,284	163,300	20.63	161,700	20.79
Siloam Hospitals Kebon Jeruk Jalan Raya Perjuangan Kav. 8 Kebon Jeruk, Jakarta 11530, Indonesia 11 December 2006, Hospital HGB 15+15 years/ 19 years	18,316	96,800	12.23	96,000	12.34
Siloam Hospitals Surabaya Jalan Raya Gubeng No. 70 Surabaya 60281, Indonesia 11 December 2006, Hospital HGB 15+15 years/ 19 years (Also see Note 27)	9,227	29,200	3.69	30,190	3.88

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

STATEMENTS OF PORTFOLIO

AS AT 31 DECEMBER 2017

By Geographical Area

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

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

STATEMENTS OF PORTFOLIO

AS AT 31 DECEMBER 2017

By Geographical Area

Description of Property/ Location/ Acquisition Date/ Type of Property/ Land Title Type/ Term of Lease ^(a) / Remaining Term of Lease ^(b)	Gross floor area in square metres	Carrying value as at 31.12.2017 S\$'000	Percentage of net assets attributable to unitholders as at 31.12.2017 %	Carrying value as at 31.12.2016 S\$'000	Percentage of net assets attributable to unitholders as at 31.12.2016 %
Indonesia (continued)					
Siloam Hospitals Bali Jalan Sunset Road No. 818, Kuta, Badung, Bali, Indonesia 13 May 2013, Hospital HGB 15+15 years/ 26 years	20,958	124,000	15.67	124,700	16.04
Siloam Hospitals TB Simatupang Jalan Letjend. TB Simatupang, Jalan R.A. Kartini No. 8, Cilandak, South Jakarta, Indonesia 22 May 2013, Hospital HGB 15+15 years/ 26 years	18,605	120,200	15.19	119,400	15.35
Siloam Hospitals Purwakarta Jalan Raya Bungursari No. 1, Purwakarta, West Java, Indonesia 28 May 2014, Hospital HGB 15+15 years/ 27 years	8,254	41,000	5.18	41,000	5.27
Siloam Sriwijaya Jalan POM IX, Komplek Palembang Square, Palembang, South Sumatra, Indonesia 29 December 2014, Hospital Strata Title on Build, Operate and Transfer scheme 15+15 years/ 27 years	15,709	43,100	5.45	42,700	5.49
Siloam Hospitals Kupang & Lippo Plaza Kupang Jalan Veteran, No. 4, Arena Pameran Fatululi, Kupang, East Nusa Tenggara, Indonesia 14 December 2015, Hospital & Mall Build, Operate and Transfer scheme 15+15 years/ 28 years	55,368	77,100	9.74	69,530	8.94

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

STATEMENTS OF PORTFOLIO

AS AT 31 DECEMBER 2017

By Geographical Area

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

Notes:

^(a): This refers to the tenure of underlying land except for Siloam Sriwijaya which is held on a strata title basis under a Build, Operate and Transfer ("BOT") scheme and Siloam Hospitals Kupang & Lippo Plaza Kupang and Siloam Hospitals Buton & Lippo Plaza Buton which are under BOT schemes.

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

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

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2017

1. GENERAL

First Real Estate Investment Trust (the “**Trust**”) is a Singapore-domiciled unit trust constituted pursuant to the trust deed dated 19 October 2006 (“**Trust Deed**”) (subsequently amended by First Supplemental Deed dated 6 September 2007, Second Supplemental Deed dated 19 April 2010, Third Supplemental Deed dated 26 April 2011, Fourth Supplemental Deed dated 1 April 2013, First Amending and Restating Deed dated 23 March 2016 and Supplemental Deed dated 1 November 2017) entered into between Bowsprit Capital Corporation Limited (the “**Manager**”) and Perpetual (Asia) Limited (the “**Trustee**”), governed by the laws of Singapore.

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

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

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

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

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

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

Accounting convention

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

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

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

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

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2017

1. GENERAL (CONTINUED)

Basis of presentation

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

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

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

Basis of preparation of the financial statements

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

Net assets attributable to unitholders

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

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2017

2. SIGNIFICANT ACCOUNTING POLICIES AND OTHER EXPLANATORY INFORMATION

2A. Significant accounting policies

Revenue recognition

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

Rental income from operating leases

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

Interest income

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

Dividend income

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

Borrowing costs

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

Foreign currency transactions

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

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2017

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

2A. Significant accounting policies (continued)

Translation of financial statements of foreign entities

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

Income tax

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

Segment reporting

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

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2017

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

2A. Significant accounting policies (continued)

Subsidiaries

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

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

Joint arrangements – joint operations

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

Business combinations

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

Investment properties

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

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2017

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

2A. Significant accounting policies (continued)

Unit-based payments

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

Leases

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

Impairment of non-financial assets

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

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

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2017

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

2A. Significant accounting policies (continued)

Financial assets

Initial recognition, measurement and derecognition:

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

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

Subsequent measurement:

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

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

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2017

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

2A. Significant accounting policies (continued)

Financial assets (continued)

Subsequent measurement: (continued)

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

Cash and cash equivalents

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

Financial liabilities

Initial recognition, measurement and derecognition:

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

Subsequent measurement:

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

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

Fair value measurement

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

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2017

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

2A. Significant accounting policies (continued)

Fair value measurement (continued)

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

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

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

2B. Other explanatory information

Provisions

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

Units and Perpetual securities

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

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2017

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

2C. Critical judgements, assumptions and estimation uncertainties

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

Fair values of investment properties:

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

Allowance for doubtful trade and other receivables:

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

Income tax amounts:

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

Deferred tax: recovery of underlying assets:

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

Revenue recognition:

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

NOTES TO THE FINANCIAL STATEMENTS

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3. RELATED PARTY RELATIONSHIPS AND TRANSACTIONS

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

The ultimate controlling party is PT Lippo Karawaci Tbk.

3A. Related party transactions:

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

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

Significant related party transactions:

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

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

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

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

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

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2017

3. RELATED PARTY RELATIONSHIPS AND TRANSACTIONS (CONTINUED)

3A. Related party transactions: (continued)

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

(A) Manager's Fees

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

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

(B) Trustee Fees

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

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

3B. Key management compensation

The Trust obtains key management personnel services from the Manager.

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

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2017

3. RELATED PARTY RELATIONSHIPS AND TRANSACTIONS (CONTINUED)

3C. Interest in the Trust:

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

* Amount is less than 1%

4. GROSS REVENUE

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

5. PROPERTY OPERATING EXPENSES

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

6. MANAGER'S MANAGEMENT FEES

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

NOTES TO THE FINANCIAL STATEMENTS

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7. FINANCE COSTS

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

8. OTHER EXPENSES

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

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

Total fees to the auditors:

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

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

9. INCOME TAX

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

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

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2017

9. INCOME TAX (CONTINUED)

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

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

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

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

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

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

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

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

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

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2017

9. INCOME TAX (CONTINUED)

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

Presented in the statements of financial position as follows:

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

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

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

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

10. EARNINGS PER UNIT

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

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

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

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

NOTES TO THE FINANCIAL STATEMENTS

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11. DISTRIBUTIONS TO UNITHOLDERS

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

11A. Distribution per unit

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

Distribution Type

Name of Distribution Distribution during the period (interim distributions)

Distribution Type Income/Capital

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

NOTES TO THE FINANCIAL STATEMENTS

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11. DISTRIBUTIONS TO UNITHOLDERS

11A. Distribution per unit (continued)

Distribution Type (continued)

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

Distribution Type Income/Capital

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

Total annual distribution paid or declared

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

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

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

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

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

Current Distribution Policy:

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

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12. INVESTMENT PROPERTIES

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

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

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

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

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

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

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12. INVESTMENT PROPERTIES (CONTINUED)

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

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

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

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

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

NOTES TO THE FINANCIAL STATEMENTS

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12. INVESTMENT PROPERTIES (CONTINUED)

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

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

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

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

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

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

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

(b) Build, Operate and Transfer Scheme (“**BOT Scheme**”)

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

(c) Strata Title

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

The commencement date of each title varies.

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

NOTES TO THE FINANCIAL STATEMENTS

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12. INVESTMENT PROPERTIES (CONTINUED)

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

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

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

There were no significant inter-relationships between unobservable inputs.

Sensitivity analysis on key estimates:

Indonesia and Singapore properties:

1. Discount rates

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

2. Growth in rental income

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

3. Terminal rates

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

South Korea property:

1. Growth in rental income

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

2. Capitalisation rates

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

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12. INVESTMENT PROPERTIES (CONTINUED)

Valuation processes of the Group

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

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

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

13. INVESTMENTS IN SUBSIDIARIES

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

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

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14. TRADE AND OTHER RECEIVABLES, NON-CURRENT

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

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

15. TRADE AND OTHER RECEIVABLES, CURRENT

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

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

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

16. LOAN RECEIVABLE

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

NOTES TO THE FINANCIAL STATEMENTS

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16. LOAN RECEIVABLE (CONTINUED)

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

17. OTHER ASSETS, CURRENT

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

18. CASH AND CASH EQUIVALENTS

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

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

18A. Non-cash transactions:

Group

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

Trust

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

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18. CASH AND CASH EQUIVALENTS (CONTINUED)

18B. Reconciliation of liabilities arising from financing activities:

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

NOTES TO THE FINANCIAL STATEMENTS

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

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

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

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

Capital management:

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

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

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

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

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

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

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

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

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20. PERPETUAL SECURITIES

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

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

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

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

21. FINANCIAL RATIOS

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

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

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

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21. FINANCIAL RATIOS (CONTINUED)

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

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

22. OTHER FINANCIAL LIABILITIES

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

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22. OTHER FINANCIAL LIABILITIES (CONTINUED)

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

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

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

22A. Bank loans (secured)

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

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22. OTHER FINANCIAL LIABILITIES (CONTINUED)**22A. Bank loans (secured) (continued)**

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

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

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

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

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

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22. OTHER FINANCIAL LIABILITIES (CONTINUED)

22A. Bank loans (secured) (continued)

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

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

NOTES TO THE FINANCIAL STATEMENTS

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22. OTHER FINANCIAL LIABILITIES (CONTINUED)

22A. Bank loans (secured) (continued)

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

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

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

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

22B. Fixed rate notes

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

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

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

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

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

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

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

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

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23. TRADE AND OTHER PAYABLES, CURRENT

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

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

24. OTHER LIABILITIES, CURRENT

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

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

25. DERIVATIVES FINANCIAL INSTRUMENTS

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

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

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25. DERIVATIVES FINANCIAL INSTRUMENTS (CONTINUED)

25A. Interest rate swaps

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

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

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

26. FINANCIAL INFORMATION BY OPERATING SEGMENTS

Information about reportable segment profit or loss and assets

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

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

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

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

NOTES TO THE FINANCIAL STATEMENTS

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26. FINANCIAL INFORMATION BY OPERATING SEGMENTS (CONTINUED)

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

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

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

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26. FINANCIAL INFORMATION BY OPERATING SEGMENTS (CONTINUED)

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

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

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

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

NOTES TO THE FINANCIAL STATEMENTS

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27. CAPITAL COMMITMENTS

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

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

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

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

(a) Divestment of Plot B

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

(b) Development Works

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

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

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

(d) Divestment of the Existing SHS

The divestment of the Existing SHS to PT SK.

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

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

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

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28. OPERATING LEASE INCOME COMMITMENTS – AS LESSOR

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

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

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

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

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

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

29. FINANCIAL INSTRUMENTS: INFORMATION ON FINANCIAL RISKS

29A. Categories of financial assets and liabilities

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

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

NOTES TO THE FINANCIAL STATEMENTS

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

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

Further quantitative disclosures are included throughout these financial statements.

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

29B. Financial risk management

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

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

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

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

29C. Credit risk on financial assets

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

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

NOTES TO THE FINANCIAL STATEMENTS

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

29C. Credit risk on financial assets (continued)

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

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

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

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

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

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

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

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

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

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2017

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

29D. Liquidity risk - financial liabilities maturity analysis

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

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

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

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

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2017

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

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

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

The Manager also monitors and observes the Code on Collective Investment Schemes issued by the Monetary Authority of Singapore concerning limits on total borrowings.

The Manager is of the view that cash from operating activities will be sufficient to meet the current requirements to support ongoing operations, capital expenditures, and debt repayment obligations. The Trust's structure necessitates raising funds through debt financing and the capital markets to fund strategic acquisitions and capital expenditures. The Manager also ensures that there are sufficient funds for declared and payable distributions and any other commitments.

	Group and Trust	
	2017	2016
	S\$'000	S\$'000
<u>Bank facilities:</u>		
Undrawn facilities	20,429	34,000

The undrawn facilities are available for refinancing existing loans, general corporate funding and working capital requirements of the Trust. The facilities expire in 2018 to 2020. Also see Note 30: Events after the end of the reporting year.

29E. Interest rate risk

The interest rate risk exposure is mainly from changes in fixed interest rates and floating interest rates. The interest from financial assets including cash balances is not significant. The following table analyses the breakdown of the significant financial instruments by type of interest rate:

	Group and Trust	
	2017	2016
	S\$'000	S\$'000
<u>Financial liabilities:</u>		
Bank loans at floating rates	350,439	196,728
Bank loans at fixed rates	126,010	216,881
Total at the end of the year	476,449	413,609

The floating rate debt instruments are with interest rates that are re-set regularly every one to three months. The interest rates are disclosed in the respective notes.

The Trust enters into interest rate swap agreements to manage the interest rate risk exposure arising from bank loans at floating rates (Note 25A). The notional amount of the interest rate swaps was S\$90,815,000 (2016: S\$166,937,000) as at 31 December 2017.

They are designed to manage floating rate borrowings' exposure till 23 December 2018 and 23 December 2019 respectively at 3.88% to 3.98% (2016: 2.94% to 3.98%) per annum. Information on the maturity of the financial instruments with floating interest rate is provided in Note 22. The fair value (Level 2) of interest rate swaps is at a loss of S\$676,000 (2016: S\$118,000).

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2017

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

29E. Interest rate risk (continued)

Sensitivity analysis:

The analysis has been performed for fixed interest rate and floating interest rate over a year for financial instruments. The impact of a change in interest rates on floating interest rate financial instruments has been assessed in terms of changing of their cash flows and therefore in terms of the impact on net expenses. The hypothetical changes in basis points are not based on observable market data (unobservable inputs). The impact of a change in interest rates on fixed interest rate financial instruments has not been assessed in terms of changing of their fair value, as the Group does not account for any fixed rate financial assets at fair value through profit or loss.

A hypothetical change of 50 basis points (2016: 50 basis points) in interest rates with all variables including foreign exchange rates held constant, would increase (decrease) the total return by the amounts below:

	Statement of Total Return	
	50 basis points increase S\$'000	50 basis points decrease S\$'000
<u>Group and Trust</u>		
<u>2017</u>		
Borrowings	(1,087)	1,087
Interest rate swaps	794	(794)
Net (decrease) increase	<u>(293)</u>	<u>293</u>
<u>2016</u>		
Borrowings	(1,077)	1,077
Interest rate swaps	879	(879)
Net (decrease) increase	<u>(198)</u>	<u>198</u>

29F. Foreign currency risk

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

	2017 S\$'000	2016 S\$'000
<u>Financial liabilities:</u>		
<u>US Dollar</u>		
Borrowings	<u>18,608</u>	20,135

Sensitivity analysis: A hypothetical 10% (2016: 10%) strengthening in the exchange rate of the functional currency against the US dollar, with all other variables held constant would have a favourable effect on post-tax profit of S\$1,861,000 (2016: S\$2,014,000). For similar rate weakening of the functional currency against the relevant foreign currency above, there would be comparable impact in the opposite direction on the profit or loss.

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2017

30. EVENTS AFTER THE END OF THE REPORTING YEAR

- a) On 16 January 2018, the Trust signed a mandate and commitment letter ("**Letter**") with Oversea-Chinese Banking Corporation Limited ("**OCBC**") to secure up to S\$400 million in syndicated secured financing facilities (the "**Facilities**") from OCBC. OCBC is the lead arranger and will fully underwrite the Facilities subject to the terms and conditions in the Letter. On 1 March 2018, the Trust drawn down the Facilities to refinance existing loans.

These Facilities consist of a 3-year Singapore dollar term loan facility, a 4-year Singapore dollar term loan facility, a 5-year Singapore dollar term loan facility and a 3-year dual currency revolving credit facility available in Singapore or US dollar, where the quantum of each facility provides for up to S\$100 million.

All mortgages, assignments of the Group's rights, titles, interest and benefits, debentures and charges of the existing loans with OCBC and The Hongkong and Shanghai Banking Corporation Limited were discharged and now executed in favour of OCBC for the Facilities (Note 22A).

