



**CONTINUING DPU GROWTH  
THROUGH VISIBLE STRONG PIPELINE**

**ANNUAL REPORT 2015**

# CONTINUING DPU GROWTH THROUGH VISIBLE STRONG PIPELINE

First REIT continued with its growth momentum in FY 2015, delivering four consecutive quarterly rises in DPU to achieve a record annualised DPU of 8.30 Singapore cents, a year-on-year gain of 3.1%. This was due to its strategic yield-accretive acquisitions and prudent capital management. With a visible strong pipeline of 44 hospitals from its Sponsor, Lippo Karawaci, Unitholders can look forward to continuing DPU growth.

## Corporate Profile

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

Managed by Bowsprit Capital Corporation Limited, the Trust has a current asset portfolio of 17 properties across Asia, with a total asset value of S\$1.27 billion. These include 13 properties in Indonesia comprising hospitals, an integrated hospital & mall, an integrated hospital & hotel and

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

In Indonesia, the underlying healthcare properties are operated by PT Siloam International Hospitals Tbk. ("**Siloam**"), Indonesia's most progressive and innovative healthcare provider, which was successfully listed on the Indonesia Stock Exchange on 12 September 2013. Siloam is also a subsidiary of PT Lippo Karawaci Tbk. ("**Lippo Karawaci**"), First REIT's Sponsor, which has a strong pipeline of 44 hospitals to which First REIT has the right-of-first-refusal for the purpose of acquisition.

**S\$1.27 billion**

TOTAL ASSETS-UNDER-  
MANAGEMENT

**4,629**

TOTAL NO. OF BEDS /  
SALEABLE ROOMS

**306,707 sqm**

TOTAL GFA  
OF PROPERTIES

**10.8 years**

WEIGHTED AVERAGE  
LEASE EXPIRY

**100%**

TOTAL COMMITTED  
OCCUPANCY

**103.88 S¢**

NET ASSET VALUE  
PER UNIT

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# ANNUAL REPORT 2015



In line with our commitment to reduce paper wastage and energy consumption, please support us by bringing along this Annual Report to the Annual General Meeting scheduled on 19 April 2016. You may also access the online version of this Annual Report at <http://www.first-reit.com>.

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

# At a Glance

## BLUE-CHIP SPONSOR WITH STRONG PIPELINE

- Our Sponsor, Lippo Karawaci, Indonesia's largest property group, has a strong pipeline of 44 healthcare properties operated by Siloam, which is the largest and most prominent hospital group in Indonesia
- First REIT has the right-of-first-refusal to Lippo Karawaci's healthcare properties



## DIVERSIFIED PORTFOLIO OF 17 PROPERTIES VALUED AT \$1.27 BILLION

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



## HIGH QUALITY HEALTHCARE PROPERTIES

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



## TRIPLE-NET LEASES

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



## STABLE AND STRONG DISTRIBUTION MODEL

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



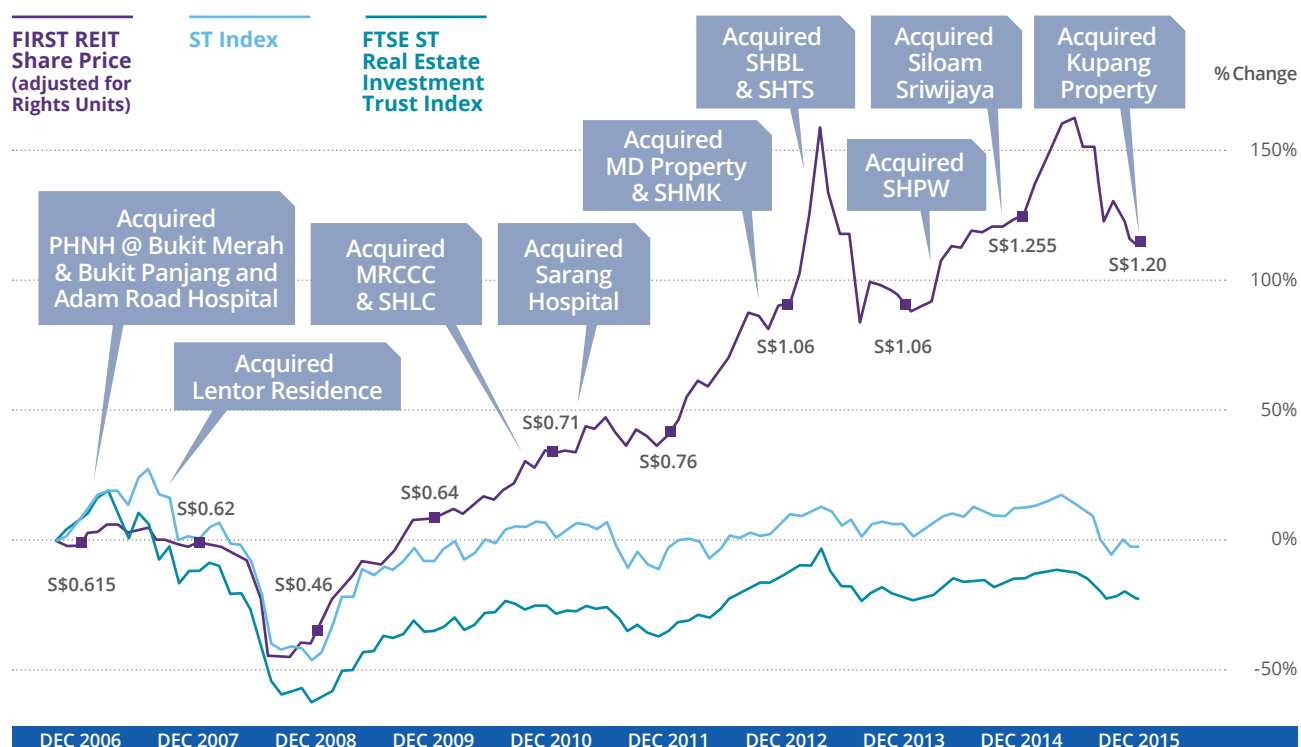
## WELL-DEFINED ACQUISITION STRATEGY

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



# Financial Highlights

## SHARE PRICE PERFORMANCE First REIT vs Benchmark Indices



## UNIT PRICE PERFORMANCE

	<b>2015</b>
IPO Offering Price (Dec 2006)	S\$0.710
As at last trading day of the year	S\$1.200
Highest	S\$1.470
Lowest	S\$1.160
Trading Volume (million units)	170.068

## AS AT 31 DECEMBER 2015

Number of Units in Issue	761,567,027
Market Capitalisation	S\$913.88 million

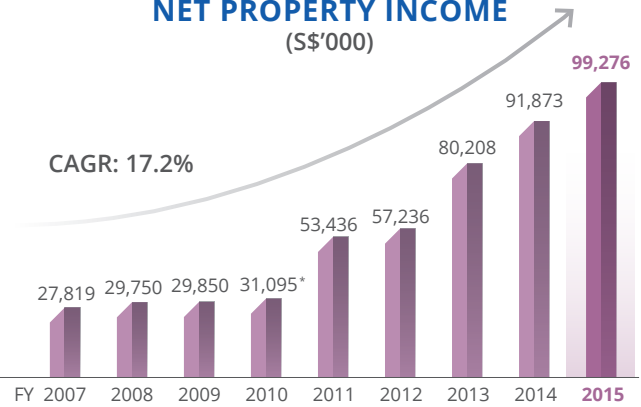
# Financial Highlights

## GROSS REVENUE (S\$'000)



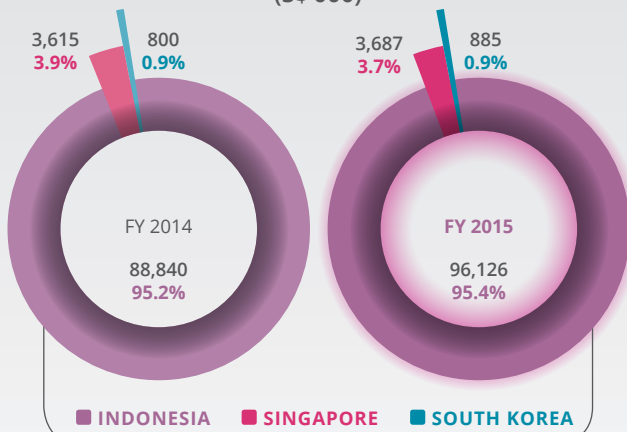
\* Includes deferred rental income from Adam Road property as at 31 December 2010, which was divested on 25 March 2011

## NET PROPERTY INCOME (S\$'000)

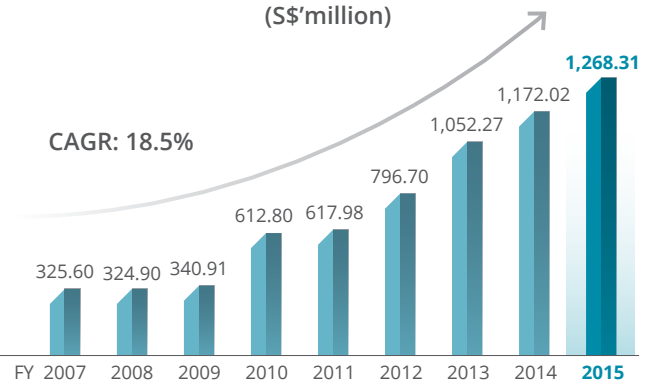


\* Includes deferred rental income from Adam Road property as at 31 December 2010, which was divested on 25 March 2011

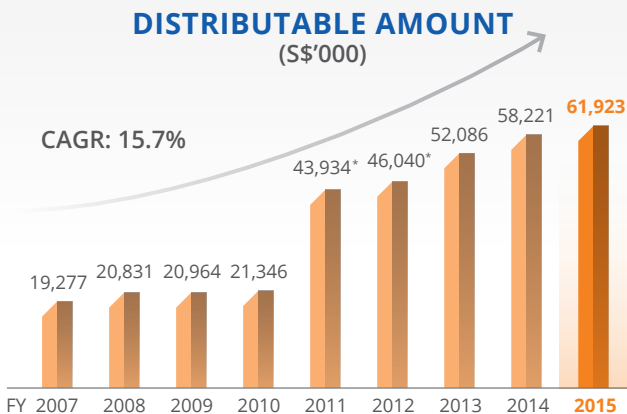
## RENTAL INCOME Breakdown by Geography (S\$'000)



## ASSETS-UNDER-MANAGEMENT (S\$'million)

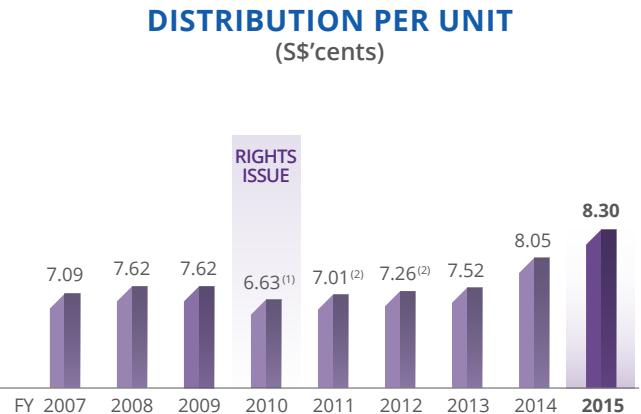


## DISTRIBUTABLE AMOUNT (S\$'000)



\* Including other gain distribution

## DISTRIBUTION PER UNIT (S\$'cents)



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

## Financial Highlights

### BALANCE SHEET

S\$'000	As at 31 Dec 2015	As at 31 Dec 2014
Total Assets	1,315,162	1,212,385
Total Liabilities	524,061	467,435
Unitholders' Funds	791,101	744,950
NAV Per Unit	103.88¢	101.81¢

### GEARING

	As at 31 Dec 2015	As at 31 Dec 2014
Total Debt*	S\$447.6 million	S\$401.3 million
Interest Cover	5.2 times	5.3 times
Debt-to-Property	34.0%	33.1%

\* Before transaction costs

### EARNINGS PER UNIT

	As at 31 Dec 2015	As at 31 Dec 2014
Earnings Per Unit	9.10¢	12.59¢
Number of Units	761,567,027	731,702,488
Weighted Average No. of Units	744,925,432	719,509,561

### RENTAL INCOME

TENANT	%
PT Lippo Karawaci Tbk.	83.55
PT East Jakarta Medika (Subsidiary of PT Lippo Karawaci Tbk.)	4.29
PT Metropolis Propertindo Utama	7.62
The Lentor Residence Pte. Ltd.*	1.40
First Lentor Residence Pte. Ltd.*	0.16
Pacific Healthcare Nursing Home Pte. Ltd.	1.06
Pacific Eldercare and Nursing Pte. Ltd.	1.04
Dr. Park Ki Ju	0.88

\* On 8 February 2015, the lease agreement was novated, with The Lentor Residence Pte. Ltd. taking over from First Lentor Residence Pte. Ltd. as the tenant.

# Joint Chairman & CEO Message



**MR ALBERT CHEOK**  
Chairman

**DR RONNIE TAN**  
Chief Executive Officer

Dear Unitholders

## SOLID PERFORMANCE

Our focused yield-accretive acquisition strategy has delivered another year of strong growth for First REIT, with enhanced income streams and growing returns to Unitholders. This is evidenced by the four consecutive quarterly rises in distribution per unit (“DPU”) for the financial year ended 31 December 2015 (“FY 2015”), which reached a new high of 8.30 Singapore cents, a 3.1% increase from FY 2014. Based on First REIT’s closing price of S\$1.20 as at 31 December 2015, distribution yield remained at an attractive 6.9%, with unit price trading at a premium of 15.5% to Net Asset Value per unit of 103.88 Singapore cents.

In line with DPU growth, distributable income grew 6.4% year-on-year to S\$61.9 million from S\$58.2 million. Over the same period, gross revenue and net property income rose 8.0% and 8.1% to S\$100.7 million and S\$99.3 million, from S\$93.3 million and S\$91.9 million respectively in FY 2014.

Driving the growth for the year was the full year’s contribution from Siloam Sriwijaya, acquired in December 2014, maiden contribution from the Kupang Property (comprising Siloam Hospitals Kupang (“SHKP”) & Lippo Plaza Kupang (the “Mall”)), acquired in December 2015, as well as higher contributions from existing properties in Indonesia and Singapore.



### MAINTAINING A STRONG GROWTH MOMENTUM

The Trust capped off FY 2015 with an enlarged portfolio of 17 properties and an 8.5% jump in assets-under-management to S\$1.27 billion from S\$1.17 billion, with the completion of the acquisition of the Kupang Property in December 2015.

At a purchase price of S\$70.0 million, being a 7.16% discount to the higher of two independent valuations of S\$75.40 million, the Kupang Property is our maiden asset in the capital of the Indonesian province of East Nusa Tenggara, and it is our first hospital asset with an adjoining mall.

The three-storey mall with a rooftop cinema will be managed by PT Lippo Malls Indonesia, while SHKP, a four-storey hospital with a maximum capacity of 405 beds, commenced operations under Siloam Hospitals in December 2014.

SHKP is the most modern and well-equipped medical facility in the whole East Nusa Tenggara province. Fitted with state-of-the-art medical equipment, it offers a wide range of medical specialties and is also a Centre of Excellence for Emergency & Trauma, Obstetrics, Gynaecology and Paediatrics.

At an initial annual base rent of approximately S\$6.94 million, the Kupang Property offers an attractive triple net rental yield of 9.91%, further improving the income stream for the Trust. In addition, this enlarged portfolio will help raise the profile of the Trust among global investors and enhance our positioning and ability to pursue future acquisitions.

Aligned with our strategy of maximising the value of existing assets, we are excited to embark on the asset enhancement initiative (“AEI”) for Siloam Hospitals Surabaya (“SHS”). This will be our second AEI, having completed the asset enhancement for The Lentor Residence in February 2013, which involved a five-storey building extension and enhancements made for an additional storey.

Located in the heart of Indonesia’s second largest city, Surabaya, the existing SHS has been serving a large catchment of patients since its establishment in 1977. Over the years, capacity constraint and the rising demand for quality healthcare services have led to a need for a bigger and more modern facility. Hence, this AEI will enable the Trust to rejuvenate the oldest property in our portfolio by divesting the existing SHS and acquiring the new SHS, which Lippo Karawaci is building as part of an integrated mixed development project adjacent to the existing SHS, comprising a private school, an ancillary mall, a hotel and an apartment.



Artist impression of the integrated mixed development which will include the new SHS



**In line with DPU growth, distributable income grew 6.4% year-on-year to S\$61.9 million from S\$58.2 million.**



Expected to be completed in 2019, the new SHS, a 12-storey hospital building with an expanded total gross floor area of approximately 24,246 square metres and an increased bed capacity from the current 160 beds to 488 beds, will strengthen our asset base and bring greater income stability with a new master lease agreement.

Continuing with our acquisition track, on 3 February 2016, the Trust announced our first joint acquisition with Lippo Malls Indonesia Retail Trust for an integrated development in Yogyakarta, Indonesia, from Lippo Karawaci. The property comprises Siloam Hospitals Yogyakarta (“SHYG”) and a retail mall - Lippo Plaza Jogja, to which First REIT will acquire SHYG at S\$40.82 million, a 9.69% discount to the higher of two independent valuations of S\$45.20 million. Upon Unitholders’ approval at an extraordinary general meeting, this latest addition will boost the Trust’s portfolio to 18 properties and strengthen our asset base by 3.15% to S\$1.31 billion from S\$1.27 billion.

### HEALTHY FINANCES FOR FUTURE EXPANSION

Despite the latest Kupang Property acquisition, our gearing remained at a healthy 34.0% as at 31 December 2015, below the new increased regulatory gearing limit of 45.0%, giving us ample debt headroom for more acquisitions.

With prudent capital management, the Trust has also managed to secure 88.6% of our total debt of S\$447.6 million as at 31 December 2015, on a fixed-rate basis to mitigate future interest rate hikes. Our distribution reinvestment plan (“**DRP**”), which was launched in 2014, has continued to provide a cost-effective way to raise additional funds for repayment of existing loans and for general working capital purposes.

### OUTLOOK

Amidst the economic slowdown in the region, the Indonesian healthcare market stands among the few economic sectors that have remained strong and continued to see growth. Since the introduction of the national health insurance scheme *Jaminan Kesehatan Nasional*, which seeks to provide universal healthcare coverage to all Indonesians by 2019, healthcare demand has risen steadily. In addition, the Indonesian government has set aside 1% to 2% of its annual budget in support of this scheme.

According to BMI Research, annual healthcare expenditure in Indonesia is expected to increase at an average of 10% annually until 2017 to about US\$25 billion<sup>1</sup>. The projected increase in demand creates a gap in supply, especially in the private healthcare sector. Siloam, the largest and most prominent hospital group in Indonesia, is well-positioned to meet this growing demand for quality private healthcare services.

First REIT currently owns 12 hospitals within Siloam’s network of 20 hospitals and our Sponsor continues to present us with strong acquisition opportunities of up to 44 hospitals in the pipeline, to which the Trust has the right-of-first-refusal to acquire. Apart from Indonesia, First REIT will continue to explore acquisition opportunities in other parts of Asia to diversify our asset base.

### ACKNOWLEDGEMENT

Overall, we are proud to have been able to achieve continued top and bottom-line growth, and this strong performance was made possible with the joint efforts of several parties. We would first like to thank our fellow Board of Directors, management team and staff for your commitment and dedication. We are also grateful to our Sponsor, business partners, bankers and tenants for your strong support.

To our valued Unitholders, we want to express our gratitude for your continued confidence in the Trust and we look forward to bringing you another year of growth and returns.

**Albert Saychuan Cheok**  
Chairman

**Dr Ronnie Tan Keh Poo**  
CEO

Bowsprit Capital Corporation Limited  
As Manager of First REIT

<sup>1</sup> Financial Times, 9 December 2015, ‘Indonesia healthcare gets shot in the arm’

# Corporate Information

## MANAGER

**Bowsprit Capital Corporation Limited**

## REGISTERED OFFICE

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

## TRUSTEE

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

21 Collyer Quay  
#13-02 HSBC Building  
Singapore 049320  
Fax: (65) 6534 5526

## WEBSITE ADDRESS

[www.first-reit.com](http://www.first-reit.com)

## UNIT REGISTRAR AND UNIT TRANSFER OFFICE

**Boardroom Corporate & Advisory Services Pte. Ltd.**

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

## INDEPENDENT AUDITORS

**RSM Chio Lim LLP**

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

## RSM AAJ Associates

Plaza ABDA, 10<sup>th</sup> Floor  
Jl. Jend. Sudirman Kav. 59  
Jakarta 12190, Indonesia

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

6<sup>th</sup> 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  
3<sup>rd</sup> Floor  
Jl. Letjen. S. Parman Kav. 35  
Jakarta 11480, Indonesia

## INDEPENDENT SOUTH KOREA ACCOUNTING AND TAX ADVISER

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

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

## INVESTOR RELATIONS

**August Consulting**

101 Thomson Road  
#30-02 United Square  
Singapore 307591  
[ir@first-reit.com](mailto:ir@first-reit.com)

## DIRECTORS OF THE MANAGER

**Mr Albert Saychuan Cheok**  
Independent Director & Chairman

**Mr Goh Tiam Lock**  
Independent Director

**Mr Ketut Budi Wijaya**  
Non-Executive Director

**Mr Wong Gang**  
Independent Director

**Dr Ronnie Tan Keh Poo**  
Executive Director  
& Chief Executive Officer

## AUDIT COMMITTEE

**Mr Albert Saychuan Cheok** (Chairman)

**Mr Goh Tiam Lock**

**Mr Wong Gang**

## NOMINATING & REMUNERATION COMMITTEE

**Mr Wong Gang** (Chairman)

**Mr Albert Saychuan Cheok**

**Mr Ketut Budi Wijaya**

## COMPANY SECRETARIES OF THE MANAGER

**Ms Susie Low Geok Eng**

**Mr Victor Lai Kuan Loong**

## Board of Directors



from left:

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

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

**MR ALBERT SAYCHUAN CHEOK**  
Independent Director and Chairman  
*Appointed on 17 May 2006*

Mr Albert Saychuan Cheok is an Independent Director of the Manager and the Chairman of the Board. He also serves as Chairman of Audit Committee and a member of Nominating & Remuneration Committee.

