A STRONG PIPELINE!

FIRST REIT

FIRST REAL ESTATE INVESTMENT TRUST

Annual Report 2013

A STRONG PIPELINE!

First REIT has been consistently building and expanding its portfolio of quality healthcare assets over the years and in 2013, following the acquisition of Siloam Hospitals Bali and Siloam Hospitals TB Simatupang, the Trust achieved a significant milestone to hit its target portfolio size of over S$1 billion.

Going forward, the Trust will continue with its pursuit of yield-accretive assets in Asia to diversify its income stream and maximise returns to unitholders. Given the growing healthcare market in Asia, especially in Indonesia, as well as the STRONG PIPELINE of 24 hospitals from its Sponsor, PT Lippo Karawaci Tbk, First REIT is well-positioned to expand its footprint in Indonesia and the rest of the Asian region.

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CORPORATE PROFILE

S$1.05 billion
TOTAL ASSETS-UNDER-MANAGEMENT

227,376 sqm
TOTAL GFA OF PROPERTIES

100%
TOTAL COMMITTED OCCUPANCY

3,664
TOTAL NO. OF BEDS / SALEABLE ROOMS

11.3 Years
WEIGHTED AVERAGE LEASE EXPIRY

96.64 S¢
NET ASSET VALUE PER UNIT

First REIT is Singapore's first healthcare real estate investment trust, focused on investing in diverse yield-accretive healthcare and healthcare-related real-estate assets throughout Asia.

Managed by Bowsprit Capital Corporation Limited, the Trust has a portfolio of 14 properties across Asia, with a total asset value of S$1.05 billion. These include 10 properties in Indonesia comprising hospitals, a hotel & country club and an integrated hospital & hotel, three nursing homes in Singapore and one hospital in South Korea.

The underlying healthcare properties in Indonesia are operated by PT Siloam International Hospitals Tbk ("Siloam"), which was successfully listed on the Indonesia Stock Exchange on 12 September 2013. Siloam is Indonesia's most progressive and innovative healthcare provider and a subsidiary of PT Lippo Karawaci Tbk ("Lippo Karawaci"), First REIT's Sponsor. Lippo Karawaci has a strong pipeline of 24 hospitals to which First REIT has right-of-first-refusal for the purpose of acquisition.

Using well-developed strategies, First REIT harnesses exclusive investment opportunities in the resilient asset class of healthcare properties in the Asian region to generate attractive and stable returns.

AT A GLANCE

BLUE-CHIP SPONSOR WITH STRONG PIPELINE

- Our Sponsor, Lippo Karawaci, Indonesia's largest property group, has a strong pipeline of 24 healthcare properties operated by Siloam, which is listed on the Indonesia Stock Exchange and the largest and most prominent hospital group in Indonesia
- First REIT has the right-of-first-refusal to Lippo Karawaci's healthcare properties

HIGH QUALITY HEALTHCARE PROPERTIES

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

FIRST REIT
FIRST REAL ESTATE INVESTMENT TRUST

TRIPLE-NET LEASES DENOMINATED IN SGD AND USD

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

STABLE AND STRONG DISTRIBUTION MODEL

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

WELL-DEFINED ACQUISITION STRATEGY

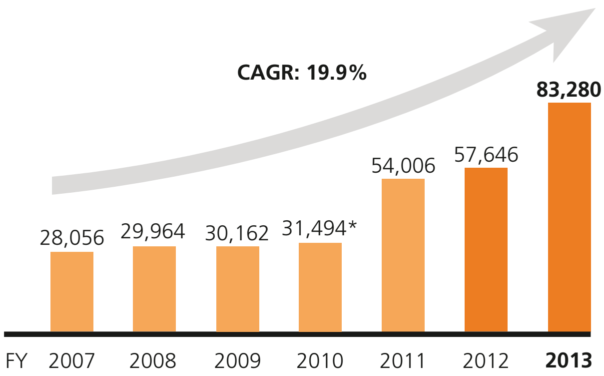
- Focused on growing portfolio by acquiring yield-accretive properties in the healthcare and healthcare-related industry across Asia

DIVERSIFIED PORTFOLIO OF 14 PROPERTIES VALUED AT S$1.05 BILLION

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

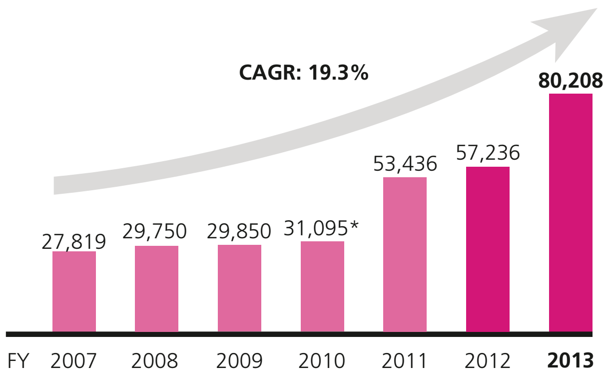
FINANCIAL HIGHLIGHTS

GROSS REVENUE (S$'000)



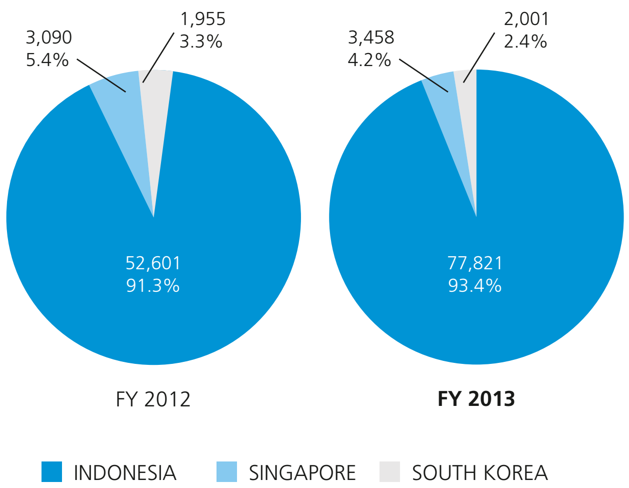
** Includes deferred rental income from Adam Road property as at 31 December 2010, which was divested on 25 March 2011*

NET PROPERTY INCOME (S$'000)

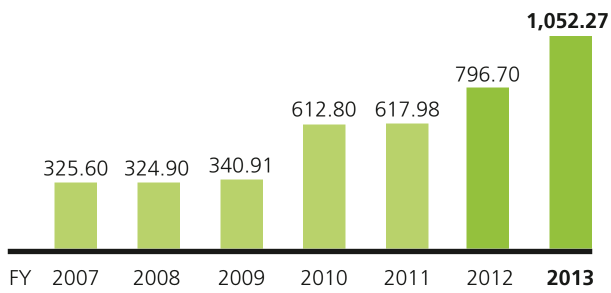


** Includes deferred rental income from Adam Road property as at 31 December 2010, which was divested on 25 March 2011*

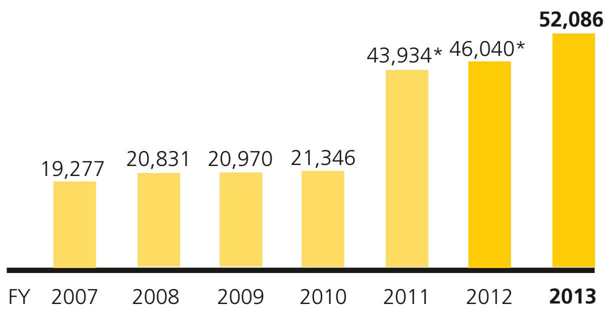
RENTAL INCOME BREAKDOWN BY GEOGRAPHY (S$'000)



ASSETS-UNDER-MANAGEMENT (S$'MILLION)

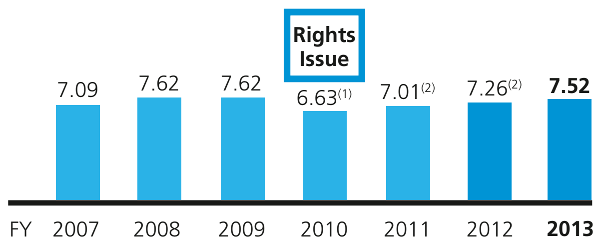


DISTRIBUTABLE AMOUNT (S$'000)



** Including other gain distribution*

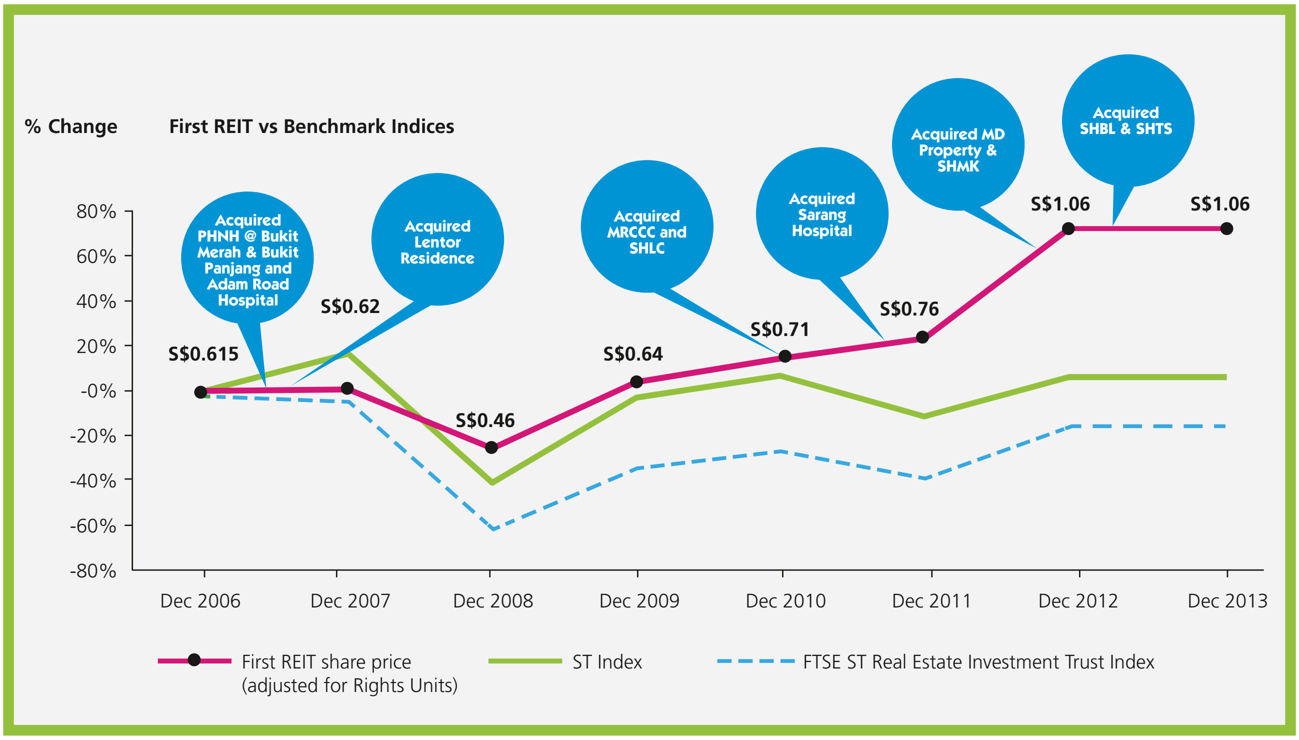
DISTRIBUTION PER UNIT (S$'cents)



(1) Based on enlarged share base as a result of rights issue
(2) Including other gain distribution

FINANCIAL HIGHLIGHTS

SHARE PRICE PERFORMANCE



Source: Shareinvestor.com

UNIT PRICE PERFORMANCE

	2013
IPO Offering Price (Dec 2006)	**S$0.710**
Average unit price (post-rights issue in 2010)	**S$0.593**
As at last trading day of the year	**S$1.060**
Highest	**S$1.450**
Lowest	**S$1.000**
Trading Volume (million units)	**205.923**

FINANCIAL HIGHLIGHTS

BALANCE SHEET

S$'000	As at 31 Dec 2013	As at 31 Dec 2012
Total Assets	**1,108,533**	828,827
Total Liabilities	**425,634**	278,753
Unitholders' Funds	**682,899**	550,074
NAV Per Unit	**96.64¢**	82.72¢

Number of Units in Issue:	706,629,453
Market capitalisation:	S$749.0 million

GEARING

	As at 31 Dec 2013	As at 31 Dec 2012
Total Debt*	**S$357.8 million**	S$215.7 million
Interest Cover	**5.7 times**	12.0 times
Debt-to-Property	**32.3%**	26.0%

** Before transaction costs*

EARNINGS PER UNIT

	As at 31 Dec 2013	As at 31 Dec 2012
Earnings Per Unit	**16.99¢**	10.26¢
Number of Units	**706,629,453**	664,948,936
Weighted Average No. of Units	**693,448,811**	635,626,661

RENTAL INCOME

TENANT	%
PT Lippo Karawaci Tbk	**88.53**
PT East Jakarta Medika (Indirect subsidiary of PT Lippo Karawaci Tbk)	**4.91**
First Lentor Residence Pte. Ltd.	**1.71**
Pacific Healthcare Nursing Home Pte. Ltd.	**1.24**
Pacific Eldercare and Nursing Pte. Ltd.	**1.21**
Dr. Park Ki Ju	**2.40**

EXPERIENCE & TRUST

JOINT CHAIRMAN & CEO MESSAGE

DEAR UNITHOLDERS,

Financial year 2013 ("FY 2013") was a landmark year for First REIT as we surpassed our initial phase target of S$1 billion in portfolio size following the acquisition of two high-quality hospitals in Indonesia. We rounded up the fiscal year with 14 properties across Indonesia, Singapore and South Korea valued at S$1.05 billion, an increase of 32.1% or S$255.6 million over First REIT's book value as at 31 December 2012. Correspondingly, total gross floor area rose 21.7% to 227,376 square metres and the maximum number of hospital beds and hotel rooms increased by 20.8% to 3,664.

EXPANDING PORTFOLIO

The Trust continues to strengthen its position in the growing healthcare market in Indonesia. Closely following the acquisition of Siloam Hospitals Makassar ("SHMK") and Siloam Hospitals Manado & Hotel Aryaduta Manado ("MD Property") in November 2012, the Trust further added two new hospitals in May 2013.

Siloam Hospitals Bali ("SHBL") and Siloam Hospitals TB Simatupang ("SHTS") are strategically located, high-quality hospitals equipped with the most advanced technologies. SHBL, located in the fastest growing area in Bali serving the local and tourist markets, boasts centres of excellence in trauma, cardiology and orthopaedics. SHTS, which is well-positioned to serve the upper-middle class residential areas in Jakarta, has specialised competencies in trauma, cardiology, oncology and neuroscience.

During the year, we also completed the 5-storey building extension to our Lentor Residence in Singapore, increasing the total gross floor area and maximum number of beds by 34.3% and 40.5% respectively to 4,005 square metres and 208 beds.

Pacific Healthcare Nursing Home @ Bukit Merah and Pacific Healthcare Nursing Home II @ Bukit Panjang have also extended their leases for a further 10 years, with the new leases expiring on 10 April 2027.

With these long-term master leases in place, the Trust will continue to enjoy stable and growing income to deliver strong returns to Unitholders.

FINANCIAL PERFORMANCE

The above-mentioned developments have enabled the Trust to deliver a set of stellar results for FY 2013. Gross revenue increased 44.5% to S$83.3 million compared to S$57.6 million in the preceding year, whilst net property income rose 40.1% to S$80.2 million, boosted by the full year's contributions from SHMK and MD Property and maiden contributions from SHBL and SHTS.