- b) On 17 January 2018, a final distribution of 2.15 cents per unit was declared totalling S\$16,777,000 in respect of the period from 1 October 2017 to 31 December 2017.
- c) On 17 January 2018, a total of 801,000 new units were issued at the issue price of S\$1.3971 per unit to the Manager as payment of 80% of the base fee component of management fee for the quarter ended 31 December 2017. The issue price was based on the volume weighted average traded price for all trades done on the SGX-ST in the ordinary course of trading for the last 10 business days of the quarter.
- d) On 17 January 2018, a total of 737,000 new units were issued at the issue price of S\$1.2666 per unit to the Manager as payment of 70% of the performance fee component of the management fee for the quarter ended 31 December 2016. The issue price was based on the volume weighted average traded price for all trades done on the SGX-ST in the ordinary course of trading for the last 10 business days of the quarter.
- e) On 26 January 2018, a total of 192,000 new units were issued at the issue price of S\$1.4078 per unit to the Manager as payment of acquisition fee of S\$270,000 for Siloam Hospitals Yogyakarta, which is equal to 1% of the purchase consideration.
- f) On 1 March 2018, the Trust announced the retirement of HSBC Institutional Trust Services (Singapore) Limited as Trustee and Perpetual (Asia) Limited was appointed as the new Trustee.

31. CHANGES AND ADOPTION OF FINANCIAL REPORTING STANDARDS

For the current reporting year new or revised Financial Reporting Standards in Singapore and the related Interpretations to FRS ("**INT FRS**") were issued by the Singapore Accounting Standards Council. Those applicable to the reporting entity are listed below. These applicable new or revised standards did not require any modification of the measurement methods or the presentation in the financial statements.

FRS No.	Title
FRS 7	Amendments to FRS 7: Disclosure Initiative
FRS 112	Amendments to FRS 112: Disclosure of Interests in Other Entities

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2017

32. NEW OR AMENDED STANDARDS IN ISSUE BUT NOT YET EFFECTIVE

For the future reporting years new or revised Singapore Financial Reporting Standards (International) and the related Interpretations to SFRS(I)s ("**SFRS(I) INT**") were issued by the Singapore Accounting Standards Council and these will only be effective for future reporting years. Those applicable to the reporting entity for future reporting years are listed below.

SFRS(I) No.	Title	Effective date for periods beginning on or after
SFRS(I) 1-40	Amendments to, Transfer of Investment Property	1 Jan 2018
SFRS(I) 1	First-time Adoption of Singapore Financial Reporting Standards (International)	1 Jan 2018
SFRS(I) 9	Financial Instruments	1 Jan 2018
SFRS(I) 16	Leases and Leases – Illustrative Examples & Amendments to Guidance on Other Standards	1 Jan 2019
SFRS(I) INT 22	Foreign Currency Transaction and Advance Consideration	1 Jan 2018
SFRS(I) INT 23	Uncertainty over Income Tax Treatments	1 Jan 2019

The transfer to the applicable new or revised standards from the effective dates is not expected to result in material adjustments to the financial position, results of operations, or cash flows for the following year from the known or reasonably estimable information relevant to assessing the possible impact that application of the new or revised SFRS(I)s will have on the entity's financial statements in the period of initial application.

Companies listed on the Singapore Exchange ("**SGX**") currently reporting under SFRSs are required to comply with new Singapore Financial Reporting Standards (International) (SFRS(I)s) (issued by the Singapore Accounting Standards Council) that would be equivalent to the International Financial Reporting Standards ("**IFRS**") (issued by the International Accounting Standards Board (IASB)) for reporting years beginning on after 1 January 2018. The new framework is referred to as SFRS(I)s. Non-listed companies may elect to voluntarily apply SFRS(I)s. SFRS(I) 1 First-time Adoption of Singapore Financial Reporting Standards (International) will be adopted in the financial statements when it becomes mandatory. Based on the current accounting treatment of the account balances management does not anticipate that the application of SFRS(I) 1 will have a material impact on the financial position and/or financial performance of the entity.

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2017

33. LISTING OF INVESTMENTS IN SUBSIDIARIES

All the subsidiaries are wholly owned. The subsidiaries held by the Trust and the Group are listed below:

Name of Subsidiaries, Country of Incorporation, Place of Operations and Principal Activities	Carrying Value of Investments	
	2017 S\$'000	2016 S\$'000
<u>Held by the Trust</u>		
Gold Capital Pte. Ltd. ^(b) Singapore Investment holding	100,556	100,556
GOT Pte. Ltd. ^(b) Singapore Investment holding	84,759	85,793
Henley Investments Pte. Ltd. ^(b) Singapore Investment holding	42,608	43,497
Kalmore Investments Pte. Ltd. ^(b) Singapore Investment holding	7,966	7,966
Lovage International Pte. Ltd. ^(b) Singapore Investment holding	13,648	14,945
Platinum Strategic Investments Pte. Ltd. ^(b) Singapore Investment holding	25,610	27,256
Primerich Investments Pte. Ltd. ^(b) Singapore Investment holding	33,153	24,294
Raglan Investments Pte. Ltd. ^(b) Singapore Investment holding	48,382	50,861
Rhuddlan Investments Pte. Ltd. ^(b) Singapore Investment holding	77,225	78,957
Globalink Investments Pte. Ltd. ^(b) Singapore Investment holding	81,071	85,049
Great Capital Pte. Ltd. ^(b) Singapore Investment holding	77,527	81,464

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2017

33. LISTING OF INVESTMENTS IN SUBSIDIARIES (CONTINUED)

Name of Subsidiaries, Country of Incorporation, Place of Operations and Principal Activities	Carrying Value of Investments	
	2017 S\$'000	2016 S\$'000
<u>Held by the Trust (continued)</u>		
Finura Investments Pte. Ltd. ^(b) Singapore Investment holding	27,095	28,477
Sriwijaya Investment I Pte. Ltd. ^(b) Singapore Investment holding	35,102	36,746
IAHCC Investment Pte. Ltd. ^(b) Singapore Investment holding	1*	1*
Surabaya Hospitals Investment Pte. Ltd. ^(b) Singapore Investment holding	1*	1*
SHKP Investment I Pte. Ltd. ^(b) Singapore Investment holding	72,610	69,804
Icon1 Holdings Pte. Ltd. ^(b) Singapore Investment holding	27,882	1*
SHLB Investment I Pte. Ltd. ^(b) Singapore Investment holding	20,052	20,796
SHButon Investment I Pte. Ltd. ^(b) Singapore Investment holding (Incorporated on 1 June 2017)	29,226	-
	804,472	756,461
<u>Held by subsidiaries</u>		
Higrade Capital Pte. Ltd. ^(b) Singapore Investment holding	853	853
Ultra Investments Pte. Ltd. ^(b) Singapore Investment holding	321	321

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2017

33. LISTING OF INVESTMENTS IN SUBSIDIARIES (CONTINUED)

Name of Subsidiaries, Country of Incorporation, Place of Operations and Principal Activities	Carrying Value of Investments	
	2017 S\$'000	2016 S\$'000
<u>Held by subsidiaries (continued)</u>		
Carmathen Investments Pte. Ltd. ^(b) Singapore Investment holding	1,033	1,033
Caernarfon Investments Pte. Ltd. ^(b) Singapore Investment holding	1,324	1,324
Fortuna Capital Pte. Ltd. ^(b) Singapore Investment holding	22	22
Key Capital Pte. Ltd. ^(b) Singapore Investment holding	3,826	3,826
Glamis Investments Pte. Ltd. ^(b) Singapore Investment holding	1,377	1,377
Sriwijaya Investment II Pte. Ltd. ^(b) Singapore Investment holding	1,722	1,722
SHKP Investment II Pte. Ltd. ^(b) Singapore Investment holding	13,916	13,916
SHLB Investment II Pte. Ltd. ^(b) Singapore Investment holding	1,040	1,040
SHButon Investment II Pte. Ltd. ^(b) Singapore Investment holding (Incorporated on 1 June 2017)	1,442	-
Kalmore (Korea) Limited ^(a) South Korea Owners of Sarang Hospital	3,887	3,887
PT Bayutama Sukses ^(a) Indonesia Owners of Siloam Hospitals Makassar	6,356	6,356

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2017

33. LISTING OF INVESTMENTS IN SUBSIDIARIES (CONTINUED)

Name of Subsidiaries, Country of Incorporation, Place of Operations and Principal Activities	Carrying Value of Investments	
	2017 S\$'000	2016 S\$'000
<u>Held by subsidiaries (continued)</u>		
PT Graha Indah Pratama ^(a) Indonesia Owners of Siloam Hospitals Kebon Jeruk	10,333	10,333
PT Graha Pilar Sejahtera ^(a) Indonesia Owners of Siloam Hospitals Lippo Cikarang	8,306	8,306
PT Karya Sentra Sejahtera ^(a) Indonesia Owners of Imperial Aryaduta Hotel & Country Club	20,019	20,019
PT Menara Abadi Megah ^(a) Indonesia Owners of Siloam Hospitals Manado & Hotel Aryaduta Manado	5,500	5,500
PT Primatama Cemerlang ^(a) Indonesia Owners of Mochtar Riady Comprehensive Cancer Centre	17,065	17,065
PT Sentra Dinamika Perkasa ^(a) Indonesia Owners of Siloam Hospitals Lippo Village	8,779	8,779
PT Tata Prima Indah ^(a) Indonesia Owners of Siloam Hospitals Surabaya	8,013	8,013
PT Dasa Graha Jaya ^(a) Indonesia Owners of Siloam Hospitals Bali	16,553	16,553
PT Perisai Dunia Sejahtera ^(a) Indonesia Owners of Siloam Hospitals TB Simatupang	15,305	15,305
PT Eka Dasa Parinama ^(a) Indonesia Owners of Siloam Hospitals Purwakarta	5,509	5,509
PT Sriwijaya Mega Abadi ^(a) Indonesia Owners of Siloam Sriwijaya	6,887	6,887

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2017

33. LISTING OF INVESTMENTS IN SUBSIDIARIES (CONTINUED)

Name of Subsidiaries, Country of Incorporation, Place of Operations and Principal Activities	Carrying Value of Investments	
	2017 S\$'000	2016 S\$'000
<u>Held by subsidiaries (continued)</u>		
PT Nusa Bahana Niaga ^(a) Indonesia Owners of Siloam Hospitals Kupang & Lippo Plaza Kupang	50,668	50,668
PT Prima Labuan Bajo ^(a) Indonesia Owners of Siloam Hospitals Labuan Bajo	4,160	4,160
PT Buton Bangun Cipta ^(a) Indonesia Owners of Siloam Hospitals Buton & Lippo Plaza Buton (Incorporated on 1 June 2017)	5,768	-
<u>Joint Operation held by subsidiary, Icon1 Holdings Pte. Ltd.</u>		
PT Yogya Central Terpadu ^(a) (Note A) Indonesia Owners of Siloam Hospitals Yogyakarta	6,615	*

^(a) Audited by RSM Indonesia and Shinhan Accounting Corporation in South Korea, member firms of RSM International of which RSM Chio Lim LLP is a member.

^(b) Audited by RSM Chio Lim LLP in Singapore.

* Amount is less than \$1,000

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

Note A

In 2016, the Trust and Lippo Malls Indonesia Retail Trust ("**LMIR Trust**"), a Singapore-domiciled unit trust, had entered into a Joint Venture Agreement ("**JVA**") to jointly own a property, which has a hospital and a retail mall component ("**Yogyakarta Property**") through an Indonesia subsidiary, PT Yogya Central Terpadu ("**PT YCT**").

PT YCT is jointly controlled by a wholly owned subsidiary, Icon1 Holdings Pte. Ltd. (the "**company**") and Icon2 Investment Pte. Ltd. ("**Icon2**"), a subsidiary of LMIR Trust as a result of a contractual agreement. The contractual agreement determines the participation shares of Classes A and B and establishes joint control of the arrangement. In addition, the assets and liabilities relating to the arrangement are held in PT YCT. The main feature of PT YCT's legal form is that the company and Icon2, not PT YCT, have rights to the assets and obligations for the liabilities of PT YCT. PT YCT is accounted as a joint operation. In a joint operation, the company and Icon2 recognise in their financial statements their share of the assets and liabilities resulting from the arrangement on the basis of their agreed participation.

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2017

33. LISTING OF INVESTMENTS IN SUBSIDIARIES (CONTINUED)

Note A (continued)

In January 2017, the Trust announced the termination of JVA for PT YCT, as well as the Conditional Sales and Purchase Agreement (“**CSPA**”) for the Yogyakarta Property. The parties have decided to terminate the JVA and CSPA in order to provide more time for the vendor to obtain the relevant licenses for the operation of the hospital as well as to carry out asset enhancement to the retail mall.

On 13 October 2017, the Trust and LMIR Trust entered into a new Joint Venture Deed (the “**Deed**”) to jointly own the Yogyakarta Property through PT YCT subsequent to the approval of the relevant licenses. On 20 December 2017, the company transferred 18,850,000 of its existing Class A shares to Icon2. As a result, the company holds 66,150,000,000 Class A shares and Icon2 holds 142,500,000,000 Class B shares in PT YCT. As holders of Class A shares, the company has the exposure to all the economic rights, obligations, revenue, profits and dividends in respect of the hospital component. Icon2 has exposure to all the economic rights, obligations, revenue, profits and dividends in respect of the retail mall component.

Any non-property-related common expenses of the hospital and retail mall component are borne by the company and Icon2 in the proportion of 31% and 69% respectively. All property-related common expenses of the hospital component are borne by the company.

**AUDITED FINANCIAL STATEMENTS OF FIRST REAL ESTATE INVESTMENT
TRUST AND ITS SUBSIDIARIES FOR THE FINANCIAL YEAR
ENDED 31 DECEMBER 2018**

The information in this Appendix III has been extracted and reproduced from the annual report of First REIT for the financial year ended 31 December 2018 and has not been specifically prepared for inclusion in this Information Memorandum. Investors should read the consolidated financial data in conjunction with the related notes.

STATEMENT OF THE TRUSTEE

Perpetual (Asia) Limited (the “**Trustee**”) is under a duty to take into custody and hold the assets of First Real Estate Investment Trust (the “**Trust**”) and its subsidiaries (the “**Group**”) in trust for the holders (“**Unitholders**”) of units in the Trust (the “**Units**”). In accordance with the Securities and Futures Act (Cap. 289), its subsidiary legislation and the Code on Collective Investment Schemes (collectively referred to as the “**laws and regulations**”), the Trustee shall monitor the activities of Bowsprit Capital Corporation Limited (the “**Manager**”) for compliance with the limitations imposed on the investment and borrowing powers as set out in the trust deed dated 19 October 2006 (subsequently amended by First Supplemental Deed dated 6 September 2007, Second Supplemental Deed dated 19 April 2010, Third Supplemental Deed dated 26 April 2011, Fourth Supplemental Deed dated 1 April 2013, First Amending and Restating Deed dated 23 March 2016, Supplement Deed of Retirement and Appointment of Trustee dated 1 November 2017 and Fifth Supplemental Deed dated 22 May 2018) (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 83 to 147, in accordance with the limitations imposed on the investment and borrowing powers set out in the Trust Deed.

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

Ms Sin Li Choo
Managing Director

Singapore

6 March 2019

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 83 to 147 comprising the statements of total return, statements of distribution, statements of financial position, statements of 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 2018, the total return, distributions, movements in unitholders’ funds and cash flows of the Group and of the Trust for the reporting year ended on that date in accordance with the provisions of the Trust Deed and the recommendations of Statement of Recommended Accounting Practice 7 “Reporting Framework for Unit Trusts” (“**RAP 7**”) issued by the Institute of Singapore Chartered Accountants. At the date of this statement, there are reasonable grounds to believe that the Group will be able to meet its financial obligations as and when they materialise.

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

Mr Tan Kok Mian Victor
Executive Director and Chief Executive Officer

Singapore

6 March 2019

INDEPENDENT AUDITOR'S REPORT TO THE UNITHOLDERS OF FIRST REAL ESTATE INVESTMENT TRUST

Report on the audit of the financial statements

Opinion

We have audited the accompanying financial statements of First Real Estate Investment Trust (the "Trust") and its subsidiaries (the "Group"), set out on pages 83 to 147, which comprise the consolidated statement of financial position and consolidated statement of portfolio of the Group and statement of financial position and statement of portfolio of the Trust as at 31 December 2018, and the consolidated statement of total return, consolidated statement of distribution, consolidated statement of movements in unitholders' funds and consolidated statement of cash flows of the Group and the statement of total return, statement of distribution, statement of movements in unitholders' funds and statement of cash flows of the Trust for the reporting year then ended, and notes to the financial statements, including significant accounting policies.

In our opinion, the accompanying consolidated financial statements of the Group and the statement of financial position, statement of portfolio, statement of total return, statement of distribution, statement of movements in unitholders' funds and statement of cash flows of the Trust are properly drawn up in accordance with the recommendations of Statement of Recommended Accounting Practice 7 "Reporting Framework for Unit Trusts" ("RAP 7") issued by the Institute of Singapore Chartered Accountants so as to present fairly, in all material respects, the consolidated statement of financial position and consolidated portfolio holdings of the Group and the financial position and portfolio holdings of the Trust as at 31 December 2018 and the total return, distributable income, movements in unitholders' funds and cash flows of the Group and of the Trust for the reporting year ended on that date.