Mr Cheok graduated from the University of Adelaide, Australia with First Class Honours in Economics. Mr Cheok is a Fellow of the Australian Institute of Certified Public Accountants. He is a banker with over 30 years experience in banking in the Asia-Pacific region.

Between May 1979 and February 1982, Mr Cheok was an Adviser to the Australian Government Inquiry into the Australian financial system that introduced comprehensive reforms to the Australian banking system. He was Chief Manager at the Reserve Bank of Australia from October 1988 to September 1989 before becoming the Deputy Commissioner of Banking of Hong Kong for about three and a half years. He was subsequently appointed as the Executive Director in charge of Banking Supervision at the Hong Kong Monetary Authority from April 1993 to May 1995. He was the Chairman of Bangkok Bank Berhad from September 1995 to November 2005 and Vice Chairman of the Export and Industry Bank of the Philippines from February 2006 to April 2012. Mr Cheok was an Independent Non-Executive Director of Metal Reclamation Bhd from July 1998 to June 2015.

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

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

**MR GOH TIAM LOCK**  
Independent Director  
*Appointed on 17 May 2006*

Mr Goh Tiam Lock is an Independent Director and a member of Audit Committee of the Manager.

Mr Goh 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.

Mr Goh is a member of the Strata Title Board, a position he has held since 1999. He is also 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 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 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 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.

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

## Board of Directors

### MR KETUT BUDI WIJAYA

Non-Executive Director

*Appointed on 7 September 2012*

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

Mr Wijaya graduated with an academy of accountancy in Indonesia in 1982. He brings with him more than 20 years of in-depth expertise in accounting and corporate finance.

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

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

### MR WONG GANG

Independent Director

*Appointed on 20 June 2012*

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

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

Mr Wong has been a partner since 2002 at Shook Lin & Bok LLP, a law firm in Singapore, and has more than 19 years' experience advising on a wide range of corporate finance and securities transactions, stock market flotations, securities regulation and compliance for public listed companies, mergers and acquisitions, as well as general corporate legal advisory work. He is also a member of Shook Lin & Bok LLP's China practice group and has advised multinational corporations and Singapore companies on cross border transactions in China, as well as on public offerings of securities in Singapore by companies from China, Taiwan and South-East Asia.

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

Mr Wong is an Independent Director of JEP Holdings Limited (listed on SGX Catalist) and Renewable Energy Asia Group Limited (listed on SGX Catalist).

### DR RONNIE TAN KEH POO

Executive Director and Chief Executive Officer

*Appointed on 17 May 2006*

Dr Ronnie Tan is an Executive 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 the 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 Non-Executive Director of Auric Pacific Group Limited from August 2009 to February 2016.

# Key Management

## **MR TAN KOK MIAN, VICTOR** Chief Financial Officer

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

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

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

## **MR CHAN SENG LEONG, JACKY** Senior Asset and Investment Manager

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

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

# Significant Events in FY 2015

01

## JANUARY

- Issued 4,804,612 new units at issue price of S\$1.2488 per unit for the payment of Siloam Sriwijaya
- Announced 4Q 2014 results on 15 Jan, DPU up 3.6% y-o-y to 2.04 cents

04

## APRIL

- Announced 1Q 2015 results on 14 Apr, DPU up 3.5% y-o-y to 2.06 cents
- Sixth AGM held on 30 Apr

07

## JULY

- Announced 2Q 2015 results on 20 Jul, DPU up 3.5% y-o-y to 2.07 cents

02

## FEBRUARY

- Entered into a novation of lease in respect of The Lantor Residence to a new tenant, as well as an agreement with the new tenant to exercise the option to renew the lease of the property for another 10 years following the expiry of existing lease on 7 Jun 2017
- Issued 2,805,806 new units at issue price of S\$1.2689 per unit to eligible Unitholders who have elected to participate in the DRP for 4Q 2014

05

## MAY

- Issued 2,529,423 new units at issue price of S\$1.3810 per unit to eligible Unitholders who have elected to participate in the DRP for 1Q 2015

08

## AUGUST

- Issued 2,283,417 new units at issue price of S\$1.3719 per unit to eligible Unitholders who have elected to participate in the DRP for 2Q 2015



## Significant Events in FY 2015

10

### OCTOBER

- Announced 3Q 2015 results on 13 Oct, DPU up 3.0% y-o-y to 2.08 cents
- Entered into a proposed joint arrangement and asset swap with Lippo Karawaci in relation to the development works for the new Siloam Hospitals Surabaya ("**SHS**") and the divestment of the existing SHS

11

### NOVEMBER

- Announced the acquisition of the Kupang Property comprising Siloam Hospitals Kupang & Lippo Plaza Kupang for a purchase consideration of S\$70.0 million
- Issued 707,467 new units at issue price of S\$1.3047 per unit to eligible Unitholders who have elected to participate in the DRP for 3Q 2015

12

### DECEMBER

- Completed the acquisition of the Kupang Property
- Received Unitholders' approval at an EGM for the asset enhancement initiative for SHS
- Announced the revaluation of First REIT's portfolio to S\$1,268.3 million, an increase of S\$96.3 million, 8.2% over First REIT's book value as at 31 Dec 2014

## FINANCIAL CALENDAR FY 2016

### DATE (TENTATIVE)

1Q 2016 Results Announcement	18 April 2016
1Q 2016 Distribution to Unitholders	30 May 2016
2Q 2016 Results Announcement	18 July 2016
2Q 2016 Distribution to Unitholders	28 August 2016
3Q 2016 Results Announcement	18 October 2016
3Q 2016 Distribution to Unitholders	29 November 2016
4Q 2016 Results Announcement	18 January 2017
4Q 2016 Distribution to Unitholders	28 February 2017

# Our Network



## SOUTH KOREA

### ▶ SARANG HOSPITAL

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



## INDONESIA

### 01 ▶ SILOAM HOSPITALS KUPANG & LIPPO PLAZA KUPANG

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

### 02 ▶ SILOAM SRIWIJAYA

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

### 03 ▶ SILOAM HOSPITALS PURWAKARTA

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

### 04 ▶ SILOAM HOSPITALS BALI

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

### 05 ▶ SILOAM HOSPITALS TB SIMATUPANG

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

### 06 ▶ SILOAM HOSPITALS MANADO & HOTEL ARYADUTA MANADO

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

### 07 ▶ SILOAM HOSPITALS MAKASSAR

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

### 08 ▶ MOCHTAR RIADY COMPREHENSIVE CANCER CENTRE

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

### 09 ▶ SILOAM HOSPITALS LIPPO CIKARANG

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

### 10 ▶ SILOAM HOSPITALS KEBON JERUK

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

### 11 ▶ SILOAM HOSPITALS SURABAYA

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

### 12 ▶ IMPERIAL ARYADUTA HOTEL & COUNTRY CLUB

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

### 13 ▶ SILOAM HOSPITALS LIPPO VILLAGE

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

## Our Network



▶ **PACIFIC HEALTHCARE NURSING HOME @ BUKIT MERAH**

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



▶ **PACIFIC HEALTHCARE NURSING HOME II @ BUKIT PANJANG**

A 5-storey custom-built nursing home.



▶ **THE LENTOR RESIDENCE**

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

### SINGAPORE



# Property Overview

## INDONESIA



### SILOAM HOSPITALS KUPANG & LIPPO PLAZA KUPANG

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

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

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

<b>Property Type</b>	Integrated Hospital & Mall
<b>Centre of Excellence</b>	Emergency & Trauma, Obstetrics, Gynaecology and Paediatrics
<b>Land Area</b>	66,060 sq metres
<b>Gross Floor Area</b>	55,368 sq metres
<b>Purchase Price</b>	S\$70.0 m
<b>Appraised Value</b>	S\$75.4 m
<b>Annual Rental</b>	S\$0.3 m <sup>1</sup>
<b>Max. No. of Beds</b>	405
<b>Established</b>	2014
<b>Lease Commencement</b>	14 December 2015
<b>Lease Terms</b>	15 years with option to renew for 15 years
<b>Lease Expiry Date</b>	13 December 2030

<sup>1</sup> Rental received from 14 December 2015 to 31 December 2015



### SILOAM SRIWIJAYA

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

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

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

<b>Property Type</b>	Hospital
<b>Centre of Excellence</b>	Emergency & Trauma, Gastroenterology
<b>Strata Floor Area</b>	15,709 sq metres
<b>Purchase Price</b>	S\$39.2 m
<b>Appraised Value</b>	S\$42.1 m
<b>Annual Rental</b>	S\$3.9 m
<b>Max. No. of Beds</b>	347
<b>Established</b>	2012
<b>Lease Commencement</b>	29 December 2014
<b>Lease Terms</b>	15 years with option to renew for 15 years
<b>Lease Expiry Date</b>	28 December 2029



<b>Property Type</b>	Hospital
<b>Centre of Excellence</b>	Emergency & Trauma
<b>Land Area</b>	7,990 sq metres
<b>Gross Floor Area</b>	8,254 sq metres
<b>Purchase Price</b>	S\$31.0 m
<b>Appraised Value</b>	S\$39.1 m
<b>Annual Rental</b>	S\$3.4 m
<b>Max. No. of Beds</b>	203
<b>Established</b>	2005 & 2008
<b>Lease Commencement</b>	28 May 2014
<b>Lease Terms</b>	15 years with option to renew for 15 years
<b>Lease Expiry Date</b>	27 May 2029

## INDONESIA

### SILOAM HOSPITALS PURWAKARTA

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

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

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



<b>Property Type</b>	Hospital
<b>Centre of Excellence</b>	Cardiology, Emergency & Trauma, Orthopaedics
<b>Land Area</b>	9,025 sq metres
<b>Gross Floor Area</b>	20,958 sq metres
<b>Purchase Price</b>	S\$97.3 m
<b>Appraised Value</b>	S\$124.8 m
<b>Annual Rental</b>	S\$9.7 m
<b>Max. No. of Beds</b>	295
<b>Established</b>	2012
<b>Lease Commencement</b>	13 May 2013
<b>Lease Terms</b>	15 years with option to renew for 15 years
<b>Lease Expiry Date</b>	12 May 2028

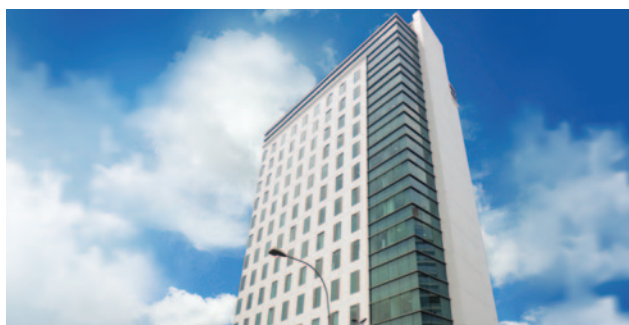
### SILOAM HOSPITALS BALI

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

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

- Notable developments in the vicinity include Carrefour, Bali Galleria Shopping Mall and Ngurah Rai International Airport.
- Provides healthcare services of international standards with state-of-the-art diagnostic medical technologies, including 1.5 Tesla MRI, 256-slice CT scanner, Catheterisation Lab, Mammography, USG 3D & 4D, Digital X-Ray, among others.
- Houses an emergency department of international standards to which doctors, nurses and paramedical staff are well-trained in emergency procedures and ambulances are fully-equipped with the latest life-sustaining devices and medical kits to respond to all emergencies.
- Well-positioned to provide healthcare services to both the local population and tourists. Bali is a popular tourist destination with over 4 million tourist arrivals in 2015<sup>2</sup>.

<sup>2</sup> Source: Bali Government Tourism Office



<b>Property Type</b>	Hospital
<b>Centre of Excellence</b>	Cardiology, Emergency & Trauma, Neuroscience, Oncology
<b>Land Area</b>	2,489 sq metres
<b>Gross Floor Area</b>	18,605 sq metres
<b>Purchase Price</b>	S\$93.1 m
<b>Appraised Value</b>	S\$119.7 m
<b>Annual Rental</b>	S\$9.3 m
<b>Max. No. of Beds</b>	271
<b>Established</b>	2013
<b>Lease Commencement</b>	22 May 2013
<b>Lease Terms</b>	15 years with option to renew for 15 years
<b>Lease Expiry Date</b>	21 May 2028



<b>Property Type</b>	Integrated Hospital & Hotel
<b>Centre of Excellence</b>	Emergency & Trauma
<b>Land Area</b>	5,518 sq metres
<b>Gross Floor Area</b>	36,051 sq metres
<b>Purchase Price</b>	S\$83.6 m
<b>Appraised Value</b>	S\$104.7 m
<b>Annual Rental</b>	S\$8.4 m
<b>Max. No. of Beds / Saleable Rooms</b>	224 beds / 200 rooms
<b>Established</b>	2011
<b>Lease Commencement</b>	30 November 2012
<b>Lease Terms</b>	15 years with option to renew for 15 years
<b>Lease Expiry Date</b>	29 November 2027

## INDONESIA

### SILOAM HOSPITALS TB SIMATUPANG

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

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

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

### SILOAM HOSPITALS MANADO & HOTEL ARYADUTA MANADO

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

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

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

INDONESIA



**SILOAM HOSPITALS MAKASSAR**

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

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

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

<b>Property Type</b>	Hospital
<b>Centre of Excellence</b>	Cardiology, Emergency & Trauma, Endocrinology
<b>Land Area</b>	3,963 sq metres
<b>Gross Floor Area</b>	14,307 sq metres
<b>Purchase Price</b>	S\$59.3 m
<b>Appraised Value</b>	S\$73.4 m
<b>Annual Rental</b>	S\$5.8 m
<b>Max. No. of Beds</b>	416
<b>Established</b>	2012
<b>Lease Commencement</b>	30 November 2012
<b>Lease Terms</b>	15 years with option to renew for 15 years
<b>Lease Expiry Date</b>	29 November 2027



**MOCHTAR RIADY COMPREHENSIVE CANCER CENTRE**

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

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

- A 29-storey hospital with two basement levels.
- Strategically located in the prime district of Central Jakarta near Plaza Semanggi, Hotel Aryaduta Semanggi and other international 5-star hotels, serving both local and foreign patients.
- Provides Radio-Immunotherapy (RIT), high dose brachytherapy, radiopeptide therapy, molecular imaging with PET/Computed Tomography (PET/CT) and Single Photon Emission Computed Tomography/Computed Tomography (SPECT/CT), chemotherapy, complementary therapy, linear accelerator treatment, Multi Slice CT scanner, high field strength MRI, angiography, in-house clinical trials and integrated IT and PACS/RIS.
- Provides training in medical oncology, radiation therapy, cancer imaging and surgical oncology.

<b>Property Type</b>	Hospital
<b>Centre of Excellence</b>	Emergency & Trauma, Gastroenterology, Oncology
<b>Land Area</b>	4,145 sq metres
<b>Gross Floor Area</b>	37,933 sq metres
<b>Purchase Price</b>	S\$170.5 m
<b>Appraised Value</b>	S\$264.3 m
<b>Annual Rental</b>	S\$21.3 m
<b>Max. No. of Beds</b>	375
<b>Established</b>	2010
<b>Lease Commencement</b>	30 December 2010
<b>Lease Terms</b>	15 years with option to renew for 15 years
<b>Lease Expiry Date</b>	29 December 2025



<b>Property Type</b>	Hospital
<b>Centre of Excellence</b>	Emergency & Trauma, Internal Medicine, Urology
<b>Land Area</b>	9,900 sq metres
<b>Gross Floor Area</b>	11,125 sq metres
<b>Purchase Price</b>	S\$35.0 m
<b>Appraised Value</b>	S\$46.7 m
<b>Annual Rental</b>	S\$4.3 m
<b>Max. No. of Beds</b>	126
<b>Established</b>	2002
<b>Lease Commencement</b>	31 December 2010
<b>Lease Terms</b>	15 years with option to renew for 15 years
<b>Lease Expiry Date</b>	30 December 2025



<b>Property Type</b>	Hospital
<b>Centre of Excellence</b>	Cardiology, Emergency & Trauma, Orthopaedics, Urology
<b>Land Area</b>	11,420 sq metres
<b>Gross Floor Area</b>	18,316 sq metres
<b>Purchase Price</b>	S\$50.6 m
<b>Appraised Value</b>	S\$94.7 m
<b>Annual Rental</b>	S\$8.1 m
<b>Max. No. of Beds</b>	201
<b>Established</b>	1991
<b>Lease Commencement</b>	11 December 2006
<b>Lease Terms</b>	15 years with option to renew for 15 years
<b>Lease Expiry Date</b>	10 December 2021

## INDONESIA

### SILOAM HOSPITALS LIPPO CIKARANG

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

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

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

### SILOAM HOSPITALS KEBON JERUK

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

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

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





<b>Property Type</b>	Hospital
<b>Centre of Excellence</b>	Cardiology, Emergency & Trauma, Fertility Treatment
<b>Land Area</b>	6,862 sq metres
<b>Gross Floor Area</b>	9,227 sq metres
<b>Purchase Price</b>	S\$16.8 m
<b>Appraised Value</b>	S\$33.3 m
<b>Annual Rental</b>	S\$3.2 m
<b>Max. No. of Beds</b>	160
<b>Established</b>	1977
<b>Lease Commencement</b>	11 December 2006
<b>Lease Terms</b>	15 years with option to renew for 15 years
<b>Lease Expiry Date</b>	10 December 2021

## INDONESIA

### SILOAM HOSPITALS SURABAYA

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

One of the most recognised and highly 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 low number of high quality hospitals within the region.
- Successfully performed 1,027 ovum pick-ups and has a 47.6% pregnancy rate from 958 embryo transfers in year 2015.
- At the EGM held on 29 December 2015, First REIT has obtained Unitholders' approval for the transaction in relation to SHS pursuant to which, among others, development works will be undertaken to construct and develop the New SHS, which will be adjacent to the existing SHS. Upon completion of the New SHS which is expected in 2019, First REIT will acquire the New SHS. While the development works of the New SHS is in progress, the existing SHS remains operational. Please refer to First REIT's circular dated 14 December 2015 in relation to the New SHS for further details.



<b>Property Type</b>	Hotel & Country Club
<b>Land Area</b>	54,410 sq metres
<b>Gross Floor Area</b>	17,427 sq metres
<b>Purchase Price</b>	S\$21.2 m
<b>Appraised Value</b>	S\$41.9 m
<b>Annual Rental</b>	S\$3.9 m
<b>Max. No. of Saleable Rooms</b>	197
<b>Established</b>	1994
<b>Lease Commencement</b>	11 December 2006
<b>Lease Terms</b>	15 years with option to renew for 15 years
<b>Lease Expiry Date</b>	10 December 2021

### IMPERIAL ARYADUTA HOTEL & COUNTRY CLUB

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

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

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

INDONESIA

**SILOAM HOSPITALS LIPPO VILLAGE**

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



<b>Property Type</b>	Hospital
<b>Centre of Excellence</b>	Cardiology, Emergency & Trauma, Neuroscience, Orthopaedics
<b>Land Area</b>	17,442 sq metres
<b>Gross Floor Area</b>	27,284 sq metres
<b>Purchase Price</b>	S\$94.3 m
<b>Appraised Value</b>	S\$161.4 m
<b>Annual Rental</b>	S\$14.4 m
<b>Max. No. of Beds</b>	260
<b>Established</b>	1995
<b>Lease Commencement</b>	11 December 2006
<b>Lease Terms</b>	15 years with option to renew for 15 years
<b>Lease Expiry Date</b>	10 December 2021

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

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





<b>Property Type</b>	Nursing Home
<b>Land Area</b>	1,984 sq metres
<b>Gross Floor Area</b>	3,593 sq metres
<b>Purchase Price</b>	S\$11.8 m
<b>Appraised Value</b>	S\$10.3 m
<b>Annual Rental</b>	S\$1.1 m
<b>Max. No. of Beds</b>	259
<b>Established</b>	2004
<b>Lease Commencement</b>	11 April 2007
<b>Lease Terms</b>	10 years with option to renew for 10 years exercised
<b>Lease Expiry Date</b>	10 April 2027

## SINGAPORE

### PACIFIC HEALTHCARE NURSING HOME @ BUKIT MERAH

6 Lengkok Bahru,  
Singapore

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

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



<b>Property Type</b>	Nursing Home
<b>Land Area</b>	2,000 sq metres
<b>Gross Floor Area</b>	3,563 sq metres
<b>Purchase Price</b>	S\$11.5 m
<b>Appraised Value</b>	S\$10.3 m
<b>Annual Rental</b>	S\$1.0 m
<b>Max. No. of Beds</b>	265
<b>Established</b>	2006
<b>Lease Commencement</b>	11 April 2007
<b>Lease Terms</b>	10 years with option to renew for 10 years exercised
<b>Lease Expiry Date</b>	10 April 2027

### PACIFIC HEALTHCARE NURSING HOME II @ BUKIT PANJANG

21 Senja Road,  
Singapore

A 5-storey custom-built nursing home.

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

## Property Overview



<b>Property Type</b>	Nursing Home
<b>Land Area</b>	2,486 sq metres
<b>Gross Floor Area</b>	4,005 sq metres
<b>Purchase Price</b>	S\$12.8 m
<b>Appraised Value</b>	S\$17.3 m
<b>Annual Rental</b>	S\$1.6 m
<b>Max. No. of Beds</b>	208
<b>Established</b>	1999 & 2013 (new extension building)
<b>Lease Commencement</b>	8 June 2007
<b>Lease Terms</b>	10 years with option to renew for 10 years
<b>Lease Expiry Date</b>	7 June 2027



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

### Note

The valuations for the Indonesia properties were conducted by KJPP Rinaldi, Alberth, Baroto & Partners in association with DTZ, KJPP Winarta & Rekan as the valuation arm of Jones Lang LaSalle, KJPP Willson & Rekan in association with Knight Frank and KJPP Rengganis, Hamid & Rekan in strategic alliance with CBRE Pte. Ltd. The valuations of the Singapore and Korea properties were conducted by Colliers International Consultancy & Valuation (Singapore) Pte Ltd.