Excluding gain on divestment of the Adam Road property paid over four quarters from 3Q 2011 to 2Q 2012, distribution per unit ("DPU") for FY 2013 rose 14.3% year-on-year to 7.52 cents from 6.58 cents, despite a 5.5% increase in unit base following the completion of the acquisition of SHBL and SHTS. At the closing price of S$1.06 as at 31 December 2013, the Trust's distribution yield remained at an attractive 7.1% and its unit price traded at a premium of 9.7% to Net Asset Value ("NAV") per unit of 96.64 cents.

FUNDING GROWTH

In April 2013, First REIT successfully established a S$500 million Multicurrency Medium Term Note (MTN) Programme to diversify our source of funding and strengthen our capital structure. Under this programme, the Trust issued a S$100 million 4.125% Fixed Rate Notes due in 2018. Net proceeds were used towards financing the acquisition of SHBL and part financing the acquisition of SHTS. Furthermore, First REIT also successfully secured a S$92 million Fixed-Rate Transferable Term Loan Facility ("TLF"), which was used to refinance an outstanding TLF due in January 2015 and to repay the outstanding loan used for the acquisition of SHBL and SHTS. With this, the Trust now has no refinancing needs until 2016.

JOINT CHAIRMAN & CEO MESSAGE

FY 2013 was a landmark year for First REIT as we surpassed our initial phase target of S$1 billion in portfolio size following the acquisition of two high-quality hospitals in Indonesia.

With prudent capital management, First REIT has managed to keep to a debt-to-property valuation ratio of 32.3%, which is below the regulatory limit of 35.0%, even after the two acquisitions in FY 2013.

Going forward, we plan to remain prudent with our capital structure, and will fund our growth with a combination of debt and equity. We aim to maintain a gearing below the regulatory limit, but depending on market conditions and the financial tools available, we may consider the possibility of obtaining a credit rating, so as to attract more investors to our Trust and to support our future acquisitions.

To further enhance the Trust's capital base to fund future growth and acquisitions, First REIT established a distribution reinvestment plan ("DRP") in January 2014. The plan gives our Unitholders the flexibility of expanding their unitholdings in First REIT if they so desire, by taking up the option to receive distributions in the form of fully paid new units in respect of all or part of their unitholdings.

JOINT CHAIRMAN & CEO MESSAGE

The DRP was applied to First REIT's 4Q 2013 distribution. The Board of Directors who hold units in First REIT, namely Mr Albert Cheok, Mr Wong Gang and Dr Ronnie Tan, had exercised in full to receive the distribution in fully paid-up new units in First REIT. Our Sponsor, Lippo Karawaci, also took up close to the maximum number of new units allocated without triggering a mandatory offer under the Take-over Code.

A STRONG PIPELINE

Indonesia continues to be a growing market for healthcare in Asia, driven by economic, demographic and policy factors. The growing ageing population and the government's universal healthcare programme launched on 31 December 2013 are fuelling demand for healthcare services. Aimed to provide healthcare insurance for all its citizens, the initial roll-out of the healthcare programme covers 121.6 million poor and unemployed Indonesians and public servants, and will be made available to all 250 million Indonesians by January 2019. The scheme will assure that lower-income Indonesians get free outpatient and class III treatment – the lowest category of care.

This is expected to boost demand for healthcare services, and the growing middle-class and the younger Indonesia consumers will potentially be seeking better quality and faster private medical facilities. The operator of our Indonesia properties recently-listed PT Siloam International Hospitals Tbk ("Siloam"), the largest and most prominent hospital group in Indonesia, is well-positioned to cater to this growing demand for quality healthcare services.

Our Sponsor Lippo Karawaci continues to strengthen its healthcare footprint in Indonesia. It currently has 16 hospitals operated by its subsidiary Siloam, and a strong and healthy pipeline of 24 hospitals to provide for future acquisitions to which First REIT has right-of-first-refusal.

Indonesia will continue to be our focal market for growth. We plan to grow our portfolio further across locations and medical specialisations. Apart from Indonesia, we will also continue with our pursuit of high-quality, yield-accretive healthcare-related assets in other parts of Asia to expand our portfolio, if opportunities arise.

In line with our investment strategy to improve returns and optimise the plot ratio of our existing properties, First REIT is also exploring asset enhancement initiatives with Siloam Hospitals Surabaya, Siloam Hospitals Kebon Jeruk and Imperial Aryaduta Hotel & Country Club.

ACKNOWLEDGEMENT

On behalf of the Board of Directors, we would like to express our deepest appreciation to our stakeholders. To the management team and staff – thank you for your hard work and dedication. To our Sponsor, business associates, bankers and tenants – thank you for your continuous support and confidence in us. To our valued Unitholders – we are grateful for your loyalty and trust in First REIT and we look forward to many more years of delivering strong performance.

We aim to continue with our growth momentum and deliver long-term value to all our stakeholders. Look forward to seeing you at our upcoming Annual General Meeting.

ALBERT SAYCHUAN CHEOK
Chairman

DR RONNIE TAN KEH POO
CEO

Bowsprit Capital Corporation Limited
As Manager of First REIT

CORPORATE INFORMATION

MANAGER

Bowsprit Capital Corporation Limited

REGISTERED OFFICE

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

TRUSTEE

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

WEBSITE ADDRESS

www.first-reit.com

UNIT REGISTRAR AND UNIT TRANSFER OFFICE

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

INDEPENDENT AUDITORS

RSM Chio Lim LLP
8 Wilkie Road
#04-08 Wilkie Edge
Singapore 228095
Audit Partner in Charge: **Mr Peter Jacob**
Appointed from financial year 2012

RSM AAJ Associates
Plaza ABDA, 10th Floor
Jl. Jend. Sudirman Kav. 59
Jakarta 12190, Indonesia

Shinhan Accounting Corporation
(Member of RSM International)
6th Fl., Il-Heung Building 126-1
ChungMuRo 4ka
Chung-Ku, Seoul, South Korea

INDEPENDENT SINGAPORE TAX ADVISER

Ernst & Young LLP
One Raffles Quay
North Tower, Level 18
Singapore 048583

INDEPENDENT INDONESIAN ACCOUNTING AND TAX ADVISER

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

INDEPENDENT SOUTH KOREA ACCOUNTING AND TAX ADVISER

Shinhan Accounting Corporation
(Member of RSM International)
6th Fl., Il-Heung Building 126-1
ChungMuRo 4ka
Chung-Ku, Seoul, South Korea

INDEPENDENT VALUERS

KJPP Willson & Rekan in association with Knight Frank
Wisma Nugra Santana #17-08
Jl. Jend. Sudirman Kav. 7-8
Jakarta 10220, Indonesia

KJPP Rengganis, Hamid & Rekan in strategic alliance with CBRE Pte. Ltd.
Menara Kuningan, 8th Floor
Jl. HR. Rasuna Said Blok X-7 Kav. 5
Jakarta 12940, Indonesia

CBRE Pte. Ltd.
6 Battery Road
#32-01
Singapore 049909

DIRECTORS OF THE MANAGER

Mr Albert Saychuan Cheok
Independent Director and Chairman

Mr Goh Tiam Lock
Independent Director

Mr Ketut Budi Wijaya
Non-Executive Director

Mr Wong Gang
Independent Director

Dr Ronnie Tan Keh Poo
Director and Chief Executive Officer

COMPANY SECRETARY OF THE MANAGER

Ms Elizabeth Krishnan

AUDIT COMMITTEE

Mr Albert Saychuan Cheok *(Chairman)*
Mr Goh Tiam Lock
Mr Wong Gang

BOARD OF DIRECTORS

1) MR ALBERT SAYCHUAN CHEOK
Independent Director and Chairman

2) MR GOH TIAM LOCK
Independent Director

3) MR KETUT BUDI WIJAYA
Non-Executive Director

4) MR WONG GANG
Independent Director

5) DR RONNIE TAN KEH POO
Director and Chief Executive Officer

BOARD OF DIRECTORS

MR ALBERT SAYCHUAN CHEOK
Independent Director and Chairman

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

Between May 1979 and February 1982, Mr Cheok was an Adviser to the Australian Government Inquiry into the Australian financial system that introduced comprehensive reforms to the Australian banking system. He was the Chief Manager at the Reserve Bank of Australia from October 1988 to September 1989 before becoming the Deputy Commissioner of Banking of Hong Kong for about three and a half years. He was subsequently appointed as the Executive Director in charge of Banking Supervision at the Hong Kong Monetary Authority from April 1993 to May 1995. He was the Chairman of Bangkok Bank Berhad from September 1995 to November 2005. He was the Vice Chairman of the Export and Industry Bank of the Philippines from February 2006 to April 2012. Mr Cheok was also the Non-Executive Director of Eoncap Islamic Bank Berhad and MIMB Investment Berhad from June 2009 to June 2011 and the Independent Non-Executive Chairman of Creative Master Bermuda Limited from May 2011 to October 2011.

Mr Cheok is the Independent Non-Executive Chairman of Auric Pacific Group Limited, International Standard Resources Holdings Limited and LMIRT Management Ltd, the manager of Lippo Malls Indonesia Retail Trust. He is also a Non-Executive Director of HongKong Chinese Limited, AcrossAsia Limited, Amplefield Limited and an Independent Non-Executive Director of Adavale Resources Limited. Mr Cheok is the Chairman of Macau Chinese Bank and the Deputy Chairman of Metal Reclamation Berhad in Malaysia.

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

MR GOH TIAM LOCK
Independent Director

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

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

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

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

BOARD OF DIRECTORS

MR KETUT BUDI WIJAYA
Non-Executive Director

Mr Ketut Budi Wijaya is a Non-Executive Director of the Manager. Mr Wijaya graduated with an academy of accountancy in Indonesia in 1982. He brings with him more than 20 years of in-depth expertise in accounting and corporate finance.

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

Mr Wijaya is currently the President Director of PT Lippo Karawaci Tbk, the largest listed property company in Indonesia by market capitalisation, total assets, and revenue and net profit, with a highly focused, unique and integrated business model stretching across urban and large scale integrated developments, retail malls, healthcare, hospitality, property and portfolio management. He is also the President Commissioner of PT Lippo Cikarang Tbk, as well as the Commissioner of PT Gowa Makassar Tourism Development Tbk, PT Multifiling Mitra Indonesia Tbk and other subsidiaries of PT Lippo Karawaci group.

MR WONG GANG
Independent Director

Mr Wong is an Independent Director of the Manager. He graduated from the National University of Singapore in 1995 with Bachelor of Law (Hons) and was admitted as advocate and solicitor of the Supreme Court of Singapore in 1996. Mr Wong has been a partner since 2002 at Shook Lin & Bok LLP, a law firm in Singapore, and has more than 17 years' experience advising on a wide range of corporate finance and securities transactions, stock market flotations, securities regulation and compliance for publicly-listed companies, mergers and acquisitions, as well as general corporate legal advisory work.

Mr Wong is also a member of Shook Lin & Bok LLP's China practice group and has advised multinational corporations and Singapore companies on cross border transactions in China, as well as on public offerings of securities in Singapore by companies from China.

Mr Wong is an Independent Director of China Animal Healthcare Limited (listed on Mainboard of Hong Kong Stock Exchange), Tianjin Zhongxin Pharmaceutical Group Corporation Limited (listed on Mainboard of Singapore Exchange Securities Trading Limited ("SGX") and Shanghai Stock Exchange), JEP Holdings Limited (listed on SGX Catalist) and Renewable Energy Asia Group Limited (listed on SGX Catalist).

DR RONNIE TAN KEH POO
Director and Chief Executive Officer

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

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

Dr Tan was appointed an Executive Director of Auric Pacific Group Limited responsible for the areas of Business Development (non-food related) as well as Property and Strategic Investments on 1 October 2004 and relinquished as Executive Director on 31 July 2009.

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

KEY MANAGEMENT

DR RONNIE TAN KEH POO
Director and Chief Executive Officer

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

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MR TAN KOK MIAN, VICTOR
Chief Financial Officer

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

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

During his tenure, he also assisted Parkway's Chief Financial Officer in the preparation of the consolidated accounts for the Parkway Group.

Mr Tan graduated in 1997 with the professional qualification from the Association of Chartered Certified Accountants (ACCA).

MR CHAN SENG LEONG, JACKY
Senior Asset and Investment Manager

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

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

SIGNIFICANT EVENTS IN FY 2013

JANUARY

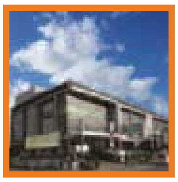
- Announced FY 2012 results on 23 January

FEBRUARY

- Completed the S$5 million extension of The Lentor Residence as part of asset enhancement programme

MARCH

- Announced the proposed acquisitions of Siloam Hospitals Bali and Siloam Hospitals TB Simatupang at a combined purchase consideration of approximately S$190.4 million



APRIL

- Established a S$500 million Multicurrency Medium Term Note Programme. Allows First REIT to issue notes in series or tranches in Singapore Dollars or other currencies, to refinance existing borrowings, acquisitions and/or investments, provide general working capital and make capital expenditure
- Announced 1Q 2013 results on 23 April
- Fourth Annual General Meeting held on 29 April
- Extraordinary General Meeting held on 29 April for the proposed acquisitions of Siloam Hospitals Bali and Siloam Hospitals TB Simatupang

MAY

- Completed the acquisitions of Siloam Hospitals Bali and Siloam Hospitals TB Simatupang
- 1,377,613 Units were issued to Bowsprit Capital Corporation Limited on 28 May at an issue price of S$1.3821 per Unit for the payment of Siloam Hospitals Bali and Siloam Hospitals TB Simatupang
- Issued S$100 million 4.125% Fixed Rate Notes due 2018 pursuant to the Multicurrency Medium Term Note Programme. Net proceeds from the issue of the Notes were used towards financing the acquisition of Siloam Hospitals Bali and part financing the acquisition of Siloam Hospital TB Simatupang

JUNE

- Extension of lease term for a further 10 years for Pacific Healthcare Nursing Home @ Bukit Merah and Pacific Healthcare Nursing Home II @ Bukit Panjang, with the new leases expiring on 10 April 2027

JULY

- Announced 1H 2013 results on 26 July
- 1H 2013 results briefing for analysts on 29 July

AUGUST

- Secured a four-year S$92 million Fixed-Rate Term Loan Facility

OCTOBER

- Announced 3Q 2013 results on 25 October

NOVEMBER

- Announced the revaluation of portfolio to S$1.05 billion as at 7 November, an increase of S$255.6 million (32.1%) over First REIT's book value as at 31 December 2012

FY 2014 FINANCIAL CALENDAR

DATE		EVENTS
09 January 2014	:	Introduction of Distribution Reinvestment Plan
17 January 2014	:	2013 Full Year Unaudited Financial Statements and Distribution Announcement
13 March 2014	:	Proposed Acquisition of Siloam Hospitals Purwakarta
Tentative		
14 April 2014	:	1Q FY2014 Results Announcement
29 May 2014	:	1Q FY2014 Distribution to Unitholders(1)
16 July 2014	:	2Q FY2014 Results Announcement
29 August 2014	:	2Q FY2014 Distribution to Unitholders(1)
20 October 2014	:	3Q FY2014 Results Announcement
28 November 2014	:	3Q FY2014 Distribution to Unitholders(1)
16 January 2015	:	4Q FY2014 Results Announcement
27 February 2015	:	4Q FY2014 Distribution to Unitholders(1)

Note:

(1) The Distribution Reinvestment Plan ("**DRP**") may be applied from time to time to any distribution declared by First REIT as the Manager may determine in its absolute discretion.