Basis for opinion

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

Key audit matters

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

Valuation of investment properties

Please refer to Note 2A on accounting policies, 2C on critical judgements, assumptions and estimation uncertainties; Note 13 on investment properties and the annual report on the section on the audit committee's views and responses to the reported key audit matters.

The Group owns a portfolio of investment properties which are primarily used for healthcare purposes. The investment properties are stated at fair value of S\$1.35 billion as at 31 December 2018. The measurement of the fair values of the properties in the portfolio is a significant judgement area as the fair values are impacted by a number of assumptions and factors including future rental income, discount rates, and terminal rates. All the valuations are carried out by independent professional valuers who perform their work in accordance with international valuation professional standards.

INDEPENDENT AUDITOR'S REPORT TO THE UNITHOLDERS OF FIRST REAL ESTATE INVESTMENT TRUST

Valuation of investment properties (continued)

The investment properties are mainly valued through the use of expected future cash flows of each investment property over the specific years and discounted by a discount rate. The valuation exercise also relies on the accuracy of the underlying leases and financial information provided to the independent professional valuers by Bowsprit Capital Corporation Limited, the manager of the Trust (the "**Manager**" or "**management**").

We assessed the processes used by management including the selection of the independent professional valuers and their review. The independent professional valuers engaged by the Manager have experience in the markets in which the properties are located.

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

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

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

Other information

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

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

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

Responsibilities of the Manager for the financial statements

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

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

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

INDEPENDENT AUDITOR'S REPORT TO THE UNITHOLDERS OF FIRST REAL ESTATE INVESTMENT TRUST

Auditor's responsibilities for the audit of the financial statements

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

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

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

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

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

From the matters communicated with the directors of the Manager, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters.

INDEPENDENT AUDITOR'S REPORT TO THE UNITHOLDERS OF FIRST REAL ESTATE INVESTMENT TRUST

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

We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

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

RSM Chio Lim LLP
Public Accountants and
Chartered Accountants
Singapore

6 March 2019

Engagement partner – effective from year ended 31 December 2014

STATEMENTS OF TOTAL RETURN

Year Ended 31 December 2018

	Notes	Group		Trust	
		2018 S\$'000	2017 S\$'000	2018 S\$'000	2017 S\$'000
Rental and other income	4	116,198	110,993	64,685	62,110
Property operating expenses	5	(1,807)	(1,517)	(250)	(227)
Net property and other income		114,391	109,476	64,435	61,883
Interest income		1,690	1,429	1,541	1,756
Manager's management fees	6	(11,435)	(10,877)	(11,391)	(10,877)
Trustee fees	3	(427)	(405)	(427)	(405)
Finance costs	7	(21,614)	(17,818)	(21,614)	(17,818)
Other expenses	8	(2,298)	(1,056)	(1,619)	(722)
Net income before the undernoted		80,307	80,749	30,925	33,817
Net fair value (losses)/gains on investment properties	13	(5,358)	13,367	(912)	(1,423)
Net fair value losses of derivatives financial instruments	27	(174)	(558)	(174)	(558)
Total return for the year before income tax		74,775	93,558	29,839	31,836
Income tax benefit/(expense)	9	1,100	(20,120)	155	242
Total return for the year after income tax		75,875	73,438	29,994	32,078
Other comprehensive income:					
Items that may be reclassified subsequently to profit or loss:					
Exchange differences on translating foreign operations, net of tax		370	(649)	-	-
Total comprehensive return for the year		76,245	72,789	29,994	32,078
Total return attributable to:					
Unitholders of Trust		72,467	70,030	26,586	28,670
Perpetual securities holders		3,408	3,408	3,408	3,408
		75,875	73,438	29,994	32,078
Total comprehensive return attributable to:					
Unitholders of Trust		72,837	69,381	26,586	28,670
Perpetual securities holders		3,408	3,408	3,408	3,408
		76,245	72,789	29,994	32,078
Earnings per unit in cents					
Basic and diluted	10	9.23	9.02	N/A	N/A

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

STATEMENTS OF DISTRIBUTION

Year Ended 31 December 2018

	Group		Trust	
	2018 S\$'000	2017 S\$'000	2018 S\$'000	2017 S\$'000
Amount available for distribution to unitholders at beginning of the year	16,777	16,514	16,777	16,514
Total return for the year after income tax	75,875	73,438	29,994	32,078
Adjustments for tax purposes (Note A)	(8,096)	(6,779)	37,785	34,581
	67,779	66,659	67,779	66,659
Amount available for distribution to unitholders	84,556	83,173	84,556	83,173
Total distribution paid to unitholders (Note 11)	(67,542)	(66,396)	(67,542)	(66,396)
Amount available for distribution to unitholders at end of the year (Note 11A and Note 32)	17,014	16,777	17,014	16,777
Distribution per unit (cents)	8.60	8.57	8.60	8.57
Note A – Adjustments for tax purposes:				
Manager's management fees settled in units	9,459	8,892	9,459	8,892
Change in fair values of investment properties, net of deferred tax	(14,343)	(11,062)	757	1,181
Net losses in fair value of derivatives financial instruments	174	558	174	558
Capital repayment	–	–	30,406	28,273
Amount reserved for distribution to perpetual securities holders	(3,408)	(3,408)	(3,408)	(3,408)
Foreign exchange adjustment losses/(gains)	380	(1,526)	380	(1,526)
Other non-tax deductible items and adjustments	(358)	(233)	17	611
	(8,096)	(6,779)	37,785	34,581

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

STATEMENTS OF FINANCIAL POSITION

As at 31 December 2018

ASSETS	Notes	Group		Trust	
		2018 S\$'000	2017 S\$'000	2018 S\$'000	2017 S\$'000
Non-current assets					
Plant and equipment	12	68	–	–	–
Investment properties	13	1,345,295	1,349,303	34,900	35,500
Investments in subsidiaries	14	–	–	778,734	804,472
Loan receivable, non-current	17	–	–	39,415	44,239
Deferred tax assets	9	1,368	1,213	1,368	1,213
Other receivable, non-current	15	27,035	27,035	–	–
Total non-current assets		1,373,766	1,377,551	854,417	885,424
Current assets					
Trade and other receivables, current	16	32,391	25,982	17,548	13,287
Loan receivable, current	17	–	–	4,191	4,191
Other financial assets, current	18	26	–	–	–
Other assets, current	19	4,833	4,573	251	25
Cash and cash equivalents	20	27,758	15,741	18,314	8,194
Total current assets		65,008	46,296	40,304	25,697
Total assets		1,438,774	1,423,847	894,721	911,121
Non-current liabilities					
Deferred tax liabilities	9	31,850	51,396	–	–
Other financial liabilities, non-current	24	386,761	278,125	386,761	278,125
Derivatives financial instruments	27	250	512	250	512
Total non-current liabilities		418,861	330,033	387,011	278,637
Current liabilities					
Income tax payable	9	1,989	2,000	–	–
Trade and other payables, current	25	16,135	18,216	17,176	23,931
Other financial liabilities, current	24	109,658	198,324	109,658	198,324
Other liabilities, current	26	22,793	22,795	1,965	1,926
Derivatives financial instruments	27	185	164	185	164
Total current liabilities		150,760	241,499	128,984	224,345
Total liabilities		569,621	571,532	515,995	502,982
Represented by:					
Net assets attributable to unitholders		808,275	791,437	317,848	347,261
Perpetual securities holders	22	60,878	60,878	60,878	60,878
Total net assets	21	869,153	852,315	378,726	408,139
Units in issue ('000)	21	788,480	779,955	788,480	779,955
Net asset value per unit in cents attributable to unitholders	21	102.51	101.47	40.31	44.52

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

STATEMENTS OF MOVEMENTS IN UNITHOLDERS' FUNDS

Year Ended 31 December 2018

	Group		Trust	
	2018 S\$'000	2017 S\$'000	2018 S\$'000	2017 S\$'000
OPERATIONS				
Balance at 1 January	791,437	777,701	347,261	374,236
Total return attributable to unitholders of Trust	75,875	73,438	29,994	32,078
UNITHOLDERS' TRANSACTIONS (Note 21)				
Manager's acquisition fees settled in units	270	485	270	485
Manager's management fees settled in units	9,113	6,876	9,113	6,876
Distribution settled in units	2,160	3,390	2,160	3,390
Change in net assets resulting from creation of units	11,543	10,751	11,543	10,751
Amount reserved for distribution to perpetual securities holders	(3,408)	(3,408)	(3,408)	(3,408)
Distributions to unitholders (Note 11)	(67,542)	(66,396)	(67,542)	(66,396)
Net decrease in net assets resulting from unitholders' transactions	(59,407)	(59,053)	(59,407)	(59,053)
FOREIGN EXCHANGE RESERVE				
Net movement in other comprehensive income	370	(649)	–	–
Total unitholders' funds at 31 December	808,275	791,437	317,848	347,261
PERPETUAL SECURITIES				
Balance at 1 January	60,878	60,878	60,878	60,878
Total return attributable to perpetual securities holders	3,408	3,408	3,408	3,408
Distribution to perpetual securities holders	(3,408)	(3,408)	(3,408)	(3,408)
Balance at 31 December	60,878	60,878	60,878	60,878
Total	869,153	852,315	378,726	408,139

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

STATEMENTS OF CASH FLOWS

Year Ended 31 December 2018

	Group		Trust	
	2018 S\$'000	2017 S\$'000	2018 S\$'000	2017 S\$'000
Cash flows from operating activities				
Total return before income tax	74,775	93,558	29,839	31,836
Adjustments for:				
Interest income	(1,690)	(1,429)	(1,541)	(1,756)
Interest expense	16,500	15,733	16,500	15,733
Amortisation of borrowing costs	5,114	2,085	5,114	2,085
Foreign exchange losses/(gains)	380	(1,526)	380	(1,526)
Dividend income	–	–	(60,772)	(58,274)
Net losses/(gains) in fair value of investment properties	5,358	(13,367)	912	1,423
Net losses in fair value of derivatives financial instruments	174	558	174	558
Manager's management fees settled in units	4,718	4,419	4,718	4,419
Operating cash flows before changes in working capital	105,329	100,031	(4,676)	(5,502)
Trade and other receivables, current	(6,211)	(14,178)	(4,261)	(6,022)
Other assets, current	(260)	(893)	(226)	27
Trade and other payables, current	(6,907)	3,882	(11,580)	(397)
Other liabilities, current	(2)	848	39	38
Net cash flows from/(used in) operating activities before income tax	91,949	89,690	(20,704)	(11,856)
Income taxes paid	(18,611)	(17,010)	–	–
Net cash flows from/(used in) operating activities	73,338	72,680	(20,704)	(11,856)
Cash flows from investing activities				
Increase in investment properties	(1,178)	(63,479)	(312)	(123)
Net movements in amounts due from subsidiaries	–	–	91,334	86,547
Acquisition of subsidiaries	–	–	–	(71,385)
Interest received	1,690	1,432	1,541	1,760
Purchase of plant and equipment	(68)	–	–	–
Investment in quoted shares	(26)	–	–	–
Progress payment for development of Siloam Hospitals Surabaya	–	(9,000)	–	–
Net cash flows from/(used in) investing activities	418	(71,047)	92,563	16,799
Cash flows from financing activities				
Distribution to unitholders	(65,382)	(63,006)	(65,382)	(63,006)
Increase in borrowings	24,000	63,070	24,000	63,070
Interest paid	(16,949)	(16,124)	(16,949)	(16,124)
Distribution to perpetual securities holders	(3,408)	(3,408)	(3,408)	(3,408)
Net cash flows used in financing activities	(61,739)	(19,468)	(61,739)	(19,468)
Net increase/(decrease) in cash and cash equivalents	12,017	(17,835)	10,120	(14,525)
Cash and cash equivalents, statement of cash flows, beginning balance	15,741	33,576	8,194	22,719
Cash and cash equivalents, statement of cash flows, ending balance (Note 20)	27,758	15,741	18,314	8,194

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

STATEMENTS OF PORTFOLIO

As at 31 December 2018

	Carrying value as at 31.12.2018 S\$'000	Percentage of net assets attributable to unitholders as at 31.12.2018 %	Carrying value as at 31.12.2017 S\$'000	Percentage of net assets attributable to unitholders as at 31.12.2017 %
Group:				
Investment properties in Indonesia	1,301,800	161.06	1,305,380	164.94
Investment properties in Singapore	34,900	4.32	35,500	4.49
Investment property in South Korea	8,595	1.06	8,423	1.06
Portfolio of investment properties at valuation – total	1,345,295	166.44	1,349,303	170.49
Other net liabilities	(476,142)	(58.91)	(496,988)	(62.80)
Net assets attributable to holders	869,153	107.53	852,315	107.69
Perpetual securities	(60,878)	(7.53)	(60,878)	(7.69)
Net assets attributable to unitholders	808,275	100.00	791,437	100.00
	Carrying value as at 31.12.2018 S\$'000	Percentage of net assets attributable to unitholders as at 31.12.2018 %	Carrying value as at 31.12.2017 S\$'000	Percentage of net assets attributable to unitholders as at 31.12.2017 %
Trust:				
Investment properties in Singapore	34,900	10.98	35,500	10.22
Portfolio of investment properties at valuation – total	34,900	10.98	35,500	10.22
Investments in subsidiaries	778,734	245.00	804,472	231.66
Other net liabilities	(434,908)	(136.83)	(431,833)	(124.35)
Net assets attributable to holders	378,726	119.15	408,139	117.53
Perpetual securities	(60,878)	(19.15)	(60,878)	(17.53)
Net assets attributable to unitholders	317,848	100.00	347,261	100.00

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

STATEMENTS OF PORTFOLIO

As at 31 December 2018

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 31.12.2018 S\$'000	Percentage of net assets attributable	Carrying value as at 31.12.2017 S\$'000	Percentage of net assets attributable
			to unitholders as at 31.12.2018 %		to unitholders as at 31.12.2017 %
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/ 9 years	3,593	9,500	1.18	9,800	1.24
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/ 9 years	3,563	9,700	1.20	9,900	1.25
The Lentor Residence 51 Lentor Avenue, Singapore 786876 8 June 2007, Nursing Home 99 years leasehold from 1938 10+10+10 years/ 19 years	4,005	15,700	1.94	15,800	2.00
Portfolio of Investment Properties held by the Trust at Valuation – Sub-total		34,900	4.32	35,500	4.49
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/ 18 years	27,284	162,300	20.08	163,300	20.63
Siloam Hospitals Kebon Jeruk Jalan Raya Perjuangan Kav. 8 Kebon Jeruk, Jakarta 11530, Indonesia 11 December 2006, Hospital HGB 15+15 years/ 18 years	18,316	96,200	11.90	96,800	12.23

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

STATEMENTS OF PORTFOLIO

As at 31 December 2018

By Geographical Area (continued)

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 31.12.2018 S\$'000	Percentage of net assets attributable to	Carrying value as at 31.12.2017 S\$'000	Percentage of net assets attributable to
			unitholders as at 31.12.2018 %		unitholders as at 31.12.2017 %
Indonesia (continued)					
Siloam Hospitals Surabaya Jalan Raya Gubeng No. 70 Surabaya 60281, Indonesia 11 December 2006, Hospital HGB 15+15 years/ 18 years (Also see Note 29)	9,227	28,100	3.48	29,200	3.69
Imperial Aryaduta Hotel & Country Club Jalan Boulevard Jenderal Sudirman, Kav. 401, Lippo Village 1300, Tangerang 15811, Banten, Indonesia 11 December 2006, Hotel & Country Club HGB 15+15 years/ 18 years	17,427	40,600	5.02	41,600	5.26
Mochtar Riady Comprehensive Cancer Centre Jalan Garnisun Dalam No. 2-3, Semanggi Jakarta 12930, Indonesia 30 December 2010, Hospital HGB 15+15 years/ 22 years	37,933	267,300	33.07	262,000	33.10
Siloam Hospitals Lippo Cikarang Jalan Mohammad Husni Thamrin Kav. 105 Lippo Cikarang, Bekasi, Indonesia 17550 31 December 2010, Hospital HGB 15+15 years/ 22 years	13,256	54,000	6.68	52,000	6.57

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

STATEMENTS OF PORTFOLIO

As at 31 December 2018

By Geographical Area (continued)