## SINGAPORE

### THE LENTOR RESIDENCE

51 Lentor Avenue,  
Singapore

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

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

## SOUTH KOREA

### SARANG HOSPITAL

No. 9 Bongsannam 3<sup>rd</sup> Street,  
Yeosu City, Jeonranam-Do, South Korea

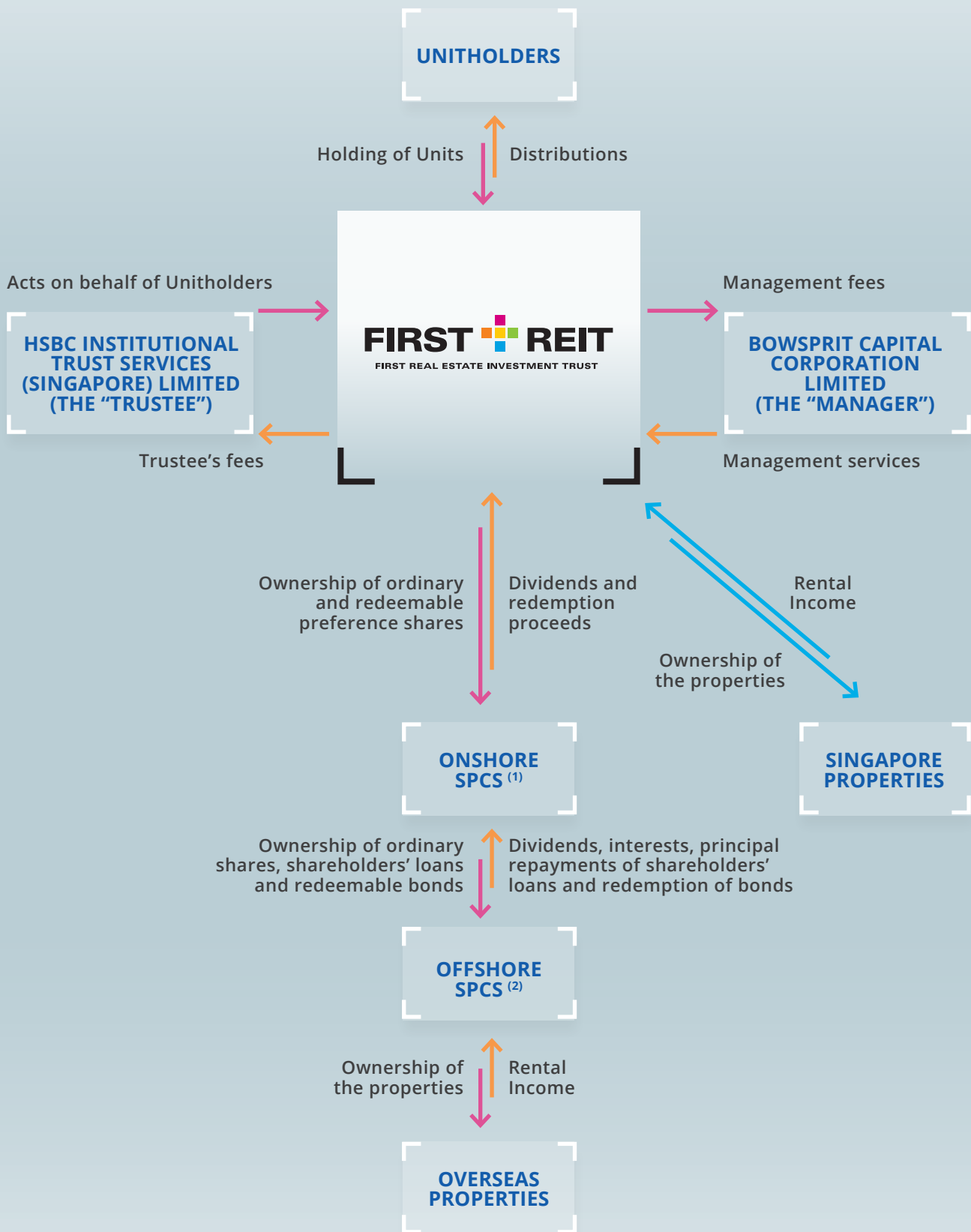
A 6-storey hospital, with one basement level, offering the largest rehabilitative treatment and nursing healthcare services in Yeosu City.

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

The valuations of the respective properties were conducted as at 6 November 2015.

The valuation of the newly-acquired Siloam Hospitals Kupang & Lippo Plaza Kupang was conducted by KJPP Winarta & Rekan as the valuation arm of Jones Lang LaSalle, as at 1 October 2015.

# Trust Structure

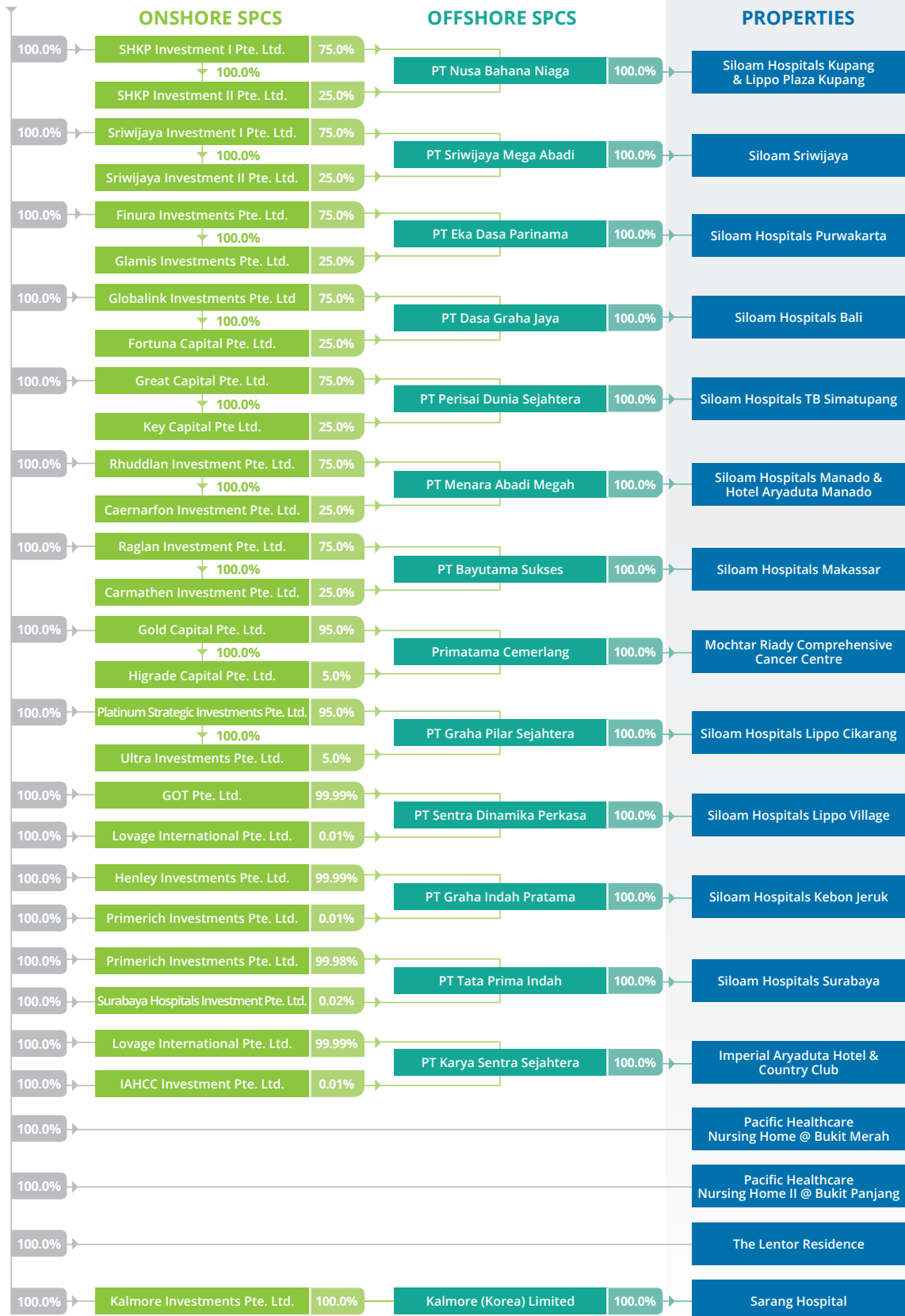


<sup>(1)</sup> Onshore SPCs refer to Singapore Special Purpose Companies

<sup>(2)</sup> Offshore SPCs refer to Overseas Special Purpose Companies

# Ownership Structure

AS AT 31 DECEMBER 2015



# 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 with 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. This includes making recommendations to HSBC Institutional Trust Services (Singapore) Limited, as trustee of First REIT (the “**Trustee**”) on acquisition, divestment or enhancement of assets of First REIT. The research, analysis and evaluation required for this purpose are co-ordinated and carried out by the Manager. The Manager is also responsible for the risk management of First REIT.

Other functions and responsibilities of the Manager include:

- (i) Using its best endeavours to carry on and conduct its business in a proper and efficient manner and to conduct all transactions with, or on behalf of First REIT, at arm’s length and on normal commercial terms;
- (ii) Preparing property plans on a regular basis which may contain proposals and 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 legislation, the listing manual of the Singapore Exchange Securities Trading Limited (“**SGX-ST**”) (the “**Listing Manual**”), the Code on Collective Investment Schemes issued by the Monetary Authority of Singapore (“**MAS**”) (the “**CIS Code**”) including Property Fund Guidelines in Part II Appendix 6 of the CIS Code (the “**Property Funds Guidelines**”), the Manager’s obligations under the Trust Deed, Singapore Financial Reporting Standards, any tax ruling and all relevant contracts; and
- (iv) Attending to all regular communication with Unitholders.

The Manager has procedures in place to comply with existing regulations that govern REITs and listed REITs. The Manager has been granted a capital markets services (“**CMS**”) licence by the MAS and its officers are authorised representatives under the SFA. The Manager appoints experienced and well-qualified management personnel to handle the day-to-day operations of the Manager. The Manager, not First REIT, remunerates all Directors and employees of the Manager.

## 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 controls and risk management process.

# Corporate Governance Report

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

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

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

Changes to regulations, policies and accounting standards are monitored closely. Where the changes affect First REIT's business or have an important bearing on the Manager's or Directors' disclosure obligations, the Directors will be briefed either during Board meetings or at specially convened sessions involving relevant professionals. Management provides the Board with complete and adequate information in a timely manner through regular updates on financial results, market trends and business developments. During the financial year, the Directors received training on regulatory updates and directors' duties and liabilities conducted by external legal advisors. In the financial year ended 31 December 2015 ("FY2015"), the Directors were briefed on the key changes to the Companies Act and Financial Reporting Standards and the implications on First REIT. The Board was also briefed on MAS' response to feedback received on the consultation paper on enhancements to the regulatory regime governing REITs and REIT managers. Directors are also encouraged to participate in industry conferences, seminars and training programmes in connection with their duties, funded by the Manager. Site visits to properties located overseas are organised to familiarise Directors with First REIT's properties and to facilitate better understanding of the Group's operations.

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.

The number of Board and AC meetings held in FY2015 and the attendance of Directors at these meetings are set out below:

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	5/5	NA



# Corporate Governance Report

## Board Composition and Balance

The Board presently comprises 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 Independent Directors. The Chairman of the Board is Mr Albert Saychuan Cheok and the Chief Executive Officer ("CEO") 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 11 and 12 of this Annual Report.

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

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

The majority of the Directors are independent of management. This enables management to benefit from their external, diverse and objective perspectives on issues that are brought before the Board. It also enables the Board to work with management through the 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 CEO, provides a healthy professional relationship between the Board and management, with clarity of roles and robust oversight as they deliberate on the business activities of First REIT and the Manager.

The Board has separate and independent access to senior management and the company secretary at all times and vice versa. The company secretary attends to corporate secretarial administration matters and attends all Board meetings. The appointment and removal of the company secretary is a matter for the Board as a whole. The Board also has access to independent professional advice where appropriate, and at the Manager's expense.

## CHAIRMAN AND CHIEF EXECUTIVE OFFICER

The positions of Chairman of the Board and CEO are held by separate individuals. The Chairman, Mr Albert Saychuan Cheok is an Independent Director while the CEO, Dr Ronnie Tan Keh Poo is an Executive Director. Their responsibilities are clearly defined. The Chairman and the CEO 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 CEO has full executive responsibilities over the business directions and operational decisions concerning the management of First REIT. He works closely with the Board to implement the policies set by the Board to realise the Manager's vision.

## AUDIT COMMITTEE

The AC is appointed by the Board from among the Directors of the Manager and comprises the following three members, all of whom (including the Chairman of the AC) are Independent Directors:

Mr Albert Saychuan Cheok (Chairman)      (Independent Director)

Mr Goh Tiam Lock      (Independent Director)

Mr Wong Gang      (Independent Director)

The members of the AC are appropriately qualified to discharge their responsibilities and have relevant accounting and related financial management experience and expertise.

# Corporate Governance Report

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

The AC's responsibilities also include:

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

The AC meets at least 4 times a year and has full access to and co-operation from management and enjoys full discretion to invite any Director and executive officer of the Manager to attend its meetings. The AC has full access to reasonable resources to enable it to discharge its functions properly.

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

The AC 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 aggregate amount of fees paid/payable to external auditors was S\$460,000, of which audit and non-audit services fees amounted to S\$445,000 and S\$15,000 respectively for the financial year under review.

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

Five AC meetings were held in FY2015. The attendance at the AC meetings is set out on page 30 of this Annual Report.

# Corporate Governance Report

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## 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 AC on audit matters and to the management on administrative matters. The AC is of the view that the internal auditors have adequate resources to perform its functions and have to the best of their ability, maintained their independence from the activities that they audit.

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

## INTERNAL CONTROLS

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

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

For FY2015, based on the report of the internal auditors, information furnished by management and observations made, the Board with the concurrence of the AC, is of the view that the present risk management systems and internal controls are adequate and effective in addressing financial, operational, compliance and information technology risks.

For the financial year under review, the CEO and the Chief Financial Officer had 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.

## 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.

# Corporate Governance Report

## NOMINATING & REMUNERATION COMMITTEE

The Nominating & Remuneration Committee (“NRC”) was established on 15 February 2016. The NRC comprises three members, a majority of whom (including the Chairman of the NRC) are Independent Directors and all of whom are Non-executive Directors:-

Mr Wong Gang (Chairman)	(Independent Director)
Mr Albert Saychuan Cheok	(Independent Director)
Mr Ketut Budi Wijaya	(Non-executive Director)

The role of the NRC is to identify candidates and review all nominations and make recommendations to the Board on all Board and Board Committee appointments and review and recommend to the Board the remuneration of the Directors and key executive officer(s) of the Manager.

The NRC’s responsibilities include:

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

As part of the search and nomination process for new Directors, the NRC will identify the relevant or desired skills and experience which candidates should possess and may engage search companies as well as leverage on business and other contacts.

Since the NRC was only established on 15 February 2016, it will be performing the responsibilities set out above going forward. Prior to the establishment of the NRC, the Board had performed the functions of a nominating and remuneration committee.

The Manager believes that Board performance is ultimately reflected in the long-term performance of First REIT. The Board has in place a process for evaluating the performance of the Board as a whole. A collective assessment is conducted annually by means of a questionnaire individually completed by each Director. The results of this assessment is collated and discussed by the Board. The Board believes that collective Board performance and that of individual Board members are reflected in their proper guidance, diligence oversight and leadership which the Board provides to management and the long-term performance of First REIT. As part of the assessment of performance of the Board for FY2015, the Board reviewed its composition and is satisfied that it has the appropriate size and mix of expertise and experience taking into account the skills, experience and contribution of the Directors in the financial year, including the level of attendance and participation at Board meetings.

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 the Directors have multiple listed company board representations and/or other principal commitments, the Board has considered factors including but not limited to the full attendance of each Director at all the Board meetings in FY2015, and is satisfied that each Director has devoted sufficient time and attention and is able to and has adequately carried out his duties as a Director of the Manager.

# Corporate Governance Report

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

The Board reviewed Mr Cheok and Mr Goh's independence. The Board was of the view that Mr Cheok and Mr Goh contributed significantly to the discussions and demonstrated independent judgement in the discharge of their duties at Board and AC meetings. Mr Cheok and Mr Goh both expressed individual points of view and objectively reviewed and scrutinised management's proposals. Further, the Board is not aware of any factors that would impair Mr Cheok and Mr Goh's independence and concluded that both Mr Cheok and Mr Goh be considered independent. In FY2015, on the basis of the declarations of independence provided by the Directors, the guidance in the Code and the review of the Board above, the Board has determined that Mr Cheok, Mr Goh and Mr Wong Gang are Independent Directors under the Code.

The NRC will establish a framework of remuneration for the Board and management going forward, and will review and recommend to the Board the specific remuneration packages for each Director as well as for key management personnel. The NRC will seek to structure the remuneration of management so as to link rewards to performance to be aligned with the interests of Unitholders and promote the long term success of First REIT. The NRC may seek expert advice from remuneration consultants on remuneration matters, taking into account benchmarking within the industry.

The remuneration for each Non-executive Director takes into account the relevant Directors' contribution and responsibilities, including attendance and time spent at Board and Board Committee meetings. The remuneration framework for Non-executive Directors consists of a base fee for membership on the Board, chairing the Board, fees for membership on Board Committees and chairing Board Committees and attendance fees for meetings and offsite meetings. Dr Ronnie Tan Keh Poo, the Executive Director and CEO, does not receive any Director's fees.

## Remuneration of Non-Executive Directors for FY2015

	Directors' Fees (S\$)
Mr Albert Saychuan Cheok	120,000
Mr Goh Tiam Lock	72,500
Mr Wong Gang	72,500
Mr Ketut Budi Wijaya	60,000

The remuneration and terms of appointment of Dr Ronnie Tan Keh Poo, Executive Director and CEO, was negotiated and endorsed by the Board. The aggregate remuneration received by Dr Ronnie Tan Keh Poo includes a fixed salary, performance bonus, transport allowance and other benefits. The performance bonus and increment are based on an annual appraisal. In particular, the performance bonus is linked to the improvement in the net property income, distributable amount and distribution per unit of First REIT over the preceding year and as such it is in alignment with the performance of First REIT and the interests of Unitholders. For the avoidance of doubt, Dr Ronnie Tan Keh Poo was not involved in the decision of the Board on his own remuneration. A breakdown in percentage of the aggregate remuneration of Dr Ronnie Tan Keh Poo is set out below:-

## Remuneration of CEO for FY2015

	Salary	Bonus	Allowances and Benefits	Total
<u>Between S\$750,000 to S\$1,000,000</u>				
Dr Ronnie Tan Keh Poo	56.1%	38.5%	5.4%	100%

The Manager is aware of the Code's requirement to disclose the exact quantum of the remuneration of the CEO. The Board has assessed and decided against the disclosure of the exact quantum of the CEO and has instead disclosed the remuneration of the CEO in bands of S\$250,000. The Manager believes that such disclosure is sufficient for providing greater transparency to Unitholders without prejudicing the interests of Unitholders. In view of the highly competitive REIT management industry, the Manager believes that opting not to disclose the exact quantum of the remuneration of the CEO will minimise the risk of potential staff movements and loss of key personnel which would cause undue disruptions to the management of First REIT and which would not be in the interests of Unitholders.

# Corporate Governance Report

The Manager's compensation framework for all employees (including key management personnel) comprises fixed salary, performance bonuses, transport allowance and benefits. The Manager does not have any employee share or units scheme. The performance bonus and increment are based on an annual appraisal of each individual employee of the Manager. In particular, the performance bonus is linked to the improvement in the net property income, distributable amount and distribution per unit of First REIT over the preceding year and as such it is in alignment with the performance of First REIT and the interests of Unitholders. A breakdown in percentage of the aggregate remuneration of executive officers is set out below:-

## Remuneration of Key Management Personnel for FY2015

	Salary	Bonus	Allowances and Benefits	Total
<u>Between S\$250,000 to S\$500,000</u>				
Tan Kok Mian Victor	69.5%	23.2%	7.3%	100%
Chan Seng Leong Jacky	73.5%	21.5%	5.0%	100%

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

There were no employees of the Manager and its subsidiaries who were immediate family members of a Director or the CEO in FY2015. "Immediate family member" refers to the spouse, child, adopted child, step-child, sibling or parent.

## DEALINGS IN FIRST REIT UNITS

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

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

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

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## 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.

## WHISTLE BLOWING POLICY

The AC 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.

# Corporate Governance Report

## RELATED PARTY TRANSACTIONS

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

In addition, the following procedures will be undertaken:

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

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

### Role of the Audit Committee for Related Party Transactions

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

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

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

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



# Corporate Governance Report

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## COMMUNICATION WITH UNITHOLDERS

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

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

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

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](http://www.first-reit.com).

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

As recommended by the Code, all resolutions at general meetings are voted on by way of poll. This allows all Unitholders present or represented at the meetings to vote on a one-Unit-one-vote basis. The voting results of all votes cast for or against each resolution with the respective percentages are announced at the meeting and on the SGXNET after the meeting.