For practical reasons and to avoid any violation of the securities laws applicable in countries outside Singapore where Unitholders may have their registered addresses, only Unitholders with Singapore registered addresses will be eligible to participate in the DRP. Overseas Unitholders who wish to be eligible to participate in the DRP should provide an address in Singapore for the service of notices and documents to the Manager c/o The Central Depository (Pte) Limited at 4 Shenton Way, #02-01, SGX Centre 2, Singapore 068807, not later than three (3) market days prior to the books closure date (or such other cut-off date as the Manager may determine).

1. **Siloam Hospitals Bali**
   A 4-storey hospital strategically located in the fastest growing area in Bali

2. **Siloam Hospitals TB Simatupang**
   A 16-storey hospital strategically located to serve the upper-middle class residential areas

3. **Siloam Hospitals Manado & Hotel Aryaduta Manado**
   An 11-storey integrated hospital and hotel

4. **Siloam Hospitals Makassar**
   A 7-storey hospital located in the integrated township of Tanjung Bunga

5. **Mochtar Riady Comprehensive Cancer Centre**
   Indonesia's first private comprehensive cancer treatment centre equipped with state-of-the-art facilities and technologies

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

7. **Siloam Hospitals Lippo Village**
   One of the largest private hospitals in the region with a strong brand name for excellent patient care, its world-class Neuroscience and Heart Centre and its Trauma Centre

8. **Siloam Hospitals Kebon Jeruk**
   Renowned for its authority in the diagnosis and treatment of disorders of the urinary tract or urogenital system

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

10. **Imperial Aryaduta Hotel & Country Club**
    One of the few 5-star hotels with a country club

OUR NETWORK

SOUTH KOREA

14. Sarang Hospital
One of the largest rehabilitative and nursing facilities in Yeosu City

11. Pacific Healthcare Nursing Home @ Bukit Merah
A 4-storey custom-built nursing home with a roof terrace

12. Pacific Healthcare Nursing Home II @ Bukit Panjang
A 5-storey custom-built nursing home

13. The Lentor Residence
A 5-storey custom-built nursing home with comprehensive medical facilities

SINGAPORE

INDONESIA

PROPERTY OVERVIEW

INDONESIA

SILOAM HOSPITALS BALI

Jalan Sunset Road No. 818, Kuta, Badung, Bali 80361, Indonesia

A 4-storey hospital strategically located in the fastest growing area in Bali

- Serves the local population and potentially about 3 million tourists every year.
- Provides international quality healthcare with state-of-the-art technology, including 1.5 Tesla MRI, 256 slice CT Scan, Cath Lab, Mammography, USG 3D & 4D, Digital X-Ray, etc.
- Houses an emergency department of international standards where doctors, nurses and paramedical staff are well-trained in emergency procedures and ambulances are fully-equipped with the latest life-sustaining devices and emergency kits to respond to all emergencies.
- Notable developments in the vicinity include Carrefour, Bali Galleria Shopping Mall and Ngurah Rai International Airport.

Property Type:	Hospital
Centre of Excellence:	Trauma, Orthopaedics, Cardiology
Land Area:	9,025 sqm
Gross Floor Area:	20,958 sqm
Purchase Price:	S$97.3 m
Appraised Value:	S$117.1 m
Annual Rental:	S$6.2 m[1]
Max. No. of Beds:	295
Established:	2012
Lease Commencement:	13 May 2013
Lease Terms:	15 years with option to renew for 15 years
Lease Expiry Date:	12 May 2028

[1] Rental received from 13 May 2013 to 31 Dec 2013

SILOAM HOSPITALS TB SIMATUPANG

Jalan Letjend. TB Simatupang, Jalan R.A. Kartini No. 8, RT 010, RW 04, Cilandak, Jakarta Selatan, Indonesia

A 16-storey hospital strategically located to serve the upper-middle class residential areas

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

Property Type:	Hospital
Centre of Excellence:	Trauma, Cardiology, Oncology, Neuroscience
Land Area:	2,489 sqm
Gross Floor Area:	18,605 sqm
Purchase Price:	S$93.1 m
Appraised Value:	S$112.1 m
Annual Rental:	S$5.7 m[2]
Max. No. of Beds:	271
Established:	2013
Lease Commencement:	22 May 2013
Lease Terms:	15 years with option to renew for 15 years
Lease Expiry Date:	21 May 2028

[2] Rental received from 22 May 2013 to 31 Dec 2013

PROPERTY OVERVIEW

INDONESIA

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, Indonesia

An 11-storey integrated hospital and hotel
- Located on the primary roads in Manado City, and surrounded by notable developments: IT Centre and Mega Mall Manado.
- Integrated hospital and 5-star hotel with broad range of quality general and specialist services, including therapeutic services and an extensive range of diagnostic and preventive healthcare services.
- Fully-equipped with the latest medical equipment and facilities: CT, MRI, ultrasound, cardiac catheterisation lab, 50 specialist clinic suites and three operating theatres.

Property Type:	Integrated Hospital & Hotel
Centre of Excellence:	Trauma
Land Area:	5,518 sqm
Gross Floor Area:	36,051 sqm
Purchase Price:	S$83.6 m
Appraised Value:	S$100.2 m
Annual Rental:	S$8.4 m
Max. No. of Beds / Saleable Rooms:	224 beds / 200 rooms
Established:	2011
Lease Commencement:	30 November 2012
Lease Terms:	15 years with option to renew for 15 years
Lease Expiry Date:	29 November 2027

SILOAM HOSPITALS MAKASSAR

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

A 7-storey hospital located in the integrated township of Tanjung Bunga
- Provides a broad range of quality general and specialist services, including therapeutic services and an extensive range of diagnostic and preventive healthcare services.
- Equipped with comprehensive state-of-the-art equipment and the latest generation of smart IT-systems in Indonesia, including CT, MRI, ultrasound, mammography and cardiac catheterisation system, 58 specialist outpatient clinic suites and three operating theatres.
- Provides emergency and medical evacuation via designated ambulances and helicopter ambulance services, first-of-its-kind capabilities in South Sulawesi.
- Well-positioned to cater to the growing residential and commercial areas in Makassar City.

Property Type:	Hospital
Centre of Excellence:	Trauma, Cardiology
Land Area:	3,963 sqm
Gross Floor Area:	14,307 sqm
Purchase Price:	S$59.3 m
Appraised Value:	S$70.5 m
Annual Rental:	S$5.8 m
Max. No. of Beds :	416
Established:	2012
Lease Commencement:	30 November 2012
Lease Terms:	15 years with option to renew for 15 years
Lease Expiry Date:	29 November 2027

PROPERTY OVERVIEW

INDONESIA

MOCHTAR RIADY COMPREHENSIVE CANCER CENTRE

Jalan Garnisun Dalam No. 2-3, Semanggi, Jakarta 12930, Indonesia

Indonesia's first private comprehensive cancer treatment centre equipped with state-of-the-art facilities and technologies

- 29-storey hospital strategically located in the prime district in Central Jakarta near Plaza Semanggi, the Aryaduta Apartments and international 5-star hotels, serving both the international and Indonesian patients.
- Provides high dose brachytherapy, radio-immunotherapy (RIT), radiopeptide therapy, molecular imaging with PET/Computed Tomography (PET/CT) and Single Photon Emission Computed Tomography/CT (SPECT/CT) scanning, chemotherapy, complementary therapy, linear accelerator treatment, Multi Slice CT, high field strength MRI, angiography, in-house clinical trials and integrated IT and PACS/RIS.
- Provides training in medical oncology, radiation therapy, cancer imaging and surgical oncology.

Property Type:	Hospital
Centre of Excellence:	Oncology Digestive Unit
Land Area:	4,145 sqm
Gross Floor Area:	37,933 sqm
Purchase Price:	S$170.5 m
Appraised Value:	S$240.1 m
Annual Rental:	S$19.5 m
Max. No. of Beds:	375
Established:	2010
Lease Commencement:	30 December 2010
Lease Terms:	15 years with option to renew for 15 years
Lease Expiry Date:	29 December 2025

SILOAM HOSPITALS LIPPO CIKARANG

Jalan Mohammad Husni Thamrin Kav.105, Lippo Cikarang, Bekasi 17550, Indonesia

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

- Strategically located to serve the growing residential and industrial areas of East Jakarta.
- Offers a broad range of quality general and specialist services, including A&E services, ambulance services with medical evacuation facilities, as well as inpatient and outpatient facilities.
- Features an ESWL unit to treat kidney stones, well respected for its Paediatric Neonatal Intensive Care Unit to treat premature and sick babies, and also equipped for minimally-invasive Laparoscopic Digestive Surgery.

Property Type:	Hospital
Centre of Excellence:	Urology, Internal Medicine, Trauma
Land Area:	9,900 sqm
Gross Floor Area:	11,125 sqm
Purchase Price:	S$35.0 m
Appraised Value:	S$45.5 m
Annual Rental:	S$4.1 m
Max. No. of Beds:	126
Established:	2002
Lease Commencement:	31 December 2010
Lease Terms:	15 years with option to renew for 15 years
Lease Expiry Date:	30 December 2025

PROPERTY
OVERVIEW

INDONESIA

SILOAM HOSPITALS LIPPO VILLAGE

Jalan Siloam No. 6 Lippo Karawaci 1600, Tangerang 15811, Banten, Indonesia

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

- 10-storey hospital conveniently located in the first private sector township of Lippo Village.
- Offers holistic care for its patients with a comprehensive range of medical and surgical services, supported by senior and experienced specialists, qualified and attentive nurses and staff, and complimented by state-of-the-art medical equipment and technology.
- A "Hub" in Neurosciences, Cardiology, Radiology and Trauma for the Siloam network of hospitals via real-time Tele-medicine and Tele-radiology through which clinical information is transferred to specialists.
- First in Indonesia to be accredited in 2007 and 2010 with the prestigious US-based Joint Commission International (JCI) - the world's leading internationally recognised hospital accreditation award – putting it in the same league as other leading hospitals in the region.

Property Type:	Hospital
Centre of Excellence:	Neuroscience, Cardiology
Land Area:	17,442 sqm
Gross Floor Area:	27,284 sqm
Purchase Price:	S$94.3 m
Appraised Value:	S$158.2 m
Annual Rental:	S$13.7 m
Max. No. of Beds:	250
Established:	1995
Lease Commencement:	11 December 2006
Lease Terms:	15 years with option to renew for 15 years
Lease Expiry Date:	10 December 2021

SILOAM HOSPITALS KEBON JERUK

Jalan Raya Perjuangan Kav. 8, Kebon Jeruk, West Jakarta 11530, Indonesia

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

- 6-storey hospital with a 3-storey extension building, serving a large catchment of middle to upper income residents in West Jakarta.
- One-stop centre which offers a multidisciplinary approach for urology services, particularly prostate and kidney stones diseases.
- A "Hub" in Orthopaedic, Urology, Cardiology and Radiology for the Siloam network of hospitals via real-time Tele-medicine and Tele-radiology through which clinical information is transferred to specialists.
- Received Indonesian Hospital Accreditation from the Ministry of Health in 2002.

Property Type:	Hospital
Centre of Excellence:	Urology, Orthopaedics
Land Area:	11,420 sqm
Gross Floor Area:	18,316 sqm
Purchase Price:	S$50.6 m
Appraised Value:	S$90.3 m
Annual Rental:	S$7.7 m
Max. No. of Beds:	201
Established:	1991
Lease Commencement:	11 December 2006
Lease Terms:	15 years with option to renew for 15 years
Lease Expiry Date:	10 December 2021

PROPERTY OVERVIEW

INDONESIA

SILOAM HOSPITALS SURABAYA

Jalan Raya Gubeng No. 70, Gubeng Surabaya 60281, East Java, Indonesia

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

- 5-storey hospital located in the central area of Indonesia's second largest city, serving a large catchment area of potential patients given the relatively lower number of higher quality hospitals in the region.
- Successfully performed 1,024 ovum pick-ups and has a 46% pregnancy rate from 961 embryo transfers in year 2013.
- Highly experienced medical team capable of handling all emergencies including medical evacuation to Jakarta or any overseas destination.

Property Type:	Hospital
Centre of Excellence:	Fertility, Stroke
Land Area:	6,862 sqm
Gross Floor Area:	9,227 sqm
Purchase Price:	S$16.8 m
Appraised Value:	S$32.6 m
Annual Rental:	S$3.1 m
Max. No. of Beds:	160
Established:	1977
Lease Commencement:	11 December 2006
Lease Terms:	15 years with option to renew for 15 years
Lease Expiry Date:	10 December 2021

IMPERIAL ARYADUTA HOTEL & COUNTRY CLUB

Jalan Boulevard Jendral Sudirman Kav. 401, Lippo Village 1300, Tangerang 15811, Banten, Indonesia

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

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

Property Type:	Hotel & Country Club
Land Area:	54,410 sqm
Gross Floor Area:	17,427 sqm
Purchase Price:	S$21.2 m
Appraised Value:	S$38.7 m
Annual Rental:	S$3.8 m
Max. No. of Saleable Rooms:	197
Established:	1994
Lease Commencement:	11 December 2006
Lease Terms:	15 years with option to renew for 15 years
Lease Expiry Date:	10 December 2021

PROPERTY OVERVIEW

SINGAPORE

PACIFIC HEALTHCARE NURSING HOME @ BUKIT MERAH

6 Lengkok Bahru, Singapore 159051

A 4-storey custom-built nursing home with a roof terrace

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

Property Type:	Nursing Home
Land Area:	1,984 sqm
Gross Floor Area:	3,593 sqm
Purchase Price:	S$11.8 m
Appraised Value:	S$10.7 m
Annual Rental:	S$1.0 m
Max. No. of Beds:	259
Established:	2004
Lease Commencement:	11 April 2007
Lease Terms:	10 years with option to renew for 10 years exercised
Lease Expiry Date:	10 April 2027

PACIFIC HEALTHCARE NURSING HOME II @ BUKIT PANJANG

21 Senja Road, Singapore 677736

A 5-storey custom-built nursing home

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

Property Type:	Nursing Home
Land Area:	2,000 sqm
Gross Floor Area:	3,563 sqm
Purchase Price:	S$11.5 m
Appraised Value:	S$10.8 m
Annual Rental:	S$1.0 m
Max. No. of Beds:	265
Established:	2006
Lease Commencement:	11 April 2007
Lease Terms:	10 years with option to renew for 10 years exercised
Lease Expiry Date:	10 April 2027

PROPERTY OVERVIEW

SINGAPORE

THE LENTOR RESIDENCE

51 Lentor Avenue, Singapore 786876

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

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

Property Type:	Nursing Home
Land Area:	2,486 sqm
Gross Floor Area:	4,005 sqm
Purchase Price:	S$12.8 m
Appraised Value:	S$17.6 m
Annual Rental:	S$1.4 m
Max. No. of Beds:	208
Established:	1999 & 2013 (new extension building)
Lease Commencement:	8 June 2007
Lease Terms:	10 years with option to renew for 10 years
Lease Expiry Date:	7 June 2017