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 31.12.2018 S\$'000	Percentage of net assets attributable	Carrying value as at 31.12.2017 S\$'000	Percentage of net assets attributable
			to unitholders as at 31.12.2018 %		to unitholders as at 31.12.2017 %
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 & Hotel HGB 15+15 years/ 24 years	36,051	104,500	12.93	104,900	13.25
Siloam Hospitals Makassar Jalan Metro Tanjung Bunga Kav. 3-5 Makassar City, South Sulawesi Province, Indonesia 30 November 2012, Hospital HGB 15+15 years/ 24 years	14,307	72,900	9.02	72,300	9.14
Siloam Hospitals Bali Jalan Sunset Road No. 818, Kuta, Badung, Bali, Indonesia 13 May 2013, Hospital HGB 15+15 years/ 25 years	20,958	123,800	15.32	124,000	15.67
Siloam Hospitals TB Simatupang Jalan Letjend. TB Simatupang, Jalan R.A. Kartini No. 8, Cilandak, South Jakarta, Indonesia 22 May 2013, Hospital HGB 15+15 years/ 25 years	18,605	119,400	14.77	120,200	15.19

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

STATEMENTS OF PORTFOLIO

As at 31 December 2018

By Geographical Area (continued)

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 31.12.2018 S\$'000	Percentage of net assets attributable to	Carrying value as at 31.12.2017 S\$'000	Percentage of net assets attributable to
			unitholders as at 31.12.2018 %		unitholders as at 31.12.2017 %
Indonesia (continued)					
Siloam Hospitals Purwakarta Jalan Raya Bungursari No. 1, Purwakarta, West Java, Indonesia 28 May 2014, Hospital HGB 15+15 years/ 26 years	8,254	40,400	5.00	41,000	5.18
Siloam Sriwijaya Jalan POM IX, Komplek Palembang Square, Palembang, South Sumatra, Indonesia 29 December 2014, Hospital Strata Title on Build, Operate and Transfer scheme 15+15 years/ 26 years	15,709	41,600	5.15	43,100	5.45
Siloam Hospitals Kupang & Lippo Plaza Kupang Jalan Veteran, No. 4, Arena Pameran Fatululi, Kupang, East Nusa Tenggara, Indonesia 14 December 2015, Hospital & Mall Build, Operate and Transfer scheme 15+15 years/ 27 years	55,368	74,100	9.17	77,100	9.74
Siloam Hospitals Labuan Bajo Jalan Gabriel Gampur, Gorontalo, Komodo, Manggarai Barat, Nusa Tenggara Timur, Indonesia 30 December 2016, Hospital HGB 15+15 years/ 28 years	7,604	20,600	2.55	21,000	2.65
Siloam Hospitals Buton & Lippo Plaza Buton Jalan Sultan Hasanuddin No. 50, 52, 54 and 58 Bau Bau, Sulawesi Tenggara, Indonesia 10 October 2017, Hospital & Mall Build, Operate and Transfer scheme 15+15 years/ 29 years	21,934	28,800	3.56	29,600	3.74

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

STATEMENTS OF PORTFOLIO

As at 31 December 2018

By Geographical Area (continued)

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 31.12.2018 S\$'000	Percentage of net assets attributable	Carrying value as at 31.12.2017 S\$'000	Percentage of net assets attributable
			to unitholders as at 31.12.2018 %		to unitholders as at 31.12.2017 %
Indonesia (continued)					
Siloam Hospitals Yogyakarta Jalan Laksda Adisucipto No. 32-34 Yogyakarta, Indonesia 22 December 2017, Hospital HGB 15+15 years/ 29 years	12,474	27,200	3.36	27,280	3.45
South Korea					
Sarang Hospital No. 9 Bongsannam 3 rd Street, Yeosu City Jeonranam-do, South Korea 5 August 2011, Hospital Freehold 10+10 years/ 13 years	4,982	8,595	1.06	8,423	1.06
Portfolio of Investment Properties Held by the Group at Valuation – Total		1,345,295	166.44	1,349,303	170.49

Notes:

(a): This refers to the tenure of underlying land except for Siloam Sriwijaya which is held on a strata title basis under a Build, Operate and Transfer ("BOT") scheme and Siloam Hospitals Kupang & Lippo Plaza Kupang and Siloam Hospitals Buton & Lippo Plaza Buton which are under BOT schemes.

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

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

NOTES TO THE FINANCIAL STATEMENTS

31 December 2018

1. General

First Real Estate Investment Trust (the “**Trust**”) is a Singapore-domiciled unit trust constituted pursuant to the trust deed dated 19 October 2006 (“**Trust Deed**”) (subsequently amended by First Supplemental Deed dated 6 September 2007, Second Supplemental Deed dated 19 April 2010, Third Supplemental Deed dated 26 April 2011, Fourth Supplemental Deed dated 1 April 2013, First Amending and Restating Deed dated 23 March 2016, Supplemental Deed dated 1 November 2017 and Fifth Supplemental Deed dated 22 May 2018) entered into between Bowsprit Capital Corporation Limited (the “**Manager**”) and Perpetual (Asia) Limited (the “**Trustee**”), governed by the laws of Singapore.

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

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 6 March 2019. The financial statements are for the Trust and the Group.

The current liabilities are more than the current assets. The financial position of the Group, its cash flows, liquidity position and borrowing facilities are described in the notes to the financial statements. In addition the notes to the financial statements include the Group’s objectives, policies and processes for managing its capital; financial risk management objectives; details of its financial instruments; and its exposures to credit risk and liquidity risk. The Group’s forecasts and projections, taking into account of reasonably possible changes in performance, show that the Group should be able to operate within the level of its current facility, it is expected that the outstanding borrowings, maturing in the next 12 months, will be refinanced. The Group has considerable financial resources together with some good arrangements with the bankers, tenants and suppliers. As a consequence, the Manager believes that the Group is well placed to manage its business risks successfully. Accordingly, the management continues to adopt the going concern basis in preparing the financial statements.

Accounting convention

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

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

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

NOTES TO THE FINANCIAL STATEMENTS

31 December 2018

1. General (continued)

Accounting convention (continued)

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

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 (the parent and its subsidiaries) 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 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.

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

The Trust's separate financial statements have been prepared on the same basis.

Basis of preparation of the financial statements

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

Net assets attributable to unitholders

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

NOTES TO THE FINANCIAL STATEMENTS

31 December 2018

2. Significant accounting policies and other explanatory information

2A. Significant accounting policies

Rental and other income

(i) 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.

(ii) 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.

(iii) Dividend income

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

Borrowing costs

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

Foreign currency transactions

The functional currency of the Trust is the Singapore dollar as it reflects the primary economic environment in which the entity operates. Transactions in foreign currencies are recorded in the functional currency at the rates ruling at the dates of the transactions. At each end of the reporting year, recorded monetary balances and balances measured at fair value that are denominated in non-functional currencies are reported at the rates ruling at the end of the reporting year and fair value measurement dates respectively. All realised and unrealised exchange adjustment gains and losses are dealt with in profit or loss except when a gain or loss on a non-monetary item is recognised in other comprehensive income, any exchange component of that gain or loss is recognised in other comprehensive income. The presentation is in the functional currency.

Translation of financial statements of foreign entities

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

NOTES TO THE FINANCIAL STATEMENTS

31 December 2018

2. Significant accounting policies and other explanatory information (continued)

2A. Significant accounting policies (continued)

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

Segment reporting

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

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.

NOTES TO THE FINANCIAL STATEMENTS

31 December 2018

2. Significant accounting policies and other explanatory information (continued)

2A. Significant accounting policies (continued)

Joint arrangements – joint operations

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

Business combinations

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

Plant and equipment

Plant and equipment are carried at cost on initial recognition and after initial recognition at cost less any accumulated depreciation and any accumulated impairment losses. Depreciation is provided on a straight-line method to allocate the gross carrying amounts of the assets less their residual values over their estimated useful lives of each part of an item of these assets. The annual rate of depreciation is as follows:

Plant and equipment	–	20%
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An asset is depreciated when it is available for use until it is derecognised even if during that period the item is idle. Fully depreciated assets still in use are retained in the financial statements.

The gain or loss arising from the derecognition of an item of plant and equipment is recognised in profit or loss. The residual value and the useful life of an asset is reviewed at least at each end of the reporting year and, if expectations differ significantly from previous estimates, the changes are accounted for as a change in an accounting estimate, and the depreciation charge for the current and future periods are adjusted.

Cost also includes acquisition cost, borrowing cost capitalised and any cost directly attributable to bringing the asset or component to the location and condition necessary for it to be capable of operating in the manner intended by management. Subsequent costs are recognised as an asset only when it is probable that future economic benefits associated with the item will flow to the entity and the cost of the item can be measured reliably. All other repairs and maintenance are charged to profit or loss when they are incurred.

Investment properties

Investment property is property (land or a building or part of a building or both) owned or held under a finance lease to earn rentals or for capital appreciation or both, rather than for use in the production or supply of goods or services or for administrative purposes or sale in the ordinary course of business. It includes an investment property in the course of construction. After initial recognition at cost including transaction costs

NOTES TO THE FINANCIAL STATEMENTS

31 December 2018

2. Significant accounting policies and other explanatory information (continued)

2A. Significant accounting policies (continued)

Investment properties (continued)

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 independent professional valuers having an appropriate recognised professional qualification and recent experience in the location and category of property being valued.

Unit-based payments

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

Leases

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

Rental income from operating leases is recognised in profit or loss on a straight-line basis over the term of the relevant lease unless another systematic basis is representative of the time pattern of the user's benefit, even if the payments are not on that basis. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised on a straight-line basis over the lease term.

Impairment of non-financial assets

Irrespective of whether there is any indication of impairment, an annual impairment test is performed at about the same time every year on an intangible asset with an indefinite useful life or an intangible asset not yet available for use. The carrying amount of other non-financial assets is reviewed at each end of the reporting year for indications of impairment and where an asset is impaired, it is written down through profit or loss to its estimated recoverable amount. The impairment loss is the excess of the carrying amount over the recoverable amount and is recognised in profit or loss. The recoverable amount of an asset or a cash-generating unit is the higher of its fair value less costs of disposal and its value in use. When the fair value less costs of disposal method is used, any available recent market transactions are taken into consideration. When the value in use method is adopted, in assessing the value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

NOTES TO THE FINANCIAL STATEMENTS

31 December 2018

2. Significant accounting policies and other explanatory information (continued)

2A. Significant accounting policies (continued)

Impairment of non-financial assets (continued)

For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units). At each end of the reporting year non-financial assets other than goodwill with impairment loss recognised in prior periods are assessed for possible reversal of the impairment. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been measured, net of depreciation or amortisation, if no impairment loss had been recognised.

Financial instruments

Recognition and derecognition of financial instruments:

A financial asset or a financial liability is recognised in the statement of financial position when, and only when, the entity becomes party to the contractual provisions of the instrument. All other financial instruments (including regular-way purchases and sales of financial assets) are recognised and derecognised, as applicable, using trade date and accounting or settlement date accounting. A financial asset is derecognised when the contractual rights to the cash flows from the financial asset expire or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred or in which the entity neither transfers nor retains substantially all of the risks and rewards of ownership and it does not retain control of the financial asset. A financial liability is removed from the statement of financial position when, and only when, it is extinguished, that is, when the obligation specified in the contract is discharged or cancelled or expires. At initial recognition the financial asset or financial liability is measured at its fair value plus or minus, in the case of a financial asset or financial liability not at fair value through profit or loss, transaction costs that are directly attributable to the acquisition or issue of the financial asset or financial liability.

Classification and measurement of financial assets:

1. Financial asset classified as measured at amortised cost: A financial asset is measured at amortised cost if it meets both of the following conditions and is not designated as at fair value through profit or loss (FVTPL), that is (a) the asset is held within a business model whose objective is to hold assets to collect contractual cash flows; and (b) the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding. Typically trade and other receivables, bank and cash balances are classified in this category.
2. Financial asset that is a debt asset instrument classified as measured at fair value through other comprehensive income (FVTOCI): There were no financial assets classified in this category at reporting year end date.
3. Financial asset that is an equity investment measured at fair value through other comprehensive income (FVTOCI): There were no financial assets classified in this category at reporting year end date.
4. Financial asset classified as measured at fair value through profit or loss (FVTPL): All other financial assets are classified as measured at FVTPL. In addition, on initial recognition, management may irrevocably designate a financial asset as measured at FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise from measuring assets or liabilities or recognising the gains and losses on them on different bases.

NOTES TO THE FINANCIAL STATEMENTS

31 December 2018

2. Significant accounting policies and other explanatory information (continued)

2A. Significant accounting policies (continued)

Financial instruments (continued)

Classification and measurement of financial liabilities:

Financial liabilities are classified as at fair value through profit or loss (FVTPL) in either of the following circumstances: (1) the liabilities are managed, evaluated and reported internally on a fair value basis; or (2) the designation eliminates or significantly reduces an accounting mismatch that would otherwise arise. All other financial liabilities are carried at amortised cost using the effective interest method. Reclassification of any financial liability is not permitted.

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.

Derivative financial instruments

A derivative financial instrument is a financial instrument with all three of the following characteristics (a) its value changes in response to the change in a specified interest rate, financial instrument price, commodity price, foreign exchange rate, index of prices, credit ratings or other variable, provided in the case of a non-financial variable that the variable is not specific to a party to the contract; (b) it requires no initial net investment or an initial net investment that is smaller than would be required for other types of contracts that would be expected to have a similar response to changes in market factors; and (c) it is settled at a future date.

The derivatives are initially recognised at fair value at the date a derivative contract is entered into and are subsequently classified as measured at FVTPL unless the derivative is designated and effective as a hedging instrument.

Fair value measurement

The fair value is 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. When measuring the fair value of an asset or a liability, market observable data to the extent possible is used. If the fair value of an asset or a liability is not directly observable, an estimate is made using valuation techniques that maximise the use of relevant observable inputs and minimise the use of unobservable inputs (eg by use of the market comparable approach that reflects recent transaction prices for similar items, discounted cash flow analysis, or option pricing models refined to reflect the issuer's specific circumstances). Inputs used are consistent with the characteristics of the asset/liability that market participants would take into account. The entity's intention to hold an asset or to settle or otherwise fulfil a liability is not taken into account as relevant when measuring fair value.

Fair values are categorised into different levels in a fair value hierarchy based on the degree to which the inputs to the measurement are observable and the significance of the inputs to the fair value measurement in its entirety: Level 1 fair value measurements are those derived from quoted prices (unadjusted) in active markets for identical assets or liabilities. Level 2 fair value measurements are those derived from inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (ie as prices) or indirectly (ie derived from prices). Level 3 fair value measurements are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data (unobservable inputs). Transfers between levels of the fair value hierarchy are recognised at the end of the reporting period during which the change occurred.

NOTES TO THE FINANCIAL STATEMENTS

31 December 2018

2. Significant accounting policies and other explanatory information (continued)

2A. Significant accounting policies (continued)

Fair value measurement (continued)

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.

In making the fair value measurement for a non-financial asset, management determines 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.

2B. Other explanatory information

Units and Perpetual securities

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

2C. Critical judgements, assumptions and estimation uncertainties

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

Fair values of investment properties:

The Group carries the investment properties at fair value in the statement of financial position and engages independent professional valuers to undertake annual valuations. The measurement of fair value of the investment properties are based on certain calculations which require the use of estimates and assumptions in relation to factors such as future rental income, future cash flows, and the suitable discount rate, as disclosed in Note 13.

Allowance for doubtful trade receivables:

The entity has 5 customers and which can be graded as low risk individually. These trade receivables are subject to the expected credit loss model under the financial reporting standard on financial instruments. At the end of the reporting year a loss allowance is recognised at an amount equal to 12 month expected credit losses because there has not been a significant increase in credit risk since initial recognition. At each subsequent reporting date, an evaluation is made whether there is a significant change in credit risk by comparing the debtor's credit risk at initial recognition (based on the original, unmodified cash flows) with the credit risk at the reporting date (based on the modified cash flows). Adjustment to the loss allowance is made for any increase or decrease in credit risk. 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 16 on trade and other receivables.

NOTES TO THE FINANCIAL STATEMENTS

31 December 2018

2. Significant accounting policies and other explanatory information (continued)

2C. 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 for investment property or when the revaluation model is required or permitted by a FRS for a non-financial asset. Management has taken the view that as there is clear evidence that the entity will consume the relevant asset's economic benefits throughout its economic life. The amount is in the Note 9 on income tax.

3. Related party relationships and transactions

3A. Related party transactions:

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

The ultimate controlling party, Lippo ASM Asia Property Limited, a company incorporated in the Cayman Islands.

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

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

Significant related party transactions:

	Group		Trust	
	2018	2017	2018	2017
	S\$'000	S\$'000	S\$'000	S\$'000
Property rental income ^(a)	79,610	91,957	–	–
The Manager				
Management fees	(11,435)	(10,877)	(11,391)	(10,877)
Acquisition-related fees	–	(555)	–	(555)
The Trustee				
Trustee fees	(427)	(405)	(427)	(405)

On 26 October 2018, OUE Limited (“**OUE**”) and OUE Lippo Healthcare Limited (“**OUELH**”) have completed the acquisition of a 60% and 40% interest respectively in Bowsprit Capital Corporation Limited, the manager of First REIT from LK REIT Management Pte. Ltd., an indirect wholly owned subsidiary of PT Lippo Karawaci Tbk.