# Corporate Governance Report

## ADDITIONAL INFORMATION

### Manager's Management Fees

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

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

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

For FY2015, breakdown of the management fees was as follows :

	Group and Trust	
	2015	2014
	S\$'000	S\$'000
Base fees	4,917	4,544
Performance fees	4,964	4,594
	<b>9,881</b>	<b>9,138</b>

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

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

### Justification of Fees Payable to the Manager

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

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

As at 31 December 2015, First REIT's existing portfolio comprises seventeen properties of which thirteen located in Indonesia, three in Singapore and one in South Korea, and has a combined gross floor area of 306,707 square metres and valuation of S\$1.27 billion.

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

# Corporate Governance Report

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

### 3. *Acquisition and divestment fees*

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

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

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

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

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

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# Report of the Trustee

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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 (Cap. 289), its subsidiary legislation and the Code on Collective Investment Schemes (collectively referred to as the “**laws and regulations**”), the Trustee shall monitor the activities of Bowsprit Capital Corporation Limited (the “**Manager**”) for compliance with the limitations imposed on the investment and borrowing powers as set out in the trust deed dated 19 October 2006 (subsequently amended by First Supplemental Deed dated 6 September 2007, Second Supplemental Deed dated 19 April 2010, Third Supplemental Deed dated 26 April 2011 and Fourth Supplemental Deed dated 1 April 2013) (the “**Trust Deed**”) between the Manager and the Trustee in each annual financial reporting year and report thereon to unitholders in an annual report.

To the best knowledge of the Trustee, the Manager has, in all material respects, managed the Trust during the financial reporting year covered by these financial statements, set out on pages 47 to 101, in accordance with the limitations imposed on the investment and borrowing powers set out in the Trust Deed.

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

Esther Fong  
Senior Vice President, Trustee Services

Singapore  
18 March 2016

# Statement by the Manager

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In the opinion of the directors of Bowsprit Capital Corporation Limited (the “**Manager**”), the accompanying financial statements of First Real Estate Investment Trust (the “**Trust**”) and its subsidiaries (the “**Group**”) set out on pages 47 to 101 comprising the statements of total return, statements of distribution, statements of financial position, statements of changes in unitholders’ funds, statements of cash flows, statements of portfolio and summary of significant accounting policies and other explanatory notes of the Group and the Trust, are drawn up so as to present fairly, in all material respects, the financial position and portfolio of the Group and of the Trust as at 31 December 2015, the total return, distributions, changes in unitholders’ funds and cash flows of the Group and of the Trust for the reporting year ended on that date in accordance with the provisions of the Trust Deed and the recommendations of the Statement of Recommended Accounting Practice 7 “Reporting Framework for Unit Trusts” issued by the Institute of Singapore Chartered Accountants. At the date of this statement, there are reasonable grounds to believe that the Group will be able to meet its financial obligations as and when they materialise.

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

Dr Ronnie Tan Keh Poo  
Director

Singapore  
18 March 2016

# Independent Auditor's Report

TO THE UNITHOLDERS OF FIRST REAL ESTATE INVESTMENT TRUST

## Report on the financial statements

We have audited the accompanying consolidated financial statements of First Real Estate Investment Trust (the "Trust") and its subsidiaries (the "Group"), set out on pages 47 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 2015, 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 significant accounting policies and other explanatory information.

## Manager's responsibility for the consolidated 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 consolidated financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the consolidated 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 consolidated 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 consolidated financial statements.

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

# Independent Auditor's Report

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TO THE UNITHOLDERS OF FIRST REAL ESTATE INVESTMENT TRUST

## Opinion

In our opinion, the consolidated 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 2015, and the total return, changes in unitholders' funds and cash flows of the Group and the Trust for the reporting year then ended in accordance with the recommendations of Statement of Recommended Accounting Practice 7 "Reporting Framework for Unit Trusts" issued by the Institute of Singapore Chartered Accountants.

RSM Chio Lim LLP  
Public Accountants and  
Chartered Accountants  
Singapore

18 March 2016

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



# Statements of Total Return

YEAR ENDED 31 DECEMBER 2015

	Notes	Group		Trust	
		2015 S\$'000	2014 S\$'000	2015 S\$'000	2014 S\$'000
<b>Gross revenue</b>	4	<b>100,698</b>	93,255	<b>55,860</b>	56,386
Property operating expenses	5	<b>(1,422)</b>	(1,382)	<b>(234)</b>	(97)
<b>Net property and dividend income</b>		<b>99,276</b>	91,873	<b>55,626</b>	56,289
Interest income		<b>231</b>	199	<b>1,903</b>	1,852
Manager's management fees	6	<b>(9,881)</b>	(9,138)	<b>(9,881)</b>	(9,138)
Trustee fees	3	<b>(372)</b>	(341)	<b>(372)</b>	(341)
Finance costs	7	<b>(16,538)</b>	(15,217)	<b>(16,538)</b>	(15,217)
Other expenses	8	<b>(2,738)</b>	(1,864)	<b>(2,639)</b>	(1,948)
<b>Net income before the undernoted</b>		<b>69,978</b>	65,512	<b>28,099</b>	31,497
Net fair value gains/(losses) on investment properties	12	<b>24,168</b>	47,174	<b>(1,000)</b>	(619)
Net gains in fair value of derivatives financial instruments	23	<b>2,131</b>	-	<b>2,131</b>	-
<b>Total return for the year before income tax</b>		<b>96,277</b>	112,686	<b>29,230</b>	30,878
Income tax (expense)/benefit	9	<b>(28,499)</b>	(22,083)	<b>159</b>	105
<b>Total return for the year after income tax</b>		<b>67,778</b>	90,603	<b>29,389</b>	30,983
<b>Other comprehensive income:</b>					
<b>Items that may be reclassified subsequently to profit or loss:</b>					
Exchange differences on translating foreign operations, net of tax		<b>598</b>	331	-	-
<b>Total comprehensive return for the year</b>		<b>68,376</b>	90,934	<b>29,389</b>	30,983
<b>Earnings per unit in cents</b>					
Basic and diluted	10	<b>9.10</b>	12.59	<b>N/A</b>	N/A

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

# Statements of Distribution

YEAR ENDED 31 DECEMBER 2015

	Group		Trust	
	2015 S\$'000	2014 S\$'000	2015 S\$'000	2014 S\$'000
<b>Amount available for distribution to unitholders at beginning of the year</b>	<b>14,963</b>	13,955	<b>14,963</b>	13,955
Total return for the year after income tax	<b>67,778</b>	90,603	<b>29,389</b>	30,983
Adjustments for tax purposes (Note A)	<b>(5,873)</b>	(32,385)	<b>32,516</b>	27,235
	<b>61,905</b>	58,218	<b>61,905</b>	58,218
<b>Amount available for distribution to unitholders</b>	<b>76,868</b>	72,173	<b>76,868</b>	72,173
Total distribution paid to unitholders (Note 11)	<b>(61,157)</b>	(57,210)	<b>(61,157)</b>	(57,210)
<b>Amount available for distribution to unitholders at end of the year (Note 11A and Note 28)</b>	<b>15,711</b>	14,963	<b>15,711</b>	14,963
Note A - Adjustments for tax purposes:				
Manager's management fees settled in units	<b>6,706</b>	6,715	<b>6,706</b>	6,715
Change in fair values of investment properties, net of deferred tax	<b>(11,326)</b>	(40,164)	<b>814</b>	514
Net gains in fair value of derivative financial instruments	<b>(2,131)</b>	-	<b>(2,131)</b>	-
Capital repayment	-	-	<b>25,511</b>	18,919
Foreign exchange adjustment loss	<b>1,283</b>	792	<b>1,283</b>	792
Other non-tax deductible items and other adjustments	<b>(405)</b>	272	<b>333</b>	295
	<b>(5,873)</b>	(32,385)	<b>32,516</b>	27,235

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

# Statements of Financial Position

AS AT 31 DECEMBER 2015

	Notes	Group		Trust	
		2015 S\$'000	2014 S\$'000	2015 S\$'000	2014 S\$'000
<b>ASSETS</b>					
<b>Non-current assets</b>					
Investment properties	12	1,268,306	1,172,015	37,900	38,700
Investments in subsidiaries	13	-	-	748,258	690,989
Loan receivable, non-current	15	-	-	53,330	58,785
Deferred tax assets	9	754	595	754	595
Derivatives financial instruments	23	2,131	-	2,131	-
<b>Total non-current assets</b>		<b>1,271,191</b>	<b>1,172,610</b>	<b>842,373</b>	<b>789,069</b>
<b>Current assets</b>					
Trade and other receivables, current	14	14,512	8,988	2,453	2,444
Loan receivable, current	15	-	-	4,823	4,191
Other assets, current	16	2,632	2,557	328	178
Cash and cash equivalents	17	26,827	28,230	23,606	26,708
<b>Total current assets</b>		<b>43,971</b>	<b>39,775</b>	<b>31,210</b>	<b>33,521</b>
<b>Total assets</b>		<b>1,315,162</b>	<b>1,212,385</b>	<b>873,583</b>	<b>822,590</b>
<b>UNITHOLDERS' FUNDS AND LIABILITIES</b>					
<b>Unitholders' funds</b>					
Issued equity	18A	439,045	423,792	439,045	423,792
Retained earnings/(accumulated losses)	18A	350,507	320,207	(37,608)	(29,519)
Foreign exchange reserve	18A	1,549	951	-	-
<b>Total unitholders' funds</b>	18A	<b>791,101</b>	<b>744,950</b>	<b>401,437</b>	<b>394,273</b>
<b>Non-current liabilities</b>					
Deferred tax liabilities	9	42,104	29,103	-	-
Other financial liabilities, non-current	20	398,291	370,090	398,291	370,090
<b>Total non-current liabilities</b>		<b>440,395</b>	<b>399,193</b>	<b>398,291</b>	<b>370,090</b>
<b>Current liabilities</b>					
Income tax payable	9A	778	445	-	-
Trade and other payables, current	21	17,360	20,429	27,716	28,987
Other financial liabilities, current	20	44,274	26,485	44,274	26,485
Other liabilities, current	22	21,254	20,883	1,865	2,755
<b>Total current liabilities</b>		<b>83,666</b>	<b>68,242</b>	<b>73,855</b>	<b>58,227</b>
<b>Total liabilities</b>		<b>524,061</b>	<b>467,435</b>	<b>472,146</b>	<b>428,317</b>
<b>Total unitholders' funds and liabilities</b>		<b>1,315,162</b>	<b>1,212,385</b>	<b>873,583</b>	<b>822,590</b>
<b>Units in issue ('000)</b>	18	<b>761,567</b>	<b>731,702</b>	<b>761,567</b>	<b>731,702</b>
<b>Net asset value per unit in cents</b>	18	<b>103.88</b>	<b>101.81</b>	<b>52.71</b>	<b>53.88</b>

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

# Statements of Changes in Unitholders' Funds

YEAR ENDED 31 DECEMBER 2015

	Group		Trust	
	2015 S\$'000	2014 S\$'000	2015 S\$'000	2014 S\$'000
<b>Total unitholders' funds at beginning of the year</b>	<b>744,950</b>	682,899	<b>394,273</b>	392,173
<b>Operations</b>				
Total return for the year	<b>67,778</b>	90,603	<b>29,389</b>	30,983
<b>Unitholders' transactions</b>				
Purchase of investment property paid in units (Note 18)	<b>21,000</b>	4,500	<b>21,000</b>	4,500
Manager's management fees settled in units	<b>6,823</b>	6,459	<b>6,823</b>	6,459
Distribution settled in units	<b>11,109</b>	17,368	<b>11,109</b>	17,368
Change in net assets resulting from creation of units	<b>38,932</b>	28,327	<b>38,932</b>	28,327
Distributions (Note 11)	<b>(61,157)</b>	(57,210)	<b>(61,157)</b>	(57,210)
Total increase in net assets before movements in foreign exchange reserve	<b>45,553</b>	61,720	<b>7,164</b>	2,100
<b>Foreign exchange reserve</b>				
Net movement in other comprehensive income	<b>598</b>	331	-	-
<b>Total unitholders' funds at end of the year</b>	<b>791,101</b>	744,950	<b>401,437</b>	394,273

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

# Statements of Cash Flows

YEAR ENDED 31 DECEMBER 2015

	Group		Trust	
	2015 S\$'000	2014 S\$'000	2015 S\$'000	2014 S\$'000
<b>Cash flows from operating activities:</b>				
Total return before income tax	96,277	112,686	29,230	30,878
Interest income	(231)	(199)	(1,903)	(1,852)
Interest expense	15,103	13,376	15,103	13,376
Amortisation of borrowing costs	1,435	1,841	1,435	1,841
Foreign exchange adjustment loss	1,283	792	1,283	792
Dividend income	-	-	(52,173)	(52,771)
Net (gains)/losses in fair value of investment properties	(24,168)	(47,174)	1,000	619
Net gains in fair value of derivatives financial instruments	(2,131)	-	(2,131)	-
Manager's management fees settled in units	6,706	6,715	6,706	6,715
Operating cash flows before changes in working capital	94,274	88,037	(1,450)	(402)
Trade and other receivables, current	(5,503)	15,679	(5)	(277)
Other assets, current	(75)	(813)	(150)	(63)
Trade and other payables, current	569	(8,553)	(3,634)	4,163
Other liabilities	371	2,577	(890)	719
Net cash flows from operating activities before income tax	89,636	96,927	(6,129)	4,140
Income taxes paid	(15,325)	(16,160)	-	-
Net cash flows from/(used in) operating activities	74,311	80,767	(6,129)	4,140
<b>Cash flows from investing activities:</b>				
Increase in investment properties (Note 17B)	(56,542)	(67,717)	(201)	(219)
Decrease in investments in subsidiaries	-	-	20,688	14,728
Loan repayment from subsidiary	-	-	4,823	4,191
Acquisition of subsidiaries	-	-	(56,957)	(61,496)
Interest received	226	207	1,899	1,860
Dividend received	-	-	52,173	52,771
Net cash flows (used in)/from investing activities	(56,316)	(67,510)	22,425	11,835
<b>Cash flows from financing activities:</b>				
Distribution to unitholders (Note 17B)	(50,048)	(39,842)	(50,048)	(39,842)
Increase in borrowings	70,774	206,843	70,774	206,843
Repayment of borrowings	(26,500)	(167,537)	(26,500)	(167,537)
Interest paid	(13,624)	(13,822)	(13,624)	(13,822)
Net cash flows used in financing activities	(19,398)	(14,358)	(19,398)	(14,358)
<b>Net (decrease)/increase in cash and cash equivalents</b>	<b>(1,403)</b>	<b>(1,101)</b>	<b>(3,102)</b>	<b>1,617</b>
Cash and cash equivalents, statement of cash flows, beginning balance	28,230	29,331	26,708	25,091
<b>Cash and cash equivalents, statement of cash flows, ending balance (Note 17A)</b>	<b>26,827</b>	<b>28,230</b>	<b>23,606</b>	<b>26,708</b>

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

# Statements of Portfolio

AS AT 31 DECEMBER 2015

	Carrying value as at 31.12.2015 S\$'000	Percentage of total net assets as at 31.12.2015 %	Carrying value as at 31.12.2014 S\$'000	Percentage of total net assets as at 31.12.2014 %
<b>Group:</b>				
Investment properties in Indonesia	1,221,500	154.41	1,124,990	151.02
Investment properties in Singapore	37,900	4.79	38,700	5.19
Investment property in South Korea	8,906	1.12	8,325	1.12
Portfolio of investment properties at valuation – total	1,268,306	160.32	1,172,015	157.33
Other net liabilities	(477,205)	(60.32)	(427,065)	(57.33)
Net assets attributable to unitholders	791,101	100.00	744,950	100.00

	Carrying value as at 31.12.2015 S\$'000	Percentage of total net assets as at 31.12.2015 %	Carrying value as at 31.12.2014 S\$'000	Percentage of total net assets as at 31.12.2014 %
<b>Trust:</b>				
Investment properties in Singapore	37,900	9.44	38,700	9.81
Portfolio of investment properties at valuation – total	37,900	9.44	38,700	9.81
Investments in subsidiaries	748,258	186.39	690,989	175.26
Other net liabilities	(384,721)	(95.83)	(335,416)	(85.07)
Net assets attributable to unitholders	401,437	100.00	394,273	100.00

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

# Statements of Portfolio

AS AT 31 DECEMBER 2015

By Geographical Area

Description of Property/ Location/ Acquisition Date/ Type of Property/ Land Title Type/ Term of Lease <sup>(a)</sup> / Remaining Term of Lease <sup>(b)</sup>	Gross floor area in square metres	Carrying value as at 31.12.2015 S\$'000	Percentage of total net assets as at 31.12.2015 %	Carrying value as at 31.12.2014 S\$'000	Percentage of total net assets as at 31.12.2014 %
<b>Singapore</b>					
Pacific Healthcare Nursing Home @ Bukit Merah 6 Lengkok Bahru, Singapore 159051 11 April 2007, Nursing Home 30 years leasehold from 2002 10+10 years/ 12 years	3,593	10,300	1.30	10,500	1.41
Pacific Healthcare Nursing Home II @ Bukit Panjang 21 Senja Road, Singapore 677736 11 April 2007, Nursing Home 30 years leasehold from 2003 10+10 years/ 12 years	3,563	10,300	1.30	10,600	1.42
The Lentor Residence 51 Lentor Avenue, Singapore 786876 8 June 2007, Nursing Home 99 years leasehold from 1938 10+10 years/ 12 years	4,005	17,300	2.19	17,600	2.36
Portfolio of Investment Properties held under the Trust at Valuation – Sub-total		37,900	4.79	38,700	5.19
<b>Indonesia</b>					
Siloam Hospitals Lippo Village Jalan Siloam No. 6 Lippo Karawaci 1600 Tangerang 15811, Banten, Indonesia 11 December 2006, Hospital Hak Guna Bangunan (“HGB”) 15+15 years/ 21 years	27,284	161,400	20.40	162,100	21.76
Siloam Hospitals Kebon Jeruk Jalan Raya Perjuangan Kav. 8 Kebon Jeruk, Jakarta 11530, Indonesia 11 December 2006, Hospital HGB 15+15 years/ 21 years	18,316	94,700	11.97	91,900	12.34
Siloam Hospitals Surabaya Jalan Raya Gubeng No. 70 Surabaya 60281, Indonesia 11 December 2006, Hospital HGB 15+15 years/ 21 years	9,227	33,300	4.21	33,200	4.46

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

# Statements of Portfolio

AS AT 31 DECEMBER 2015

By Geographical Area

Description of Property/ Location/ Acquisition Date/ Type of Property/ Land Title Type/ Term of Lease <sup>(a)</sup> / Remaining Term of Lease <sup>(b)</sup>	Gross floor area in square metres	Carrying value as at 31.12.2015 S\$'000	Percentage of total net assets as at 31.12.2015 %	Carrying value as at 31.12.2014 S\$'000	Percentage of total net assets as at 31.12.2014 %
<b>Indonesia (continued)</b>					
Imperial Aryaduta Hotel & Country Club Boulevard Jenderal Sudirman, Lippo Village 1300, Tangerang 15811, Banten, Indonesia 11 December 2006, Hotel & Country Club HGB 15+15 years/ 21 years	17,427	<b>41,900</b>	<b>5.30</b>	42,100	5.65
Mochtar Riady Comprehensive Cancer Centre Jalan Garnisun Dalam No. 2-3, Semanggi Jakarta 12930, Indonesia 30 December 2010, Hospital HGB 15+15 years/ 25 years	37,933	<b>264,300</b>	<b>33.41</b>	253,200	33.99
Siloam Hospitals Lippo Cikarang Jalan Mohammad Husni Thamrin Kav. 105 Lippo Cikarang, Bekasi, Indonesia 17550 31 December 2010, Hospital HGB 15+15 years/ 25 years	11,125	<b>46,700</b>	<b>5.90</b>	46,000	6.17
Siloam Hospitals Manado & Hotel Aryaduta Manado Jalan Sam Ratulangi No. 22, Komplek Boulevard Center and at Jalan Piere Tendean No. 1 Wenang Utara Sub-District, Wenang District, Manado North Sulawesi Indonesia 95111 30 November 2012, Hospital HGB 15+15 years/ 27 years	36,051	<b>104,700</b>	<b>13.23</b>	104,200	13.99
Siloam Hospitals Makassar Jalan Metro Tanjung Bunga Kav 3-5 Makassar City, South Sulawesi Province, Indonesia 30 November 2012, Hospital HGB 15+15 years/ 27 years	14,307	<b>73,400</b>	<b>9.28</b>	72,300	9.71
Siloam Hospitals Bali Jalan Sunset Road No. 818, Kuta, Badung, Bali, Indonesia 13 May 2013, Hospital HGB 15+15 years/ 28 years	20,958	<b>124,800</b>	<b>15.78</b>	121,600	16.32

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



# Statements of Portfolio

AS AT 31 DECEMBER 2015

By Geographical Area

Description of Property/ Location/ Acquisition Date/ Type of Property/ Land Title Type/ Term of Lease <sup>(a)</sup> / Remaining Term of Lease <sup>(b)</sup>	Gross floor area in square metres	Carrying value as at 31.12.2015 S\$'000	Percentage of total net assets as at 31.12.2015 %	Carrying value as at 31.12.2014 S\$'000	Percentage of total net assets as at 31.12.2014 %
<b>Indonesia (continued)</b>					
Siloam Hospitals TB Simatupang Jalan Letjend. TB Simatupang, Jalan R.A. Kartini No. 8, Cilandak, South Jakarta, Indonesia 22 May 2013, Hospital HGB 15+15 years/ 28 years	18,605	<b>119,700</b>	<b>15.13</b>	116,500	15.64
Siloam Hospitals Purwakarta Jalan Raya Bungursari No. 1, Purwakarta, West Java, Indonesia 28 May 2014, Hospital HGB 15+15 years/ 29 years	8,254	<b>39,100</b>	<b>4.94</b>	38,100	5.11
Siloam Sriwijaya Jalan POM IX, Komplek Palembang Square, Palembang, South Sumatra, Indonesia 29 December 2014, Hospital Strata Title on Build, Operate and Transfer scheme 15+15 years/ 29 years	15,709	<b>42,100</b>	<b>5.32</b>	43,790	5.88
Siloam Hospitals Kupang & Lippo Plaza Kupang Jalan Veteran, No. 4, Arena Pameran Fatululi, Kupang, East Nusa Tenggara, Indonesia 14 December 2015, Hospital/Mall Build, Operate and Transfer scheme 15+15 years/ 30 years	55,368	<b>75,400</b>	<b>9.53</b>	-	-
<b>South Korea</b>					
Sarang Hospital No. 9 Bongsannam 3 <sup>rd</sup> Street, Yeosu City Jeonranam-do, South Korea 5 August 2011, Hospital Freehold 10+10 years/ 16 years	4,982	<b>8,906</b>	<b>1.13</b>	8,325	1.12
Portfolio of Investment Properties at Valuation Held under the Group – Total		<b>1,268,306</b>	<b>160.32</b>	1,172,015	157.33

Notes:

<sup>(a)</sup>: Refers to the tenure of underlying land except for Siloam Sriwijaya and Siloam Hospitals Kupang & Lippo Plaza Kupang which is held on a strata title basis under a Build, Operate and Transfer ("BOT") scheme and under a BOT scheme respectively.