SOUTH KOREA

SARANG HOSPITAL

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

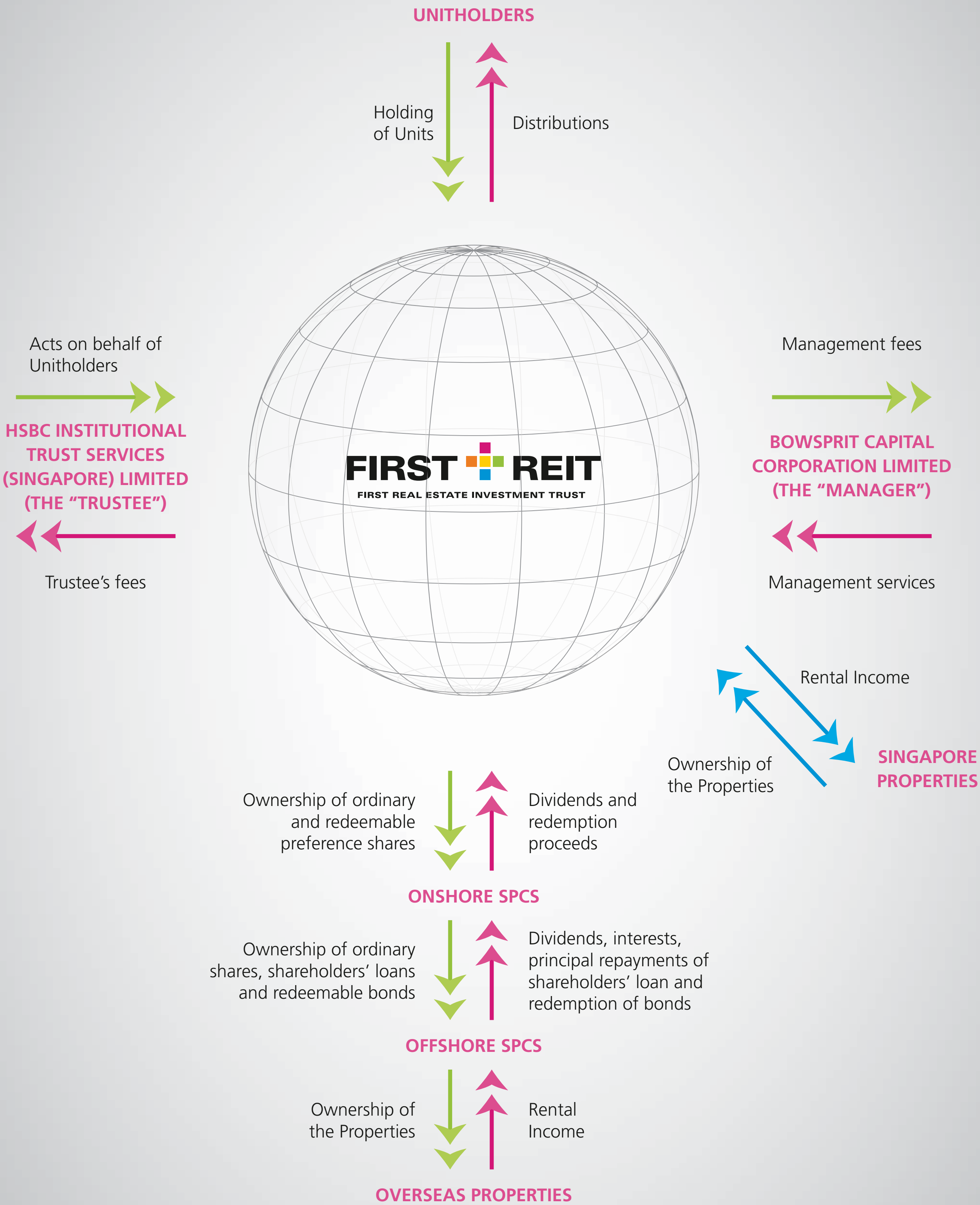
One of the largest rehabilitative and nursing facilities in Yeosu City

- 6-storey hospital offering the largest rehabilitation treatment and nursing healthcare services in Yeosu City.
- Easily accessible and centrally located in the beach resort city of Yeosu, near "Bongsan Market" in the Bongsan-Dong precinct of Yeosu City, Jeollanam-Do.
- The hospital also has clinics, x-ray and ultrasound diagnostic facilities, a rehabilitation centre, a cafeteria and a restaurant.

Property Type:	Hospital
Land Area:	2,142 sqm
Gross Floor Area:	4,982 sqm
Purchase Price:	US$13.0 m
Appraised Value:	US$6.3 m
Annual Rental:	US$1.6 m
Max. No. of Beds:	217
Established:	2010
Lease Commencement:	5 August 2011
Lease Terms:	10 years with option to renew for 10 years
Lease Expiry Date:	4 August 2021

Note:
The valuations for Indonesia properties were conducted by KJPP Willson & Rekan in association with Knight Frank and KJPP Rengganis, Hamid & Rekan in strategic alliance with CBRE Pte. Ltd. while the Singapore and Korea properties were conducted by CBRE Pte. Ltd. as at 7 November 2013.

TRUST STRUCTURE



OWNERSHIP STRUCTURE

AS AT 31 DECEMBER 2013

FIRST REIT
FIRST REAL ESTATE INVESTMENT TRUST

	ONSHORE SPCS		OFFSHORE SPCS		PROPERTIES
100.0%	Globalink Investments Pte. Ltd.	75.0%	PT Dasa Graha Jaya	100.0%	Siloam Hospitals Bali
100.0%	Fortuna Capital Pte. Ltd.	25.0%			
100.0%	Great Capital Pte. Ltd.	75.0%	PT Perisai Dunia Sejahtera	100.0%	Siloam Hospitals TB Simatupang
100.0%	Key Capital Pte. Ltd.	25.0%			
100.0%	Rhuddlan Investment Pte. Ltd.	75.0%	PT Menara Abadi Megah	100.0%	Siloam Hospitals Manado & Hotel Aryaduta Manado
100.0%	Caernarfon Investment Pte. Ltd.	25.0%			
100.0%	Raglan Investment Pte. Ltd.	75.0%	PT Bayutama Sukses	100.0%	Siloam Hospitals Makassar
100.0%	Carmathen Investment Pte. Ltd.	25.0%			
100.0%	Gold Capital Pte. Ltd.	95.0%	PT Primatama Cemerlang	100.0%	Mochtar Riady Comprehensive Cancer Centre
100.0%	Higrade Capital Pte. Ltd.	5.0%			
100.0%	Platinum Strategic Investments Pte. Ltd.	95.0%	PT Graha Pilar Sejahtera	100.0%	Siloam Hospitals Lippo Cikarang
100.0%	Ultra Investments Pte. Ltd.	5.0%			
100.0%	GOT Pte. Ltd.	99.9%	PT Sentra Dinamika Perkasa	100.0%	Siloam Hospitals Lippo Village
100.0%	Lovage International Pte. Ltd.	0.1%			
100.0%	Henley Investments Pte. Ltd.	99.9%	PT Graha Indah Pratama	100.0%	Siloam Hospitals Kebon Jeruk
100.0%	Primerich Investments Pte. Ltd.	0.1%			
100.0%	Primerich Investments Pte. Ltd.	99.9%	PT Tata Prima Indah	100.0%	Siloam Hospitals Surabaya
100.0%	GOT Pte. Ltd.	0.1%			
100.0%	Lovage International Pte. Ltd.	99.9%	PT Karya Sentra Sejahtera	100.0%	Imperial Aryaduta Hotel & Country Club
100.0%	Henley Investments Pte. Ltd.	0.1%			
100.0%					Pacific Healthcare Nursing Home @ Bukit Merah
100.0%					Pacific Healthcare Nursing Home II @ Bukit Panjang
100.0%					The Lentor Residence
100.0%	Kalmore Investments Pte. Ltd.	100.0%	Kalmore (Korea) Limited	100.0%	Sarang Hospital

CORPORATE GOVERNANCE REPORT

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

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

THE MANAGER OF FIRST REIT

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

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

The primary role of the Manager is to set the strategic direction of First REIT and make recommendations to HSBC Institutional Trust Services (Singapore) Limited, as trustee of First REIT (the "**Trustee**") on the acquisition, divestment or enhancement of assets of First REIT in accordance with its stated investment strategy. The research, analysis and evaluation required for this purpose are co-ordinated and carried out by the Manager. The Manager is also responsible for the risk management of First REIT.

Other functions and responsibilities of the Manager include:

(i) Using its best endeavours to carry on and conduct its business in a proper and efficient manner and to conduct all transactions with, or on behalf of First REIT, at arm's length and on normal commercial terms;

(ii) Preparing property plans on a regular basis which may contain proposals and forecast on net income, capital expenditure, sales and valuations, explanation of major variances to previous forecasts, written commentary on key issues and any other relevant assumptions. The purpose of these plans is to explain the performance of First REIT's properties;

(iii) Ensuring compliance with the applicable provisions of the Securities and Futures Act, Chapter 289 ("**SFA**") and all other relevant legislations, the listing manual of the Singapore Exchange Securities Trading Limited ("**SGX-ST**") (the "**Listing Manual**"), the Code on Collective Investment Schemes issued by the Monetary Authority of Singapore ("**MAS**") (the "**CIS Code**") including Property Fund Guidelines in Part II Appendix 6 of the CIS Code (the "**Property Funds Guidelines**"), the Manager's obligations under the Trust Deed, Singapore Financial Reporting Standard, any tax ruling and all relevant contracts; and

(iv) Attending to all regular communications with Unitholders.

CORPORATE GOVERNANCE REPORT

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

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

BOARD OF DIRECTORS OF THE MANAGER

Role of the Board

The Board of Directors of the Manager (the "**Board**") is entrusted with the responsibility of overall management of the Manager. The Board is responsible for the overall corporate governance of the Manager including establishing goals for management and monitoring the achievement of these goals. The Manager is responsible for the strategic business direction and risk management of First REIT. The Board has adopted an internal guide whereby certain key matters are specifically reserved for the Board's approval, such as business strategy and planning, acquisition of properties, material financial commitments, loan facilities and distribution to Unitholders. The Board has established a framework for the management of the Manager and First REIT, including a system of internal control and risk management process.

The Board meets to review the Manager's key activities. Board meetings are held once every quarter (or more often if necessary) to discuss and review the strategies and policies of First REIT, including any significant acquisitions and disposals, the annual budget, the financial performance of First REIT against previously approved budget, and to approve the release of the quarterly and full year results. The Board also reviews the risks to the assets of First REIT, and acts judiciously upon any comments from the auditors of First REIT. It reviews management reports and feasibility studies on individual development projects prior to approving major transactions. Where necessary, additional Board meetings would be held to address significant transactions or issues. The Articles of Association (the "**Articles**") of the Manager provides for Board meetings to be held by way of telephone conference and videoconference.

The Board is supported by the Audit Committee that provides independent supervision of management.

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

Changes to regulations, policies and accounting standards are monitored closely. Where the changes affect First REIT's business or have an important bearing on the Manager's or Directors' disclosure obligations, the Directors will be briefed either during Board meetings or at specially-convened sessions involving relevant professionals. Management provides the Board with complete and adequate information on a timely manner through regular updates on financial results, market trends and business developments. Directors are also encouraged to participate in industry conferences, seminars and training programmes in connection with their duties, funded by the Manager. On-site visits, including to properties located overseas are organised to familiarise Directors with the Reit's properties and to facilitate better understanding of the Group's operations.

CORPORATE GOVERNANCE REPORT

Newly appointed directors are briefed by management on the industry, business activities and strategic directions of First REIT and all relevant provisions that they need to comply with.

Five Board meetings were held during the financial year 2013. The attendance at the Board meetings is set out on page 38 of this Annual Report.

Board Composition and Balance

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

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

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

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

As part of the assessment of performance of the Board and the Audit Committee, the composition of the Board is reviewed to ensure that the Board has the appropriate size and mix of expertise and experience. The independence of each Director is reviewed upon appointment and thereafter annually by the Board. The Board has determined that a Director may hold a maximum of ten listed company board representations. Notwithstanding that the Directors have multiple listed-company Board representations and/or other principal commitments, the Board has considered and is satisfied that each of them is able to and has adequately carried out his duties as a Director of the Manager.

CHAIRMAN AND CHIEF EXECUTIVE OFFICER

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

The Chairman is responsible for the overall management of the Board as well as ensuring that members of the Board work together with management in a constructive manner to address strategies, business operations and enterprise issues. The Chief Executive Officer has full executive responsibilities over the business directions and operational decisions concerning the management of First REIT. He works closely with the Board to implement the policies set by the Board to realise the Manager's vision.

CORPORATE GOVERNANCE REPORT

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

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

AUDIT COMMITTEE

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

Presently, the Audit Committee consists of the following members:

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

The role of the Audit Committee is to monitor and evaluate the effectiveness of the Manager's internal controls. The Audit Committee reviews the quality and reliability of information prepared for inclusion in financial reports, and is responsible for the nomination of external auditors and reviewing the adequacy of external audits in respect of cost, scope and performance. The Audit Committee also assesses changes in accounting standards and accounting issues that may impact First REIT.

The Audit Committee's responsibilities also include:

- monitoring the procedures established to regulate Related Party Transactions, including ensuring compliance with the provisions of the Listing Manual relating to "interested person transactions" (as defined therein) and the provisions of the Property Funds Guidelines relating to "interested party transactions" (as defined therein) (both such types of transactions constituting "**Related Party Transactions**");

- reviewing external audit reports to ensure that where deficiencies in internal controls have been identified, appropriate and prompt remedial action is taken by management;

- reviewing internal audit reports to ascertain that the guidelines and procedures established to monitor Related Party Transactions have been complied with;

- ensuring that the internal audit function is adequately resourced and has appropriate standing with First REIT;

- monitoring the procedures in place to ensure compliance with applicable legislation, the Listing Manual and the CIS Code including the Property Funds Guidelines;
- nominating external auditors;
- reviewing the nature and extent of non-audit services performed by the external auditors;
- reviewing, on an annual basis, the independence and objectivity of the external auditors;
- meeting with external and internal auditors, without presence of management, at least on annual basis;
- examining the effectiveness of financial, operating and compliance controls;
- reviewing the financial statements and the internal audit report;
- investigating any matters within the Audit Committee's terms of reference, whenever it deems necessary; and
- reporting to the Board on material matters, findings and recommendations.

The Audit Committee has full access to and co-operation from management and enjoys full discretion to invite any director and executive officer of the Manager to attend its meetings. The Audit Committee has full access to reasonable resources to enable it to discharge its functions properly.

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

The Audit Committee had also conducted a review of all non-audit services provided by the external auditors and is satisfied that the extent of such services will not prejudice the independence and objectivity of the external auditors. The amount paid/ payable to external auditors for non-audit services fees was S$35,350 for the financial year under review.

Five Audit Committee meetings were held during the financial year 2013. The attendance at the Audit Committee meetings is set out on page 38 of this Annual Report.

INTERNAL AUDIT

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

The internal audit function of the Manager is outsourced to Baker Tilly Consultancy (S) Pte Ltd, a member firm of Baker Tilly International. The internal auditors report directly to the Audit Committee on audit matters, and to the Board on administrative matters. The Audit Committee is of the view that the internal auditor has adequate resources to perform its functions and has to the best of its ability, maintained its independence from the activities that it audits.

CORPORATE GOVERNANCE REPORT

INTERNAL CONTROLS

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

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

For the financial year ended 31 December 2013, based on the report of the internal auditors, information furnished by the management and observations made, the Board with the concurrence of the Audit Committee, is of the view that the present risk management systems and internal controls are adequate and effective in addressing financial, operational, compliance and information technology risks.

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

DEALINGS IN FIRST REIT UNITS

In general, the Directors and employees of the Manager are encouraged, as a matter of internal policy, to hold First REIT units ("**Units**") but are prohibited from dealing in such Units:

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

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

CORPORATE GOVERNANCE REPORT

MANAGEMENT OF BUSINESS RISK

Effective risk management is a fundamental part of First REIT's business strategy. Recognising and managing risk is central to the business and to protecting Unitholders' interests and value. First REIT operates within overall guidelines and specific parameters set by the Board. Each transaction is comprehensively analysed to understand the risks involved. Responsibility of managing risk lies initially with the business unit concerned, working within the overall strategy outlined by the Board.