NOTES TO THE FINANCIAL STATEMENTS

31 December 2018

3. Related party relationships and transactions (continued)

3A. Related party transactions (continued):

From 26 October 2018, the immediate parent company of the Manager is OUE Limited, a company incorporated in Singapore.

- (a) The property rental income represents the rental income from PT Lippo Karawaci Tbk, a former parent company of the manager and its subsidiaries from 1 January to 26 October 2018.

The lessee, PT Lippo Karawaci Tbk and its subsidiaries, have provided bank guarantees and performance bond guarantees of S\$49,726,000 (2017: S\$50,000,000) in lieu of the security deposits for rental income from the properties and asset-enhancement transaction in relation to Siloam Hospitals Surabaya. These guarantees which expired in 2018 have been renewed up to March, May, August, September, November and December 2019 as appropriate.

Acquisition related fees payable to the Manager are disclosed in Note 21.

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) 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% (2017: 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% (2017: 5.0%) per annum of the Group's Net Property Income ("NPI") or the NPI of the relevant Special Purpose Companies ("SPCs") for each year. NPI in relation to a real estate in the form of land, whether directly held by the Trustee or indirectly held by the Trustee through a SPC, and in relation to any year or part thereof, means its property income less property operating expenses for such real estate for that year or part thereof. The Manager may opt to receive the performance fee in the form of units and/or cash. Based on the First Amending & Restating Deed dated 23 March 2016, the performance fees for the financial year is computed based on audited accounts relating to the relevant SPCs.
- (iii) Manager's acquisition fee determined at 1.0% (2017: 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% (2017: 0.5%) of the value or consideration as defined in the Trust Deed for any real estate or other investments (subject to there being no double-counting).

(B) Trustee Fees

Under the Trust Deed, the Trustee is entitled to an annual fee not exceeding 0.1% (2017: 0.1%) of the value of the Deposited Property (as defined in the Trust Deed).

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

NOTES TO THE FINANCIAL STATEMENTS

31 December 2018

3. Related party relationships and transactions (continued)

3B. Key management compensation

The Trust obtains key management personnel services from the Manager.

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

3C. Interests in the Trust:

	Units held		% interest held	
	2018	2017	2018	2017
The Manager				
Bowsprit Capital Corporation Limited	56,847,107	49,903,498	7.21	6.40
The director of Manager				
Mr Tan Kok Mian Victor	52,569	51,755	*	*

* Amount is less than 1%

4. Rental and other income

	Group		Trust	
	2018	2017	2018	2017
	S\$'000	S\$'000	S\$'000	S\$'000
Rental income	116,198	110,993	3,913	3,836
Dividend income from subsidiaries	–	–	60,772	58,274
	116,198	110,993	64,685	62,110

5. Property operating expenses

	Group		Trust	
	2018	2017	2018	2017
	S\$'000	S\$'000	S\$'000	S\$'000
Property tax expense	170	169	170	169
Valuation expenses	251	243	21	28
Professional fees	813	689	59	30
Impairment allowance on trade receivables	353	228	–	–
Others	220	188	–	–
	1,807	1,517	250	227

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6. Manager's management fees

	Group		Trust	
	2018 S\$'000	2017 S\$'000	2018 S\$'000	2017 S\$'000
Base fees (Note 3A)	5,715	5,403	5,671	5,403
Performance fees (Note 3A)	5,720	5,474	5,720	5,474
	11,435	10,877	11,391	10,877

7. Finance costs

	Group and Trust	
	2018 S\$'000	2017 S\$'000
Interest expense	16,500	15,733
Amortised borrowing costs	5,114	2,085
	21,614	17,818

Included in the amortised borrowing costs is S\$2,639,000 of costs written off due to loans which were refinanced during the year.

8. Other expenses

	Group		Trust	
	2018 S\$'000	2017 S\$'000	2018 S\$'000	2017 S\$'000
Foreign exchange losses/(gains)	1,051	(1,127)	372	(1,461)
Handling and processing fees	308	214	308	214
Professional fees	422	947	422	947
Project expenses	294	936	294	936
Other	223	86	223	86
	2,298	1,056	1,619	722

For 2017, included in professional fees are expenses in respect of the change in Trustee of S\$600,000.

Total fees to the auditors:

	Group		Trust	
	2018 S\$'000	2017 S\$'000	2018 S\$'000	2017 S\$'000
Audit fees to independent auditors of the Trust	282	280	166	166
Audit fees to other independent auditors	236	226	–	–
Non-audit fees to independent auditors of the Trust	77	79	77	69

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

NOTES TO THE FINANCIAL STATEMENTS

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9. Income tax

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

	Group		Trust	
	2018 S\$'000	2017 S\$'000	2018 S\$'000	2017 S\$'000
Current tax expense:				
Current tax expense	18,601	17,815	-	-
Subtotal	18,601	17,815	-	-
Deferred tax (benefit)/expense:				
Deferred tax (benefit)/expense	(19,701)	2,305	(155)	(242)
Subtotal	(19,701)	2,305	(155)	(242)
Total income tax (benefit)/expense	(1,100)	20,120	(155)	(242)

The change from net tax expense to net tax benefit for the current year resulted from the write back of provision for deferred taxation on fair value loss on investment properties resulting from a reduction in Indonesian tax rates, partly offset by current tax expenses.

The income tax in profit or loss varied from the amount of income tax amount determined by applying the Singapore income tax rate of 17% (2017: 17%) to profit or loss before income tax as a result of the following differences:

	Group		Trust	
	2018 S\$'000	2017 S\$'000	2018 S\$'000	2017 S\$'000
Total return before income tax	74,775	93,558	29,839	31,836
Income tax expense at the above rate	12,712	15,905	5,073	5,412
Not liable to tax	(4,054)	(7,764)	(4,810)	(5,250)
Effect of different tax rates in different countries	(9,340)	12,383	-	-
Tax transparency ^(a)	(418)	(404)	(418)	(404)
Total income tax (benefit)/expense	(1,100)	20,120	(155)	(242)

The amount of current income taxes payable as at the end of the reporting year was S\$1,989,000 (2017: S\$2,000,000) for the Group. Such an amount is net of tax advances, which according to the tax rules, were paid before the end of the reporting year.

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

NOTES TO THE FINANCIAL STATEMENTS

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9. Income tax (continued)

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

	Group		Trust	
	2018	2017	2018	2017
	S\$'000	S\$'000	S\$'000	S\$'000
Deferred tax relating to the changes in fair value of investment properties	(19,701)	2,305	(155)	(242)

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

	Group		Trust	
	2018	2017	2018	2017
	S\$'000	S\$'000	S\$'000	S\$'000
Deferred tax (liabilities)/assets recognised in profit or loss:				
Deferred tax relating to the changes in fair value of investment properties	(30,482)	(50,183)	1,368	1,213

Presented in the statements of financial position as follows:

	Group		Trust	
	2018	2017	2018	2017
	S\$'000	S\$'000	S\$'000	S\$'000
Deferred tax liabilities	(31,850)	(51,396)	–	–
Deferred tax assets	1,368	1,213	1,368	1,213
Net balance	(30,482)	(50,183)	1,368	1,213

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

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

	Group	
	2018	2017
	S\$'000	S\$'000
Foreign subsidiaries	70,741	67,691

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10. Earnings per unit

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

	Group	
	2018	2017
Denominator: Weighted average number of units outstanding during the year ('000)	785,322	776,729
Numerator: Earnings attributable to unitholders Total return after income tax (S\$'000)	72,467	70,030
Earnings per unit (in cents) Basic and diluted	9.23	9.02

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 to unitholders

	Group and Trust	
	2018	2017
	S\$'000	S\$'000
Total distribution paid during the year:		
Distribution of 2.13 cents per unit for the period from 1 October 2016 to 31 December 2016	–	16,447
Distribution of 2.14 cents per unit for the period from 1 January 2017 to 31 March 2017	–	16,608
Distribution of 2.14 cents per unit for the period from 1 April 2017 to 30 June 2017	–	16,654
Distribution of 2.14 cents per unit for the period from 1 July 2017 to 30 September 2017	–	16,687
Distribution of 2.15 cents per unit for the period from 1 October 2017 to 31 December 2017	16,798	–
Distribution of 2.15 cents per unit for the period from 1 January 2018 to 31 March 2018	16,878	–
Distribution of 2.15 cents per unit for the period from 1 April 2018 to 30 June 2018	16,914	–
Distribution of 2.15 cents per unit for the period from 1 July 2018 to 30 September 2018	16,952	–
	67,542	66,396

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11. Distributions to unitholders (continued)

11A. Distribution per unit

	2018 Cents per unit	Group and Trust 2017 Cents per unit	2018 S\$'000	2017 S\$'000
Based on the number of units in issue at the dates of distributions	8.60	8.57	67,681	66,727
Distribution Type				
Name of Distribution	Distribution during the period (interim distributions)			
Distribution Type	Income/Capital			
Distribution Rate	2018 Cents per unit	Group and Trust 2017 Cents per unit	2018 S\$'000	2017 S\$'000
Taxable Income ^(a) :	0.24	0.21	1,811	1,634
Tax-exempt Income ^(b) :	3.32	3.53	26,119	27,465
Capital ^(c) :	2.89	2.68	22,737	20,851
Subtotal:	6.45	6.42	50,667	49,950
Name of Distribution				
	Distribution declared subsequent to end of the reporting year (final distribution) (See Note 32)			
Distribution Type				
	Income/Capital			
Distribution Rate	2018 Cents per unit	Group and Trust 2017 Cents per unit	2018 S\$'000	2017 S\$'000
Taxable Income ^(a) :	0.07	0.08	557	598
Tax-exempt Income ^(b) :	1.12	1.12	8,873	8,772
Capital ^(c) :	0.96	0.95	7,584	7,407
Subtotal:	2.15	2.15	17,014	16,777
Total annual distribution paid or declared				
Taxable Income ^(a) :	0.31	0.29	2,368	2,232
Tax-exempt Income ^(b) :	4.44	4.65	34,992	36,237
Capital ^(c) :	3.85	3.63	30,321	28,258
Total:	8.60	8.57	67,681	66,727

- (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.

NOTES TO THE FINANCIAL STATEMENTS

31 December 2018

11. Distributions to unitholders (continued)

11A. Distribution per unit (continued)

Qualifying foreign non-individual investors will receive their distributions after deduction of tax at the rate of 10%. The Monetary Authority of Singapore has announced that the 10% tax concession has been extended till 31 December 2025.

All other investors will receive their distributions after deduction of tax at the rate of 17% (2017: 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% (2017: 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. Plant and equipment

	Plant and equipment S\$'000
<u>Group:</u>	
<u>Cost:</u>	
At 1 January 2017 and 31 December 2017	–
Additions	68
At 31 December 2018	68
<u>Accumulated depreciation:</u>	
At 1 January 2017 and 31 December 2017	–
Depreciation	*
At 31 December 2018	–
<u>Carrying amount</u>	
At 1 January 2017 and 31 December 2017	–
At 31 December 2018	68

* Amount is less S\$1,000.

Depreciation expense is recorded in property operating expenses.

NOTES TO THE FINANCIAL STATEMENTS

31 December 2018

13. Investment properties

	Group		Trust	
	2018 S\$'000	2017 S\$'000	2018 S\$'000	2017 S\$'000
At fair value:				
Balance at beginning of the year	1,349,303	1,273,159	35,500	36,800
Additions at cost	1,178	63,479	312	123
Translation differences	172	(702)	–	–
Change in fair value included in statements of total return (Level 3)	(5,358)	13,367	(912)	(1,423)
Balance at end of the year	1,345,295	1,349,303	34,900	35,500
Rental income from investment properties	116,198	110,993	3,913	3,836
Direct operating expenses (including repairs and maintenance) arising from investment properties that generated rental income during the reporting year	(1,807)	(1,517)	(250)	(227)

The decrease in fair value is due to adverse 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.

The fair value of each investment property was measured in November 2018 and updated on 31 December 2018 based on the highest and best use method to reflect the actual market state and circumstances as of the end of the reporting year. The valuations were based on the discounted cash flow and direct capitalisation methods as appropriate. The fair values were based on valuations made by independent professional valuers on a systematic basis at least once yearly. In relying on the valuation reports, the management is satisfied that the independent professional valuers have appropriate professional qualifications, are independent and have recent experience in the location and category of the properties being valued. There have been no changes to the valuation techniques during the year. Management determined that the highest and best use of the assets are the current use and that it would provide maximum value to market participants principally through its use in combination with other assets.

NOTES TO THE FINANCIAL STATEMENTS

31 December 2018

13. Investment properties (continued)

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

	2018	2017
1. <u>Estimated discount rates using pre-tax rates that reflect current market assessments at the risks specific to the properties</u>		
Indonesia	9.65% to 10.25%	9.54% to 9.87%
Singapore	8.50% to 8.75%	8.50% to 8.75%
South Korea	Note 1	Note 1
2. <u>Growth rates based on escalation rate in the lease agreements</u>		
Indonesia	 #(A)	#(A)
Singapore	 2.00%	2.00%
South Korea	Note 1	Note 1
3. <u>Cash flow forecasts derived from recent budget (assuming renewal of current leases where applicable)</u>		
Indonesia	 2 to 26 years	3 to 27 years
Singapore	 10 years	10 years
South Korea	Note 1	Note 1
4. <u>Terminal rate^{#(B)}</u>		
Indonesia	 8.16% to 10.00%	8.13% to 10.50%
Singapore	 7.00% to 7.50%	7.00% to 7.50%
South Korea	Note 1	Note 1
5. <u>Dates of valuations</u>		
Indonesia	 5 Nov	30 Sep and 6 Nov
Singapore	 5 Nov	6 Nov
South Korea	 5 Nov	6 Nov

#(A) The growth rate for the base rents were capped at 2.00% (2017: 2.00%) of the preceding 12 months' base rent depending on the Consumer Price Index of Singapore. The variable rent is the amount equivalent from 0.00% to 2.00% (2017: 0.00% to 2.00%) of the tenant's gross revenue for the preceding calendar year, depending on the tenant's gross revenue growth. There is no variable rent for the first three years of the lease of Siloam Hospitals Kupang (since 2015) and the first five years of the leases of Siloam Hospitals Labuan Bajo (since 2016), Siloam Hospitals Buton & Lippo Plaza Buton and Siloam Hospitals Yogyakarta (since 2017).

#(B) No terminal rate was used for the valuation of Siloam Sriwijaya, Siloam Hospitals Kupang & Lippo Plaza Kupang and Siloam Hospitals Buton & Lippo Plaza Buton whose respective agreements with the provincial governments only allow for a fixed lease period each. The terminal value for Siloam Hospitals Surabaya used the same contractual value included in the asset enhancement transaction with a subsidiary of PT Lippo Karawaci Tbk (Note 29).

Note 1: The valuations of the South Korea property for 2018 and 2017 were based on the direct capitalisation method. The direct capitalisation method is a valuation method used to convert a single year's income expectancy into a value estimate. The income used is the market rental of this property adjusted for operating expenses (net operating income). An overall capitalisation rate of 10.25% (2017: 10.00%) 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. During the year, the Group had appointed an agent to assist in the disposal of the South Korea property although no sale and purchase agreement was signed as at the date of this report.

NOTES TO THE FINANCIAL STATEMENTS

31 December 2018

13. Investment properties (continued)

The valuations for 2018 were made by the following independent professional valuers:

1. Five Indonesia properties – KJPP Willson & Rekan in association with Knight Frank (2017: Six)
2. Five Indonesia properties – KJPP Rengganis, Hamid & Rekan in strategic alliance with CBRE Pte. Ltd. (2017: Five)
3. Four Indonesia properties – Colliers International Consultancy & Valuation (Singapore) Pte. Ltd. in alliance with KJPP Rinaldi Alberth Baroto & Partners (2017: Five)
4. Two Indonesia properties – Cushman & Wakefield VHS Pte Ltd in collaboration with KJPP Firman, Suryantoro, Sugeng, Suzy, Hartomo & Rekan (2017: Nil)
5. Three Singapore properties – Cushman & Wakefield VHS Pte. Ltd. (2017: Three)
6. South Korea property – Cushman & Wakefield VHS Pte. Ltd. (2017: One)

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

Other than Sarang Hospital, Siloam Hospitals Surabaya, Siloam Hospitals Kebon Jeruk, Siloam Hospitals Purwakarta, Siloam Sriwijaya, Siloam Hospitals Kupang & Lippo Plaza Kupang, Siloam Hospitals Labuan Bajo, Siloam Hospitals Buton & Lippo Plaza Buton and Siloam Hospitals Yogyakarta, all the properties are mortgaged as security for the bank facilities (Note 24). Other details on the properties are disclosed in the statements of portfolio.

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

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

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

- (b) Build, Operate and Transfer Scheme (“**BOT Scheme**”)

This scheme is a structure in Indonesia for the construction of commercial buildings where Indonesia government owns the relevant land (“**BOT land**”). Under the BOT scheme, the Indonesia government which owns BOT land (“**BOT grantor**”) agrees to grant certain rights over the BOT land to another party (“**BOT grantee**”).