<sup>(b)</sup>: Remaining terms of lease includes option to renew the land leases except for Siloam Sriwijaya and Siloam Hospitals Kupang & Lippo Plaza Kupang which are held under strata title basis under a BOT scheme and under a BOT scheme respectively.

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

# Notes to the Financial Statements

31 DECEMBER 2015

## 1. GENERAL

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

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

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

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

The financial statements were approved and authorised for issue by the board of directors of the Manager on 18 March 2016. The financial statements are for the Trust and the Group.

The current liabilities are more than the current assets. The financial position of the Group, its cash flows, liquidity position and borrowing facilities are described in the notes to the financial statements. In addition, the notes to the financial statements include the Group’s objectives, policies and processes for managing its capital; 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 bankers, tenants and suppliers. As a consequence, the Manager believes that the Group is well placed to manage its business risks successfully. Accordingly, the management continues to adopt the going concern basis in preparing the financial statements.

### Accounting convention

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

# Notes to the Financial Statements

31 DECEMBER 2015

## 1. GENERAL (CONTINUED)

### Accounting convention (continued)

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.

### Basis of presentation

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

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

### Basis of preparation of the financial statements

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

### Net assets attributable to unitholders

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

# Notes to the Financial Statements

31 DECEMBER 2015

## 2. SIGNIFICANT ACCOUNTING POLICIES AND OTHER EXPLANATORY INFORMATION

### 2A. Significant accounting policies

#### Revenue recognition

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

#### Rental income from operating leases

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

#### Interest income

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

#### Dividend income

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

#### 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.

# Notes to the Financial Statements

31 DECEMBER 2015

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

### 2A. Significant accounting policies (continued)

#### Foreign currency transactions

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

#### 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.

#### Segment reporting

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

#### Subsidiaries

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

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

# Notes to the Financial Statements

31 DECEMBER 2015

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

### 2A. Significant accounting policies (continued)

#### **Business combinations**

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

#### **Borrowing costs**

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

#### **Investment properties**

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

#### **Unit-based payments**

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

#### **Leases**

Leases are classified as finance leases if substantially all the risks and rewards of ownership are transferred to the lessee. All other leases are classified as operating leases. At the commencement of the lease term, a finance lease is recognised as an asset and as a liability in the statement of financial position at amounts equal to the fair value of the leased asset or, if lower, the present value of the minimum lease payments, each measured at the inception of the lease. The discount rate used in calculating the present value of the minimum lease payments is the interest rate implicit in the lease, if this is practicable to determine, the lessee's incremental borrowing rate is used. Any initial direct costs of the lessee are added to the amount recognised as an asset. The excess of the lease payments over the recorded lease liability are treated as finance charges which are allocated to each reporting year during the lease term so as to produce a constant periodic rate of interest on the remaining balance of the liability. 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.

# Notes to the Financial Statements

31 DECEMBER 2015

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

### 2A. Significant accounting policies (continued)

#### Leases (continued)

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

#### Impairment of non-financial assets

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

#### Financial assets

Initial recognition, measurement and derecognition:

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

# Notes to the Financial Statements

31 DECEMBER 2015

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

### 2A. Significant accounting policies (continued)

#### Financial assets (continued)

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

Subsequent measurement:

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

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

#### Cash and cash equivalents

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



# Notes to the Financial Statements

31 DECEMBER 2015

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

### 2A. 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 expires. The initial recognition of financial liability is at fair value normally represented by the transaction price. The transaction price for financial liability not classified at fair value through profit or loss includes the transaction costs that are directly attributable to the acquisition or issue of the financial liability. Transaction costs incurred on the acquisition or issue of financial liability classified at fair value through profit or loss are expensed immediately. The transactions are recorded at the trade date.

Subsequent measurement:

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

1. Liabilities at fair value through profit or loss: Liabilities are classified in this category when they are incurred principally for the purpose of selling or repurchasing in the near term (trading liabilities) or are derivatives (except for a derivative that is a designated and effective hedging instrument) or have been classified in this category because the conditions are met to use the "fair value option" and it is used. 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.

# Notes to the Financial Statements

31 DECEMBER 2015

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

### 2A. 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.

#### 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.

### 2B. Critical judgements, assumptions and estimation uncertainties

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

# Notes to the Financial Statements

31 DECEMBER 2015

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

### 2B. Critical judgements, assumptions and estimation uncertainties (continued)

Income tax amounts:

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

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.

Deferred tax: recovery of underlying assets:

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

Allowance for doubtful trade and other receivables:

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

Fair value of financial instruments:

Some of the financial instruments stated at fair values are not based on quoted prices in active markets, and therefore there is significant measurement uncertainty involved in this valuation. Management has determined it is necessary to use a model to value these instruments based on their structure and terms and to make any adjustments where necessary to the output of the model to reflect the assumptions that marketplace participants would use in similar circumstances. The assumptions and the fair values are disclosed in the relevant notes to the financial statements.

# Notes to the Financial Statements

31 DECEMBER 2015

## 2B. Critical judgements, assumptions and estimation uncertainties (continued)

Measurement of 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 measurement requires significant judgement. An estimate is made of the future profitability of the investee, and the financial health of and near-term business outlook for the investee, including factors such as industry and sector performance, and operational and financing cash flows. It is impracticable to disclose the extent of the possible effects. It is reasonably possible, based on existing knowledge, that outcomes within the next reporting year that are different from assumptions could require a material adjustment to the carrying amount of the asset. The carrying amount of the specific asset as the end of the reporting year affected by the assumption is S\$7,966,000 (2014: S\$7,966,000).

## 3. RELATED PARTY RELATIONSHIPS AND TRANSACTIONS

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

The ultimate controlling party is PT Lippo Karawaci Tbk.

### 3A. Related party transactions:

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

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

Significant related party transactions:

	Group		Trust	
	2015 S\$'000	2014 S\$'000	2015 S\$'000	2014 S\$'000
<b>The parent company of the Manager</b>				
Property rental income	88,452	86,809	-	-
<b>The Manager</b>				
Manager's management fees	(9,881)	(9,138)	(9,881)	(9,138)
Acquisition-related fees	(700)	(702)	(700)	(702)
<b>The Trustee</b>				
Trustee fees	(372)	(341)	(372)	(341)

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

The lessees of the Indonesian properties are subsidiaries of PT Lippo Karawaci Tbk. The lessees have provided bank guarantees of S\$43,868,000 (2014: S\$44,205,000) in lieu of the security deposits for rental income from the properties. These guarantees which expired in May, November and December 2014 have been renewed up to May, November and December 2015 as appropriate.

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

# Notes to the Financial Statements

31 DECEMBER 2015

## 3. RELATED PARTY RELATIONSHIPS AND TRANSACTIONS (CONTINUED)

### 3A. Related party transactions: (continued)

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

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

#### (A) Manager's Fees

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

- (i) A base fee of 0.4% (2014: 0.4%) per annum of the value of the Deposited Property. Any increase in the rate of the base fee above the permitted limit or any change in the structure of the base fee shall be approved by an extraordinary resolution of a meeting of unitholders. The Manager may opt to receive the base fee in the form of units and/or cash.
- (ii) A performance fee fixed at 5.0% (2014: 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% (2014: 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% (2014: 0.5%) of the value or consideration as defined in the Trust Deed for any real estate or other investments (subject to there being no double-counting).

#### (B) Trustee Fees

Under the Trust Deed, the Trustee is entitled to a fee not exceeding 0.1% (2014: 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.

### 3B. Key management compensation

The Trust obtains key management personnel services from the Manager.

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

# Notes to the Financial Statements

31 DECEMBER 2015

## 3. RELATED PARTY RELATIONSHIPS AND TRANSACTIONS (CONTINUED)

### 3C. Interest in the Trust:

	Units held		% interest held	
	2015	2014	2015	2014
<b>The Manager</b>				
Bowsprit Capital Corporation Limited	<b>40,585,833</b>	35,390,480	<b>5.33</b>	4.84
<b>The directors of the Manager</b>				
Dr Ronnie Tan Keh Poo	<b>11,193,187</b>	9,175,283	<b>1.47</b>	1.25
Mr Albert Saychuan Cheok	<b>1,101,260</b>	809,604	<b>0.14</b>	0.11

## 4. GROSS REVENUE

	Group		Trust	
	2015 S\$'000	2014 S\$'000	2015 S\$'000	2014 S\$'000
Rental income	<b>100,698</b>	93,255	<b>3,687</b>	3,615
Dividend income from subsidiaries	-	-	<b>52,173</b>	52,771
	<b>100,698</b>	93,255	<b>55,860</b>	56,386

## 5. PROPERTY OPERATING EXPENSES

	Group		Trust	
	2015 S\$'000	2014 S\$'000	2015 S\$'000	2014 S\$'000
Property tax expense	<b>175</b>	62	<b>175</b>	62
Valuation expenses	<b>206</b>	211	<b>30</b>	35
Insurance expenses	<b>187</b>	89	-	-
Professional fees	<b>496</b>	387	<b>29</b>	-
Impairment allowance on trade receivables	<b>246</b>	546	-	-
Others	<b>112</b>	87	-	-
	<b>1,422</b>	1,382	<b>234</b>	97

## 6. MANAGER'S MANAGEMENT FEES

	Group and Trust	
	2015 S\$'000	2014 S\$'000
Base fees (Note 3)	<b>4,917</b>	4,544
Performance fees (Note 3)	<b>4,964</b>	4,594
	<b>9,881</b>	9,138

# Notes to the Financial Statements

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## 7. FINANCE COSTS

	Group and Trust	
	2015 S\$'000	2014 S\$'000
Interest expense	15,103	13,376
Amortised borrowing costs	1,435	1,841
	<b>16,538</b>	<b>15,217</b>

In 2014, transaction costs expensed for refinancing a bank loan was S\$714,000. There were no such costs in 2015.

## 8. OTHER EXPENSES

	Group		Trust	
	2015 S\$'000	2014 S\$'000	2015 S\$'000	2014 S\$'000
Foreign exchange adjustment loss	1,347	688	1,248	772
Handling and processing fees	446	557	446	557
Professional fees	312	370	312	370
Project expenses	442	100	442	100
Others	191	149	191	149
	<b>2,738</b>	<b>1,864</b>	<b>2,639</b>	<b>1,948</b>

Total fees to auditors:

	Group		Trust	
	2015 S\$'000	2014 S\$'000	2015 S\$'000	2014 S\$'000
Audit fees to independent auditors of the Trust	260	238	177	176
Audit fees to other independent auditors	185	156	-	-
Non-audit fees to independent auditors of the Trust	15	15	15	15

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

## 9. INCOME TAX

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

	Group		Trust	
	2015 S\$'000	2014 S\$'000	2015 S\$'000	2014 S\$'000
<u>Current tax expense:</u>				
Current tax expense	15,658	15,073	-	-
Subtotal	<b>15,658</b>	<b>15,073</b>	<b>-</b>	<b>-</b>
<u>Deferred tax expense:</u>				
Deferred tax expense/(income)	12,841	7,010	(159)	(105)
Subtotal	<b>12,841</b>	<b>7,010</b>	<b>(159)</b>	<b>(105)</b>
Total income tax expense/(income)	<b>28,499</b>	<b>22,083</b>	<b>(159)</b>	<b>(105)</b>

# Notes to the Financial Statements

31 DECEMBER 2015

## 9. INCOME TAX (CONTINUED)

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

The income tax in profit or loss varied from the amount of income tax amount determined by applying the Singapore income tax rate of 17% (2014: 17%) to profit or loss before income tax as a result of the following differences:

	Group		Trust	
	2015 S\$'000	2014 S\$'000	2015 S\$'000	2014 S\$'000
Total return before income tax	96,277	112,686	29,230	30,878
Income tax expense at the above rate	16,367	19,157	4,969	5,249
Non-deductible/(not liable to tax) items	21,609	15,643	(5,313)	(5,639)
Effect of different tax rates in different countries	(9,662)	(13,002)	-	-
Tax transparency <sup>(a)</sup>	185	285	185	285
Total income tax expense/(income)	28,499	22,083	(159)	(105)

The amount of current income taxes payable as at the end of the reporting year was S\$778,000 (2014: S\$445,000) for the Group. Such an amount is net of tax advances, which, according to the tax rules, were paid before the end of the reporting year.

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

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

	Group		Trust	
	2015 S\$'000	2014 S\$'000	2015 S\$'000	2014 S\$'000
Deferred tax relating to the changes in fair value of investment properties	12,841	7,010	(159)	(105)

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

	Group		Trust	
	2015 S\$'000	2014 S\$'000	2015 S\$'000	2014 S\$'000
<u>Deferred tax (liabilities)/assets recognised in profit or loss:</u>				
Deferred tax relating to the changes in fair value of investment properties	(41,350)	(28,508)	754	595



# Notes to the Financial Statements

31 DECEMBER 2015

## 9. INCOME TAX (CONTINUED)

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

Presented in the statements of financial position as follows:

	2015 S\$'000	2014 S\$'000	2015 S\$'000	2014 S\$'000
Deferred tax liabilities	(42,104)	(29,103)	-	-
Deferred tax assets	754	595	754	595
Net balance	(41,350)	(28,508)	754	595

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	
	2015 S\$'000	2014 S\$'000
Foreign subsidiaries	67,087	65,008

## 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	
	2015	2014
Denominator: Weighted average number of units outstanding during the year ('000)	744,925	719,510
Numerator: Earnings attributable to unitholders Total return after income tax (S\$'000)	67,778	90,603
Earnings per unit (in cents) Basic and diluted	9.10	12.59

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

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

# Notes to the Financial Statements

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## 11. DISTRIBUTIONS

	Group and Trust	
	2015	2014
	S\$'000	S\$'000
<u>Total distribution paid during the year:</u>		
Distribution of 1.97 cents per unit for the period from 1 October 2013 to 31 December 2013	-	13,955
Distribution of 1.99 cents per unit for the period from 1 January 2014 to 31 March 2014	-	14,195
Distribution of 2.00 cents per unit for the period from 1 April 2014 to 30 June 2014	-	14,371
Distribution of 2.02 cents per unit for the period from 1 July 2014 to 30 September 2014	-	14,689
Distribution of 2.04 cents per unit for the period from 1 October 2014 to 31 December 2014	14,945	-
Distribution of 2.06 cents per unit for the period from 1 January 2015 to 31 March 2015	15,189	-
Distribution of 2.07 cents per unit for the period from 1 April 2015 to 30 June 2015	15,437	-
Distribution of 2.08 cents per unit for the period from 1 July 2015 to 30 September 2015	15,586	-
	<b>61,157</b>	<b>57,210</b>

### 11A. Distribution per unit

	Group and Trust			
	2015	2014	2015	2014
	Cents per unit	Cents per unit	S\$'000	S\$'000
Based on the number of units in issue at the dates of distributions	<b>8.30</b>	8.05	<b>61,923</b>	58,221

#### Distribution Type

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

**Distribution Type** Income/Capital

	Group and Trust			
	2015	2014	2015	2014
	Cents per unit	Cents per unit	S\$'000	S\$'000
<b>Distribution Rate</b>				
Taxable Income <sup>(a)</sup> :	<b>0.23</b>	0.26	<b>1,711</b>	1,871
Tax-Exempt Income <sup>(b)</sup> :	<b>3.46</b>	3.80	<b>25,734</b>	27,350
Capital <sup>(c)</sup> :	<b>2.52</b>	1.95	<b>18,767</b>	14,037
Subtotal:	<b>6.21</b>	6.01	<b>46,212</b>	43,258

# Notes to the Financial Statements

31 DECEMBER 2015

## 11. DISTRIBUTIONS (CONTINUED)

### 11A. Distribution per unit (continued)

**Name of Distribution** Distribution declared subsequent to end of the reporting year (final distribution)  
(See Note 28)

**Distribution Type** Income/Capital

Distribution Rate	Group and Trust			
	2015 Cents per unit	2014 Cents per unit	2015 S\$'000	2014 S\$'000
Taxable Income <sup>(a)</sup> :	0.08	0.09	600	660
Tax-Exempt Income <sup>(b)</sup> :	1.10	1.28	8,308	9,388
Capital <sup>(c)</sup> :	0.91	0.67	6,803	4,915
Subtotal:	2.09	2.04	15,711	14,963

#### Total annual distribution paid or declared

Taxable Income <sup>(a)</sup> :	0.31	0.35	2,311	2,531
Tax-Exempt Income <sup>(b)</sup> :	4.56	5.08	34,042	36,738
Capital <sup>(c)</sup> :	3.43	2.62	25,570	18,952
Total:	8.30	8.05	61,923	58,221

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

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

All other investors will receive their distributions after deduction of tax at the rate of 17% (2014: 17%).

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

Current Distribution Policy:

The Trust's current distribution policy is to distribute at least 90.0% (2014: 90.0%) of its taxable and tax-exempt income (after deduction of applicable expenses) and certain capital receipts. The capital receipts comprise amounts received by the Trust from redemption of redeemable preference shares and shareholder loans in the Singapore subsidiaries.

# Notes to the Financial Statements

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## 12. INVESTMENT PROPERTIES

	Group		Trust	
	2015 S\$'000	2014 S\$'000	2015 S\$'000	2014 S\$'000
At fair value:				
Balance at beginning of the year	<b>1,172,015</b>	1,052,266	<b>38,700</b>	39,100
Additions at cost #a	<b>71,542</b>	72,217	<b>200</b>	219
Translation differences	<b>581</b>	358	-	-
Change in fair value included in statements of total return (Level 3)	<b>24,168</b>	47,174	<b>(1,000)</b>	(619)
Balance at end of the year	<b>1,268,306</b>	1,172,015	<b>37,900</b>	38,700
Rental income from investment properties	<b>100,698</b>	93,255	<b>3,687</b>	3,615
Direct operating expenses (including repairs and maintenance) arising from investment properties that generated rental income during the reporting year	<b>1,422</b>	1,382	<b>234</b>	97

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

#a. The additions in 2015 are for the acquisition of Siloam Hospitals Kupang & Lippo Plaza Kupang (Note 18). This includes capitalised transaction costs of S\$1,307,000. The non-cancellable leases were entered into on 14 December 2015. The additions in 2014 were for the acquisition of Siloam Hospitals Purwakarta and Siloam Sriwijaya amounting to S\$31.0 million and S\$39.2 million respectively. The additions included capitalised transaction costs of S\$1,837,000.

On 29 December 2015, the Group entered into an asset-enhancement transaction in relation to Siloam Hospitals Surabaya (Note 26).

The fair value of each investment property was measured in November 2015 and updated on 31 December 2015 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.

# Notes to the Financial Statements

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## 12. INVESTMENT PROPERTIES (CONTINUED)

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

	Indonesia 2015	Indonesia 2014	Singapore 2015	Singapore 2014	South Korea 2015	South Korea 2014
1. Estimated discount rates using pre-tax rates that reflect current market assessments at the risks specific to the properties	<b>9.52% to 10.35%</b>	9.64% to 9.80%	<b>8.25%</b>	8.25%	<b>Note 1</b>	Note 1
2. Growth rates based on escalation rate in the lease agreements	<b>#(A)</b>	#(A)	<b>2.00%</b>	2.00%	<b>Note 1</b>	Note 1
3. Cash flow forecasts derived from the most recent financial budgets approved by management	<b>10 years 8.00% to 12.50%</b>	10 years 9.00% to 11.00%	<b>10 years 6.50%</b>	10 years 6.00% to 6.50%	<b>Note 1</b>	Note 1
4. Terminal rate #(B)	<b>1 Oct and 6 Nov</b>	1 Oct and 31 Oct	<b>6 Nov</b>	31 Oct	<b>6 Nov</b>	31 Oct
5. Dates of valuations						

#(A) The growth rate for the base rent is based on 2.00% (2014: 2.00%) of the preceding 12 months base rent while the variable rent is the amount equivalent to 0.75% to 2.00% (2014: 0.75% to 2.00%) of the tenant's gross revenue for the preceding calendar year, depending on the tenant's gross revenue growth.

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

Note 1: The valuations of the South Korean property for 2015 and 2014 were based on the direct capitalisation method. The direct capitalisation method is a valuation method used to convert a single year's income expectancy into a value estimate. The income used is the market rental of this property adjusted for operating expenses (net operating income). An overall capitalisation rate of 10.0% (2014: 9.75%) 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.