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

DEALING WITH CONFLICT OF INTEREST

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

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

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

CORPORATE GOVERNANCE REPORT

WHISTLE BLOWING POLICY

The Audit Committee has put in place procedures to provide employees of the Manager and any other person with well defined and accessible channels to report on suspected fraud, corruption, dishonest practices or other similar matters relating to First REIT or the Manager, and for the independent investigation of any reports and appropriate follow up action. The aim of the whistle blowing policy is to encourage the reporting of such matters in good faith, with the confidence that the person making such reports will be treated fairly, and to the extent possible, be protected from reprisal.

RELATED PARTY TRANSACTIONS

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

In addition, the following procedures will be undertaken:

- transactions (either individually or as part of a series or if aggregated with other transactions involving the same related party during the same financial year) equal to or exceeding S$100,000.00 in value but below 3.0% of the value of First REIT's net tangible assets will be subject to review by the Audit Committee at regular intervals;

- transactions (either individually or as part of a series or if aggregated with other transactions involving the same related party during the same financial year) equal to or exceeding 3.0% but below 5.0% of the value of First REIT's net tangible assets will be subject to review and prior approval of the Audit Committee. Such approval shall only be given if the transactions are on normal commercial terms and are consistent with similar types of transactions made by the Trustee with third parties which are unrelated to the Manager; and

- transactions (either individually or as part of a series or if aggregated with other transactions involving the same related party during the same financial year) equal to or exceeding 5.0% of the value of First REIT's net tangible assets will be reviewed and approved prior to such transactions being entered into, on the basis described in the preceding paragraph, by the Audit Committee which may, as it deems fit, request advice on the transactions from independent sources or advisers, including obtaining valuations from independent professional valuers. Further, under the Listing Manual and the Property Funds Guidelines, such transactions would have to be approved by the Unitholders at a meeting of Unitholders.

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

Role of the Audit Committee for Related Party Transactions

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

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

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

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

COMMUNICATION WITH UNITHOLDERS

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

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

CORPORATE GOVERNANCE REPORT

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

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

BOARD COMPOSITION AND AUDIT COMMITTEE

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

The matrix of the Board members and Audit Committee members attendance at meetings held in the year 2013 is as follows:

Name of Directors/Audit Committee Members	**Board Meetings**	**Audit Committee Meetings**
	Attendance/ No. of meetings held	Attendance/ No. of meetings held
Albert Saychuan Cheok	5/5	5/5
Dr Ronnie Tan Keh Poo	5/5	NA
Goh Tiam Lock	5/5	5/5
Wong Gang	5/5	5/5
Ketut Budi Wijaya	4/5	NA

NA: Not Applicable

OTHERS

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

FINANCIAL CONTENTS

REPORT OF THE TRUSTEE

HSBC Institutional Trust Services (Singapore) Limited (the "**Trustee**") is under a duty to take into custody and hold the assets of First Real Estate Investment Trust (the "**Trust**") and its subsidiaries (the "**Group**") in trust for the holders ("**Unitholders**") of units in the Trust (the "**Units**"). In accordance with the Securities and Futures Act, Chapter 289 of Singapore, its subsidiary legislation and the Code on Collective Investment Schemes (collectively referred to as the "laws and regulations"), the Trustee shall monitor the activities of Bowsprit Capital Corporation Limited (the "**Manager**") for compliance with the limitations imposed on the investment and borrowing powers as set out in the trust deed dated 19 October 2006 (subsequently amended on 6 September 2007, 19 April 2010, 26 April 2011 and 1 April 2013) (the "**Trust Deed**") between the Manager and the Trustee in each annual financial reporting year and report thereon to unitholders in an annual report.

To the best knowledge of the Trustee, the Manager has, in all material respects, managed the Trust during the financial reporting year covered by these financial statements, set out in pages 44 to 101, comprising the statements of total return, statements of distribution, statements of financial position, statement of changes in unitholders' funds, statements of portfolio, statements of cash flows and summary of significant accounting policies and other explanatory notes of the Group and the Trust, in accordance with the limitations imposed on the investment and borrowing powers set out in the Trust Deed, laws and regulations and otherwise in accordance with the provisions of the Trust Deed.

For and on behalf of the Trustee,
HSBC Institutional Trust Services (Singapore) Limited

....

Antony Wade Lewis
Director

Singapore
29 January 2014

STATEMENT BY THE MANAGER

In the opinion of the directors of Bowsprit Capital Corporation Limited, the accompanying financial statements of First Real Estate Investment Trust (the "**Trust**") and its subsidiaries (the "**Group**") set out on pages 44 to 101 comprising the statements of total return, statements of distribution, statements of financial position, statements of changes in unitholders' funds, statements of portfolio, statements of cash flows and summary of significant accounting policies and other explanatory notes of the Group and the Trust, are drawn up so as to present fairly, in all material respects, the financial position and portfolio of the Group and of the Trust as at 31 December 2013, the total returns, distributions, changes in unitholders' funds and cash flows of the Group and of the Trust for the reporting year ended on that date in accordance with the provisions of the Trust Deed and the recommendations of the Statement of Recommended Accounting Practice 7 "Reporting Framework for Unit Trusts" issued by the Institute of Singapore Chartered Accountants. At the date of this statement, there are reasonable grounds to believe that the Group will be able to meet its financial obligations as and when they materialise.

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

....

Dr Ronnie Tan Keh Poo
Director

Singapore
29 January 2014

INDEPENDENT AUDITORS' REPORT

TO THE UNITHOLDERS OF FIRST REAL ESTATE INVESTMENT TRUST

We have audited the accompanying financial statements of First Real Estate Investment Trust (the "**Trust**") and its subsidiaries (the "**Group**"), set out on pages 44 to 101, which comprise the consolidated statement of financial position and statement of portfolio of the Group and statement of financial position and statement of portfolio of the Trust as at 31 December 2013, the statements of total return, statements of distribution, statements of changes in unitholders' funds and statements of cash flows of the Group and of the Trust for the reporting year then ended, and a summary of significant accounting policies and other explanatory information.

Manager's Responsibility for the Financial Statements

Bowsprit Capital Corporation Limited (the "**Manager**" of the Trust) is responsible for the preparation and fair presentation of these financial statements in accordance with the recommendations of Statement of Recommended Accounting Practice 7 "Reporting Framework for Unit Trusts" issued by the Institute of Singapore Chartered Accountants, and for such internal control as the Manager determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Trust's preparation of financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Trust's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Manager of the Trust, as well as evaluating the overall presentation of the financial statements.

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

INDEPENDENT AUDITORS' REPORT

TO THE UNITHOLDERS OF FIRST REAL ESTATE INVESTMENT TRUST

Opinion

In our opinion, the financial statements of the Group and of the Trust, present fairly, in all material respects, the financial position of the Group and of the Trust as at 31 December 2013, and the total returns, changes in unitholders' funds and cash flows of the Group and the Trust for the reporting year then ended in accordance with the recommendations of Statement of Recommended Accounting Practice 7 "Reporting Framework for Unit Trusts" issued by the Institute of Singapore Chartered Accountants.

RSM Chio Lim LLP
Public Accountants and
Chartered Accountants
Singapore

29 January 2014

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

STATEMENTS OF TOTAL RETURN

YEAR ENDED 31 DECEMBER 2013

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

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

STATEMENTS OF DISTRIBUTION

YEAR ENDED 31 DECEMBER 2013

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

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

STATEMENTS OF FINANCIAL POSITION

AS AT 31 DECEMBER 2013

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

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

STATEMENTS OF CHANGES IN UNITHOLDERS' FUNDS

YEAR ENDED 31 DECEMBER 2013

Group:	Issued Equity S$'000	Retained Earnings S$'000	Foreign Exchange Reserve S$'000	Total S$'000
Current Year:				
Opening Balance at 1 January 2013	**369,159**	**180,691**	**224**	**550,074**
Total Comprehensive Return for the Year	**–**	**117,832**	**396**	**118,228**
Purchase Consideration of Investment Property Paid in Units (Note 18)	**50,000**	**–**	**–**	**50,000**
Manager's Management Fees Settled in Units	**5,487**	**–**	**–**	**5,487**
Manager's Acquisition Fees Settled in Units	**1,904**	**–**	**–**	**1,904**
Distribution to Unitholders Paid During the Year	**(12,441)**	**(30,353)**	**–**	**(42,794)**
Closing Balance at 31 December 2013	**414,109**	**268,170**	**620**	**682,899**
Previous Year:				
Opening Balance at 1 January 2012	344,714	159,492	1,093	505,299
Total Comprehensive Return for the Year	–	65,244	(869)	64,375
Private Placement Net of Related Costs	28,175	–	–	28,175
Manager's Management Fees Settled in Units	4,371	–	–	4,371
Manager's Acquisition Fees Settled in Units	1,429	–	–	1,429
Distribution to Unitholders Paid During the Year	(9,530)	(44,045)	–	(53,575)
Closing Balance at 31 December 2012	369,159	180,691	224	550,074

STATEMENTS OF CHANGES IN UNITHOLDERS' FUNDS

YEAR ENDED 31 DECEMBER 2013

Trust:	Issued Equity S$'000	Retained Earnings / (Accumulated Losses) S$'000	Total S$'000
Current Year:			
Opening Balance at 1 January 2013	**369,159**	**(13,057)**	**356,102**
Total Comprehensive Return for the Year	**–**	**21,474**	**21,474**
Purchase Consideration of Investment Property Paid in Units (Note 18)	**50,000**	**–**	**50,000**
Manager's Management Fees Settled in Units	**5,487**	**–**	**5,487**
Manager's Acquisition Fees Settled in Units	**1,904**	**–**	**1,904**
Distribution to Unitholders Paid During the Year	**(12,441)**	**(30,353)**	**(42,794)**
Closing Balance at 31 December 2013	**414,109**	**(21,936)**	**392,173**
Previous Year:			
Opening Balance at 1 January 2012	344,714	2,245	346,959
Total Comprehensive Return for the Year	–	28,743	28,743
Private Placement Net of Related Costs	28,175	–	28,175
Manager's Management Fees Settled in Units	4,371	–	4,371
Manager's Acquisition Fees Settled in Units	1,429	–	1,429
Distribution to Unitholders Paid During the Year	(9,530)	(44,045)	(53,575)
Closing Balance at 31 December 2012	369,159	(13,057)	356,102

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

STATEMENTS OF CASH FLOWS

YEAR ENDED 31 DECEMBER 2013

	Group		Trust	
	2013	2012	2013	2012
	S$'000	S$'000	S$'000	S$'000
Cash Flows from Operating Activities:				
Total Return before Income Tax	**119,364**	77,935	**21,589**	28,609
Interest Income	**(163)**	(132)	**(1,859)**	(1,889)
Interest Expense	**11,132**	3,821	**11,132**	3,821
Amortisation of Borrowing Costs	**1,241**	470	**1,241**	470
Foreign Exchange Adjustment Loss/(Gain)	**586**	(996)	**586**	(996)
Dividend Income	**–**	–	**(46,401)**	(34,155)
(Increase)/Decrease in Fair Values of Investment Properties	**(61,334)**	(30,823)	**(678)**	787
Impairment Allowance on Investments in Subsidiaries	**–**	–	**8,136**	–
Manager's Management Fees Settled in Units	**5,902**	4,567	**5,902**	4,567
Operating Cash Flows before Changes in Working Capital	**76,728**	54,842	**(352)**	1,214
Trade and Other Receivables, Current	**(15,036)**	(1,292)	**324**	(269)
Other Assets, Current	**(91)**	(253)	**(104)**	(12)
Trade and Other Payables, Current	**13,461**	3,387	**(316)**	6,410
Other Liabilities	**1,352**	2,164	**168**	61
Net Cash Flows From Operating Activities before Income Tax	**76,414**	58,848	**(280)**	7,404
Income Taxes Paid	**(13,127)**	(9,077)	**–**	–
Net Cash Flows From/(Used in) Operating Activities	**63,287**	49,771	**(280)**	7,404
Cash Flows from Investing Activities:				
Increase in Investment Properties	**(141,955)**	(147,787)	**(122)**	(3,087)
Decrease in Investments in Subsidiaries	**–**	–	**11,757**	4,367
Loan to Subsidiary	**–**	–	**4,191**	4,191
Acquisition of Subsidiaries	**–**	–	**(141,787)**	(145,759)
Interest Received	**168**	137	**1,864**	1,894
Dividend Received	**–**	–	**46,401**	34,155
Net Cash Flows Used In Investing Activities	**(141,787)**	(148,650)	**(77,696)**	(104,239)
Cash Flows from Financing Activities:				
Distribution to Unitholders	**(42,794)**	(53,575)	**(42,794)**	(53,575)
Net Proceeds from Private Placement	**–**	28,175	**–**	28,175
Increase in Borrowings (net)	**140,649**	115,577	**140,649**	115,577
Interest Paid	**(10,521)**	(3,526)	**(10,521)**	(3,526)
Net Cash Flows From Financing Activities	**87,334**	86,651	**87,334**	86,651
Net Increase/(Decrease) in Cash and Cash Equivalents	**8,834**	(12,228)	**9,358**	(10,184)
Cash and Cash Equivalents, Statement of Cash Flows, Beginning Balance	**20,497**	32,725	**15,733**	25,917
Cash and Cash Equivalents, Statement of Cash Flows, Ending Balance (Note 17A)	**29,331**	20,497	**25,091**	15,733

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

STATEMENTS OF PORTFOLIO

AS AT 31 DECEMBER 2013

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

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

STATEMENTS OF PORTFOLIO

AS AT 31 DECEMBER 2013

By Geographical Area
Group

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

STATEMENTS OF PORTFOLIO

AS AT 31 DECEMBER 2013

By Geographical Area
Group

Description of Property/ Location/Acquisition Date/Type of Property/ Land Title Type/Tenure of Lease Agreement (All Revaluations Made in November)	Gross Floor Area in Square Metres	Carrying Value as at 31.12.2013	Percentage of Total Net Assets as at 31.12.2013	Carrying Value as at 31.12.2012	Percentage of Total Net Assets as at 31.12.2012
		S$'000	%	S$'000	%
Indonesia (continued)					
Siloam Hospitals Manado & Hotel Aryaduta Manado Jalan Sam Ratulangi No. 22, Komplek Boulevard Center and at Jalan Piere Tendean No. 1 Wenang Utara Sub-District, Wenang District, Manado North Sulawesi Indonesia 95111 30 November 2012, Hospital, HGB Lease expiring in December 2027 (option to renew for 15 years)	36,051	**100,200**	**14.67**	96,500	17.54
Siloam Hospitals Makassar Jalan Metro Tanjung Bunga Kav 3-5 Makassar City,South Sulawesi Province, Indonesia 30 November 2012, Hospital, HGB Lease expiring in December 2027 (option to renew for 15 years)	14,307	**70,500**	**10.32**	66,800	12.14
Siloam Hospitals Bali Jalan Sunset Road No. 818, Kuta, Badung, Bali 80361, Indonesia 13 May 2013, Hospital, HGB Lease expiring in May 2028 (option to renew for 15 years)	20,958	**117,100**	**17.15**	–	–
Siloam Hospitals TB Simatupang Jalan Letjend. TB Simatupang, Jalan R.A. Kartini No.8, RT 010, RW 04, Cilandak, Jakarta Selatan, Indonesia 22 May 2013, Hospital, HGB Lease expiring in May 2028 (option to renew for 15 years)	18,605	**112,100**	**16.41**	–	–

STATEMENTS OF PORTFOLIO

AS AT 31 DECEMBER 2013

By Geographical Area
Group

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

STATEMENTS OF PORTFOLIO

AS AT 31 DECEMBER 2013

By Geographical Area
Trust

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

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

1. GENERAL

First Real Estate Investment Trust ("**First REIT**" or the "**Trust**") is a Singapore-domiciled unit trust constituted pursuant to the trust deed dated 19 October 2006 ("**Trust Deed**") (subsequently amended on 6 September 2007, 19 April 2010, 26 April 2011 and 1 April 2013) entered into between Bowsprit Capital Corporation Limited (the "**Manager**") and HSBC Institutional Trust Services (Singapore) Limited (the "**Trustee**"), governed by the laws of Singapore.