The BOT grantee can develop the site, subject to the relevant approvals and then operate the buildings constructed on the BOT land for a particular period of time as stipulated in the BOT agreement, including obtaining Strata title certificates on the BOT land. A BOT scheme is granted for an initial period of 20 to 30 years and is extendable upon agreement of both the grantor and grantee. Upon expiration of the term of the BOT agreement, the BOT grantee must return the land, together with any buildings and fixtures on top of the land, without either party providing any form of compensation to the other.

NOTES TO THE FINANCIAL STATEMENTS

31 December 2018

13. Investment properties (continued)

(c) Strata Title

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

The commencement date of each title varies.

The investment properties are leased out under operating leases (Notes 3 and 30).

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 2018 (in S\$'000)	Valuation technique(s)	Key unobservable inputs	Range of unobservable inputs (probability - weighted average)	Relationship of unobservable inputs to fair value
Investment properties	1,336,700 (2017: 1,340,880)	Discounted cash flow method	Discount rate	8.50% to 10.25% (2017: 8.50% to 9.87%)	The higher the discount rate, the lower the fair value.
			Terminal rate	7.00% to 10.50% (2017: 7.00% to 10.50%)	The higher the terminal rate, the lower the fair value.
	8,595 (2017: 8,423)	Direct capitalisation method	Capitalisation rate	10.25% (2017: 10.00%)	The higher the capitalisation rate, the lower the fair value.

There were no significant inter-relationships between unobservable inputs.

Sensitivity analysis on key estimates:

Indonesia and Singapore properties:

1. Discount rates

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

2. Growth in rental income

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

3. Terminal rates

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

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31 December 2018

13. Investment properties (continued)

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

South Korea property:

1. Growth in rental income

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

2. Capitalisation rates

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

Valuation processes of the Group

The Group has a team that oversees the valuations of investment properties by independent professional valuers required for financial reporting, including fair values. This Asset and Investment team (“**valuation team**”) and Finance team report directly to the Chief Executive Officer (“**CEO**”). Discussions of valuation processes and results are held between the CEO, the finance team and the valuation team. The team engages independent professional valuers to determine the fair value of the Group’s properties every reporting year.

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

- *Discount rates*

The discount rates have been determined using the independent professional valuers’ model to calculate a pre-tax rate that reflects current market assessments of the time value of money and the risk specific to the asset.

- *Terminal rates*

The terminal rates have been determined using the independent professional valuers’ model of the location, building quality, surrounding local market condition, competitive positioning of the property, perceived market conditions in the future, estimated cash flow profile, overall physical condition and age of each property.

- *Expected net rental cashflows*

These are estimated by management based on existing lease agreements and market conditions as at 31 December 2018. The estimates are largely consistent with management’s knowledge of actual conditions and situations from tenants.

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31 December 2018

14. Investments in subsidiaries

	Trust	
	2018 S\$'000	2017 S\$'000
Movements during the year. At cost:		
Balance at beginning of the year	804,472	756,461
Additions at cost	–	71,385
Redemption of redeemable preference shares	(25,738)	(23,374)
Cost at the end of the year	778,734	804,472
	Trust	
	2018 S\$'000	2017 S\$'000
Total cost comprising:		
Unquoted equity shares at cost	414,292	414,292
Redeemable preference shares at cost	372,578	398,316
Allowance for impairment	(8,136)	(8,136)
Total at cost	778,734	804,472
Movement in allowance for impairment:		
Balance at beginning and end of the year	(8,136)	(8,136)

The details of the subsidiaries are disclosed in Note 35 below.

15. Other receivables, non-current

	Group	
	2018 S\$'000	2017 S\$'000
Balance at the end of the year	27,035	27,035

The amount relates to progress payments made in relation to the development works of Siloam Hospitals Surabaya. The progress payments, which yield a return of 6% (2017: 6%) per annum, will be reclassified to investment properties upon completion. The details are disclosed in Note 29.

NOTES TO THE FINANCIAL STATEMENTS

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16. Trade and other receivables, current

	Group		Trust	
	2018	2017	2018	2017
	S\$'000	S\$'000	S\$'000	S\$'000
Trade receivables:				
Outside parties	7,859	7,766	707	198
Less impairment allowance	(3,754)	(3,333)	–	–
Related parties	22,929	14,192	8	8
Net trade receivables – subtotal	27,034	18,625	715	206
Other receivables:				
Subsidiaries	–	–	17,172	13,413
Less impairment allowance	–	–	(567)	(567)
Outside parties	5,357	7,357	228	235
Net other receivables – subtotal	5,357	7,357	16,833	13,081
Total trade and other receivables	32,391	25,982	17,548	13,287

The other receivables from outside parties are mainly tax recoverable for the properties acquired.

	Group		Trust	
	2018	2017	2018	2017
	S\$'000	S\$'000	S\$'000	S\$'000
Movement in above allowance:				
Balance at beginning of the year	(3,333)	(3,360)	(567)	(567)
Impairment allowance included in statement of total return	(353)	(228)	–	–
Foreign exchange difference	(68)	255	–	–
Balance at the end of the year	(3,754)	(3,333)	(567)	(567)

NOTES TO THE FINANCIAL STATEMENTS

31 December 2018

16. Trade and other receivables, current (continued)

The trade receivables are subject to the expected credit loss model under the financial reporting standard on financial instruments. The methodology applied for impairment loss is the simplified approach to measuring expected credit losses (ECL) which uses a lifetime expected loss allowance for all trade receivables. The expected lifetime losses are recognised from initial recognition of these assets. These assets are grouped based on shared credit risk characteristics and the days past due for measuring the expected credit losses. The allowance matrix is based on its historical observed default rates over the expected life of the trade receivables and is adjusted for forward-looking estimates. At every reporting date the historical observed default rates are updated and changes in the forward-looking estimates are analysed. The loss allowance was determined as follows for both trade receivables:

	Gross amount		Loss allowance	
	2018	2017	2018	2017
	S\$'000	S\$'000	S\$'000	S\$'000
Trade receivables:				
1 to 30 days past due	17,789	16,931	–	–
31 to 60 days past due	8,796	978	(160)	(72)
61 to 90 days past due	497	–	–	–
Over 90 days past due	3,706	4,049	(3,594)	(3,261)
Total	30,788	21,958	(3,754)	(3,333)

The loss allowance of S\$3,754,000 (2017: S\$3,333,000) was due to the receivable from the tenant of Sarang Hospital.

17. Loan receivable

	Trust	
	2018	2017
	S\$'000	S\$'000
Loan receivable from subsidiary:		
Non-current portion	39,415	44,239
Current portion	4,191	4,191
Total	43,606	48,430

The agreement for the loan receivable provides that it is unsecured, with effective interest at 3.37% to 3.49% (2017: 0.00% to 3.39%) per annum and is repayable by quarterly instalments at Singapore Swap Offer Rate ("SOR") plus a margin. The loan is carried at amortised cost using the effective interest method. A portion of the loan receivable has no interest and repayment is dependent on the cash flows of the borrower. The fair value is not determinable as the timing of the cash flows arising from the loan amount cannot be estimated reliably. The amount is not past due.

NOTES TO THE FINANCIAL STATEMENTS

31 December 2018

18. Other financial assets, current

	Group	
	2018 S\$'000	2017 S\$'000
Investment in FVTPL	26	–
Movements during the year:		
Fair value at beginning of the year	–	–
Additions	264	–
Disposals	(232)	–
Loss on disposals through profit or loss under other expenses	(6)	–
Fair value at end of the year	26	–

Disclosures relating to investments at FVTPL

	Level	2018 S\$'000	2017 S\$'000	Group 2018 %	2017 %
Quoted equity shares:					
Financial services industry: Singapore	1	26	–	100	–

Sensitivity analysis: The effect on pre-tax profit is not significant.

19. Other assets, current

	Group		Trust	
	2018 S\$'000	2017 S\$'000	2018 S\$'000	2017 S\$'000
Prepayments	251	48	251	25
Prepaid other taxes	4,582	4,525	–	–
	4,833	4,573	251	25

20. Cash and cash equivalents

	Group		Trust	
	2018 S\$'000	2017 S\$'000	2018 S\$'000	2017 S\$'000
Not restricted in use	27,758	15,741	18,314	8,194

The rate of interest for the cash on interest-earning accounts is 1.10% (2017: 0.52% to 1.00%) per annum.

NOTES TO THE FINANCIAL STATEMENTS

31 December 2018

20. Cash and cash equivalents (continued)

20A. Non-cash transactions:

Group

- (a) There were units issued as settlement of the Manager's management and acquisition fees (Note 21).
- (b) Eligible unitholders that have elected to participate in the Distribution Reinvestment Plan ("DRP") received their distributions in units (Note 21).

Trust

- (a) Dividend income amounting to S\$60,772,000 (2017: S\$58,274,000) were offset against the amount due to subsidiaries.
- (b) Redeemable preference shares amounting to S\$25,738,000 (2017: S\$23,374,000) redeemed during the financial year were offset against the amount due to subsidiaries.
- (c) The repayment of loan receivable amounting to S\$4,824,000 (2017: S\$4,899,000) was offset against the amount due to a subsidiary.

20B. Reconciliation of liabilities arising from financing activities:

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

	Non-current borrowings S\$'000	Current borrowings S\$'000	Total S\$'000
Group			
Balance at 1 January 2017	271,642	141,967	413,609
<u>Cash flows:</u>			
Proceeds	33,499	29,571	63,070
<u>Non-cash changes:</u>			
Borrowing cost capitalised during the year	–	(789)	(789)
Amortisation	1,136	949	2,085
Foreign exchange difference	–	(1,526)	(1,526)
Reclassification*	(28,152)	28,152	–
Balance at 31 December 2017	278,125	198,324	476,449
<u>Cash flows:</u>			
Proceeds	24,000	–	24,000
<u>Non-cash changes:</u>			
Borrowing cost capitalised during the year	(9,524)	–	(9,524)
Amortisation	4,407	707	5,114
Foreign exchange difference	380	–	380
Reclassification*	89,373	(89,373)	–
Balance at 31 December 2018	386,761	109,658	496,419

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

NOTES TO THE FINANCIAL STATEMENTS

31 December 2018

21. Units in issue and net assets value attributable to unitholders

	Group and Trust	
	2018	2017
	'000	'000
Units at beginning of the year	779,955	771,579
Issuance of new units as settlement of management fees ^(a)	6,752	5,314
Issuance of new units as settlement of acquisition fees ^(b)	191	362
Issuance of new units pursuant to the Distribution Reinvestment Plan ^(c)	1,582	2,700
Units at end of the year	788,480	779,955

- (a) A total of 6,752,000 (2017: 5,314,000) new units at an issue price range from S\$1.2324 to S\$1.3971 (2017: S\$1.2666 to S\$1.3387) 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, 1,833,000 (2017: 1,538,000) units were issuable as settlement for the Manager's management fees for the last quarter of the reporting year.

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

- (b) On 26 January 2018, the Trust announced the issue of 191,000 units to the Manager of the Trust with an issue price of S\$1.4078 per unit as acquisition fees of S\$270,000 of Siloam Hospitals Yogyakarta, which equivalent to 1.0% of the purchase consideration.

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

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

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

A total of 1,582,000 (2017: 2,700,000) new units at an issue price of S\$1.4078 for a quarter (2017: S\$1.2559 for a quarter) per unit were issued pursuant to the DRP.

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

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

NOTES TO THE FINANCIAL STATEMENTS

31 December 2018

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

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	
	2018 S\$'000	2017 S\$'000	2018 S\$'000	2017 S\$'000
Net assets value attributable to unitholders	808,275	791,437	317,848	347,261
Net assets value per unit (in cents) attributable to unitholders	102.51	101.47	40.31	44.52

21A. Movements in components of unitholders' funds and perpetual securities holders

	Unitholders' funds				Perpetual securities S\$'000	Total S\$'000
	Issued equity S\$'000	Retained earnings S\$'000	Foreign exchange reserve S\$'000	Subtotal S\$'000		
Group:						
Current year:						
Opening balance at 1 January 2018	406,603	383,791	1,043	791,437	60,878	852,315
Total comprehensive return for the year	–	72,467	370	72,837	3,408	76,245
Manager's acquisition-related fees settled in units	270	–	–	270	–	270
Manager's management fees settled in units	9,113	–	–	9,113	–	9,113
Distributions to perpetual securities holders	–	–	–	–	(3,408)	(3,408)
Distribution settled in units	2,160	–	–	2,160	–	2,160
Distributions	(30,160)	(37,382)	–	(67,542)	–	(67,542)
Closing balance at 31 December 2018	387,986	418,876	1,413	808,275	60,878	869,153

NOTES TO THE FINANCIAL STATEMENTS

31 December 2018

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

21A. Movements in components of unitholders' funds and perpetual securities holders (continued)

	Unitholders' funds				Perpetual securities S\$'000	Total S\$'000
	Issued equity S\$'000	Retained earnings S\$'000	Foreign exchange reserve S\$'000	Subtotal S\$'000		
Group:						
Previous year:						
Opening balance at 1 January 2017	423,654	352,355	1,692	777,701	60,878	838,579
Total comprehensive return for the year	–	70,030	(649)	69,381	3,408	72,789
Manager's acquisition-related fees settled in units	485	–	–	485	–	485
Manager's management fees settled in units	6,876	–	–	6,876	–	6,876
Distributions to perpetual securities holders	–	–	–	–	(3,408)	(3,408)
Distribution settled in units	3,390	–	–	3,390	–	3,390
Distributions	(27,802)	(38,594)	–	(66,396)	–	(66,396)
Closing balance at 31 December 2017	406,603	383,791	1,043	791,437	60,878	852,315

	Unitholders' funds			Perpetual securities S\$'000	Total S\$'000
	Issued equity S\$'000	Accumulated losses S\$'000	Sub-total S\$'000		
Trust:					
Current year:					
Opening balance at 1 January 2018	406,603	(59,342)	347,261	60,878	408,139
Total comprehensive return for the year	–	26,586	26,586	3,408	29,994
Manager's acquisition-related fees settled in units	270	–	270	–	270
Manager's management fees settled in units	9,113	–	9,113	–	9,113
Distributions to perpetual securities holders	–	–	–	(3,408)	(3,408)
Distribution settled in units	2,160	–	2,160	–	2,160
Distributions	(30,160)	(37,382)	(67,542)	–	(67,542)
Closing balance at 31 December 2018	387,986	(70,138)	317,848	60,878	378,726

Previous year:					
Opening balance at 1 January 2017	423,654	(49,418)	374,236	60,878	435,114
Total comprehensive return for the year	–	28,670	28,670	3,408	32,078
Manager's acquisition-related fees settled in units	485	–	485	–	485
Manager's management fees settled in units	6,876	–	6,876	–	6,876
Distributions to perpetual securities holders	–	–	–	(3,408)	(3,408)
Distribution settled in units	3,390	–	3,390	–	3,390
Distributions	(27,802)	(38,594)	(66,396)	–	(66,396)
Closing balance at 31 December 2017	406,603	(59,342)	347,261	60,878	408,139

NOTES TO THE FINANCIAL STATEMENTS

31 December 2018

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

Capital management:

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

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

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

	Group		Trust	
	2018	2017	2018	2017
	S\$'000	S\$'000	S\$'000	S\$'000
Net debt:				
All external borrowings	496,419	476,449	496,419	476,449
Less cash and cash equivalents	(27,758)	(15,741)	(18,314)	(8,194)
Net debt	468,661	460,708	478,105	468,255
Adjusted capital:				
Issued equity	387,986	406,603	387,986	406,603
Retained earnings/(Accumulated losses)	418,876	383,791	(70,138)	(59,342)
Foreign exchange reserve	1,413	1,043	–	–
Perpetual securities	60,878	60,878	60,878	60,878
Adjusted capital	869,153	852,315	378,726	408,139
Debt-to-adjusted capital ratio	53.92%	54.05%	126.24%	114.73%

The improvement as shown by the decrease in the debt-to-adjusted capital ratio for the reporting year resulted primarily from the increase in retained earnings. There was a favourable change with 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 quarterly on substantial share interests showing the non-free float and it demonstrated continuing compliance with the SGX-ST's 10% limit throughout the reporting year.

In accordance with the Code on Collective Investment Schemes issued by the Monetary Authority of Singapore, the total borrowings and deferred payments of the Group should not exceed 45% of the Group's deposited property. It was 35.0% (2017: 33.6%) as at end of the reporting year, which exclude the effect of perpetual securities which had been classified as equity by the Manager.

NOTES TO THE FINANCIAL STATEMENTS

31 December 2018

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

Capital management (continued):

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

22. Perpetual securities

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

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

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

These perpetual securities are classified as equity (see Note 21). An amount of S\$3,408,000 is reserved for distribution to perpetual securities holders for each of the year ended 31 December 2017 and 2018 respectively. Management has taken the view that as there is no contractual obligation to repay the principal or to pay any distributions, and that the perpetual securities do not meet the definition for classification as a financial liability under SFRS 32 Financial Instruments: Disclosure and Presentation. The perpetual securities are presented within equity, and distribution treated as dividends.