The valuations for 2015 were made by the following independent professional valuers:

1. Three Indonesia properties – KJPP Willson & Rekan in association with Knight Frank
2. Four Indonesia properties – KJPP Rengganis, Hamid & Rekan in strategic alliance with CBRE Pte Ltd
3. Three Indonesia properties – KJPP Rinaldi, Alberth, Baroto & Partners in association with DTZ
4. Three Indonesia properties – KJPP Winarta & Rekan as the valuation arm of Jones Lang LaSalle
5. All Singapore properties – Colliers International Consultancy & Valuation (Singapore) Pte Ltd
6. The South Korea property – Colliers International Consultancy & Valuation (Singapore) Pte Ltd

# Notes to the Financial Statements

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## 12. INVESTMENT PROPERTIES (CONTINUED)

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

Other than Sarang Hospital, Siloam Hospitals Surabaya and Siloam Sriwijaya, all the properties are mortgaged as security for the bank facilities (Note 20). Other details on the properties are disclosed in the statements of portfolio.

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

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

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

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

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

(c) Strata Title

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

The commencement date of each title varies.

The investment properties are leased out under operating leases (Notes 3 and 27).

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

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

Description	Fair value at 31 December 2015 (in S\$'000)	Valuation technique(s)	Key unobservable inputs	Range of unobservable inputs (probability-weighted average)	Relationship of unobservable inputs to fair value
Investment properties	1,259,400 (2014: 1,163,690)	Discounted cash flow method	Discount rate	8.25% to 10.35% (2014: 8.25% to 9.80%)	The higher the discount rate, the lower the fair value.
			Terminal rate	6.50% to 12.50% (2014: 6.00% to 11.00%)	The higher the terminal rate, the lower the fair value.
	8,906 (2014: 8,325)	Direct capitalisation method	Capitalisation rate	10.0% (2014: 9.75%)	The higher the capitalisation rate, the lower the fair value.

# Notes to the Financial Statements

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## 12. INVESTMENT PROPERTIES (CONTINUED)

There were no significant inter-relationships between unobservable inputs.

Sensitivity analysis on key estimates:

### Indonesia properties:

1. Discount rates

A hypothetical 10% increase or decrease in the pre-tax discount rate applied to the discounted cash flows would have an effect on return before tax of – lower by S\$72.2 million (2014: S\$59.2 million); higher by S\$79.0 million (2014: S\$69.3 million) respectively.

2. Growth in rental income

A hypothetical 10% increase or decrease in the rental income would have an effect on return before tax of – higher by S\$75.4 million (2014: S\$50.9 million); lower by S\$75.9 million (2014: S\$50.8 million) respectively.

3. Terminal rates

A hypothetical 10% increase or decrease in the terminal rate would have an effect on return before tax of – lower by S\$43.1 million (2014: S\$27.5 million); higher by S\$52.5 million (2014: S\$37.3 million) respectively.

### Singapore properties:

1. Discount rates

A hypothetical 10% increase or decrease in the pre-tax discount rate applied to the discounted cash flows would have an effect on return before tax of – lower by S\$1.9 million (2014: S\$1.8 million); higher by S\$1.9 million (2014: S\$2.0 million) respectively.

2. Growth in rental income

A hypothetical 10% increase or decrease in the rental income would have an effect on return before tax of – higher by S\$2.6 million (2014: S\$2.5 million); lower by S\$2.7 million (2014: S\$2.4 million) respectively.

3. Terminal rates

A hypothetical 10% increase or decrease in the terminal rate would have an effect on return before tax of – lower by S\$0.3 million (2014: S\$0.4 million); higher by S\$0.3 million (2014: S\$0.4 million) respectively.

### South Korea property:

1. Growth in rental income

A hypothetical 10% increase or decrease in the rental income would have an effect on return before tax of – higher by S\$1.0 million (2014: S\$0.9 million); lower by S\$0.8 million (2014: S\$0.8 million) respectively.

2. Capitalisation rates

A hypothetical 10% increase or decrease in the capitalisation rate would have an effect on return before tax of – lower by S\$0.7 million (2014: S\$0.8 million); higher by S\$1.1 million (2014: S\$0.9 million) respectively.

# Notes to the Financial Statements

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## 12. INVESTMENT PROPERTIES (CONTINUED)

### Valuation processes of the Group

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

The team engages external, independent and qualified valuers to determine the fair value of the Group's properties at the end of every financial year. For 2015, the firms of independent professional valuers engaged are mentioned above.

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

- *Discount rates*  
The discount rates have been determined using the valuers' model to calculate a pre-tax rate that reflects current market assessments of the time value of money and the risk specific to the asset.
- *Terminal rates*  
The terminal rates have been determined using the valuers' model of the location, building quality, its surrounding local market condition, the competitive positioning of the property, the perceived market conditions in the future, estimated cash flow profile and the overall physical condition and age of the property.
- *Expected net rental cashflows*  
These are estimated by management based on existing lease agreements and market conditions as at 31 December 2015. The estimates are largely consistent with management's knowledge of actual conditions and situations.

## 13. INVESTMENTS IN SUBSIDIARIES

	Trust	
	2015	2014
	S\$'000	S\$'000
Movements during the year. At cost:		
Balance at beginning of the year	690,989	639,721
Additions at cost	77,957	65,996
Impairment allowance included in the statement of total return	-	-
Redemption of redeemable preference shares	(20,688)	(14,728)
Cost at the end of the year	748,258	690,989



# Notes to the Financial Statements

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## 13. INVESTMENTS IN SUBSIDIARIES (CONTINUED)

	Trust	
	2015 S\$'000	2014 S\$'000
Total cost comprising:		
Unquoted equity shares at cost	386,749	353,357
Redeemable preference shares at cost	361,509	337,632
Total at cost	748,258	690,989
Movement in allowance for impairment:		
Balance at beginning of the year	(8,136)	(8,136)
Impairment allowance included in the statement of total return	-	-
Balance at end of the year	(8,136)	(8,136)

The details of the subsidiaries are disclosed in Note 31 below.

## 14. TRADE AND OTHER RECEIVABLES, CURRENT

	Group		Trust	
	2015 S\$'000	2014 S\$'000	2015 S\$'000	2014 S\$'000
<u>Trade receivables:</u>				
Outside parties	7,609	3,922	466	757
Less impairment allowance	(3,282)	(2,831)	-	-
Related party (Note 3)	1,374	1,391	8	8
Subtotal	5,701	2,482	474	765
<u>Other receivables:</u>				
Subsidiaries (Note 3)	-	-	2,526	2,222
Less impairment allowance	-	-	(567)	(567)
Outside parties	8,811	6,506	20	24
Subtotal	8,811	6,506	1,979	1,679
Total trade and other receivables	14,512	8,988	2,453	2,444

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

	Group		Trust	
	2015 S\$'000	2014 S\$'000	2015 S\$'000	2014 S\$'000
<u>Movement in above allowance:</u>				
Balance at beginning of the year	(2,831)	(2,165)	(567)	(567)
Impairment allowance included in statement of total return	(246)	(546)	-	-
Foreign exchange loss recognised on translation at year end	(205)	(120)	-	-
Balance at the end of the year	(3,282)	(2,831)	(567)	(567)

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## 15. LOAN RECEIVABLE

	Trust	
	2015 S\$'000	2014 S\$'000
Loan receivable from subsidiary:		
Non-current portion	53,330	58,785
Current portion	4,823	4,191
Total	58,153	62,976

The agreement for the loan receivable provides that it is unsecured, with fixed interest at 0% and 3.39% (2014: 0% and 3.39%) per annum and is repayable by quarterly installments over 20 years from 30 December 2010. The loan is carried at amortised cost using the effective interest method. A portion of the loan receivable has no interest and repayment is dependent on the cash flows of the borrower. The fair value is not determinable as the timing of the cash flows arising from the loan amount cannot be estimated reliably. The amount is not past due.

## 16. OTHER ASSETS, CURRENT

	Group		Trust	
	2015 S\$'000	2014 S\$'000	2015 S\$'000	2014 S\$'000
Prepayments	328	206	328	178
Prepaid taxes	2,304	2,351	-	-
	2,632	2,557	328	178

## 17. CASH AND CASH EQUIVALENTS

	Group		Trust	
	2015 S\$'000	2014 S\$'000	2015 S\$'000	2014 S\$'000
Not restricted in use	26,827	28,230	23,606	26,708

The rate of interest for the cash on interest-earning accounts ranged from 0.74% to 1.20% (2014: 0.37% to 0.87%) per annum.

### 17A. Cash and cash equivalents in the statement of cash flows:

	Group		Trust	
	2015 S\$'000	2014 S\$'000	2015 S\$'000	2014 S\$'000
As shown above	26,827	28,230	23,606	26,708

### 17B. Non-cash transactions:

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

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

During the year, a total of 4,804,612 units and 11,538,461 were issued in settlement of S\$6.0 million and S\$15.0 million of the purchase consideration for the acquisition of Siloam Sriwijaya and Siloam Hospitals Kupang & Lippo Plaza Kupang respectively (Note 18). In 2014, a total of 3,805,175 units were issued in settlement of S\$4.5 million of the purchase consideration for the acquisition of Siloam Hospitals Purwakarta.

# Notes to the Financial Statements

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

	Group and Trust	
	2015 '000	2014 '000
Units at beginning of the year	731,702	706,629
Issuance of new units as settlement of management fees (a)	5,196	5,762
Issuance of new units to vendor as part of investment property purchase (b)	16,343	3,805
Issuance of new units pursuant to the Distribution Reinvestment Plan (c)	8,326	15,506
Units at end of the year	761,567	731,702

- (a) A total of 5,196,000 (2014: 5,762,000) new units at an issue price range from S\$1.2385 to S\$1.4090 (2014: S\$1.0431 to S\$1.2240) per unit were issued in respect of the settlement for the Manager's management fees to the Manager.

At the end of the reporting year, 1,537,000 (2014: 1,565,000) units were issuable as settlement for the Manager's management fees for the last quarter of the reporting year.

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

- (b) The Trust completed the issuance of 4,805,000 units at an issue price of S\$1.2488 per unit on 5 January 2015 for the acquisition of Siloam Sriwijaya.

The acquisition was completed on 29 December 2014.

The Trust acquired shares of PT Nusa Bahana Niaga ("**PT NBN**") that owned Siloam Hospitals Kupang & Lippo Plaza Kupang ("**Kupang Property**"), which is located Jalan Veteran, No. 4, Arena Pameran Fatululi, Kupang, East Nusa Tenggara, Indonesia for a purchase consideration of S\$70.0 million from PT Bumi Sarana Sejahtera ("**PT BSS**") and PT Graha Data Nusa ("**PT GDN**"). PT BSS and PT GDN are not an interested person nor an interested party. The acquisition of PT NBN was carried out by the Trust indirectly via the incorporation of SHKP Investment I Pte. Ltd., a company incorporated in Singapore and through its wholly-owned subsidiary, SHKP Investment II Pte. Ltd., a company incorporated in Singapore. S\$15.0 million of the purchase consideration will be satisfied by way of the issuance of 11,538,000 units at an issue price of S\$1.30 per unit with the approval from the Singapore Exchange Securities Trading Limited on 14 December 2015.

The acquisition was completed on 14 December 2015.

A total of 16,343,000 (2014: 3,805,000) units were issued for the acquisitions during the reporting year.

# Notes to the Financial Statements

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

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

A total of 8,326,000 (2014: 15,506,000) new units at an issue price range of S\$1.2689 to S\$1.3810 (2014: S\$1.0163 to S\$1.1887) per unit were issued pursuant to the Distribution Reinvestment Plan.

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

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

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

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

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

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

	Group		Trust	
	2015 S\$'000	2014 S\$'000	2015 S\$'000	2014 S\$'000
Net assets value attributable to unitholders at end of the year	<b>791,101</b>	744,950	<b>401,437</b>	394,273
	<b>Cents</b>	<b>Cents</b>	<b>Cents</b>	<b>Cents</b>
Net assets value attributable to unitholders per unit (in cents)	<b>103.88</b>	101.81	<b>52.71</b>	53.88

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

### 18A. Movements in components of unitholders' funds

<b>Group:</b>	<b>Issued equity S\$'000</b>	<b>Retained earnings S\$'000</b>	<b>Foreign exchange reserve S\$'000</b>	<b>Total S\$'000</b>
<b>Current year:</b>				
Opening balance at 1 January 2015	423,792	320,207	951	744,950
Total comprehensive return for the year	-	67,778	598	68,376
Purchase of investment property paid in units (Note 18)	21,000	-	-	21,000
Manager's management fees settled in units	6,823	-	-	6,823
Distribution settled in units	11,109	-	-	11,109
Distributions	(23,679)	(37,478)	-	(61,157)
<b>Closing balance at 31 December 2015</b>	<b>439,045</b>	<b>350,507</b>	<b>1,549</b>	<b>791,101</b>
<b>Previous year:</b>				
Opening balance at 1 January 2014	414,109	268,170	620	682,899
Total comprehensive return for the year	-	90,603	331	90,934
Purchase of investment property paid in units (Note 18)	4,500	-	-	4,500
Manager's management fees settled in units	6,459	-	-	6,459
Distribution settled in units	17,368	-	-	17,368
Distributions	(18,644)	(38,566)	-	(57,210)
<b>Closing balance 31 December 2014</b>	<b>423,792</b>	<b>320,207</b>	<b>951</b>	<b>744,950</b>
<b>Trust:</b>				
	<b>Issued equity S\$'000</b>	<b>Accumulated losses S\$'000</b>	<b>Foreign exchange reserve S\$'000</b>	
<b>Current year:</b>				
Opening balance at 1 January 2015	423,792	(29,519)	394,273	
Total comprehensive return for the year	-	29,389	29,389	
Purchase of investment property paid in units (Note 18)	21,000	-	21,000	
Manager's management fees settled in units	6,823	-	6,823	
Distribution settled in units	11,109	-	11,109	
Distributions	(23,679)	(37,478)	(61,157)	
<b>Closing balance at 31 December 2015</b>	<b>439,045</b>	<b>(37,608)</b>	<b>401,437</b>	
<b>Previous year:</b>				
Opening balance at 1 January 2014	414,109	(21,936)	392,173	
Total comprehensive return for the year	-	30,983	30,983	
Purchase of investment property paid in units (Note 18)	4,500	-	4,500	
Manager's management fees settled in units	6,459	-	6,459	
Distribution settled in units	17,368	-	17,368	
Distributions	(18,644)	(38,566)	(57,210)	
<b>Closing balance at 31 December 2014</b>	<b>423,792</b>	<b>(29,519)</b>	<b>394,273</b>	

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

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

#### Capital management:

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

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

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

	Group		Trust	
	2015 S\$'000	2014 S\$'000	2015 S\$'000	2014 S\$'000
Net debt:				
All external borrowings	442,565	396,575	442,565	396,575
Less cash and cash equivalents	(26,827)	(28,230)	(23,606)	(26,708)
Net debt	415,738	368,345	418,959	369,867
Adjusted capital:				
Issued equity	439,045	423,792	439,045	423,792
Retained earnings/(Accumulated losses)	350,507	320,207	(37,608)	(29,519)
Foreign exchange reserve	1,549	951	-	-
Adjusted capital	791,101	744,950	401,437	394,273
Debt-to-adjusted capital ratio	52.55%	49.45%	104.36%	93.81%

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

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

In accordance with the Code on Collective Investment Schemes issued by the Monetary Authority of Singapore, the total borrowings and deferred payments of the Group should not exceed 45% of the Group's deposited property. It was 34.0% (2014: 33.1%) as at end of the reporting year. 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.

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## 19. FINANCIAL RATIOS

	Group		Trust	
	2015	2014	2015	2014
Expenses to average net assets ratio - excluding performance related fees <sup>(1)</sup>	<b>1.69%</b>	1.59%	<b>3.24%</b>	2.71%
Expenses to average net assets ratio - including performance related fees <sup>(1)</sup>	<b>1.05%</b>	0.95%	<b>1.99%</b>	1.54%
Portfolio turnover ratio <sup>(2)</sup>	<b>N/M</b>	N/M	<b>N/M</b>	N/M
Rent/EBITDA ratio of Indonesian properties <sup>(3)</sup>	<b>61.09%</b>	67.30%	-	-
Total operating expenses (S\$'000) <sup>(4)</sup>	<b>42,912</b>	34,808	<b>12,967</b>	11,419
Total operating expenses to total Unitholders' funds ratio <sup>(4)</sup>	<b>5.42%</b>	4.67%	<b>3.23%</b>	2.90%

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

<sup>(2)</sup> 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.

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

<sup>(4)</sup> The revised Code on Collective Investment Schemes dated 1 January 2016 requires disclosure of the total operating expenses of the property fund, including all fees and charges paid to the manager and interested parties (in both absolute terms, and as a percentage of the property fund's net asset value as at the end of the financial year) and taxation incurred in relation to the property fund's real estate assets.

N/M – Not meaningful as the ratio is Nil for 2015 and 2014 as there was no sale of investment property.

## 20. OTHER FINANCIAL LIABILITIES

	Group and Trust	
	2015 S\$'000	2014 S\$'000
<u>Current:</u>		
Bank loans (a)	-	26,500
Transaction cost to be amortised	-	(15)
	-	26,485
Bank loans (secured) (b)	<b>45,000</b>	-
Transaction cost to be amortised	<b>(726)</b>	-
	<b>44,274</b>	-
Current, total	<b>44,274</b>	26,485
<u>Non-current:</u>		
Bank loans (secured) (Note 20A)	<b>302,577</b>	274,794
Transaction cost to be amortised (Note 20A)	<b>(3,669)</b>	(3,841)
	<b>298,908</b>	270,953
Fixed rate notes (Note 20B)	<b>100,000</b>	100,000
Transaction cost to be amortised	<b>(617)</b>	(863)
	<b>99,383</b>	99,137
Non-current, total	<b>398,291</b>	370,090
Total other financial liabilities	<b>442,565</b>	396,575

# Notes to the Financial Statements

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## 20. OTHER FINANCIAL LIABILITIES (CONTINUED)

- (a). The bridge loan due in May 2015 was refinanced by a five years term loan facility of up to S\$26,500,000.
- (b). The above current, secured loans are under two revolving facilities of up to S\$18,500,000 and S\$31,500,000 maturing in December 2019 and May 2020 respectively.

The range of floating interest rates per annum were from 3.00% to 3.21% (2014: 2.44% to 3.00%).

## 20A. BANK LOANS (SECURED)

	Group and Trust	
	2015 S\$'000	2014 S\$'000
<b>Non-current:</b>		
Bank loan A (secured)	91,600	91,600
Transaction cost to be amortised	(637)	(1,008)
	<b>90,963</b>	90,592
Bank loan B (secured)	33,160	33,160
Transaction cost to be amortised	(429)	(560)
	<b>32,731</b>	32,600
Bank loan C (secured)	151,317	150,034
Transaction cost to be amortised	(1,909)	(2,273)
	<b>149,408</b>	147,761
Bank loan D (secured)	26,500	-
Transaction cost to be amortised	(694)	-
	<b>25,806</b>	-
Total bank loans (secured)	<b>298,908</b>	270,953

Bank loan A is due in November 2017 and is under a fixed rate loan facility of up to S\$92,000,000. There are amounts under Bank loan B due in December 2017 and December 2018 and under multi-currency transferrable term loan facilities of up to S\$40,000,000. There are amounts under Bank loan C due in December 2017, December 2018 and December 2019, and under multi-currency transferable term loan facilities of up to S\$165,000,000. Bank loan D, which is due in May 2020 and under multi-currency transferable term loan facilities of up to S\$26,500,000.

All the amounts are at fixed interest rates or hedged with interest rate swap except for S\$6,000,000 for Bank loan C.

The fixed interest rate of Bank loan A is 3.39% (2014: 3.39%) per annum. The range of floating interest rates per annum for the Bank loan B and C are from 2.45% to 3.98% (2014: 2.45% to 3.64%) per annum. The fixed interest rate of Bank loan D is 3.75% (2014: Nil).

The range of effective interest rates per annum for the above borrowings is from 3.67% to 4.23% (2014: 3.72% to 4.19%).



# Notes to the Financial Statements

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## 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 Sarang Hospital, Siloam Hospitals Surabaya and Siloam Sriwijaya.
- 2) Assignment to the banks of all of the Group's rights, titles, interests and benefits under any leases, tenancies, sales proceeds and cash flows in respect of the Indonesian properties and the Singapore properties except for Siloam Hospitals Surabaya and Siloam Sriwijaya.
- 3) Assignment to the banks of all of the Group's rights, titles and interests under the insurance policies in respect of the Indonesian properties and the Singapore properties, with the bank named as a "loss payee" except for Siloam Hospitals Surabaya and Siloam Sriwijaya.
- 4) A debenture containing first fixed and floating charges over all assets and undertakings of the Trust's Singapore subsidiaries and subsidiaries of Trust's Singapore subsidiaries except for Great Capital Pte. Ltd., Key Capital Pte. Ltd., Kalmore Investments Pte. Ltd., IAHCC Investment Pte. Ltd., Finura Investments Pte. Ltd., Glamis Investments Pte. Ltd., Surabaya Hospitals Investment Pte. Ltd., Sriwijaya Investment I Pte. Ltd., and Sriwijaya Investment II Pte. Ltd.
- 5) Charge of all of the Trust's shares in the Singapore subsidiaries and subsidiaries of Trust's Singapore subsidiaries except for Kalmore Investments Pte. Ltd., Finura Investments Pte. Ltd., Glamis Investments Pte. Ltd., IAHCC Investment Pte. Ltd., Surabaya Hospitals Investment Pte. Ltd., Sriwijaya Investment I Pte. Ltd., and Sriwijaya Investment II Pte. Ltd.
- 6) Charge of all of the Singapore subsidiaries' shares in the Indonesian subsidiaries except for PT Tata Prima Indah and PT Sriwijaya Mega Abadi.
- 7) A debenture by the Group covering first fixed and floating charges over all assets and undertakings in respect of the Singapore properties.
- 8) PT Lippo Karawaci Tbk's interest in the Trust is not less than 25.0%.
- 9) Compliance with certain financial covenants.