First REIT is listed on the Singapore Exchange Securities Trading Limited ("**SGX-ST**").

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

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

The financial statements were approved and authorised for issue by the board of directors of the Manager on 29 January 2014. The financial statements are for the Trust and the Group.

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

Accounting Convention

The financial statements have been prepared in accordance with the recommendations of the Statement of Recommended Accounting Practice 7 "Reporting Framework for Unit Trusts" ("**RAP 7**") issued by the Institute of Singapore Chartered Accountants and the applicable requirements of the Code on Collective Investment Schemes issued by the Monetary Authority of Singapore ("**MAS**") and the provisions of the Trust Deed. RAP 7 requires that the accounting policies should generally comply with the principles relating to recognition and measurement of the Financial Reporting Standards ("**FRSs**") issued by the Accounting Standards Council. Other comprehensive income comprises items of income and expense (including reclassification adjustments) that are not recognised in the income statement, as required or permitted by FRS. Reclassification adjustments are amounts reclassified to profit or loss in the income statement in the current period that were recognised in other comprehensive income in the current or previous periods. The financial statements are prepared on a going concern basis under the historical cost convention except where a FRS requires an alternative treatment (such as fair values) as disclosed where appropriate in these financial statements.

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation

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

Changes in the Group's ownership interest in a subsidiary that do not result in the loss of control are accounted for within unitholders' funds. When the Group loses control of a subsidiary it derecognises the assets and liabilities and related equity components of the former subsidiary. Any gain or loss is recognised in profit or loss. Any investment retained in the former subsidiary is measured at its fair value at the date when control is lost and is subsequently accounted as available-for-sale financial assets in accordance with FRS 39.

Basis of Preparation of the Financial Statements

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

Revenue Recognition

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

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

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Revenue Recognition (continued)

Interest income

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

Dividend income

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

Income Tax

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

Foreign Currency Transactions

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Translation of Financial Statements of Foreign Entities

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

Operating Segment Reporting

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

Subsidiaries

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

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

Business Combinations

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Borrowing Costs

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

Investment Properties

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

Unit-Based Payments

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

Leases

Whether an arrangement is, or contains, a lease, it is based on the substance of the arrangement at the inception date, that is, whether (a) fulfilment of the arrangement is dependent on the use of a specific asset or assets (the asset); and (b) the arrangement conveys a right to use the asset. Leases are classified as finance leases if substantially all the risks and rewards of ownership are transferred to the lessee. All other leases are classified as operating leases. At the commencement of the lease term, a finance lease is recognised as an asset and as a liability in the statement of financial position at amounts equal to the fair value of the leased asset or, if lower, the present value of the minimum lease payments, each measured at the inception of the lease. The discount rate used in calculating the present value of the minimum lease payments is the interest rate implicit in the lease, if this is practicable to determine, the lessee's incremental borrowing rate is used. Any initial direct costs of the lessee are added to the amount recognised as an asset. The excess of the lease payments over the recorded lease liability are treated as finance charges which are allocated to each reporting year during the lease term so as to produce a constant periodic rate of interest on the remaining balance of the liability. Contingent rents are charged as expenses in the reporting years in which they are incurred. The assets are depreciated as owned depreciable assets. Leases where the lessor effectively retains substantially all the risks and benefits of ownership of the leased assets are classified as operating leases. For operating leases, lease payments are recognised as an expense in profit or loss on a straight-line basis over the term of the relevant lease unless another systematic basis is representative of the time pattern of the user's benefit, even if the payments are not on that basis.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Leases (continued)

Lease incentives received are recognised in profit or loss as an integral part of the total lease expense. Rental income from operating leases is recognised in profit or loss on a straight-line basis over the term of the relevant lease unless another systematic basis is representative of the time pattern of the user's benefit, even if the payments are not on that basis. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised on a straight-line basis over the lease term. Contingent rents receivable are recognised in the reporting years in which they occur.

Impairment of Non-Financial Assets

Irrespective of whether there is any indication of impairment, an annual impairment test is performed at the same time every year on an intangible asset with an indefinite useful life or an intangible asset not yet available for use. The carrying amount of other non-financial assets is reviewed at each end of the reporting year for indications of impairment and where an asset is impaired, it is written down through profit or loss to its estimated recoverable amount. The impairment loss is the excess of the carrying amount over the recoverable amount and is recognised in profit or loss. The recoverable amount of an asset or a cash-generating unit is the higher of its fair value less costs of disposal and its value in use. When the fair value less costs of disposal method is used, any available recent market transactions are taken into consideration. When the value in use method is adopted, in assessing the value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units). At each end of the reporting year non-financial assets other than goodwill with impairment loss recognised in prior reporting years are assessed for possible reversal of the impairment. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

Financial Assets

Initial recognition, measurement and derecognition:

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

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Financial Assets (continued)

Subsequent measurement:

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

1. Financial assets at fair value through profit or loss: As at end of the reporting year there were no financial assets classified in this category.

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

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

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

Cash and Cash Equivalents

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Financial Liabilities

Initial recognition, measurement and derecognition:

A financial liability is recognised on the statement of financial position when, and only when, the entity becomes a party to the contractual provisions of the instrument and it is derecognised when the obligation specified in the contract is discharged or cancelled or expired. The initial recognition of financial liability is at fair value normally represented by the transaction price. The transaction price for financial liability not classified at fair value through profit or loss includes the transaction costs that are directly attributable to the acquisition or issue of the financial liability. Transaction costs incurred on the acquisition or issue of financial liability classified at fair value through profit or loss are expensed immediately. The transactions are recorded at the trade date. Financial liabilities including bank and other borrowings are classified as current liabilities unless there is an unconditional right to defer settlement of the liability for at least 12 months after the end of the reporting year.

Subsequent measurement:

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

1. Liabilities at fair value through profit or loss: Liabilities are classified in this category when they are incurred principally for the purpose of selling or repurchasing in the near term (trading liabilities) or are derivatives (except for a derivative that is a designated and effective hedging instrument) or have been classified in this category because the conditions are met to use the "fair value option" and it is used. Financial guarantee contracts if significant are initially recognised at fair value and are subsequently measured at the greater of (a) the amount determined in accordance with FRS 37 and (b) the amount initially recognised less, where appropriate, cumulative amortisation recognised in accordance with FRS 18. All changes in fair value relating to liabilities at fair value through profit or loss are charged to profit or loss as incurred.

2. Other financial liabilities: All liabilities, which have not been classified as in the previous category fall into this residual category. These liabilities are carried at amortised cost using the effective interest method. Trade and other payables and borrowings are usually classified in this category. Items classified within current trade and other payables are not usually re-measured, as the obligation is usually known with a high degree of certainty and settlement is short-term.

Liabilities and equity financial instruments:

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Fair Value Measurement

Fair value is taken to be the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date (that is, an exit price). It is a market-based measurement, not an entity-specific measurement. When measuring fair value, management uses the assumptions that market participants would use when pricing the asset or liability under current market conditions, including assumptions about risk. The Group and Trust's intention to hold an asset or to settle or otherwise fulfil a liability is not taken into account as relevant when measuring fair value. In making the fair value measurement, management determines the following: (a) the particular asset or liability being measured (these are identified and disclosed in the relevant notes below); (b) for a non-financial asset, the highest and best use of the asset and whether the asset is used in combination with other assets or on a stand-alone basis; (c) the market in which an orderly transaction would take place for the asset or liability; and (d) the appropriate valuation techniques to use when measuring fair value. The valuation techniques used maximise the use of relevant observable inputs and minimise unobservable inputs. These inputs are consistent with the inputs a market participant may use when pricing the asset or liability.

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

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

Net Assets Attributable to Unitholders

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Provisions

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

Critical Judgements, Assumptions and Estimation Uncertainties

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

Fair Values of Investment Properties:

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

Income Tax Amounts:

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Critical Judgements, Assumptions and Estimation Uncertainties (continued)

Deferred Tax: Recovery of Underlying Assets:

The deferred tax relating to an asset is dependent on whether the entity expects to recover the carrying amount of the asset through use or sale. It can be difficult and subjective to assess whether recovery will be through use or through sale when the asset is measured using the fair value model in FRS 40 Investment Property. The Group has investment properties on freehold land whereby the land would be on the presumption that the carrying amount of the underlying asset will be recovered entirely by sale in accordance with the amendments to FRS 12 Deferred Tax: Recovery of Underlying Assets. The fair value of the land has to be ascertained separately.

Estimated Impairment of Subsidiary:

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

3. RELATED PARTY RELATIONSHIPS AND TRANSACTIONS

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

3.1 Related parties:

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

3. RELATED PARTY RELATIONSHIPS AND TRANSACTIONS (CONTINUED)

3.1 Related parties: (continued)

Significant related party transactions:

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

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

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

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

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

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

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

(A) Trustee Fees

Under the Trust Deed, the Trustee is entitled to a fee not exceeding 0.1% (2012: 0.1%) per annum of the value of the Deposited Property (as defined in the Trust Deed). The actual fee payable will be determined between the Manager and the Trustee from time to time. The Trustee's fee is subject to review every three years.

(B) Manager's Fees

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

(i) A base fee of 0.4% (2012: 0.4%) per annum of the value of the Deposited Property. Any increase in the rate of the base fee above the permitted limit or any change in the structure of the base fee shall be approved by an extraordinary resolution of a meeting of Unitholders. The Manager may opt to receive the base fee in the form of units and/or cash.

3. RELATED PARTY RELATIONSHIPS AND TRANSACTIONS (CONTINUED)

3.1 Related parties: (continued)

(B) Manager's Fees (continued)

(ii) A performance fee fixed at 5.0% (2012: 5.0%) per annum of the Group's Net Property Income ("**NPI**") or the NPI of the relevant Special Purpose Companies ("**SPCs**") for each year. NPI in relation to a real estate in the form of land, whether directly held by the Trustee or indirectly held by the Trustee through a SPC, and in relation to any year or part thereof, means its property income less property operating expenses for such real estate for that year or part thereof. The Manager may opt to receive the performance fee in the form of units and/or cash.

(iii) Manager's acquisition fee determined at 1.0% (2012: 1.0%) of the value or consideration as defined in the Trust Deed for any real estate or other investments (subject to there being no double-counting).

(iv) A divestment fee at 0.5% (2012: 0.5%) of the value or consideration as defined in the Trust Deed for any real estate or other investments (subject to there being no double-counting).

4. GROSS REVENUE

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

5. PROPERTY OPERATING EXPENSES/(INCOME)

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

6. MANAGER'S MANAGEMENT FEES

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

7. FINANCE COSTS

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

8. OTHER EXPENSES/(INCOME)

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

Total fees to auditors:

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

9. INCOME TAX

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

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

9. INCOME TAX (CONTINUED)

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

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

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

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

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

9B. Deferred Tax (Income)/Expense Recognised in Profit or Loss Include:

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

9. INCOME TAX (CONTINUED)

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

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

Presented in the statements of financial position as follows:

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

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

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

	Group	
	2013 S$'000	2012 S$'000
Foreign subsidiaries	**60,796**	39,777

10. EARNINGS PER UNIT

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

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

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

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

11. DISTRIBUTION PER UNIT

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

Distribution Type

Name of Distribution Distribution during the period (interim distributions)

Distribution Type Income/Capital

11. DISTRIBUTION PER UNIT (CONTINUED)

Distribution Rate

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

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

Distribution Type Income/Capital

Distribution Rate

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

11. DISTRIBUTION PER UNIT (CONTINUED)

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

Qualifying foreign non-individual investors will receive their distributions after deduction of tax at the rate of 10%. The Monetary Authority of Singapore has announced that the 10% tax concession which expired on 17 February 2010 has been renewed for the period from 18 February 2010 to 31 March 2015.

All other investors will receive their distributions after deduction of tax at the rate of 17% (2012: 17%).

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

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

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

Current Distribution Policy:

The Trust's current distribution policy is to distribute at least 90.0% (2012: 90.0%) of its taxable and tax-exempt income (after deduction of applicable expenses) and certain capital receipts. The capital receipts comprise amounts received by the Trust from redemption of redeemable preference shares in the Singapore subsidiaries.

12. INVESTMENT PROPERTIES

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

12. INVESTMENT PROPERTIES (CONTINUED)

The Group's portfolio consists of properties located in Indonesia, Singapore and South Korea (see the statements of portfolio).

These investment properties include the mechanical and electrical equipment located in the respective properties.

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

The fair value of each investment property was measured in November 2013 based on the highest and best use method to reflect the actual market state and circumstances as of the end of the reporting year. The valuations were based on the discounted cash flow and direct capitalisation methods as appropriate. The fair value was based on valuations made by independent valuers on a systematic basis at least once yearly. In relying on the valuation reports, the management is satisfied that the independent valuers have appropriate professional qualifications, are independent and have recent experience in the location and category of the properties being valued. There has been no change to the valuation techniques during the year. Management determined that the highest and best use of the asset is the current use and that it would provide maximum value to market participants principally through its use in combination with other assets.

The fair values for 2013 were made by the following firms of independent professional valuers:

1. Five Indonesian properties – KJPP Willson dan Rekan in association with Knight Frank

2. Five Indonesian properties – KJPP Rengganis, Hamid & Rekan in strategic alliance with CBRE Pte Ltd

3. All Singapore properties – CBRE Pte Ltd

4. The South Korean property – CBRE Pte Ltd

12. INVESTMENT PROPERTIES (CONTINUED)

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

	Indonesia 2013	Indonesia 2012	Singapore 2013	Singapore 2012	South Korea 2013	South Korea 2012
1. Estimated discount rates using pre-tax rates that reflect current market assessments at the risks specific to the properties	**9.29% to 9.92%**	9.37% to 9.50%	**8.25%**	8.00%	**Note 1**	Note 1
2. Growth rates based on escalation rate in the lease agreements	**#(A)**	#(A)	**2.00%**	2.00%	**Note 1**	Note 1
3. Cash flow forecasts derived from the most recent financial budgets and plans approved by management	**10 years**	10 years	**10 years**	10 years	**Note 1**	Note 1
4. Terminal rate	**9.00% to 11.00%**	9.00% to 14.50%	**6.00% to 6.50%**	6.50%	**Note 1**	Note 1
5. Dates of valuations	**7 Nov**	7 Nov	**7 Nov**	7 Nov	**7 Nov**	7 Nov

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

Note 1: The valuation of the South Korean property for 2013 and 2012 were based on the direct capitalisation method. The direct capitalisation method is a valuation method used to convert a single year's income expectancy into a value estimate. The income used is the current rental of this property adjusted for operating expenses (net operating income). An overall capitalisation rate of 9.00% (2012: 13.00%) is applied to the net operating income to arrive at the fair value of the property. The overall capitalisation rate used takes into account the level of risk associated with the property.

12. INVESTMENT PROPERTIES (CONTINUED)

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

Other than Sarang Hospital, Siloam Hospitals Bali and Siloam Hospitals TB Simatupang, all the properties are mortgaged as security for the bank facilities (Note 20).