23. Financial ratios

	Group		Trust	
	2018	2017	2018	2017
Expenses to average net assets attributable to unitholders ratio – excluding performance related fees ⁽¹⁾	1.06%	0.87%	2.32%	1.81%
Expenses to average net assets attributable to unitholders ratio – including performance related fees ⁽¹⁾	1.77%	1.57%	4.05%	3.33%
Portfolio turnover ratio ⁽²⁾	NM	NM	NM	NM
Rent/EBITDA ratio of Indonesia properties ⁽³⁾	56.40%	55.92%	–	–
Total operating expenses (S\$'000) ⁽⁴⁾	14,867	33,975	13,532	11,989
Total operating expenses to net asset value ratio ⁽⁴⁾	1.84%	4.29%	4.26%	3.45%

(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.

NOTES TO THE FINANCIAL STATEMENTS

31 December 2018

23. Financial ratios (continued)

- (3) The Manager has given an undertaking to SGX-ST that for so long as it remains the Manager of the Trust, and PT Lippo Karawaci Tbk in Indonesia and/or any of its related corporations remains a controlling shareholder of the Manager (up to 25 October 2018), it will disclose the Rent/EBITDA ratio of the Indonesia properties, except for Siloam Hospitals Purwakarta, Siloam Srivijaya and Siloam Hospitals Kupang & Lippo Plaza Kupang. The EBITDA (unaudited) for the operations renting the Indonesia properties, except for Siloam Hospitals Purwakarta, Siloam Srivijaya and Siloam Hospitals Kupang & Lippo Plaza Kupang, is calculated before rental expenses.
- (4) The revised Code on Collective Investment Schemes dated 8 October 2018 requires disclosure of the total operating expenses of the property fund, including all fees and charges paid to the Manager and interested parties (in both absolute terms, and as a percentage of the property fund's net asset value as at the end of the financial year) and taxation incurred in relation to the property fund's real estate assets.

N/M – Not meaningful as there was no sale of investment property in 2017 and 2018.

24. Other financial liabilities

	Group and Trust	
	2018	2017
	S\$'000	S\$'000
<hr/>		
Current:		
Bank loans (secured) (Note 24A)	–	99,031
Transaction cost to be amortised	–	(615)
	<hr/>	<hr/>
	–	98,416
Fixed rate notes (Note 24B)	–	100,000
Transaction cost to be amortised	–	(92)
	<hr/>	<hr/>
	–	99,908
Bank loan (unsecured) ^(a)	110,000	–
Transaction cost to be amortised	(342)	–
	<hr/>	<hr/>
	109,658	–
Current, total	109,658	198,324
	<hr/>	<hr/>

- (a) During the year, the Trust obtained a bank loan of S\$100 million with floating rate ranging from 2.55% to 3.06% per annum, maturing in May 2019, to repay the fixed rate notes (Note 24B). The remaining loan of S\$10 million is due in March 2019.

NOTES TO THE FINANCIAL STATEMENTS

31 December 2018

24. Other financial liabilities (continued)

	Group and Trust	
	2018	2017
	S\$'000	S\$'000
<hr/>		
Non-current:		
Bank loans (secured) (Note 24A)	392,962	269,550
Transaction cost to be amortised	(6,201)	(1,382)
	<u>386,761</u>	<u>268,168</u>
Bank loan (unsecured)	–	10,000
Transaction cost to be amortised	–	(43)
	<u>–</u>	<u>9,957</u>
Non-current, total	<u>386,761</u>	<u>278,125</u>
Total other financial liabilities	<u>496,419</u>	<u>476,449</u>

24A. Bank loans (secured)

	Group and Trust	
	2018	2017
	S\$'000	S\$'000
<hr/>		
Current:		
Bank loan B (secured)	–	33,160
Transaction cost to be amortised	–	(119)
	<u>–</u>	<u>33,041</u>
Bank loan C (secured)	–	36,300
Transaction cost to be amortised	–	(202)
	<u>–</u>	<u>36,098</u>
Bank loan E (secured)	–	29,571
Transaction cost to be amortised	–	(294)
	<u>–</u>	<u>29,277</u>
Current, total	<u>–</u>	<u>98,416</u>

NOTES TO THE FINANCIAL STATEMENTS

31 December 2018

24. Other financial liabilities (continued)

24A. Bank loans (secured) (continued)

	Group and Trust	
	2018	2017
	S\$'000	S\$'000
Non-current:		
Bank loan A (secured)	–	91,600
Transaction cost to be amortised	–	(76)
	–	91,524
Bank loan C (secured)	–	101,950
Transaction cost to be amortised	–	(542)
	–	101,408
Bank loan D (secured)	–	45,000
Transaction cost to be amortised	–	(398)
	–	44,602
Bank loan F (secured)	–	31,000
Transaction cost to be amortised	–	(366)
	–	30,634
Bank loan G (secured)	392,962	–
Transaction cost to be amortised	(6,201)	–
	386,761	–
Non-current, total	386,761	268,168

In March 2018, the Trust had drawn down Bank loan G under a S\$400 million syndicated secured financing facilities to refinance Bank loans A to F. Bank loan G consists of a 3-year Singapore dollar term loan, a 4-year Singapore dollar term loan, a 5-year Singapore dollar term loan and a 3-year dual currency revolving credit facility loan in Singapore and United States dollar. The amounts under Bank loan G are due in March 2021, March 2022 and March 2023.

All mortgages, assignments of the Group's rights, titles, interest and benefits, debentures and charges were discharged and then executed in favour of Bank loan G.

All the amounts are at floating interest rates or arranged with interest rate swaps.

In 2017, the fixed interest rates of Bank loan D is 3.75% per annum. The range of floating interest rates for the Bank loan G (partial) are from 2.86% to 3.88% (2017: From 2.33% to 3.51%) per annum.

NOTES TO THE FINANCIAL STATEMENTS

31 December 2018

24. Other financial liabilities (continued)

24A. Bank loans (secured) (continued)

The range of effective interest rates for the above borrowings is from 3.60% to 4.00% (2017: 3.42% to 4.72% per annum).

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

- 1) Legal mortgage over all the properties of the Group except for Sarang Hospital, Siloam Hospitals Surabaya, Siloam Hospitals Kebon Jeruk, Siloam Hospitals Purwakarta, Siloam Hospitals Sriwijaya, Siloam Hospitals Kupang & Lippo Plaza Kupang, Siloam Hospitals Labuan Bajo, Siloam Hospitals Buton & Lippo Plaza Buton and Siloam Hospitals Yogyakarta.
- 2) Assignment to the banks of all of the Group's rights, titles, interests and benefits under any leases, tenancies, sales proceeds and cash flows in respect of the Indonesia properties and the Singapore properties except for Siloam Hospitals Surabaya, Siloam Hospitals Kebon Jeruk, Siloam Hospitals Purwakarta, Siloam Hospitals Sriwijaya, Siloam Hospitals Kupang & Lippo Plaza Kupang, Siloam Hospitals Labuan Bajo, Siloam Hospitals Buton & Lippo Plaza Buton and Siloam Hospitals Yogyakarta.
- 3) Assignment to the banks of all of the Group's rights, titles and interests under the insurance policies in respect of the Indonesia properties and the Singapore properties, with the bank named as a "loss payee" except for Siloam Hospitals Surabaya, Siloam Hospitals Kebon Jeruk, Siloam Hospitals Purwakarta, Siloam Hospitals Sriwijaya, Siloam Hospitals Kupang & Lippo Plaza Kupang, Siloam Hospitals Labuan Bajo, Siloam Hospitals Buton & Lippo Plaza Buton and Siloam Hospitals Yogyakarta.
- 4) A debenture containing first fixed and floating charges over all assets and undertakings of the Trust's Singapore subsidiaries and subsidiaries of Trust's Singapore subsidiaries except for Kalmore Investments Pte Ltd, Surabaya Hospitals Investment Pte Ltd, Primerich Investments Pte Ltd, Henley Investments Pte Ltd, Glamis Investments Pte Ltd, Finura Investments Pte Ltd, Sriwijaya Investment I Pte Ltd, Sriwijaya Investment II Pte Ltd, SHKP Investment I Pte Ltd, SHKP Investment II Pte Ltd, Icon1 Holdings Pte Ltd, SHLB Investment I Pte Ltd, SHLB Investment II Pte Ltd, SHButon Investment I Pte Ltd, and SHButon Investment II Pte Ltd.
- 5) Charge of all of the Trust's shares in the Singapore subsidiaries and subsidiaries of Trust's Singapore subsidiaries except for Kalmore Investments Pte Ltd, Surabaya Hospitals Investment Pte Ltd, Primerich Investments Pte Ltd, Henley Investments Pte Ltd, Glamis Investments Pte Ltd, Finura Investments Pte Ltd, Sriwijaya Investment I Pte Ltd, Sriwijaya Investment II Pte Ltd, SHKP Investment I Pte Ltd, SHKP Investment II Pte Ltd, Icon1 Holdings Pte Ltd, SHLB Investment I Pte Ltd, SHLB Investment II Pte Ltd, SHButon Investment I Pte Ltd, and SHButon Investment II Pte Ltd.
- 6) Charge of all of the Singapore subsidiaries' shares in the Indonesia subsidiaries except for (i) PT Tata Prima Indah, PT Graha Indah Pratama, PT Eka Dasa Parinama, PT Sriwijaya Mega Abadi, PT Nusa Bahana Niaga, PT Prima Labuan Bajo, PT Buton Bangun Cipta and (ii) Joint-operation company PT Yogya Central Terpadu.
- 7) A debenture by the Group covering first fixed and floating charges over all assets and undertakings in respect of the Singapore properties.
- 8) OUE Lippo Healthcare Limited's interest in the Trust is at least 8%.
- 9) OUE Limited's interest in Bowsprit Capital Corporation Limited is at least 40%.
- 10) Compliance with certain financial covenants.

NOTES TO THE FINANCIAL STATEMENTS

31 December 2018

24. Other financial liabilities (continued)

24A. 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	
	2018	2017	2018	2017
	S\$'000	S\$'000	S\$'000	S\$'000
Group and Trust				
Bank loan D (non-current)	–	26,102	–	26,363

In 2017, the fair value of the loans was estimated by discounting the future cash flows payable under the terms of the loan using 3.2% per annum applicable to loans of similar credit risk, terms and conditions (Level 2).

24B. Fixed rate notes

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

The total facility drawn down as at 31 December 2018 under the Programme matured on 22 May 2018 and was fully repaid. Fixed interest of 4.125% per annum is payable semi-annually in arrears. The effective interest rate is 4.37% per annum.

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

	Carrying amounts		Fair values	
	2018	2017	2018	2017
	S\$'000	S\$'000	S\$'000	S\$'000
Group and Trust				
Fixed rate notes	–	99,908	–	99,908

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

NOTES TO THE FINANCIAL STATEMENTS

31 December 2018

25. Trade and other payables, current

	Group		Trust	
	2018	2017	2018	2017
	S\$'000	S\$'000	S\$'000	S\$'000
Trade payables:				
Outside parties and accrued liabilities	147	157	68	78
Related party	8,380	8,326	8,380	8,326
Trade payables – subtotal	8,527	8,483	8,448	8,404
Other payables:				
Subsidiaries	–	–	6,933	11,392
Related party	22	22	–	–
Other payables	7,586	9,711	1,795	4,135
Other payables – subtotal	7,608	9,733	8,728	15,527
Total trade and other payables	16,135	18,216	17,176	23,931

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

26. Other liabilities, current

	Group		Trust	
	2018	2017	2018	2017
	S\$'000	S\$'000	S\$'000	S\$'000
Rental income in advance	20,909	20,949	81	80
Security deposits	1,884	1,846	1,884	1,846
	22,793	22,795	1,965	1,926

Rental received in advance from tenants.

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27. Derivatives financial instruments

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

	Group and Trust	
	2018	2017
	S\$'000	S\$'000
<hr/>		
Liabilities – Derivatives with negative fair values:		
Interest rate swaps (Note 27A) – Non-current	(250)	(512)
Interest rate swaps (Note 27A) – Current	(185)	(164)
	(435)	(676)
<hr/>		
The movements during the year were as follows:		
Balance at beginning of the year	(676)	(118)
Disposals	415	–
(Losses) recognised in profit or loss	(174)	(558)
Total net balance at end of the year	(435)	(676)

27A. Interest rate swaps

As at 31 December 2018, the notional amount of six interest rate swaps for 2018 was S\$445,819,000 (2017: S\$90,815,000). The interest rate swaps are designed to convert floating borrowing to fixed rate loans for the next two years. The group receives variable interest equal to the SOR on the notional contract amount. At the end of the reporting year, the interest rates vary from 1.79% to 2.01% (2017: 1.78% to 1.88%). The interest rate swaps will mature between 1 June 2019 to 1 June 2020.

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

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

28. Financial information by operating segments

Information about reportable segment profit or loss and assets

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

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

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28. 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 financial performance measurement is to evaluate the properties based on their returns and yields.

	Indonesia S\$'000	Singapore S\$'000	South Korea S\$'000	Total S\$'000
2018				
Profit or loss reconciliation				
Rental and other income	111,583	3,913	702	116,198
Impairment allowance on trade receivables	–	–	(353)	(353)
Net property income	110,762	3,414	215	114,391
Interest income	1,676	14	–	1,690
Manager's management fees				(11,435)
Trustee fees				(427)
Finance costs	–	(21,614)	–	(21,614)
Other expenses				(2,298)
Net income before the undernoted				80,307
Net fair value losses of investment properties	(4,014)	(912)	(432)	(5,358)
Net fair value losses of derivatives financial instruments				(174)
Total return before income tax				74,775
Income tax benefit/(expenses)	1,020	155	(75)	1,100
Total return after income tax				75,875
Assets				
Segment assets including properties	1,371,979	55,942	10,853	1,438,774
Total assets				1,438,774

NOTES TO THE FINANCIAL STATEMENTS

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28. Financial information by operating segments (continued)

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

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

Incomes 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).

Income from the Group's top one and top two customers in Indonesia amounted to S\$97,128,000 and S\$111,583,000 respectively (2017: S\$91,957,000 and S\$106,240,000).

NOTES TO THE FINANCIAL STATEMENTS

31 December 2018

29. Capital commitments

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

	2018 S\$'000	2017 S\$'000
Commitments in relation to Siloam Hospitals Surabaya	<u>63,000</u>	<u>63,000</u>

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

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

(a) Divestment of Plot B

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

(b) Development Works

The development works on Plot B and Lippo Karawaci's land adjacent to Plot B;

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

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

(d) Divestment of the Existing SHS

The divestment of the Existing SHS to PT SK.

In 2017, the second progress payment of S\$9 million was completed.

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

NOTES TO THE FINANCIAL STATEMENTS

31 December 2018

30. Operating lease income commitments – as lessor

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

	Group		Trust	
	2018 S\$'000	2017 S\$'000	2018 S\$'000	2017 S\$'000
Not later than one year	116,258	116,533	3,991	3,927
Later than one year and not later than five years	401,312	434,769	16,778	16,509
More than five years	332,937	420,698	10,443	14,812

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

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

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

One of the tenants in Singapore also provided a bank guarantee in lieu of the security deposits of S\$1,400,000 (2017: S\$1,372,000) for rental income from one of the Singapore properties.

31. Financial instruments: information on financial risks

31A. Categories of financial assets and liabilities

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

	Group		Trust	
	2018 S\$'000	2017 S\$'000	2018 S\$'000	2017 S\$'000
<u>Financial assets:</u>				
Financial assets at amortised cost	87,184	68,758	79,468	69,991
Financial assets at fair value through profit or loss (FVTPL)	26	–	–	–
At end of the year	87,210	68,758	79,468	69,911
<u>Financial liabilities:</u>				
Financial liabilities at amortised cost	512,554	494,665	513,595	500,380
Derivatives financial instruments at fair value	435	676	435	676
At end of the year	512,989	495,341	514,030	501,056

Further quantitative disclosures are included throughout these financial statements.

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

NOTES TO THE FINANCIAL STATEMENTS

31 December 2018

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

31A. Categories of financial assets and liabilities (continued)

The Group's financial assets that were classified as "cash and cash equivalents" and "loans and receivables" under SFRS 39 in previous financial year have been classified as "financial assets at amortised cost" for the current financial year under SFRS 109.

The Group's financial liabilities that were classified as "borrowings measured at amortised cost" and "trade and other payables measured at amortised cost" under SFRS 39 in previous financial year have been classified as "financial liabilities at amortised cost" for the current financial year under SFRS 109.