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

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

	Carrying amounts		Fair values	
	2015 S\$'000	2014 S\$'000	2015 S\$'000	2014 S\$'000
Group and Trust				
Bank loan A (non-current)	90,963	90,592	90,644	92,793
Bank loan D (non-current)	25,806	-	25,947	-

The fair value of the loans was estimated by discounting the future cash flows payable under the terms of the loan using the year-end market interest rate of 1.7% applicable to loans of similar credit risk, terms and conditions (Level 2).

# Notes to the Financial Statements

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## 20. OTHER FINANCIAL LIABILITIES (CONTINUED)

### 20B. Fixed rate notes

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

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

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

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

The total facility drawn down as at 31 December 2015 under the Programme was S\$100,000,000 (2014: S\$100,000,000). It will mature on 22 May 2018 and bears a fixed interest rate of 4.125% (2014: 4.125%) per annum payable semi-annually in arrears. The effective interest rate per annum is 4.40% (2014: 4.40%).

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

	Carrying amounts		Fair values	
	2015	2014	2015	2014
	S\$'000	S\$'000	S\$'000	S\$'000
<u>Group and Trust</u>				
Fixed rate notes (non-current)	<b>99,383</b>	99,137	<b>99,375</b>	101,250

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

## 21. TRADE AND OTHER PAYABLES, CURRENT

	Group		Trust	
	2015	2014	2015	2014
	S\$'000	S\$'000	S\$'000	S\$'000
<u>Trade payables:</u>				
Outside parties and accrued liabilities	<b>243</b>	109	<b>154</b>	63
Related parties (Note 3)	<b>2,110</b>	1,956	<b>2,110</b>	1,956
Subtotal	<b>2,353</b>	2,065	<b>2,264</b>	2,019
<u>Other payables:</u>				
Subsidiary (Note 3)	-	-	<b>22,037</b>	23,872
Related party (Note 3)	<b>22</b>	22	-	-
Other payables	<b>14,985</b>	18,342	<b>3,415</b>	3,096
Subtotal	<b>15,007</b>	18,364	<b>25,452</b>	26,968
Total trade and other payables	<b>17,360</b>	20,429	<b>27,716</b>	28,987

In 2015, included in the Group's other payables as at end of the financial year, were mainly taxes payable to the vendors upon receipt of refunds from the tax authority.

In 2014, included in the Group's other payables, was a S\$6.0 million payable for the acquisition of Siloam Sriwijaya (Note 18). Remaining balances were taxes payable to the vendors upon receipt of refunds from the tax authority.

# Notes to the Financial Statements

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## 22. OTHER LIABILITIES, CURRENT

	Group		Trust	
	2015 S\$'000	2014 S\$'000	2015 S\$'000	2014 S\$'000
Deferred income	19,465	18,203	76	75
Security deposits	1,789	2,680	1,789	2,680
	<b>21,254</b>	<b>20,883</b>	<b>1,865</b>	<b>2,755</b>

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

## 23. DERIVATIVES FINANCIAL INSTRUMENTS

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

	Group and Trust	
	2015 S\$'000	2014 S\$'000
<i>Assets – Derivatives with positive fair values:</i>		
Interest rate swap (Note 23A) – Non-current	<b>2,131</b>	-
The movements during the year were as follows:		
Balance at beginning of year	-	-
Gains recognised in profit or loss	<b>2,131</b>	-
Total net balance at end of the year	<b>2,131</b>	-

The maximum exposure to credit risk at the reporting date is the fair value of derivatives assets.

# Notes to the Financial Statements

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## 23. DERIVATIVES FINANCIAL INSTRUMENTS (CONTINUED)

### 23A. Interest rate swap

As at 31 December 2015, the notional amount of seven interest rate swaps for 2015 was S\$178,477,000. The Group paid a fixed rate interest at range of 2.94% to 3.98% per annum and received a variable rate equal to the swap offer rate ("**SOR**") on the notional contract amount (Level 2). The interest rate swaps will expire on between 26 December 2017 to 23 December 2019.

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

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

## 24. FINANCIAL INFORMATION BY OPERATING SEGMENTS

### Information about reportable segment profit or loss and assets

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

The Group is engaged in a single business of investing in investment properties in the healthcare and/or healthcare-related sector. During the reporting year the Group had three reportable operating segments: 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.

# Notes to the Financial Statements

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## 24. FINANCIAL INFORMATION BY OPERATING SEGMENTS (CONTINUED)

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

	Indonesia 2015 S\$'000	Singapore 2015 S\$'000	South Korea 2015 S\$'000	Total 2015 S\$'000
<b>Profit or loss reconciliation</b>				
Gross revenue	96,126	3,687	885	100,698
Impairment allowance on trade receivables	-	-	(246)	(246)
Net property income	95,411	3,294	571	99,276
Interest income	23	208	-	231
Manager's management fees				(9,881)
Trustee fees				(372)
Finance costs				(16,538)
Other expenses				(2,738)
Net income before the undernoted				69,978
Change in fair value of investment properties	25,168	(1,000)	-	24,168
Net gains in fair value of financial derivatives				2,131
Total return before income tax				96,277
Income tax (expense)/benefit	(28,488)	159	(170)	(28,499)
Total return after income tax				67,778
<b>Assets</b>				
Segment assets including properties	1,240,372	65,252	9,538	1,315,162
Total assets				1,315,162

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

# Notes to the Financial Statements

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## 24. FINANCIAL INFORMATION BY OPERATING SEGMENTS (CONTINUED)

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

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\$88,452,000 (2014: S\$86,809,000).

## 25. FINANCIAL INSTRUMENTS: INFORMATION ON FINANCIAL RISKS

### 25A. Categories of financial assets and liabilities

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

	Group		Trust	
	2015 S\$'000	2014 S\$'000	2015 S\$'000	2014 S\$'000
<u>Financial assets:</u>				
Cash and cash equivalents	26,827	28,230	23,606	26,708
Loans and receivables	14,512	8,988	60,606	65,420
Derivatives financial instruments at fair value	2,131	–	2,131	–
At end of year	<b>43,470</b>	37,218	<b>86,343</b>	92,128
<u>Financial liabilities:</u>				
Borrowings at amortised cost	442,565	396,575	442,565	396,575
Trade and other payables at amortised cost	17,360	20,429	27,716	28,987
At end of year	<b>459,925</b>	417,004	<b>470,281</b>	425,562

Further quantitative disclosures are included throughout these financial statements.

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

### 25B. Financial risk management

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

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

# Notes to the Financial Statements

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## 25. FINANCIAL INSTRUMENTS: INFORMATION ON FINANCIAL RISKS (CONTINUED)

### 25B. Financial risk management (continued)

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.

### 25C. Credit risk on financial assets

Financial assets that are potentially subject to concentrations of credit risk and failures by counterparties to discharge their obligations in full or in a timely manner consist principally of cash balances with banks, cash equivalents and receivables and other financial assets. The maximum exposure to credit risk is: the total of the fair value of the financial assets; the maximum amount the entity could have to pay if the guarantee is called on; and the full amount of any payable commitments at the end of the reporting year. Credit risk on cash balances with banks and any other financial instruments is limited because the counter-parties are entities with acceptable credit ratings. Credit risk on other financial assets is limited because the other parties are entities with acceptable credit ratings. For 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 with customers 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 on receivables, as the exposure is spread over a small number of counter-parties and debtors as disclosed in Note 24 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	
	2015 S\$'000	2014 S\$'000	2015 S\$'000	2014 S\$'000
<u>Trade receivables:</u>				
1 to 90 days overdue	4,052	572	192	428
91 to 180 days overdue	-	151	-	151
	<b>4,052</b>	<b>723</b>	<b>192</b>	<b>579</b>

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

	Group		Trust	
	2015 S\$'000	2014 S\$'000	2015 S\$'000	2014 S\$'000
<u>Trade receivables:</u>				
1 to 90 days overdue	-	-	-	-
91 to 180 days overdue	85	548	-	-
Over 180 days overdue	3,197	2,283	-	-
	<b>3,282</b>	<b>2,831</b>	<b>-</b>	<b>-</b>

The allowance which is disclosed in the Note 14 on trade and other receivables is based on individual amounts totalling S\$3,282,000 (2014: S\$2,831,000) that are determined to be impaired at the end of the reporting year. These are not secured.

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

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

# Notes to the Financial Statements

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## 25. FINANCIAL INSTRUMENTS: INFORMATION ON FINANCIAL RISKS (CONTINUED)

### 25D. Liquidity risk – financial liabilities maturity analysis

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

	Borrowings S\$'000	Trade and other payables S\$'000	Total S\$'000
<b>2015:</b>			
<u>Group</u>			
Less than 1 year	57,088	17,360	74,448
Between 1 – 5 years	424,353	-	424,353
At end of year	<b>481,441</b>	<b>17,360</b>	<b>498,801</b>
<u>Trust</u>			
Less than 1 year	57,088	27,716	84,804
Between 1 – 5 years	424,353	-	424,353
At end of year	<b>481,441</b>	<b>27,716</b>	<b>509,157</b>
	Borrowings S\$'000	Trade and other payables S\$'000	Total S\$'000
<b>2014:</b>			
<u>Group</u>			
Less than 1 year	38,889	20,429	59,318
Between 1 – 5 years	406,567	-	406,567
At end of year	<b>445,456</b>	<b>20,429</b>	<b>465,885</b>
<u>Trust</u>			
Less than 1 year	38,889	28,987	67,876
Between 1 – 5 years	406,567	-	406,567
At end of year	<b>445,456</b>	<b>28,987</b>	<b>474,443</b>

The remaining contractual maturity of derivative financial liabilities of the Group and Trust are between 1 to 5 years, amounting to S\$2,131,000 (2014: Nil) (Note 23A).

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 (2014: 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.

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



# Notes to the Financial Statements

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## 25. FINANCIAL INSTRUMENTS: INFORMATION ON FINANCIAL RISKS (CONTINUED)

### 25D. Liquidity risk – financial liabilities maturity analysis (continued)

	Group and Trust	
	2015	2014
	S\$'000	S\$'000
<u>Bank facilities:</u>		
Undrawn facilities	5,000	45,000

The undrawn facilities are available for refinancing existing loans, general corporate funding and working capital requirements of the Trust. The facilities expire in 2019 and 2020.

### 25E. Interest rate risk

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

	Group and Trust	
	2015	2014
	S\$'000	S\$'000
<u>Financial liabilities:</u>		
Bank loans at floating rates	226,412	206,846
Bank loans at fixed rates	216,153	189,729
Total at the end of the year	442,565	396,575

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.

The Trust enters into interest rate swap agreements to hedge the interest rate risk exposure arising from a bank loans at floating rates (Note 23A). The notional amount of the interest rate swaps was S\$178,477,000 (2014: Nil) as at 31 December 2015. They are designed to convert floating rate borrowings to fixed rate exposure till 26 December 2017 and 23 December 2019 respectively at 2.94% to 3.98% (2014: Nil) per annum. Information on the maturity of the financial instruments with floating interest rate is provided in Note 20. The fair value (Level 2) of interest rate swaps is S\$2,131,000 (2014: Nil).

Sensitivity analysis:

	Group and Trust	
	2015	2014
	S\$'000	S\$'000
<u>Financial liabilities:</u>		
A hypothetical increase in interest rates by 50 basis points (2014: 50 basis points) with all other variables held constant, would have a decrease in pre-tax profit for the year by	(112)	(831)
A hypothetical decrease in interest rates by 50 basis points (2014: 50 basis points) with all other variables held constant, would have a increase in pre-tax profit for the year by	112	831

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

# Notes to the Financial Statements

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## 25. FINANCIAL INSTRUMENTS: INFORMATION ON FINANCIAL RISKS (CONTINUED)

### 25F. Foreign currency risk

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

	US Dollars	
	2015	2014
	\$'000	\$'000
<u>Financial liabilities:</u>		
Borrowings	<u>19,674</u>	<u>18,391</u>

Sensitivity analysis: A hypothetical 10% (2014: 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\$1,967,000 (2014: S\$1,839,000). For similar rate weakening of the functional currency against the relevant foreign currency above, there would be comparable impact in the opposite direction on the profit or loss.

## 26. CAPITAL COMMITMENTS

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

	2015	2014
	S\$'000	S\$'000
Commitments in relation to Siloam Hospitals Surabaya	<u>90,000</u>	<u>-</u>

On 29 December 2015, an extraordinary general meeting of the unitholders approved the asset-enhancement transaction in relation to Siloam Hospitals Surabaya.

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

(a) Divestment of Plot B

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

(b) Development Works

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

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

The acquisition of the new hospital ("New SHS") to be built pursuant to the Development Works by PT SK, with proposed master lease of the New SHS to PT LKT and the termination of existing master lease agreement between PT TPI (as the master lessor of the existing Siloam Hospitals Surabaya (the "Existing SHS")) and PT LKT. The total purchase consideration for the New SHS is S\$90 million and will be paid in progress payments over 5 years, and;

(d) Divestment of the Existing SHS

The divestment of the Existing SHS, which is owned by PT TPI to PT SK.

Subsequent to year end, the divestment of Plot B and the first progress payment were completed on 11 March 2016 (Note 28).

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## 27. OPERATING LEASE INCOME COMMITMENTS – AS LESSOR

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

	Group		Trust	
	2015 S\$'000	2014 S\$'000	2015 S\$'000	2014 S\$'000
Not later than one year	107,133	100,268	3,775	3,701
Later than one year and not later than five years	423,224	397,480	9,598	11,035
More than five years	518,997	549,808	13,120	15,458

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\$1,318,829 (2014: Nil) for rental income from one of the Singapore properties. Also see Note 3.

## 28. EVENTS AFTER THE END OF THE REPORTING YEAR

- On 19 January 2016, a final distribution of 2.09 cents per unit was declared totalling S\$15,711,000 in respect of the period from 1 October 2015 to 31 December 2015.
- On 19 January 2016, a total of 1,537,000 new units were issued at the issue price of S\$1.1846 per unit as payment to the Manager for management fees for the quarter ended 31 December 2015. The issue price was based on the volume weighted average traded price for all trades done on the SGX-ST in the ordinary course of trading for the last 10 business days of the quarter.
- On 3 February 2016, the Group entered into a joint venture with Lippo Malls Indonesia Retail Trust ("**LMIR Trust**"), in connection with the joint acquisition of an integrated development, comprising a hospital component known as "Siloam Hospitals Yogyakarta". Completion for the acquisitions is conditional upon the fulfilment or waiver of, among other things, the obtainment of approval from the First REIT Unitholders and LMIR Trust Unitholders to be given at extraordinary general meetings.
- On 11 March 2016, the Group completed the divestment of Plot B for S\$8,200,000. The Group also paid the first progress payment of S\$18,000,000 to PT SK, in relation to the asset enhancement transaction of Siloam Hospitals Surabaya (Note 26). The progress payment was financed by a new term loan of S\$10,000,000 due in March 2019.

## 29. CHANGES AND ADOPTION OF FINANCIAL REPORTING STANDARDS

For the current reporting year new or revised Singapore Financial Reporting Standards and the related Interpretations to FRS ("**INT FRS**") were issued by the Singapore Accounting Standards Council. Those applicable to the reporting entity are listed below. These applicable new or revised standards did not require any modification of the measurement methods or the presentation in the financial statements.

FRS No.	Title
FRS 1	Amendments to FRS 1: Disclosure Initiative (early application)
Various	Improvements to FRSs (Issued in January 2014). Relating to FRS 24 Related Party Disclosures
Various	Improvements to FRSs (Issued in February 2014). Relating to FRS 40 Investment Property

# Notes to the Financial Statements

31 DECEMBER 2015

## 30. NEW OR AMENDED STANDARDS IN ISSUE BUT NOT YET EFFECTIVE

For the future reporting years new or revised Singapore Financial Reporting Standards and the related Interpretations to FRS ("INT FRS") were issued by the Singapore Accounting Standards Council and these will only be effective for future reporting years. Those applicable to the reporting entity for future reporting years are listed below. The transfer to the applicable new or revised standards from the effective dates is not expected to result in 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 109	Financial Instruments	1 Jan 2018
FRS 115	Revenue from Contracts with Customers	1 Jan 2018

## 31. LISTING OF INVESTMENTS IN SUBSIDIARIES

All the subsidiaries are wholly-owned. The subsidiaries held by the Trust and the Group are listed below.

Name of Subsidiaries, Country of Incorporation, Place of Operations and Principal Activities	Carrying Value of Investments	
	2015 S\$'000	2014 S\$'000
<b>Held by the Trust</b>		
Gold Capital Pte. Ltd. <sup>(b)</sup> Singapore Investment holding	100,556	100,556
GOT Pte. Ltd. <sup>(b)</sup> Singapore Investment holding	86,919	88,044
Henley Investments Pte. Ltd. <sup>(b)</sup> Singapore Investment holding	44,539	45,580
Kalmore Investments Pte. Ltd. <sup>(b)</sup> Singapore Investment holding	7,966	7,966
Lovage International Pte. Ltd. <sup>(b)</sup> Singapore Investment holding	16,207	17,469
Platinum Strategic Investments Pte. Ltd. <sup>(b)</sup> Singapore Investment holding	28,900	30,544
Primerich Investments Pte. Ltd. <sup>(b)</sup> Singapore Investment holding	14,574	15,101
Raglan Investments Pte. Ltd. <sup>(b)</sup> Singapore Investment holding	53,338	55,816
Rhuddlan Investments Pte. Ltd. <sup>(b)</sup> Singapore Investment holding	80,611	82,264

# Notes to the Financial Statements

31 DECEMBER 2015

## 31. LISTING OF INVESTMENTS IN SUBSIDIARIES (CONTINUED)

Name of Subsidiaries, Country of Incorporation, Place of Operations and Principal Activities	Carrying Value of Investments	
	2015 S\$'000	2014 S\$'000
<u>Held by the Trust (continued)</u>		
Globalink Investments Pte. Ltd. <sup>(b)</sup> Singapore Investment holding	89,027	93,005
Great Capital Pte. Ltd. <sup>(b)</sup> Singapore Investment holding	85,403	89,341
Finura Investments Pte. Ltd. <sup>(b)</sup> Singapore Investment holding (Acquired on 12 March 2014)	29,860	31,243
Sriwijaya Investment I Pte. Ltd. <sup>(b)</sup> Singapore Investment holding (Incorporated on 23 October 2014)	38,390	34,060
IAHCC Investment Pte. Ltd. <sup>(b)</sup> Singapore Investment holding (Incorporated on 7 October 2014)	1*	1*
Surabaya Hospitals Investment Pte. Ltd. <sup>(b)</sup> Singapore Investment holding (Incorporated on 7 October 2014)	1*	1*
SHKP Investment I Pte. Ltd. <sup>(b)</sup> Singapore Investment holding (Incorporated on 8 June 2015)	71,969	-
	<b>748,258</b>	<b>690,989</b>
<u>Held by subsidiaries</u>		
Higrade Capital Pte. Ltd. <sup>(b)</sup> Singapore Investment holding	853	853
Ultra Investments Pte. Ltd. <sup>(b)</sup> Singapore Investment holding	321	321
Carmathen Investments Pte. Ltd. <sup>(b)</sup> Singapore Investment holding	1,033	1,033
Caernarfon Investments Pte. Ltd. <sup>(b)</sup> Singapore Investment holding	1,324	1,324

# Notes to the Financial Statements

31 DECEMBER 2015

## 31. LISTING OF INVESTMENTS IN SUBSIDIARIES (CONTINUED)

Name of Subsidiaries, Country of Incorporation, Place of Operations and Principal Activities	Carrying Value of Investments	
	2015 S\$'000	2014 S\$'000
<u>Held by subsidiaries (continued)</u>		
Fortuna Capital Pte. Ltd. <sup>(b)</sup> Singapore Investment holding	22	22
Key Capital Pte. Ltd. <sup>(b)</sup> Singapore Investment holding	3,826	3,826
Glamis Investments Pte. Ltd. <sup>(b)</sup> Singapore Investment holding (Acquired on 12 March 2014)	1,377	1,377
Sriwijaya Investment II Pte. Ltd. <sup>(b)</sup> Singapore Investment holding (Incorporated on 23 October 2014)	1,722	1,722
SHKP Investment II Pte. Ltd. <sup>(b)</sup> Singapore Investment holding (Incorporated on 8 June 2015)	13,916	-
Kalmore (Korea) Limited <sup>(a)</sup> South Korea Owners of Sarang Hospital	3,887	3,887
PT Bayutama Sukses <sup>(a)</sup> Indonesia Owners of Siloam Hospitals Makassar	6,356	6,356
PT Graha Indah Pratama <sup>(a)</sup> Indonesia Owners of Siloam Hospitals Kebon Jeruk	10,333	10,333
PT Graha Pilar Sejahtera <sup>(a)</sup> Indonesia Owners of Siloam Hospitals Lippo Cikarang	8,306	8,306
PT Karya Sentra Sejahtera <sup>(a)</sup> Indonesia Owners of Imperial Aryaduta Hotel & Country Club	20,019	20,019
PT Menara Abadi Megah <sup>(a)</sup> Indonesia Owners of Siloam Hospitals Manado & Hotel Aryaduta Manado	5,500	5,500

# Notes to the Financial Statements

31 DECEMBER 2015

## 31. LISTING OF INVESTMENTS IN SUBSIDIARIES (CONTINUED)

Name of Subsidiaries, Country of Incorporation, Place of Operations and Principal Activities	Carrying Value of Investments	
	2015 S\$'000	2014 S\$'000
<u>Held by subsidiaries (continued)</u>		
PT Primatama Cemerlang <sup>(a)</sup> Indonesia Owners of Mochtar Riady Comprehensive Cancer Centre	<b>17,065</b>	17,065
PT Sentra Dinamika Perkasa <sup>(a)</sup> Indonesia Owners of Siloam Hospitals Lippo Village	<b>8,779</b>	8,779
PT Tata Prima Indah <sup>(a)</sup> Indonesia Owners of Siloam Hospitals Surabaya	<b>8,013</b>	8,013
PT Dasa Graha Jaya <sup>(a)</sup> Indonesia Owners of Siloam Hospitals Bali	<b>16,553</b>	16,553
PT Perisai Dunia Sejahtera <sup>(a)</sup> Indonesia Owners of Siloam Hospitals TB Simatupang	<b>15,305</b>	15,305
PT Eka Dasa Parinama <sup>(a)</sup> Indonesia Owners of Siloam Hospitals Purwakarta (Incorporated on 18 March 2014)	<b>5,509</b>	5,509
PT Sriwijaya Mega Abadi <sup>(a)</sup> Indonesia Owners of Siloam Sriwijaya (Incorporated on 20 November 2014)	<b>6,887</b>	6,887
PT Nusa Bahana Niaga <sup>(a)</sup> Indonesia Owners of Siloam Hospitals Kupang & Lippo Plaza Kupang (Acquired on 14 December 2015)	<b>50,668</b>	-

(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.