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

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

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

Sensitivity analysis:

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

12. INVESTMENT PROPERTIES (CONTINUED)

	2013 S$'000	2012 S$'000
Singapore properties:		
A hypothetical 10% increase in the pre-tax discount rate applied to the discounted cash flows would have an effect on profit before tax of	**(1,900)**	(1,800)
A hypothetical 10% decrease in the pre-tax discount rate applied to the discounted cash flows would have an effect on profit before tax of	**2,100**	1,800
A hypothetical 10% increase in the rental income would have an effect on profit before tax of	**2,500**	3,500
A hypothetical 10% decrease in the rental income would have an effect on profit before tax of	**(2,400)**	(3,500)
A hypothetical 10% increase in the terminal growth rate applied to the net operating income would have an effect on profit before tax of	**(400)**	(500)
A hypothetical 10% decrease in the terminal growth rate applied to the net operating income would have an effect on profit before tax of	**500**	500
South Korean property:		
A hypothetical 10% increase in the rental income would have an effect on profit before tax of	**759**	1,467
A hypothetical 10% decrease in the rental income would have an effect on profit before tax of	**(759)**	(1,467)
A hypothetical 10% increase in the overall capitalisation rate applied to the net operating income would have an effect on profit before tax of	**(759)**	(1,345)
A hypothetical 10% decrease in the overall capitalisation rate applied to the net operating income would have an effect on profit before tax of	**885**	1,589

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

12. INVESTMENT PROPERTIES (CONTINUED)

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

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

Valuation processes of the Group

The Group's finance department works with a team that oversees the valuations of investment properties by external valuers required for financial reporting, including fair values. This Asset and Investment team ("**valuation team**") reports directly to the chief executive officer ("**CEO**"). Discussions of valuation processes and results are held between the CEO and the valuation team.

The team engages external, independent and qualified valuers to determine the fair value of the Group's properties at the end of every financial year. As at 31 December 2013, the following firms of independent preferred valuers were engaged: KJPP Rengganis, Hamid & Rekan in Strategic Alliance with CBRE Pte Ltd, KJPP Willson dan Rekan in association with Knight Frank and CBRE Pte Ltd.

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

- *Discount rates*
  The discount rate has been determined using the valuers' model to calculate a pre-tax rate that reflects current market assessments of the time value of money and the risk specific to the asset.

- *Terminal growth rates*
  The terminal growth rate has been determined using the valuers' model of the location, building quality, its surrounding local market condition, the competitive positioning of the property, the perceived market conditions in the future, estimated cash flow profile and the overall physical condition and age of the property.

- *Expected net rental cashflows*
  These are estimated by management based on existing lease agreements and market conditions as at 31 December 2013. The estimates are largely consistent with management's knowledge of actual conditions and situations.

13. INVESTMENTS IN SUBSIDIARIES

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

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

14. TRADE AND OTHER RECEIVABLES, CURRENT

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

14. TRADE AND OTHER RECEIVABLES, CURRENT (CONTINUED)

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

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

15. LOAN RECEIVABLE

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

The agreement for the loan receivable provides that it is unsecured, with floating interest at 0% to 3.56% (2012: 0% to 3.73%) per annum and is repayable by quarterly instalments over 20 years from 30 December 2010. The loan is carried at amortised cost using the effective interest method based on market rates. The carrying value of the loan approximates the fair value (Level 3). The amount is not past due.

16. OTHER ASSETS, CURRENT

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

17. CASH AND CASH EQUIVALENTS

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

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

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

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

17B. Non-Cash Transactions:

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

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

18. UNITS IN ISSUE AND NET ASSETS ATTRIBUTABLE TO UNITHOLDERS

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

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

Movements in the units in issue are as follows:

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

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.

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

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.

Issues of Units in 2013:

At the end of the reporting year, 1,612,847 (2012: 1,203,996) units were issuable as settlement for the Manager's management fees for the last quarter of the reporting year.

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

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

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

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

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

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

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

Capital Management:

The objectives when managing capital are: to safeguard the Trust's ability to continue as a going concern, so that it can continue to provide returns for unitholders and benefits for other stakeholders, and to provide an adequate return to unitholders. The Manager sets the amount of capital to meet its requirements. There were no changes in the approach to capital management during the reporting year.

The Manager manages the capital structure and makes adjustments to it where necessary or possible in the light of changes in conditions and the risk characteristics of the underlying assets. In order to maintain or adjust the capital structure, the Manager may adjust the amount of distributions paid to unitholders, return capital to unitholders, issue new units, or sell assets to reduce debt. The distribution policy is disclosed in Note 11.

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

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

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

Capital Management: (continued)

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

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

In accordance with the Code on Collective Investment Schemes issued by the Monetary Authority of Singapore, the total borrowings and deferred payments of the Group should not exceed 35% of the Group's deposited property. It was 32.3% (2012: 26.0%) as at end of the reporting year. The aggregate leverage of the Group may exceed 35% of the Group's deposited property (up to a maximum of 60%) only if the credit rating of the Group is obtained and disclosed to the public. The Group met the aggregate leverage ratio as at the end of the reporting year.

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

19. FINANCIAL RATIOS

	Group		Trust	
	2013	2012	2013	2012
	S$'000	S$'000	S$'000	S$'000
Expenses to average net assets ratio - excluding performance related fees (1)	**1.63%**	1.42%	**2.57%**	2.14%
Expenses to average net assets ratio - including performance related fees (1)	**0.97%**	0.88%	**1.50%**	1.33%
Portfolio turnover ratio (2)	**N/M**	N/M	**N/M**	N/M
Rent/EBITDA ratio of Indonesian properties (3)	**68.06%**	54.03%	**–**	–

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

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

3) The Manager has given an undertaking to the SGX-ST that for so long as it remains the Manager of the Trust and PT Lippo Karawaci Tbk in Indonesia and/or any of its related corporations remains a controlling shareholder of the Manager, it will disclose the Rent/EBITDA ratio of the Indonesia properties. The EBITDA (unaudited) for the operations renting the Indonesian properties is calculated before the rental expenses.

N/M – Not meaningful

20. OTHER FINANCIAL LIABILITIES

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

20A. BANK LOANS (SECURED)

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

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

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

20. OTHER FINANCIAL LIABILITIES (CONTINUED)

20A. 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 the property in South Korea, Siloam Hospitals Bali and Siloam Hospitals Simatupang.

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

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

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

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

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

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

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

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

10) Compliance with certain financial covenants.

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

20. OTHER FINANCIAL LIABILITIES (CONTINUED)

20B. Fixed rate notes (unsecured)

On 11 April 2013, the Trust established the S$500,000,000 Multicurrency Medium Term Note Programme ("**Programme**").

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

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

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

The total facility drawn down as at 31 December 2013 under the Programme was S$100,000,000. It will mature on 22 May 2018 and bears a fixed interest rate of 4.125% per annum payable semi-annually in arrears. The effective interest rate per annum is 4.40%.

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

21. TRADE AND OTHER PAYABLES, CURRENT

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

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

22. OTHER LIABILITIES, CURRENT

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

23. FINANCIAL INFORMATION BY OPERATING SEGMENTS

Information about Reportable Segment Profit or Loss and Assets

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

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

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

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

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

23. FINANCIAL INFORMATION BY OPERATING SEGMENTS (CONTINUED)

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

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

23. FINANCIAL INFORMATION BY OPERATING SEGMENTS (CONTINUED)

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

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

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

Revenue from the Group's top one customer in Indonesia amounted to S$77,821,000 (2012: S$52,602,000) of the Group's total revenue.

24. FINANCIAL INFORMATION ON FINANCIAL INSTRUMENTS

24A. Classification of Financial Assets and Liabilities

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

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

Further quantitative disclosures are included throughout these financial statements.

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

24B. Financial Risk Management

The main purpose for holding or issuing financial instruments is to raise and manage the finances for the entity's operating, investing and financing activities. There are exposures to the financial risks on the financial instruments such as credit risk, liquidity risk and market risk comprising interest rate, currency risk and price risk exposures. Management has certain practices for the management of financial risks and action to be taken in order to manage the financial risks. The guidelines include the following:

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

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

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

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

24C. Credit Risk on Financial Assets

Financial assets that are potentially subject to concentrations of credit risk and failures by counterparties to discharge their obligations in full or in a timely manner consist principally of cash balances with banks, cash equivalents and receivables and other financial assets. The maximum exposure to credit risk is: the total of the fair value of the financial assets and other financial instruments: the maximum amount the entity could have to pay if the guarantee is called on; and the full amount of any commitments on borrowings at the end of the reporting year. Credit risk on cash balances with banks and derivative financial instruments is limited because the counter-parties are entities with acceptable credit ratings. Credit risk on other financial assets is limited because the other parties are entities with acceptable credit ratings. For credit risk on receivables, an ongoing credit evaluation is performed on the financial condition of the debtors and a loss from impairment is recognised in profit or loss. The exposure to credit risk is controlled by setting limits on the exposure to individual customers and these are disseminated to the relevant persons concerned and compliance is monitored by management. There is a significant concentration of credit risk, as the exposure is spread over a small number of counter-parties and customers as disclosed in Note 23 on financial information by operating segments.

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

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

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

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

The allowance which is disclosed in the Note 14 on trade and other receivables is based on individual amounts totalling S$2,165,000 (2012: S$Nil) that are determined to be impaired at the end of the reporting year. These are not secured.

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

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

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

24D. Liquidity Risk

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

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

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

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

The liquidity risk refers to the difficulty in meeting obligations associated with financial liabilities that are settled by delivering cash or another financial asset. It is expected that all the liabilities will be paid at their contractual maturity. The average credit period taken to settle trade payables is about 30 days (2012: 30 days). The other payables are with short-term durations. The classification of the financial assets is shown in the statement of financial position as they may be available to meet liquidity needs and no further analysis is deemed necessary.

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

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

24D. Liquidity Risk (continued)

The Manager also monitors and observes the Code on Collective Investment Schemes issued by the Monetary Authority of Singapore concerning limits on total borrowings. The Manager is of the view that cash from operating activities will be sufficient to meet the current requirements to support ongoing operations, capital expenditures, and debt repayment obligations. The Trust's structure necessitates raising funds through debt financing and the capital markets to fund strategic acquisitions and growth capital expenditures. The Manager also ensures that there are sufficient funds for declared and payable distributions and any other commitments.

24E. Interest Rate Risk

The interest rate risk exposure is mainly from changes in fixed rate and floating interest rates. The interest from financial assets including cash balances is not significant. The following table analyses the breakdown of the significant financial instruments by type of interest rate:

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

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

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

The analysis has been performed for fixed interest rate and floating interest rate over a year for financial instruments. The impact of a change in interest rates on fixed interest rate financial instruments has been assessed in terms of changing of their fair value. The impact of a change in interest rates on floating interest rate financial instruments has been assessed in terms of changing of their cash flows and therefore in terms of the impact on net expenses. The interest rates are disclosed in the respective notes. The hypothetical changes in basis points are not based on observable market data (unobservable inputs).

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

24F. Foreign Currency Risk

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

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

Sensitivity analysis: A hypothetical 10% strengthening in the exchange rate of the functional currency, Singapore dollar, against the US dollar, with all other variables held constant would have a favourable effect on post-tax profit of S$1,760,000. For similar rate weakening of the functional currency against the relevant foreign currency above, there would be comparable impact in the opposite direction on the profit or loss.

25. OPERATING LEASE INCOME COMMITMENTS

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

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

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

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

26. EVENTS AFTER THE END OF THE REPORTING YEAR

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

On 17 January 2014, a total of 1,612,847 new units were issued at the issue price of 1.0431 cents per unit as payment to the Manager for management fees for the quarter ended 31 December 2013. The issue price was based on the volume weighted average traded price for all trades done on the SGX-ST in the ordinary course of trading for the last 10 business days of the quarter.

27. CHANGES AND ADOPTION OF FINANCIAL REPORTING STANDARDS

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

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

(*) Not relevant to the entity.

28. FUTURE CHANGES IN FINANCIAL REPORTING STANDARDS

The following new or revised Singapore Financial Reporting Standards that have been issued will be effective in future. The transfer to the new or revised standards from the effective dates is not expected to result in material adjustments to the financial position, results of operations, or cash flows for the following year.

FRS No.	Title	Effective date for periods beginning on or after
FRS 27	Consolidated and Separate Financial Statements (Amendments to)	1 Jul 2013
FRS 27	Separate Financial Statements (Revised)	1 Jan 2014
FRS 28	Investments in Associates and Joint Ventures (Revised) (*)	1 Jan 2014
FRS 36	Amendments to FRS 36: Recoverable Amount Disclosures for Non-Financial Assets (relating to goodwill) (*)	1 Jan 2014
FRS 32	Amendments to FRS 39: Novation of Derivatives and Continuation of Hedge Accounting	1 Jan 2014
FRS 110	Consolidated Financial Statements	1 Jan 2014
FRS 111	Joint Arrangements (*)	1 Jan 2014
FRS 112	Disclosure of Interests in Other Entities	1 Jan 2014
FRS 110	Amendments to FRS 110, FRS 111 and FRS 112	1 Jan 2014
INT FRS 121	Levies (*)	1 Jan 2014

(*) Not relevant to the entity.

29. LISTING OF INVESTMENTS IN SUBSIDIARIES

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

Name of Subsidiaries, Country of Incorporation, Place of Operations and Principal Activities	Carrying Value of Investments	
	2013	2012
	S$'000	S$'000
Gold Capital Pte. Ltd. [(b)] Singapore Investment holding	**100,556**	100,556
Higrade Capital Pte. Ltd. [(b)] Singapore Investment holding	**853**	853
GOT Pte. Ltd. [(b)] Singapore Investment holding	**88,818**	89,593

29. LISTING OF INVESTMENTS IN SUBSIDIARIES

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

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

29. LISTING OF INVESTMENTS IN SUBSIDIARIES (CONTINUED)

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

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

29. LISTING OF INVESTMENTS IN SUBSIDIARIES (CONTINUED)

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

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

(a) Audited by RSM AAJ Associates in Indonesia and Shinhan Accounting Corporation in South Korea, member firms of RSM International of which RSM Chio Lim LLP is a member.

(b) Audited by RSM Chio Lim LLP in Singapore.

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

STATISTICS OF UNITHOLDINGS

AS AT 13 MARCH 2014

Issued Units

There were 711,623,400 Units (voting rights: one vote per Unit) issued in First REIT as at 13 March 2014.