31B. Financial risk management

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

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

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

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

31C. Credit risk on financial assets

Financial assets that are potentially subject to concentrations of credit risk and failures by counterparties to discharge their obligations in full or in a timely manner consist principally of cash balances with banks, cash equivalents and receivables and other financial assets. The maximum exposure to credit risk is: the total of the fair value of the financial assets: the maximum amount the entity could have to pay if the guarantee is called on; and the full amount of any payable commitments at the end of the reporting year. Credit risk on cash balances with banks and any other financial instruments is limited because the counter-parties are entities with acceptable credit ratings. Credit risk on other financial assets is limited because the other parties are entities with acceptable credit ratings. For expected credit losses (ECL) on financial assets, the three-stage approach in the financial reporting standard on financial instruments is used to measure the impairment allowance. Under this approach the financial assets move through the three stages as their credit quality changes. However, a simplified approach is permitted by the financial reporting standards on financial instruments for financial assets that do not have a significant financing component, such as trade receivables. On initial recognition, a day-1 loss is recorded equal to the 12 month ECL (or lifetime ECL for trade receivables), unless the assets are considered credit impaired.

NOTES TO THE FINANCIAL STATEMENTS

31 December 2018

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

31C. Credit risk on financial assets (continued)

Note 20 discloses the maturity of the cash and cash equivalents balances. Cash and cash equivalents are also subject to the impairment requirements of the standard on financial instruments. There was no identified impairment loss.

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

	Moody's Ratings	
	2018	2017
Bank of East Asia	A3	A3
CIMB Bank Berhad	A3	A3
Oversea-Chinese Banking Corp Ltd	Aa1	Aa1

For credit risk on trade receivables an ongoing credit evaluation is performed on the financial condition of the debtors and an impairment loss is recognised in profit or loss. Reviews and assessments of credit exposures in excess of designated limits are made. Renewals and reviews of credits limits are subject to the same review process. There is significant concentration of credit risk on debtors, as the exposure is spread over a small number of counter-parties and debtors.

NOTES TO THE FINANCIAL STATEMENTS

31 December 2018

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

31D. Liquidity risk – financial liabilities maturity analysis

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

	Less than 1 year S\$'000	More than 1 year but less than 5 years S\$'000	Total S\$'000	
Non-derivatives financial liabilities				
<u>Group</u>				
<u>2018:</u>				
Borrowings	125,051	421,711	546,762	
Trade and other payables	16,135	–	16,135	
	141,186	421,711	562,897	
<u>2017:</u>				
Borrowings	213,789	286,096	499,885	
Trade and other payables	18,216	–	18,216	
	232,005	286,096	518,101	
<u>Trust</u>				
<u>2018:</u>				
Borrowings	125,051	421,711	546,762	
Trade and other payables	17,176	–	17,176	
	142,227	421,711	563,938	
<u>2017:</u>				
Borrowings	213,789	286,096	499,885	
Trade and other payables	23,931	–	23,931	
	237,720	286,096	523,816	
	Notional amount S\$'000	Less than 1 year S\$'000	More than 1 year but less than 5 years S\$'000	Total S\$'000
Derivatives financial liabilities				
<u>Group and Trust</u>				
<u>2018:</u>				
Interest rate swaps (net settled)	445,819	(375)	(60)	(435)
<u>2017:</u>				
Interest rate swaps (net settled)	90,815	(164)	(512)	(676)

The remaining contractual maturity of derivatives financial liabilities of the Group and Trust are between 5 months to 17 months (Note 27).

NOTES TO THE FINANCIAL STATEMENTS

31 December 2018

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

31D. Liquidity risk – financial liabilities maturity analysis (continued)

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 settled at their contractual maturity. The average credit period taken to settle trade payables is about 30 days (2017: 30 days). The classification of the financial assets is shown in the statement of financial position as they may be available to meet liquidity needs and no further analysis is deemed necessary.

The Manager also monitors and observes the Code on Collective Investment Schemes issued by the Monetary Authority of Singapore concerning limits on total borrowings.

The Manager is of the view that cash from operating activities will be sufficient to meet the current requirements to support ongoing operations, capital expenditures, and debt repayment obligations. The Trust's structure necessitates raising funds through debt financing and the capital markets to fund strategic acquisitions and capital expenditures. The Manager also ensures that there are sufficient funds for declared and payable distributions and any other commitments.

	Group and Trust	
	2018	2017
	S\$'000	S\$'000
Bank facilities:		
Undrawn facilities	3,697	20,429

The undrawn facilities are available for refinancing existing loans, general corporate funding and working capital requirements of the Trust. The facilities expire in 2021.

31E. Interest rate risk

The interest rate risk exposure is mainly from changes in fixed interest rates and floating interest rates. The interest from financial assets including cash balances is not significant. The following table analyses the breakdown of the significant financial instruments by type of interest rate:

	Group and Trust	
	2018	2017
	S\$'000	S\$'000
Financial liabilities:		
Bank loans at floating rates	496,419	350,439
Bank loans at fixed rates	–	126,010
Total at the end of the year	496,419	476,449

NOTES TO THE FINANCIAL STATEMENTS

31 December 2018

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

31E. Interest rate risk (continued)

The Trust enters into interest rate swap agreements to manage the interest rate risk exposure arising from bank loans at floating rates (Note 27A).

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

Sensitivity analysis:

The analysis has been performed for fixed interest rate and floating interest rate over a year for financial instruments. The impact of a change in interest rates on floating interest rate financial instruments has been assessed in terms of changing of their cash flows and therefore in terms of the impact on net expenses. The hypothetical changes in basis points are not based on observable market data (unobservable inputs). The impact of a change in interest rates on fixed interest rate financial instruments has not been assessed in terms of changing of their fair value, as the Group does not account for any fixed rate financial assets at fair value through profit or loss.

A hypothetical change of 50 basis points (2017: 50 basis points) in interest rates with all variables including foreign exchange rates held constant, would increase (decrease) the total return by the amounts below:

	Statement of Total Return	
	50 basis points	50 basis points
	increase	decrease
	S\$'000	S\$'000
<hr/>		
<u>Group and Trust</u>		
<u>2018</u>		
Borrowings	(2,514)	2,514
Interest rate swaps	1,444	(1,444)
Net (decrease) increase	(1,070)	1,070
<hr/>		
<u>2017</u>		
Borrowings	(1,760)	1,760
Interest rate swaps	454	(454)
Net (decrease) increase	(1,306)	1,306

31F. Foreign currency risk

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

	2018	2017
	S\$'000	S\$'000
<hr/>		
<u>Group and Trust:</u>		
<u>Financial liabilities:</u>		
<u>US dollars</u>		
Borrowings	18,988	18,608

Sensitivity analysis: A hypothetical 10% (2017: 10%) strengthening in the exchange rate of the functional currency against the US dollar, with all other variables held constant would have a favourable effect on post-tax profit of S\$1,899,000 (2017: S\$1,861,000). For similar rate weakening of the functional currency against the relevant foreign currency above, there would be comparable impact in the opposite direction on the profit or loss.

NOTES TO THE FINANCIAL STATEMENTS

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32. Events after the end of the reporting year

- a) On 16 January 2019, a final distribution of 2.15 cents per unit was declared totalling S\$17,014,000 in respect of the period from 1 October 2018 to 31 December 2018.
- b) On 21 January 2019, a total of 1,032,000 new units were issued at the issue price of S\$0.9793 per unit to the Manager as partial payment of the base fee component of management fee for the quarter ended 31 December 2018. 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.
- c) On 21 January 2019, a total of 801,000 new units were issued at the issue price of S\$1.3971 per unit to the Manager as payment of 80% of the performance fee component of the management fee for the quarter ended 31 December 2017. The issue price was based on the volume weighted average traded price for all trades done on the SGX-ST in the ordinary course of trading for the last 10 business days of the quarter.

33. Changes and adoption of financial reporting standards

For the current reporting year new or revised financial reporting standards were issued by the Singapore Accounting Standards Council. Those applicable to the reporting entity are listed below. Those applicable new or revised standards did not require any significant modification of the measurement methods or the presentation in the financial statements.

SFRS No.	Title
SFRS 40	Amendments to, Transfer of Investment Property
SFRS 109	Financial Instruments
INT SFRS 122	Foreign Currency Transactions and Advance Consideration

34. New or amended standards in issue but not yet effective

For the future reporting years certain new or revised financial reporting standards were issued by the Singapore Accounting Standards Council and these will only be effective for future reporting years. Those applicable to the reporting entity for future reporting years are listed below. The transfer to the applicable new or revised standards from the effective dates is not expected to result in any significant modification of the measurement methods or the presentation in the financial statements for the following year from the known or reasonably estimable information relevant to assessing the possible impact that application of the new or revised standards may have on the entity's financial statements in the period of initial application.

SFRS No.	Title	Effective date for periods beginning on or after
SFRS 116	Leases (and Leases – Illustrative Examples & Amendments to Guidance on Other Standards)	1 Jan 2019
INT SFRS 123	Uncertainty over Income Tax Treatments	1 Jan 2019
SFRS 12	Improvements (2017) – Amendments: Income Taxes	1 Jan 2019
SFRS 23	Improvements (2017) – Amendments: Borrowing Costs	1 Jan 2019
SFRS 103	Improvements (2017) – Amendments: Business Combinations	1 Jan 2019
SFRS 111	Improvements (2017) – Amendments: Joint Arrangements	1 Jan 2019
SFRS 110 and SFRS 28	Sale or Contribution of Assets between and Investor and its Associate or Joint Venture	Not fixed yet

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35. Listing of investments in subsidiaries

All the subsidiaries are wholly owned. The subsidiaries held by the Trust and the Group are listed below:

Name of Subsidiaries, Country of Incorporation, Place of Operations and Principal Activities	Carrying Value of Investments	
	2018 S\$'000	2017 S\$'000
Held by the Trust		
Gold Capital Pte. Ltd. ^(b)	100,556	100,556
Singapore		
Investment holding		
GOT Pte. Ltd. ^(b)	83,750	84,759
Singapore		
Investment holding		
Henley Investments Pte. Ltd. ^(b)	41,725	42,608
Singapore		
Investment holding		
Kalmore Investments Pte. Ltd. ^(b)	7,966	7,966
Singapore		
Investment holding		
Lovage International Pte. Ltd. ^(b)	12,523	13,648
Singapore		
Investment holding		
Platinum Strategic Investments Pte. Ltd. ^(b)	23,965	25,610
Singapore		
Investment holding		
Primerich Investments Pte. Ltd. ^(b)	33,014	33,153
Singapore		
Investment holding		
Raglan Investments Pte. Ltd. ^(b)	45,904	48,382
Singapore		
Investment holding		
Rhuddlan Investments Pte. Ltd. ^(b)	75,407	77,225
Singapore		
Investment holding		
Globalink Investments Pte. Ltd. ^(b)	77,093	81,071
Singapore		
Investment holding		
Great Capital Pte. Ltd. ^(b)	73,588	77,527
Singapore		
Investment holding		
Finura Investments Pte. Ltd. ^(b)	25,712	27,095
Singapore		
Investment holding		
Sriwijaya Investment I Pte. Ltd. ^(b)	33,458	35,102
Singapore		
Investment holding		

NOTES TO THE FINANCIAL STATEMENTS

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35. Listing of investments in subsidiaries (continued)

Name of Subsidiaries, Country of Incorporation, Place of Operations and Principal Activities	Carrying Value of Investments	
	2018 S\$'000	2017 S\$'000
<u>Held by the Trust (continued)</u>		
IAHCC Investment Pte. Ltd. ^(b) Singapore Investment holding	1*	1*
Surabaya Hospitals Investment Pte. Ltd. ^(b) Singapore Investment holding	1*	1*
SHKP Investment I Pte. Ltd. ^(b) Singapore Investment holding	70,149	72,610
Icon1 Holdings Pte. Ltd. ^(b) Singapore Investment holding	26,811	27,882
SHLB Investment I Pte. Ltd. ^(b) Singapore Investment holding	19,268	20,052
SHButon Investment I Pte. Ltd. ^(b) Singapore Investment holding	27,843	29,226
	778,734	804,472
<u>Held by subsidiaries</u>		
Higrade Capital Pte. Ltd. ^(b) Singapore Investment holding	853	853
Ultra Investments Pte. Ltd. ^(b) Singapore Investment holding	321	321
Carmathen Investments Pte. Ltd. ^(b) Singapore Investment holding	1,033	1,033
Caernarfon Investments Pte. Ltd. ^(b) Singapore Investment holding	1,324	1,324
Fortuna Capital Pte. Ltd. ^(b) Singapore Investment holding	22	22
Key Capital Pte. Ltd. ^(b) Singapore Investment holding	3,826	3,826
Glamis Investments Pte. Ltd. ^(b) Singapore Investment holding	1,377	1,377

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35. Listing of investments in subsidiaries (continued)

Name of Subsidiaries, Country of Incorporation, Place of Operations and Principal Activities	Carrying Value of Investments	
	2018 S\$'000	2017 S\$'000
Held by subsidiaries (continued)		
Sriwijaya Investment II Pte. Ltd. ^(b) Singapore Investment holding	1,722	1,722
SHKP Investment II Pte. Ltd. ^(b) Singapore Investment holding	13,916	13,916
SHLB Investment II Pte. Ltd. ^(b) Singapore Investment holding	1,040	1,040
SHButon Investment II Pte. Ltd. ^(b) Singapore Investment holding	1,442	1,442
Kalmore (Korea) Limited ^(a) South Korea Owners of Sarang Hospital	3,887	3,887
PT Bayutama Sukses ^(a) Indonesia Owners of Siloam Hospitals Makassar	6,356	6,356
PT Graha Indah Pratama ^(a) Indonesia Owners of Siloam Hospitals Kebon Jeruk	10,333	10,333
PT Graha Pilar Sejahtera ^(a) Indonesia Owners of Siloam Hospitals Lippo Cikarang	8,306	8,306
PT Karya Sentra Sejahtera ^(a) Indonesia Owners of Imperial Aryaduta Hotel & Country Club	20,019	20,019
PT Menara Abadi Megah ^(a) Indonesia Owners of Siloam Hospitals Manado & Hotel Aryaduta Manado	5,500	5,500
PT Primatama Cemerlang ^(a) Indonesia Owners of Mochtar Riady Comprehensive Cancer Centre	17,065	17,065
PT Sentra Dinamika Perkasa ^(a) Indonesia Owners of Siloam Hospitals Lippo Village	8,779	8,779
PT Tata Prima Indah ^(a) Indonesia Owners of Siloam Hospitals Surabaya	8,013	8,013
PT Dasa Graha Jaya ^(a) Indonesia Owners of Siloam Hospitals Bali	16,553	16,553

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31 December 2018

35. Listing of investments in subsidiaries (continued)

Name of Subsidiaries, Country of Incorporation, Place of Operations and Principal Activities	Carrying Value of Investments	
	2018 S\$'000	2017 S\$'000
<u>Held by subsidiaries (continued)</u>		
PT Perisai Dunia Sejahtera ^(a) Indonesia Owners of Siloam Hospitals TB Simatupang	15,305	15,305
PT Eka Dasa Parinama ^(a) Indonesia Owners of Siloam Hospitals Purwakarta	5,509	5,509
PT Sriwijaya Mega Abadi ^(a) Indonesia Owners of Siloam Sriwijaya	6,887	6,887
PT Nusa Bahana Niaga ^(a) Indonesia Owners of Siloam Hospitals Kupang & Lippo Plaza Kupang	50,668	50,668
PT Prima Labuan Bajo ^(a) Indonesia Owners of Siloam Hospitals Labuan Bajo	4,160	4,160
PT Buton Bangun Cipta ^(a) Indonesia Owners of Siloam Hospitals Buton & Lippo Plaza Buton	5,768	5,768
<u>Joint operation held by subsidiary, Icon1 Holdings Pte. Ltd.</u>		
PT Yogya Central Terpadu ^(a) (Note A) Indonesia Owners of Siloam Hospitals Yogyakarta	6,615	6,615

(a) Audited by RSM Indonesia and Shinhan Accounting Corporation in South Korea, member firms of RSM International of which RSM Chio Lim LLP is a member.

(b) Audited by RSM Chio Lim LLP in Singapore.

* Amount is less than S\$1,000

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

Note A

In 2017, the Trust and LMIR Trust after an early termination of joint venture agents entered into a new Joint Venture Deed (the "Deed") to jointly own the Yogyakarta Property through PT Yogya Central Terpadu ("PT YCT") subsequent to the approval of the relevant licenses. Icon1 Holdings Pte. Ltd. ("Icon1") transferred 18,850,000 of its existing Class A shares to Icon2 Investment Pte. Ltd. ("Icon2"). As a result, Icon1 holds 66,150,000,000 Class A shares and Icon2 holds 142,500,000,000 Class B shares in PT YCT. As holders of Class A shares, Icon1 has the exposure to all the economic rights, obligations, revenue, profits and dividends in respect of the hospital component. Icon2 has exposure to all the economic rights, obligations, revenue, profits and dividends in respect of the retail mall component.

Any non-property-related common expenses of the hospital and retail mall component are borne by Icon1 and Icon2 in the proportion of 31% and 69% respectively. All property-related common expenses of the hospital component are borne by Icon1.