\* Amount is less than S\$1,000

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

# Statistics of Unitholdings

AS AT 15 MARCH 2016

## DISTRIBUTION OF UNITHOLDINGS

Size of Unitholdings	No. of Unitholders	%	No. of Units	%
1 - 99	111	1.45	4,494	0.00
100 - 1,000	499	6.52	402,415	0.05
1,001 - 10,000	3,967	51.80	21,147,669	2.76
10,001 - 1,000,000	3,052	39.85	156,056,540	20.39
1,000,001 and above	29	0.38	587,996,605	76.80
<b>TOTAL</b>	<b>7,658</b>	<b>100.00</b>	<b>765,607,723</b>	<b>100.00</b>

## TWENTY LARGEST UNITHOLDERS

No.	Name of Unitholders	No. of Units	%
1.	OCBC SECURITIES PRIVATE LIMITED	171,812,285	22.44
2.	UOB KAY HIAN PRIVATE LIMITED	79,801,598	10.42
3.	DB NOMINEES (SINGAPORE) PTE LTD	71,181,853	9.30
4.	DBS NOMINEES (PRIVATE) LIMITED	55,256,679	7.22
5.	CITIBANK NOMINEES SINGAPORE PTE LTD	44,512,726	5.81
6.	BOWSPRIT CAPITAL CORPORATION LIMITED	38,123,241	4.98
7.	HSBC (SINGAPORE) NOMINEES PTE LTD	27,251,443	3.56
8.	RAFFLES NOMINEES (PTE) LIMITED	16,798,245	2.19
9.	DBSN SERVICES PTE. LTD.	14,846,463	1.94
10.	CIMB SECURITIES (SINGAPORE) PTE. LTD.	11,171,259	1.46
11.	BNP PARIBAS SECURITIES SERVICES SINGAPORE BRANCH	10,949,472	1.43
12.	UNITED OVERSEAS BANK NOMINEES (PRIVATE) LIMITED	9,128,541	1.19
13.	BANK OF SINGAPORE NOMINEES PTE. LTD.	7,871,864	1.03
14.	OCBC NOMINEES SINGAPORE PRIVATE LIMITED	4,719,262	0.62
15.	PHILLIP SECURITIES PTE LTD	2,643,756	0.35
16.	BMT A/C ESTATE OF MSE ANGULLIA (WAKAFF) CLAUSE 7 TRUST	2,490,800	0.33
17.	DBS VICKERS SECURITIES (SINGAPORE) PTE LTD	2,428,283	0.32
18.	TEH KIU CHEONG @TEONG CHENG @ CHENG CHIU CHANG	2,204,713	0.29
19.	MAYBANK KIM ENG SECURITIES PTE. LTD.	2,109,802	0.28
20.	LOW SENG JOO	1,810,079	0.24
	<b>TOTAL</b>	<b>577,112,364</b>	<b>75.40</b>



# Statistics of Unitholdings

AS AT 15 MARCH 2016

## SUBSTANTIAL UNITHOLDERS

(As at 15 March 2016)

No.	Name of Unitholders	No. of Units Direct Interest	No. of Units Deemed Interest
1.	Bridgewater International Ltd	167,187,367	-
2.	PT Sentra Dwimandiri <sup>1</sup>	-	167,187,367
3.	PT Menara Tirta Indah	44,056,264	-
4.	PT Primakreasi Propertindo <sup>2</sup>	-	44,056,264
5.	PT Lippo Karawaci Tbk <sup>3</sup>	-	253,366,872
6.	Bowsprit Capital Corporation Limited	42,123,241	-

Notes:

- <sup>1</sup> PT Sentra Dwimandiri is deemed to be interested in 167,187,367 Units held by its subsidiary, Bridgewater International Ltd.
- <sup>2</sup> PT Primakreasi Propertindo is deemed to be interested in 44,056,264 Units held by its wholly-owned subsidiary, PT Menara Tirta Indah.
- <sup>3</sup> PT Lippo Karawaci Tbk is deemed to be interested in (i) 167,187,367 Units held by its indirect wholly-owned subsidiary, Bridgewater International Ltd; (ii) 44,056,264 Units held by its indirect wholly-owned subsidiary, PT Menara Tirta Indah; and (iii) 42,123,241 Units held by Bowsprit Capital Corporation Limited.

## MANAGER'S DIRECTORS' UNITHOLDINGS

(As recorded in the Register of Directors' Unitholdings as at 21 January 2016)

No.	Name of Unitholders	No. of Units Direct Interest	No. of Units Deemed Interest
1.	Albert Saychuan Cheok	1,101,260	-
2.	Dr Ronnie Tan Keh Poo @ Tan Kay Poo	73,606	11,119,581 <sup>1</sup>

Note:

- <sup>1</sup> Dr Ronnie Tan Keh Poo @ Tan Kay Poo is deemed to be interested in (i) 2,113,903 Units held by his nominee, OCBC Nominees Singapore Pte Ltd; (ii) 5,798,531 Units held by his nominee CIMB Securities (Singapore) Pte Ltd; (iii) 2,840,541 Units held by his nominee, UOB Kay Hian Private Limited; (iv) 205,987 Units held by DBS Nominees Pte Ltd as nominee of his spouse Mdm Law Deborah; and (v) 160,619 Units held by his spouse Mdm Law Deborah.

## FREE FLOAT

Based on the information made available to the Manager as at 15 March 2016, approximately 65.24% of the Units in First REIT are held in hands of the public. Accordingly, First REIT is in compliance with Rule 723 of the Listing Manual of the SGX-ST.

# Notice of Annual General Meeting

## FIRST REAL ESTATE INVESTMENT TRUST

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

NOTICE IS HEREBY GIVEN that the Seventh Annual General Meeting (“AGM”) of the holders of units of First Real Estate Investment Trust (“**First REIT**”, and the holders of units of First REIT, the “**Unitholders**”) will be held at Mandarin Ballroom III, Level 6, Main Tower, Mandarin Orchard Singapore, 333 Orchard Road, Singapore 238867 on Tuesday, 19 April 2016 at 9:00 a.m. to transact the following business:

### (A) AS ORDINARY BUSINESS

1. To receive and adopt the Report of HSBC Institutional Trust Services (Singapore) Limited, as trustee of First REIT (the “**Trustee**”), the Statement by Bowsprit Capital Corporation Limited, as manager of First REIT (the “**Manager**”) and the Audited Financial Statements of First REIT for the financial year ended 31 December 2015 together with the Auditors’ Report thereon. **(Ordinary Resolution 1)**
2. To re-appoint RSM Chio Lim LLP as Auditors of First REIT and to hold office until the conclusion of the next AGM and to authorise the Manager to fix their remuneration. **(Ordinary Resolution 2)**

### (B) AS SPECIAL BUSINESS

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

3. That pursuant to Clause 5 of the trust deed constituting First REIT (as amended) (the “**Trust Deed**”) and the listing rules of Singapore Exchange Securities Trading Limited (the “**SGX-ST**”), the Manager be authorised and empowered to:  
**(Ordinary Resolution 3)**
  - (a) (i) issue units in First REIT (“**Units**”) whether by way of rights, bonus or otherwise; and/or
  - (ii) make or grant offers, agreements or options (collectively, “**Instruments**”) that might or would require Units to be issued, including but not limited to the creation and issue of (as well as adjustments to) options, warrants, debentures or other instruments convertible into Units,  
  
at any time and upon such terms and conditions and for such purposes and to such persons as the Manager may in its absolute discretion deem fit; and
  - (b) issue Units in pursuance of any Instrument made or granted by the Manager while this Resolution was in force (notwithstanding that the authority conferred by this Resolution may have ceased to be in force at the time such Units are issued),

provided that:

- (1) the aggregate number of Units to be issued pursuant to this Resolution (including Units to be issued in pursuance of the Instruments made or granted pursuant to this Resolution) shall not exceed fifty per cent (50.0%) of the total number of issued Units (excluding treasury Units, if any) (as calculated in accordance with sub-paragraph (2) below), of which the aggregate number of Units to be issued other than on a pro rata basis to existing Unitholders (including Units to be issued in pursuance of Instruments to be made or granted pursuant to this Resolution) shall not exceed twenty per cent (20.0%) of the total number of issued Units (excluding treasury Units, if any) (as calculated in accordance with sub-paragraph (2) below);

# Notice of Annual General Meeting

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- (2) subject to such manner of calculation as may be prescribed by the SGX-ST, for the purpose of determining the aggregate number of Units and Instruments that may be issued under sub-paragraph (1) above, the percentage of issued Units and Instruments shall be based on the total number of issued Units (excluding treasury Units, if any) at the time of the passing of this Resolution, after adjusting for:
  - (a) any new Units arising from the conversion or exercise of the Instruments or any convertible securities which are outstanding or subsisting at the time of the passing of this Resolution; and
  - (b) any subsequent bonus issue, consolidation or subdivision of Units;
- (3) in exercising the authority conferred by this Resolution, the Manager shall comply with the provisions of the Listing Manual of the SGX-ST for the time being in force (unless such compliance has been waived by the SGX-ST) and the Trust Deed constituting First REIT (as amended) for the time being in force (unless otherwise exempted or waived by the Monetary Authority of Singapore);
- (4) unless revoked or varied by Unitholders in a general meeting of First REIT, the authority conferred by this Resolution shall continue in force (i) until (a) the conclusion of the next AGM of First REIT or (b) the date by which the next AGM of First REIT is required by the applicable laws and regulations or the Trust Deed to be held, whichever is earlier or (ii) in the case of Units to be issued in pursuance of the Instruments, made or granted pursuant to this Resolution, until the issuance of such Units in accordance with the terms of the Instruments;
- (5) where the terms of the issue of the Instruments provide for adjustment to the number of Instruments or Units into which the Instruments may be converted in the event of rights, bonus or other capitalisation issues or any other events, the Manager is authorised to issue additional Instruments or Units pursuant to such adjustment notwithstanding that the authority conferred by this Resolution may have ceased to be in force at the time the Instruments or Units are issued; and
- (6) the Manager and the Trustee be and are hereby severally authorised to complete and do all such acts and things (including executing all such documents as may be required) as the Manager or, as the case may be, the Trustee may consider expedient or necessary or in the interest of First REIT to give effect to the authority conferred by this Resolution.

(Please see Explanatory Note)

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

Victor Lai  
Susie Low  
Company Secretaries

Singapore  
1 April 2016

# Notice of Annual General Meeting

## Explanatory Note:

The Ordinary Resolution 3 above, if passed, will empower the Manager from the date of this AGM until (i) the conclusion of the next AGM of the Unitholders of First REIT, or (ii) the date by which the next AGM of the Unitholders of First REIT is required by the applicable laws and regulations or the Trust Deed to be held, or (iii) such authority is varied or revoked by the Unitholders in a general meeting, whichever is the earliest, to issue Units, make or grant Instruments and to issue Units pursuant to such Instruments, up to a number not exceeding, in total, fifty per cent (50.0%) of the total number of issued Units (excluding treasury Units, if any), with a sub-limit of twenty per cent (20.0%) for issues other than on a pro rata basis to Unitholders.

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

## Important Notice:

1. A Unitholder who is not a relevant intermediary and entitled to attend and vote at the AGM is entitled to appoint one or two proxies to attend and vote in his or her stead. A proxy need not be a Unitholder. Where a Unitholder appoints more than one proxy, the appointments shall be invalid unless he or she specifies the proportion of his or her holding (expressed as a percentage of the whole) to be represented by each proxy.
2. A Unitholder who is a relevant intermediary entitled to attend and vote at the AGM is entitled to appoint more than two proxies to attend and vote instead of the Unitholder, but each proxy must be appointed to exercise the rights attached to a different Unit or Units held by such Unitholder. Where such Unitholder appoints more than one proxy, the appointment shall be invalid unless the Unitholder specifies the number of Units in relation to which each proxy has been appointed in the Proxy Form (defined below).

### “Relevant intermediary” means:

- (a) a banking corporation licensed under the Banking Act, Chapter 19 of Singapore, or a wholly-owned subsidiary of such a banking corporation, whose business includes the provision of nominee services and who holds Units in that capacity;
  - (b) a person holding a capital markets services licence to provide custodial services for securities under the Securities and Futures Act, Chapter 289 of Singapore, and who holds Units in that capacity; or
  - (c) the Central Provident Fund Board (“**CPF Board**”) established by the Central Provident Fund Act, Chapter 36 of Singapore, in respect of Units purchased under the subsidiary legislation made under that Act providing for the making of investments from the contributions and interest standing to the credit of members of the Central Provident Fund, if the CPF Board holds those Units in the capacity of an intermediary pursuant to or in accordance with that subsidiary legislation.
3. The instrument appointing a proxy or proxies (the “**Proxy Form**”) must be deposited at the Unit Registrar’s Office at Boardroom Corporate & Advisory Services Pte. Ltd. at 50 Raffles Place, #32-01 Singapore Land Tower, Singapore 048623 not less than seventy-two (72) hours before the time appointed for holding the AGM.

## Personal data privacy:

By submitting an instrument appointing a proxy(ies) and/or representative(s) to attend, speak and vote at the AGM and/or any adjournment thereof, a Unitholder (i) consents to the collection, use and disclosure of the Unitholder’s personal data by First REIT (or its agents) for the purpose of the processing and administration by First REIT (or its agents) of proxies and representatives appointed for the AGM (including any adjournment thereof) and the preparation and compilation of the attendance lists, minutes and other documents relating to the AGM (including any adjournment thereof), and in order for First REIT (or its agents) to comply with any applicable laws, listing rules, regulations and/or guidelines (collectively, the “**Purposes**”), (ii) warrants that where the Unitholder discloses the personal data of the Unitholder’s proxy(ies) and/or representative(s) to First REIT (or its agents), the Unitholder has obtained the prior consent of such proxy(ies) and/or representative(s) for the collection, use and disclosure by First REIT (or its agents) of the personal data of such proxy(ies) and/or representative(s) for the Purposes, and (iii) agrees that the Unitholder will indemnify First REIT in respect of any penalties, liabilities, claims, demands, losses and damages as a result of the Unitholder’s breach of warranty.

# Proxy Form Annual General Meeting

(Please see notes overleaf before completing this Form)

**FIRST REAL ESTATE INVESTMENT TRUST**  
(Constituted in the Republic of Singapore pursuant to a trust deed dated 19 October 2006 (as amended))

**IMPORTANT:**

1. A relevant intermediary may appoint more than two proxies to attend and vote at the Annual General Meeting (please see Note 2 for the definition of "relevant intermediary").
2. For investors who have used their CPF monies to buy units in First Real Estate Investment Trust, this Report is forwarded to them at the request of the CPF Approved Nominees and is sent **FOR INFORMATION ONLY**.
3. This Proxy Form is not valid for use by CPF investors and shall be ineffective for all intents and purposes if used or purported to be used by them.
4. **PLEASE READ THE NOTES TO THE PROXY FORM.**

Personal data privacy

By submitting an instrument appointing a proxy(ies) and/or representative(s), the Unitholder accepts and agrees to the personal data privacy terms set out in the Notice of Annual General Meeting dated 1 April 2016.

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 Seventh 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 Tuesday, 19 April 2016 at 9:00 a.m. and at any adjournment thereof. I/We direct my/our proxy/proxies to vote for or against the Resolutions proposed at the Meeting as indicated hereunder. If no specific direction as to voting is given or in the event of any other matter arising at the Meeting and at any adjournment thereof, the proxy/proxies will vote or abstain from voting at his/her/their discretion.

No.	Ordinary Resolutions	No. of Votes	
		'For'*	'Against'*
ORDINARY BUSINESS			
1	To receive and adopt the Report of the Trustee, the Statement by the Manager, the Audited Financial Statements of First REIT for the financial year ended 31 December 2015 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 ..... 2016

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

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

## IMPORTANT: PLEASE READ THE NOTES TO PROXY FORM BELOW

### Notes to the Proxy Form:

1. A Unitholder of First REIT ("**Unitholder**") who is not a relevant intermediary and entitled to attend and vote at the Meeting is entitled to appoint one or two proxies to attend and vote in his or her stead. A proxy need not be a Unitholder. Where a Unitholder appoints more than one proxy, the appointments shall be invalid unless he or she specifies the proportion of his or her holding (expressed as a percentage of the whole) to be represented by each proxy.
2. A Unitholder who is a relevant intermediary entitled to attend and vote at the Meeting is entitled to appoint more than two proxies to attend and vote instead of the Unitholder, but each proxy must be appointed to exercise the rights attached to a different Unit or Units held by such Unitholder. Where such Unitholder appoints more than one proxy, the appointments shall be invalid unless the Unitholder specifies the number of Units in relation to which each proxy has been appointed in the Proxy Form (defined below).

**"Relevant intermediary"** means:

- (a) a banking corporation licensed under the Banking Act, Chapter 19 of Singapore, or a wholly-owned subsidiary of such a banking corporation, whose business includes the provision of nominee services and who holds Units in that capacity;
  - (b) a person holding a capital markets services licence to provide custodial services for securities under the Securities and Futures Act, Chapter 289 of Singapore, and who holds Units in that capacity; or
  - (c) the Central Provident Fund Board ("**CPF Board**") established by the Central Provident Fund Act, Chapter 36 of Singapore, in respect of Units purchased under the subsidiary legislation made under that Act providing for the making of investments from the contributions and interest standing to the credit of members of the Central Provident Fund, if the CPF Board holds those Units in the capacity of an intermediary pursuant to or in accordance with that subsidiary legislation.
3. A Unitholder should insert the total number of Units held in the Proxy Form. If the Unitholder has Units entered against his or her name in the Depository Register maintained by The Central Depository (Pte) Limited ("**CDP**"), he or she should insert that number of Units. If the Unitholder has Units registered in his or her name in the Register of Unitholders, he or she should insert that number of Units. If the Unitholder has Units entered against his or her name in the said Depository Register and Units registered in his or her name in the Register of Unitholders, he or she should insert the aggregate number of Units entered against his or her name in the Depository Register and registered in his or her name in the Register of Unitholders. If no number is inserted, the Proxy Form will be deemed to relate to all the Units held by the Unitholder.

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4. The instrument appointing a proxy or proxies (the "**Proxy Form**") must be deposited at the Unit Registrar's Office at Boardroom Corporate & Advisory Services Pte. Ltd. at 50 Raffles Place, #32-01 Singapore Land Tower, Singapore 048623 not less than 72 hours before the time appointed for holding the Meeting.
5. The Proxy Form must be executed under the hand of the appointor or of his or her attorney duly authorised in writing. Where the Proxy Form is executed by a corporation, it must be executed either under its common seal or under the hand of an officer or attorney duly authorised. Where the Proxy Form is executed by an attorney on behalf of the appointor, the letter or power of attorney or a notarially certified copy thereof must be lodged with the Proxy Form, failing which the Proxy Form may be treated as invalid.
6. Completion and return of this instrument appointing a proxy or proxies shall not preclude a Unitholder from attending and voting at the Meeting. Any appointment of a proxy or proxies shall be deemed to be revoked if a Unitholder attends the Meeting in person, and in such event, the Manager reserves the right to refuse to admit any person or persons appointed under the instrument of proxy to the Meeting.
7. The Manager shall have the right to reject any Proxy Form which is incomplete, improperly completed or illegible or where the true intentions of the appointor are not ascertainable from the instructions of the appointor specified on the Proxy Form. In addition, in the case of Units entered in the Depository Register, the Manager: (a) may reject any Proxy Form if the Unitholder, being the appointor, is not shown to have Units entered against his or her name in the Depository Register as at 72 hours before the time appointed for holding the Meeting, as certified by CDP to the Manager; and (b) shall be entitled and bound to accept as accurate the number of Units entered against the name of that Unitholder as shown in the Depository Register as at a time not earlier than 72 hours prior to the time of the Meeting, supplied by CDP to the Trustee and to accept as the maximum number of votes which in aggregate that Unitholder and his proxy/ies (if any) are able to cast on poll a number which is the number of Units entered against the name of that Unitholder as shown in the Depository Register, whether that number is greater or smaller than that specified by the Unitholder or in the Proxy Form.
8. All Unitholders will be bound by the outcome of the Meeting regardless of whether they have attended or voted at the Meeting.
9. On a poll, every Unitholder who is present in person or by proxy shall have one vote for every Unit of which he or she is a Unitholder. There shall be no division of votes between a Unitholder who is present and voting at the Meeting and his or her proxy(ies). A person entitled to more than one vote need not use all his or her votes or cast them the same way.

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Affix  
Postage  
Stamp

The Company Secretary  
**Bowsprit Capital Corporation Limited**  
(as manager of First Real Estate Investment Trust)  
c/o Boardroom Corporate & Advisory Services Pte. Ltd.  
50 Raffles Place  
#32-01 Singapore Land Tower  
Singapore 048623

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[www.first-reit.com](http://www.first-reit.com)

Managed by:

**Bowsprit Capital**

**BOWSPRIT CAPITAL CORPORATION LIMITED**

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