Distribution of Unitholdings

Size of Unitholdings	Number of Unitholders	%	Number of Units	%
1 - 999	39	0.54	7,371	0.00
1,000 - 10,000	4,093	57.05	21,915,787	3.08
10,001 - 1,000,000	3,013	41.99	165,706,639	23.29
1,000,001 and above	30	0.42	523,993,603	73.63
TOTAL	**7,175**	**100.00**	**711,623,400**	**100.00**

Twenty Largest Unitholders

No.	Name of Unitholders	Number of Units	%
1.	OCBC SECURITIES PRIVATE LIMITED	166,139,137	23.35
2.	UOB KAY HIAN PRIVATE LIMITED	129,333,934	18.17
3.	CITIBANK NOMINEES SINGAPORE PTE LTD	38,790,142	5.45
4.	HSBC (SINGAPORE) NOMINEES PTE LTD	31,253,687	4.39
5.	BOWSPRIT CAPITAL CORPORATION LIMITED	27,241,365	3.83
6.	DBS NOMINEES (PRIVATE) LIMITED	26,046,697	3.66
7.	DBSN SERVICES PTE. LTD.	24,128,679	3.39
8.	BANK OF SINGAPORE NOMINEES PTE. LTD.	11,447,798	1.61
9.	RAFFLES NOMINEES (PTE) LIMITED	10,637,954	1.49
10.	CIMB SECURITIES (SINGAPORE) PTE. LTD.	8,074,075	1.13
11.	UNITED OVERSEAS BANK NOMINEES (PRIVATE) LIMITED	7,366,481	1.04
12.	BNP PARIBAS SECURITIES SERVICES SINGAPORE BRANCH	5,948,575	0.84
13.	OCBC NOMINEES SINGAPORE PRIVATE LIMITED	4,070,311	0.57
14.	PHILLIP SECURITIES PTE LTD	3,691,640	0.52
15.	DB NOMINEES (SINGAPORE) PTE LTD	3,366,500	0.47
16.	MAYBANK KIM ENG SECURITIES PTE. LTD.	2,821,464	0.40
17.	LAU SAM SIONG	2,690,000	0.38
18.	CITIBANK CONSUMER NOMINEES PTE LTD	2,332,259	0.33
19.	BMT A/C ESTATE OF MSE ANGULLIA (WAKAFF) CLAUSE 7 TRUST	2,293,613	0.32
20.	DBS VICKERS SECURITIES (SINGAPORE) PTE LTD	2,195,093	0.31
	TOTAL	**509,869,404**	**71.65**

STATISTICS OF UNITHOLDINGS

AS AT 13 MARCH 2014

Substantial Unitholders

(As at 13 March 2014)

		No. of Units Direct Interest	No. of Units Deemed Interest
1.	Bridgewater International Ltd	164,439,019	-
2.	PT Menara Tirta Indah	43,332,050	-
3.	PT Sentra Dwimandiri[1]	-	164,439,019
4.	PT Primakreasi Propertindo[2]	-	43,332,050
5.	PT Lippo Karawaci Tbk[3]	-	239,012,434

Notes:

1. *PT Sentra Dwimandiri is deemed to be interested in 164,439,019 Units held by its subsidiary, Bridgewater International Ltd.*
2. *PT Primakreasi Propertindo is deemed to be interested in 43,332,050 Units held by its wholly-owned subsidiary, PT Menara Tirta Indah.*
3. *PT Lippo Karawaci Tbk is deemed to be interested in (i) 164,439,019 Units held by its indirect wholly-owned subsidiary, Bridgewater International Ltd; (ii) 43,332,050 Units held by its indirect wholly-owned subsidiary, PT Menara Tirta Indah; and (iii) 31,241,365 Units held by Bowsprit Capital Corporation Limited.*

Manager's Directors' Unitholdings

(As recorded in the Register of Directors' Unitholdings as at 21 January 2014)

		No. of Units Direct Interest	No. of Units Deemed Interest
1.	Albert Saychuan Cheok	630,000	-
2.	Dr Ronnie Tan Keh Poo @ Tan Kay Poo	43,000	7,776,800[1]
3.	Wong Gang	30,000	-

Note:

1. *Dr Ronnie Tan Keh Poo @ Tan Kay Poo is deemed to be interested in (i) 4,221,050 Units held by his nominee, OCBC Nominees Singapore Pte Ltd; (ii) 2,153,000 Units held by his nominee CIMB Securities (Singapore) Pte Ltd; (iii)1,115,000 Units held by his nominee, UOB Kay Hian Private Limited; (iv) 82,000 Units held by UOB Kay Hian Private Limited and 195,750 Units held by DBS Nominees Pte Ltd, both as nominees of his spouse Mdm Law Deborah; and (v) 10,000 Units held by his spouse Mdm Law Deborah.*

Free Float

Based on the information made available to the Manager as at 13 March 2014, approximately 65.17% of the Units in First REIT are held in hands of the Public. Under Rule 723 of the Listing Manual of the SGX-ST, a listed issuer must ensure that at least 10% of its listed securities are at all times held by the Public.

NOTICE OF ANNUAL GENERAL MEETING
OF THE UNITHOLDERS

NOTICE IS HEREBY GIVEN that the Fifth Annual General Meeting ("**AGM**") of the Unitholders of First Real Estate Investment Trust ("**First REIT**") will be held at Mandarin Ballroom III, Level 6, Main Tower, Mandarin Orchard Singapore, 333 Orchard Road, Singapore 238867 on Wednesday, 30 April 2014 at 2:30 p.m to transact the following business:

(A) AS ORDINARY BUSINESS

1. To receive and adopt the Report of HSBC Institutional Trust Services (Singapore) Limited, as trustee of First REIT (the "**Trustee**"), the Statement by Bowsprit Capital Corporation Limited, as manager of First REIT (the "**Manager**") and the Audited Financial Statements of First REIT for the financial year ended 31 December 2013 together with the Auditors' Report thereon. **(Resolution 1)**

2. To re-appoint RSM Chio Lim LLP as Auditors of First REIT and to hold office until the conclusion of the next AGM and to authorise the Manager to fix their remuneration. **(Resolution 2)**

(B) AS SPECIAL BUSINESS

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

3. That pursuant to Clause 5 of the trust deed constituting First REIT (as amended) (the "**Trust Deed**") and the listing rules of Singapore Exchange Securities Trading Limited (the "**SGX-ST**"), the Manager be authorised and empowered to: **(Resolution 3)**

   (a) (i) issue units in First REIT ("**Units**") whether by way of rights, bonus or otherwise; and/or

   (ii) make or grant offers, agreements or options (collectively, "**Instruments**") that might or would require Units to be issued, including but not limited to the creation and issue of (as well as adjustments to) options, warrants, debentures or other instruments convertible into Units,

   at any time and upon such terms and conditions and for such purposes and to such persons as the Manager may in its absolute discretion deem fit; and

   (b) issue Units in pursuance of any Instrument made or granted by the Manager while this Resolution was in force (notwithstanding that the authority conferred by this Resolution may have ceased to be in force at the time such Units are issued), provided that:

(1) the aggregate number of Units to be issued pursuant to this Resolution (including Units to be issued in pursuance of the Instruments made or granted pursuant to this Resolution) shall not exceed fifty per centum (50%) of the total number of issued Units (excluding treasury Units, if any) (as calculated in accordance with sub-paragraph (2) below), of which the aggregate number of Units to be issued other than on a pro rata basis to existing Unitholders of First REIT (including Units to be issued in pursuance of Instruments to be made or granted pursuant to this Resolution) shall not exceed twenty per centum (20%) of the total number of issued Units (excluding treasury Units, if any) (as calculated in accordance with sub-paragraph (2) below);

(2) subject to such manner of calculation as may be prescribed by the SGX-ST, for the purpose of determining the aggregate number of Units and Instruments that may be issued under sub-paragraph (1) above, the percentage of issued Units and Instruments shall be based on the total number of issued Units (excluding treasury Units, if any) in First REIT at the time of the passing of this Resolution, after adjusting for:

(a) any new Units arising from the conversion or exercise of the Instruments or any convertible securities which are outstanding or subsisting at the time of the passing of this Resolution; and

(b) any subsequent bonus issue, consolidation or subdivision of Units;

(3) in exercising the authority conferred by this Resolution, the Manager shall comply with the provisions of the Listing Manual of the SGX-ST for the time being in force (unless such compliance has been waived by the SGX-ST) and the Trust Deed constituting First REIT (as amended) for the time being in force (unless otherwise exempted or waived by the Monetary Authority of Singapore);

(4) unless revoked or varied by Unitholders in a general meeting of First REIT, the authority conferred by this Resolution shall continue in force (i) until (a) the conclusion of the next AGM of First REIT or (b) the date by which the next AGM of First REIT is required by law to be held, whichever is earlier or (ii) in the case of Units to be issued in pursuance of the Instruments, made or granted pursuant to this Resolution, until the issuance of such Units in accordance with the terms of the Instruments;

(5) where the terms of the issue of the Instruments provide for adjustment to the number of Instruments or Units into which the Instruments may be converted in the event of rights, bonus or other capitalisation issues or any other events, the Manager is authorised to issue additional Instruments or Units pursuant to such adjustment notwithstanding that the authority conferred by this Resolution may have ceased to be in force at the time the Instruments or Units are issued; and

NOTICE OF ANNUAL GENERAL MEETING OF THE UNITHOLDERS

(6) the Manager and the Trustee be and are hereby severally authorised to complete and do all such acts and things (including executing all such documents as may be required) as the Manager or, as the case may be, the Trustee may consider expedient or necessary or in the interest of First REIT to give effect to the authority conferred by this Resolution.

(Please see Explanatory Note)

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

Elizabeth Krishnan
Company Secretary

Singapore
11 April 2014

Explanatory Note:
The Ordinary Resolution 3 above, if passed, will empower the Manager from the date of this AGM until (i) the conclusion of the next AGM of the Unitholders of First REIT, or (ii) the date by which the next AGM of the Unitholders of First REIT is required by law to be held or such authority is varied or revoked by First REIT in a general meeting, whichever is the earlier, to issue Units, make or grant instruments convertible into Units and to issue Units pursuant to such instruments, up to a number not exceeding, in total, 50% of the total number of issued Units (excluding treasury Units, if any), with a sub-limit of 20% for issues other than on a pro-rata basis to existing Unitholders of First REIT.

For determining the aggregate number of Units that may be issued, the percentage of issued Units will be calculated based on the total number of issued Units (excluding treasury Units, if any) at the time this Ordinary Resolution is passed, after adjusting for new Units arising from the conversion or exercise of any Instruments or any convertible securities which are outstanding or subsisting at the time when this Ordinary Resolution is passed and any subsequent bonus issue, consolidation or subdivision of Units.

Notes:

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

PROXY FORM

ANNUAL GENERAL MEETING

(Please see notes overleaf before completing this Form)

FIRST REAL ESTATE INVESTMENT TRUST

(Constituted in the Republic of Singapore pursuant to a trust deed dated 19 October 2006 (as amended))

IMPORTANT:
1. For investors who have used their CPF monies to buy units in First Real Estate Investment Trust, this Report is forwarded to them at the request of the CPF Approved Nominees and is sent **FOR INFORMATION ONLY**.
2. This Proxy Form is not valid for use by CPF investors and shall be ineffective for all intents and purposes if used or purported to be used by them.
3. CPF investors who wish to attend the Meeting as an observer must submit their requests through their CPF Approved Nominees within the time frame specified. If they also wish to vote, they must submit their voting instructions to the CPF Approved Nominees within the time frame specified to enable them to vote on their behalf.

I/We, ______________________________ NRIC/Passport No. ____________________

of ____

being a Unitholder/Unitholders of First Real Estate Investment Trust ("**First REIT**"), hereby appoint:

Name	**NRIC/Passport No.**	**Proportion of Unitholdings**	
		No. of Units	**%**
Address			

and/or (delete as appropriate)

Name	**NRIC/Passport No.**	**Proportion of Unitholdings**	
		No. of Units	**%**
Address			

or failing the person, or either or both of the persons, referred to above, the Chairman of the Meeting as my/our proxy/proxies to vote for me/us on my/our behalf at the Fifth Annual General Meeting (the "**Meeting**") of Unitholders of First REIT to be held at Mandarin Ballroom III, Level 6, Main Tower, Mandarin Orchard Singapore, 333 Orchard Road, Singapore 238867 on Wednesday, 30 April 2014 at 2:30 p.m and at any adjournment thereof. I/We direct my/our proxy/proxies to vote for or against the Resolutions proposed at the Meeting as indicated hereunder. If no specific direction as to voting is given or in the event of any other matter arising at the Meeting and at any adjournment thereof, the proxy/proxies will vote or abstain from voting at his/her discretion.

No.	**Ordinary Resolutions**	**No. of votes 'For'***	**No. of votes 'Against'***
	ORDINARY BUSINESS		
1	To receive and adopt the Report of the Trustee, the Statement by the Manager, the Audited Financial Statements of First REIT for the financial year ended 31 December 2013 and the Auditors' Report thereon		
2	To re-appoint RSM Chio Lim LLP as Auditors of First REIT and to authorise the Manager to fix the Auditors' remuneration		
	SPECIAL BUSINESS		
3	To authorise the Manager to issue new Units and to make or grant convertible instruments		

* *If you wish to exercise all your votes 'For' or 'Against', please tick (√) within the box provided. Alternatively, please indicate the number of votes as appropriate.*

Dated this ______________ day of ____________________ 2014

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

____

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

IMPORTANT: PLEASE READ THE NOTES TO PROXY FORM BELOW

Notes:

1. Please insert the total number of Units held by you. If you have Units entered against your name in the Depository Register (as defined in Section 130A of the Companies Act, Chapter 50 of Singapore), you should insert that number of Units. If you have Units registered in your name in the Register of Unitholders, you should insert that number of Units. If you have Units entered against your name in the Depository Register and Units registered in your name in the Register of Unitholders, you should insert the aggregate number of Units entered against your name in the Depository Register and registered in your name in the Register of Unitholders. If no number is inserted, the instrument appointing a proxy or proxies shall be deemed to relate to all the Units held by you.

2. A Unitholder of First REIT entitled to attend and vote at a meeting of First REIT is entitled to appoint one or two proxies to attend and vote in his/her stead. A proxy need not be a Unitholder of First REIT.

3. Where a Unitholder appoints two proxies, the appointments shall be invalid unless he/she specifies the proportion of his/her unitholding (expressed as a percentage of the whole) to be represented by each proxy.

4. Completion and return of this instrument appointing a proxy shall not preclude a Unitholder from attending and voting at the Meeting. Any appointment of a proxy or proxies shall be deemed to be revoked if a Unitholder attends the Meeting in person, and in such event, First REIT reserves the right to refuse to admit any person or persons appointed under the instrument of proxy to the Meeting.

5. The instrument appointing a proxy or proxies or the power of attorney or other authority under which it is signed or a notarially certified copy of such power or authority must be deposited at the registered office of the Manager at 50 Collyer Quay, #06-01, OUE Bayfront, Singapore 049321 not less than 48 hours before the time appointed for holding the Meeting.

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6. The instrument appointing a proxy or proxies shall be in writing under the hand of the appointor or of his attorney duly authorised in writing. Where the instrument appointing a proxy or proxies is executed by a corporation, it must be executed either under its common seal or under the hand of an officer or attorney duly authorised. Where the instrument appointing a proxy or proxies is executed by an attorney on behalf of the appointor, the letter or power of attorney or a duly certified copy thereof must be lodged with the instrument.

7. A corporation which is a Unitholder may authorise by resolution of its directors or other governing body such person as it thinks fit to act as its representative at the Meeting and the person so authorised shall upon production of a copy of such resolution certified by a director of the corporation to be a true copy, be entitled to exercise the powers on behalf of the corporation so represented as the corporation could exercise in person if it were an individual.

8. CPF Approved Nominees acting on the request of the CPF investors who wish to attend the Meeting as observers are requested to submit in writing, a list with details of the investor's names, NRIC/Passport numbers, addresses and number of Units held. The list, signed by an authorised signatory of the relevant CPF Approved Nominees, should reach the registered office of the Manager at 50 Collyer Quay, #06-01, OUE Bayfront, Singapore 049321, at least 48 hours before the time appointed for holding the Meeting.

General:

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

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Affix
Postage
Stamp

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

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Designed By:
PINKOCCHIO

FIRST REIT

FIRST REAL ESTATE INVESTMENT TRUST

Managed By:

Bowsprit Capital

BOWSPRIT CAPITAL CORPORATION LIMITED

50 Collyer Quay, #06-01, OUE Bayfront,
Singapore 049321
Tel: (65) 6435 0168 Fax: (65) 6435 0167
Website: www.first-reit.com